

KENT COUNTY WATER AUTHORITY

MINUTES OF THE MEETING OF THE BOARD

February 21, 2013

A regular meeting of the Board of Directors of the Kent County Water Authority was held on the 21st day of February, 2013, at 3:30 p.m. at the offices of the Authority in West Warwick, RI, in the Joseph D. Richard Board Room.

Chairman Boyer opened the meeting at 3:30 p.m. Chairman Boyer, Board Members Vice-Chairman Masterson, Mr. Gallucci and Mr. Inman were present together, along with the General Manager/Chief Engineer Timothy J. Brown, legal counsel Patrick J. Sullivan, Esq. as well as Mr. Duscheneau and Jo-Ann Gershkoff and Mr. Simmons. Ms. Gershkoff led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of January 17, 2013 were presented for approval. Mr. Giorgio moved passage, seconded by Mr. Gallucci and the minutes were unanimously approved.

LEGAL MATTERS

Legal counsel Patrick J. Sullivan updated the Board on the Central Coventry Fire District receivership. He reports that the District remains in receivership. The receiver presented a budget that corrected all the deficiencies of the prior years, however, that was defeated by a vote of the taxpayers. Two days later the receiver filed a motion to liquidate the assets. He went on to advise the board that over the period of two days, the Judge ordered the receiver to develop a plan for liquidation of the assets of the district, as well as to present a new budget for the voters. The receiver has negotiated significant concessions with the firefighters union. Mr. Brown reports that the District owes in the area of \$87,000.00 to KCWA.

Mr. Sullivan also reports that he had success with Commerce Park Management LLC at the Centre of New England as a result of his correspondence to his tenants. He reports that he has had several contacts with each entity he notified, and he believes that the pressure from within brought the accounts up to date. Mr. Brown reports that the account has become current on the arrearage agreement, however a bill in the area of \$40,000.00 is due at the end of the month. He reminded the board that the arrearage agreement requires that the ongoing charges to be paid when due and payable. Mr. Brown also added that he was promised the weekly payment of \$10,000.00 which is due on the 22nd of February, 2013.

Additionally, Mr. Sullivan reports that several Commerce Park entities were forced into

receivership by the trusts of Mr. Nicholas Cambio, the apparent owners of the Commerce Park properties. Matthew McGowan was appointed receiver over the companies. Mr. Sullivan reports to the board that Mr. McGowan has filed what is called a Suggestion of Receivership in the KCWA case that Mr. Cambio had consented to a judgment and what forms the basis of his arrearage agreement. Mr. Sullivan believes that the receivership was intended to avoid the notice of foreclosure that was scheduled for February 7, 2013.

Finally, Mr. Sullivan informs the board that the escrow agreement that was approved between the Town of West Warwick and the Authority was forwarded to the town solicitor for his consideration. He reports he followed up with another letter to the solicitor, and further reports that he hasn't heard any response.

Director of Finance Report (Attachment "A")

Jo-Ann Gershkoff, Finance Director, explained and submitted the financial report. She introduced and explained the Statement of Cash Location FY 2012-2013 (through January 31 2013) and the Statement of Revenues, Expenditures and Changes in Fund Balance as of December 31, 2012 attached as exhibit "A". A thorough discussion ensued by the board with regard to the sales and revenue.

Mr. Brown added that the Authority is in the slow sales period for the next four to six months, and that is reflected in reduced sales. He reports that the Authority needs 1.7 to 1.8 million dollars in revenue each month to break even.

Mr. Gallucci moved and seconded by Mr. Masterson to accept the reports and attach the same as an exhibit and that the same be incorporated by reference and be made a part of these minutes.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the Statement of Cash Location FY 2012-2013 (through January 2013) and the Statement of Revenues, Expenditures and Changes in Fund Balance as of December 31, 2012 attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege & Communication

Mr. Masterson referenced memoranda from Mr. Brown relative to the employees indicating praise for the employees not only for their normal workload, but also for their efforts during the blizzard event of excessive snow. He wanted to recognize all employees for a job well done.

Chairman Boyer agreed, and referenced the recent actions of the board in terminating five employees over the past several years. He commented that this showed the employees that the board is fair, and is also satisfied with the remaining employees' work.

Mr. Brown agreed with the sentiments, and commented that prior to those employees being let go, they were given ample opportunity to resolve their issues but failed to do so. He continued

that the employees are well trained, and take the opportunity to continue with their certifications. He reports that he is very satisfied and believes the Authority has a very good operation going now. He continues that the Authority takes advantage of training; both free training for the employees as well as training that must be paid for. He reports that it is money well spent.

Mr. Boyer asked that the newly designed website tout the accomplishments of the employees, and show their training and expertise as well as their accomplishments.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

Restricted Operating Filing

The General Manager reports that the request was granted at an open meeting of the Commission on January 31, 2013, and that prior to the transfer, he will await receipt of the Order.

CCFD Receivership – KCWA Billings

General Manager Brown reports that the claim has been filed with the special master/receiver Mr. Land. The Central Coventry Fire District was covered in Mr. Sullivan's Legal report, *supra*.

Division Hearing – Service Availability – Appeal – DOH Review

General Manager reports that the appeal of in re: Docket No. D-111-45 Complaint filing by Gregory M. DeCubellis against the Kent County Water Authority sits in the Superior Court for Providence County and awaits scheduling by a Judge. Mr. DeCubellis has filed a motion to dismiss the appeal which is pending.

642 Washington Street, Status of Engineering Review

General Manager Brown discussed the ongoing situation at the Shell Station located at 642 Washington Street in Coventry. He reports he received correspondence from Colbea who conducted the site work. The final report has been completed by our consultant, and he now believes this matter should be referred to legal counsel. He reports that we need to respond to the letter, and that the Authority has penned a draft response and given it to legal counsel.

Mr. Masterson queried whether we had met with the gentleman. Mr. Brown reports that he did meet with them, and they had promised such things as they would not cover the hole, and leave it open for potential work. The hole has been covered, and it is business as usual at the fuel station.

Mr. Masterson moved and seconded by Mr. Inman to accept the recommendation of Mr. Brown and refer the matter to Mr. Sullivan to follow up, including court action if necessary.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the matter of 642 Washington Street, contaminated soil and related matters be referred to legal counsel for follow up and resolution, including court action of necessary.

IFR 2009B Industrial Lane, West Warwick - Paving Issue Agreement

Mr. Brown reports that Mr. Sullivan covered this issue in the Legal Matter portion of the agenda.

Cross Connection Surveys

General Manager Brown reports that state law requires cross connection surveys of our customer base. The Authority continues reviewing all commercial and industrial customers for their compliance with the law. Mr. Brown reports that the isolation backflow connector has been required in new residential construction and all commercial connections

Mr. Brown also reports that the Division of Taxation is checking all of our accounts in an effort to determine tax on commercial accounts. If they find a use that is combined, commercial on the lower level and apartments on the second level for instance, the entire use is considered commercial and taxes are owed; He reports that the Authority needs to collect the tax on these properties or we may have to pay it ourselves. Mr. Brown goes on to say that the Division of Taxation requires the taxes for the prior 3 years due on these properties. He also reports that the Authority is collecting data as well to alleviate this problem going forward.

Discoloration Main Street, Scituate – DOH complaint

General Manager Brown discusses the recent gradient change around Jackson Flat Road and Hope Road areas in the Scituate/Cranston border area. He indicates that residents continue to report both iron and discolored water. Mr. Brown indicates that it appears that the increased water flow may have dislodged tubercles from the pipe during pressure testing and flushing, and they bled into the water carried by the cast iron pipe. The pipes are being flushed, but Mr. Brown reports that this isn't completely working. He recommends replacement of the existing pipe with a lined cast iron pipe, including new services. He reports that a temporary line must be maintained for fire protection.

Mr. Brown recommends approval of change order 1 to the IFR 2010B project in the amount of \$617,809.50 to replace the pipe in the area of Main St. in Scituate.

Mr. Boyer adds that this is the most significant problem in the KCWA system.

Mr. Brown adds that the Authority will assist with the project, and in doing so, will save approximately \$15,000.00 in costs.

Mr. Inman moved and seconded by Mr. Giorgio to accept the recommendation of the General Manager and approve change order 1 to the IFR 2010B project in the amount of \$617,809.50 for

the replacement of the main in the area of Main St. in Scituate.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the board approves change order 1 to the IFR 2010B project in the amount of \$617,809.50 for the replacement of the pipe in the area of Main St. in Scituate.

Employee Vacation Policy Request

Mr. Brown reports to the board that he had amended the Employee Handbook at their request at the last meeting. The amendments incorporates the vacation adjustments that were discussed, and reports that if approved, it can be incorporated from January 2013 forward.

The only changes were the vacation accrual sections for long-term employees. Full time employee with at least 20 years of continuous service would accrue leave at twenty-five twelfths per month. Employees with at least 25 years of service would accrue vacation leave at thirty twelfths annually.

Mr. Boyer asked if those were the only changes, and Mr. Brown agreed.

Mr. Brown reiterated his position of last month's meeting that he would not make a recommendation to the Board in their decision process as it could ultimately affect his own status, and requested the Board make the entire decision without his recommendation.

Mr. Boyer indicated that the Board would consider the matter without any recommendation from the General Manager.

Mr. Gallucci moved and seconded by Mr. Masterson to approve changes in the Employee Handbook as it relates to vacation leave accrual to the extent that full time employees with at least 20 years of continuous service would accrue leave at twenty-five twelfths per month and full time employees with at least 25 years of service would accrue vacation leave at thirty twelfths annually.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the board approves approve changes in the Employee Handbook as it relates to vacation leave accrual to the extent that full time employees with at least 20 years of continuous service would accrue leave at twenty-five twelfths per month and full time employees with at least 25 years of service would accrue vacation leave at thirty twelfths annually.

Website Activation

The General Manager reports that the newly designed website is up and running and encouraged the members to visit it. He reports that they are working on accepting credit cards, debit cards and check cards. He reports that the PUC as rules and regulations on this activity, and they require the cost to be passed onto the customer. He estimated the time for implementation at about 2 months.

He further reported that Pawtucket asked the PUC to waive that requirement after showing the PUC that allowing these types of payments actually increased overall collections. Mr. Brown reports that with some experience, if this is accurate, the Authority could do the same.

Mr. Giorgio asked Mr. Brown to notify ratepayers when the feature is activated, and Mr. Brown reported that he would indeed notify them.

Blizzard Update

The General Manager reports that a power failure affected some operations of the system. A generator failed at the Quaker pump station and he reported the loss of two pumps. He reports that it is operational, and that it can easily operate with the two remaining pumps.

He also reports the loss of five hydrants that were hit.

Mr. Masterson queried about the water leak at Tollgate High School. Mr. Brown reports that there was a hydrant that was hit in the area, but that there is a private water line that feeds Tollgate High School.

Chairman Boyer reports that he thought the system fared well during the blizzard.

CAPITAL PROJECTS:

CIP 1C Mishnock Well Treatment Plant and CIP 1B Mishnock Transmission

The General Manager reports the project is moving along quite well. He estimates, although the project is behind schedule, it is projected to be completed in April 2013. He went on to say he would not consider liquidated damages as of this point in time, and will examine if the Authority was truly damaged as a result of the extension of the schedule. A valve issue has arisen and new valves have been ordered, and this may cause a small extension of time for completion.

He adds that startup is scheduled for the beginning of spring of this year, and that the high service transmission main has been completed.

INFRASTRUCTURE PROJECTS

IFR 2009B (Construction Status)

The General Manager reports that construction is complete and final payment remains

IFR 2010A (Winter Shut Down)

The General Manager reports that this project has been shut down for winter as of this week. All services have been installed as of today.

IFR 2010B (Winter Shut Down)

The General Manager informs the board that this project has also been shut down for winter and advised the Board to expect a spring construction startup.

Quaker Lane Pump Station Upgrade (Construction Status)

The General Manager reports that this has also been shut down for the winter, with a spring construction startup.

Tech Park Storage Tank Painting

The General Manager reports to the board that this project is currently in the process of being rebid. The RFP was in the Providence Journal today for proposals.

Water Street Replacement (Construction Status)

The General Manager reports that the water line replacement portion of this job is complete, with the small exception of an area near the Harborside Restaurant. Both the water line replacement as well as the sewer line replacement jobs are being shut down for winter.

There being no further business before this meeting, on motion duly made by Mr. Inman, seconded by Mr. Gallucci and carried, the meeting was adjourned at 4:16 p.m.

Dated: February 21, 2013

Legal Counsel