

KENT COUNTY WATER AUTHORITY

MINUTES OF THE MEETING
OF THE BOARD

February 19, 2015

A meeting of the Board of Directors of the Kent County Water Authority was held on the 19th day of February 2015, 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. Board Members Chairman Robert Boyer, Mr. Masterson, Mr. Gallucci, Mr. Inman, and Mr. Giorgio were all present together, along with the General Manager/Chief Engineer Timothy J. Brown, legal counsel Patrick J. Sullivan, Esq. as well as, Mr. Duscheneau and Mr. Simmons. Finance Director Jo-Ann Gershkoff was excused from attendance. Mr. Giorgio led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of January 15, 2015 were presented for approval. Mr. Masterson moved passage, seconded by Mr. Gallucci and the minutes were unanimously approved.

HIGH SERVICE REQUESTS

1545 Division Street, East Greenwich – Vincent Rossi

Todd Ravenelle from Gordon Archibald Inc. appeared for Mr. Rossi. He explained a proposed condominium development on Division Road. He proposed a 12 unit development and requested to extend a 16” main approximately 600 feet.

Mr. Masterson inquired if the developer had received all required town approvals; Mr. Ravenelle said all he needed was final approval from the town of West Warwick.

It was moved by Mr. Masterson, seconded by Mr. Gallucci, to conditionally approve the request for water supply to the condominium development, subject to technical review, with the following conditions in lieu of a moratorium:

1. The Kent County Water Authority is not a guarantor of water supply for this or any other approval and KCWA can only supply water reasonably available to it and therefore any applicant/customer of KCWA understands that any third-party commitments made by an applicant/customer are subject to the reasonable availability of water supply and limits of the existing infrastructure to support service.

2. A deficient condition associated with accelerated commercial and residential development exists in the area serviced by the KCWA; KCWA is in the process of planning for additional water supply and therefore delays or diminution in service may occur if the water supply is unavailable or unable to produce water sufficient to service the customers KCWA.
3. Ventures, commitments or agreements are at the applicant's sole risk if supply for existing infrastructure is found to be insufficient to support service. The applicant may afford the authority with system improvements to facilitate adequate service.
4. The applicant shall file a formal application. The applicant/customer understands that any undetected error in the application or an increase or change in demand as proposed, which materially affects the ability to supply water to the site, will be the responsibility of the applicant/customer and not the KCWA.
5. Only conservation-wise plumbing fixtures are to be installed including, but not limited to, low flow shower heads, low flow toilets and low flow guarantors on faucets.
6. If irrigation systems are installed, they must be supplied by a private well. Xeriscape landscaping techniques and/or proper planting bed (high water holding capacity) slow preparation shall be employed throughout the project.

Upon Motion made, and duly seconded, and unanimously voted,

VOTED: That based upon health and safety concerns to conditionally approve the request for water supply to service the condominium development, subject to technical review, with the following conditions in lieu of a moratorium:

1. The Kent County Water Authority is not a guarantor of water supply for this or any other approval and KCWA can only supply water reasonably available to it and therefore any applicant/customer of KCWA understands that any third-party commitments made by an applicant/customer are subject to the reasonable availability of water supply and limits of the existing infrastructure to support service.
2. A deficient condition associated with accelerated commercial and residential development exists in the area serviced by the KCWA; KCWA is in the process of planning for additional water supply and therefore delays or diminution in service may occur if the water supply is unavailable or unable to produce water sufficient to service the customers KCWA.
3. Ventures, commitments or agreements are at the applicant's sole risk if supply for existing infrastructure is found to be insufficient to support service. The applicant may afford the authority with system improvements to facilitate adequate service.
4. The applicant shall file a formal application. The applicant/customer understands that

any undetected error in the application or an increase or change in demand as proposed, which materially affects the ability to supply water to the site, will be the responsibility of the applicant/customer and not the KCWA.

5. Only conservation-wise plumbing fixtures are to be installed including, but not limited to, low flow shower heads, low flow toilets and low flow guarantors on faucets.

6. If irrigation systems are installed, they must be supplied by a private well. Xeriscape landscaping techniques and/or proper planting bed (high water holding capacity) slow preparation shall be employed throughout the project.

Nationwide Self-Storage, Reservoir Rd., Coventry

Mr. Brown advised the board that the applicant was unable to attend due to automobile trouble. He went on to advise the board that the applicant proposes to add a one inch service to a fire service. It could be used for a potential office. He characterized it as a minor change.

It was moved by Mr. Inman, seconded by Mr. Giorgio, to conditionally approve the request for water supply to the facility with the following conditions in lieu of a moratorium:

1. The Kent County Water Authority is not a guarantor of water supply for this or any other approval and KCWA can only supply water reasonably available to it and therefore any applicant/customer of KCWA understands that any third-party commitments made by an applicant/customer are subject to the reasonable availability of water supply and limits of the existing infrastructure to support service.

2. A deficient condition associated with accelerated commercial and residential development exists in the area serviced by the KCWA; KCWA is in the process of planning for additional water supply and therefore delays or diminution in service may occur if the water supply is unavailable or unable to produce water sufficient to service the customers KCWA.

3. Ventures, commitments or agreements are at the applicant's sole risk if supply for existing infrastructure is found to be insufficient to support service. The applicant may afford the authority with system improvements to facilitate adequate service.

4. The applicant shall file a formal application. The applicant/customer understands that any undetected error in the application or an increase or change in demand as proposed, which materially affects the ability to supply water to the site, will be the responsibility of the applicant/customer and not the KCWA.

5. Only conservation-wise plumbing fixtures are to be installed including, but not limited to, low flow shower heads, low flow toilets and low flow guarantors on faucets.

6. If irrigation systems are installed, they must be supplied by a private well. Xeriscape landscaping techniques and/or proper planting bed (high water holding capacity) slow

preparation shall be employed throughout the project.

Upon Motion made, and duly seconded, and unanimously voted,

VOTED: That based upon health and safety concerns to conditionally approve the request for water supply to service the facility with the following conditions in lieu of a moratorium:

1. The Kent County Water Authority is not a guarantor of water supply for this or any other approval and KCWA can only supply water reasonably available to it and therefore any applicant/customer of KCWA understands that any third-party commitments made by an applicant/customer are subject to the reasonable availability of water supply and limits of the existing infrastructure to support service.
2. A deficient condition associated with accelerated commercial and residential development exists in the area serviced by the KCWA; KCWA is in the process of planning for additional water supply and therefore delays or diminution in service may occur if the water supply is unavailable or unable to produce water sufficient to service the customers KCWA.
3. Ventures, commitments or agreements are at the applicant's sole risk if supply for existing infrastructure is found to be insufficient to support service. The applicant may afford the authority with system improvements to facilitate adequate service.
4. The applicant shall file a formal application. The applicant/customer understands that any undetected error in the application or an increase or change in demand as proposed, which materially affects the ability to supply water to the site, will be the responsibility of the applicant/customer and not the KCWA.
5. Only conservation-wise plumbing fixtures are to be installed including, but not limited to, low flow shower heads, low flow toilets and low flow guarantors on faucets.
6. If irrigation systems are installed, they must be supplied by a private well. Xeriscape landscaping techniques and/or proper planting bed (high water holding capacity) slow preparation shall be employed throughout the project.

LEGAL MATTERS

Mr. Sullivan reported on the problems in the Pontiac/Natick area of Warwick. He reported to the board that he had received responses from his latest correspondence and he had most everyone except one owner on board to provide easements for the installation of the new mains. It was determined that the non responsive party was a social club located in the neighborhood. The Chairman advised the board that he would visit the club and request the easement personally. Mr. Sullivan would begin the acquisition of signatures on the easements.

Mr. Sullivan updated the board on the situation at 642 Washington St., Coventry. He informed the board that he had accelerated the case and was working on pleadings for judgment. He said that the offer was extended that Colbea Enterprises again offered to do the construction on their property under the supervision of KCWA engineers so long as the KCWA did the work in the state roadway. Mr. Sullivan also reported that Colbea had requested a meeting. Mr. Sullivan would invite them to the next board meeting.

Mr. Sullivan also reported on the D'Ambra Construction matter. He informed the board that there was a request to settle the matter from an insurance company for \$15,000.00. The insurance company had filed a motion to vacate the judgment that Mr. Sullivan obtained in superior court. That hearing was continued so the board could consider the offer of settlement.

The Chairman requested a roll call vote to approve the settlement. The vote tally was as follows;

Mr. Inman	Yes
Mr. Giorgio	Yes
Mr. Masterson	Yes
Mr. Gallucci	Yes
Chairman Boyer	Yes

Mr. Sullivan went on to the Central Coventry Fire Department bankruptcy. He advised the board that the petition to go into bankruptcy was cleaned up by the attorneys and the claim of KCWA was reported as non disputed. When the petition was filed, almost all claims were listed as disputed. He also informed the board that the claims bar date was March 31, 2015.

Mr. Brown reported to the board that Ms. Booth-Gallogly had contacted him the week prior and she predicted that the payout would be approximately .30 cents on the dollar claimed. Mr. Brown went on to say that she offered to pay the original claim amount, minus any interest, over 5 years. This would be subject to court approval and subject to any objections of any creditor with standing.

Mr. Sullivan reported that he arranged that the case involving the West Greenwich motels be dismissed as it related to KCWA. The case between the other parties remains in litigation.

Mr. Sullivan also advised the board that he has researched the questions raised by Mr. Palin, chairman of the Coventry Fire District. There was a claim by him that an old public law granted the district dominion and ownership of the infrastructure paid for and installed by the KCWA. Mr. Sullivan reported that the law referenced by Mr. Palin granted the fire district the ability to tax its inhabitants to install a water system and street lights; he added that the law did nothing to transfer title of any KCWA assets.

Director of Finance Report:

General Manager Brown explained and submitted the financial report. Cash Receipts and Disbursements FY 2014-2015 as of January 31, 2014, and statement of cash location 2014-2015, attached as exhibit "A", were submitted and a thorough discussion ensued with regard to the sales and revenue.

He reported that the authority was down on revenues from last year and the month was the second lowest from a historical standpoint.

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 and Cash Receipts and Disbursements FY 2014-2015 as of January 31, 2014 attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege and Communication

Chairman Boyer took the opportunity to commend Mr. Brown and the staff regarding the information the board gets. He pointed out the Hydraulic Model Update Report for 2014 as being the bible for the KCWA. He added that no water company in the state is producing such thorough reports and thanked Mr. Brown for the efforts.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

642 Washington St, Shell Gas Station, Price for Relocation Access Needed

Mr. Brown advised the board that Mr. Sullivan reported on this in legal matters. He added that he cannot come up with a price for relocation without knowing what is underground in the area.

2015A IFR Easements Warwick Status, Propose to Move to 2015B

Mr. Brown advised the board that although his manager's report recommends that this be moved to next year, the reports that Mr. Sullivan gave indicate that KCWA is very close to getting all easements needed so he would revise his recommendation to continue on the original track if we can get the easements within a couple of weeks.

Rate Counsel Action

Mr. Brown advised the board that he would recommend that this be continued to the March meeting. He thought he would have had a resignation from the current rate counsel. Chairman Boyer added that he was promised the resignation letter that week but still hasn't received it.

Mr. Gallucci asked the manager whether it was necessary to have separate rate counsel. Mr. Brown reported that historically there were separate house counsel and rate counsel. A discussion ensued about the history of legal representation of the KCWA.

Proposal Summit Financial GASB 68 Preparation

Mr. Brown reported on the new accounting rule as it relates to public pension plans. He advised that the standard requires reporting of liabilities and funding in different ways. He then discussed the standard with the board.

Mr. Brown went on to say that Summit Financial would add another \$2,000.00 to the overall contract price in its scope of services in its actuarial and administrative services agreement for the additional reporting.

Mr. Gallucci moved, seconded by Mr. Masterson, to approve the additional funding to Summit Financial.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the additional funding of \$2,000.00 to Summit Financial for additional reporting under GASB 68 is approved.

Review GIS Program at KCWA

Mr. Brown went into a detailed discussion of the GIS system. He lauded the system and its precision. He went into detail on how it improves efficiency of the KCWA and its employees. He discussed its operation with the board.

Chairman Boyer advised the board that he is convinced that the prior model wasn't as accurate as this current model. Mr. Brown added that this model is 97% accurate, which he said is a high degree of accuracy.

Mr. Inman discussed whether the overall maps are available on the tablets and laptops that Mr. Brown discussed. Mr. Brown and Mr. Simmons joined in the discussion and responded in the affirmative. Mr. Inman suggested that the excessive amounts of paper documentation that is received by board members each month could be accessed on the cloud service used by KCWA. Mr. Brown indicated that it could, and advised the board that he would look into that issue.

KCWA Self Study Program

Mr. Brown reported that due to the efforts of Dave Simmons and Eric Tift, KCWA is hosting education classes for employees to advance their certifications. He said that Eric went to the American Water College and the program is working out very well.

Blizzard/Snow Report

Mr. Brown advised the board that there was quite a bit of snow removal by employees. He advised that some winter activities were put off as a result thereof. He added that there were no outages and he was pleased with the operation.

INFRASTRUCTURE PROJECTS

IFR 2010B Prospect Hill (Construction Status)

Mr. Brown informs the board that construction is closed for winter. Paving should occur in spring and summer 2015.

Apponaug Circulator Water Main Replacement (Status)

Mr. Brown reported the project has shut down for the winter.

Hydraulic Model Upgrade

Mr. Brown reports that the project is complete.

Revised Tank Study (Completed) Ramifications

Mr. Brown reported that the tank study will recommend shutting another tank down. That recommendation will not include demolition. He added that the study will recommend to eliminate most dead ends.

East Greenwich Refurbishment

Mr. Brown reported that drilling of a new well is complicated. The permitting process isn't easy. Conversely, if the well is refurbished and re drilled, it requires no permits. He advised the board that task order #6 deals with tearing down the building, cutting the electric back, moving gas pipe and water main back. He said that the demolition of the building will have to go out to bid but not the drilling.

Chairman Boyer reminded the board that his avenue eliminates DEM permitting over the project. Mr. Brown reminded the board that he declared this an emergency.

Mr. Gallucci moved, seconded by Mr. Masterson, to approve task order #6 for C&E Engineering to design the upgrades to the East Greenwich Well Station in the amount not to exceed \$86,000.00.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That task order #6 is approved for C&E Engineering to design the upgrades to the West Greenwich Well Station in the amount not to exceed \$86,000.00.

IFR 2014A

Construction contract has been signed. Major construction will not occur until Spring 2015. Boyle and Fogarty has been awarded the contract.

IFR 2014B Design

Mr. Brown reports there will be a bid opening on March 11, 2015.

IFR 2015A/B DESIGN

Mr. Brown reports that both contracts are under design by the engineer. He expects to have a later winter bid for 2015A if the easements are obtained. He also reported an early spring bid for 2015B. He said B would be in the area of West Warwick High School.

Quaker Lane Pump Station Upgrade (Status)

CIP 1C Mishnock Well Treatment Plant (Liquidated Damage Assessment/Project Closeout)

The general manager reported that he, Mr. Sullivan and the Chairman met with Mr. Mulligan from Hart Engineering shortly after the last meeting in an effort to settle the matter of liquidated damages for both projects.. He referred the board to the correspondence from Mr. Sullivan outlining the offer of settlement. He advised the board that Mr. Mulligan stood firm on his original offer to settle the matter, but after the meeting, he was able to secure an additional \$35,000.00 from Hart Engineering.

There was a lively discussion by the board, discussing the merits of arbitration, liquidated damages and costs of litigation. Mr. Brown added that the pumps do need to be fixed at the pump station irrespective of the vote on settlement. This would cost in the area of \$75,000.00

Chairman Boyer was irritated at the fact that Mr. Mulligan promised to provide the board with evidence of days actually worked at the facility, and the fact that he never received it. He thought Mr. Mulligan was disingenuous as a result.

Mr. Masterson thought it was a worthwhile settlement given the costs of litigation and the fact that Hart would fix the pumps and absorb the costs of labor and materials.

Messrs. Inman and Giorgio thought the Chairman should counter the offer made by Mr.

Mulligan and settle the matter.

Mr. Gallucci calculated the settlement at approximately \$135,000.00 and thought there was a risk of losing everything in arbitration.

All members agreed that Mr. Brown should counter the proposed settlement and authorized him to do so. Mr. Brown said he would, but if it wasn't fruitful, he would need to have the board ratify the change order that he would ask the Chairman to sign to repair the pumps.

There being no further business before the board, Mr. Inman moved, seconded by Mr. Giorgio to adjourn the meeting.

Dated: March ____, 2015.

Legal Counsel