

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING
OF THE BOARD

June 21, 2018

A meeting of the Board of Directors of the Kent County Water Authority was held on the 21st day of June, 2018, at 3:30 p.m. at the offices of the Authority in West Warwick, RI, in the Joseph D. Richard Board Room.

Chairman Robert Boyer opened the meeting at 3:30 p.m. Board members, Vice-Chairman Peter Masterson, Treasurer Joseph Gallucci, Russell Crossman and Frank Giorgio were all present together, along with the General Manager/Chief Engineer Timothy J. Brown, Legal Counsel Patrick J. Sullivan, Esq., Director of Technical Services John Duchesneau and Director of Finance and Administration Michael Lanfredi. Also, in attendance was Treatment Manager/Water Project Engineer Dave Simmons. Mr. Crossman led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting held on May 17, 2018 were presented for approval. Mr. Masterson moved, seconded by Mr. Gallucci, to approve the minutes. The minutes were unanimously approved.

Legal Matters

Mr. Sullivan discussed the litigation entitled *Conservation Law Foundation v. KCWA and Burrillville v. KCWA* (PC2017-1037 and PC2017-1039). He discussed the progress of the case and the developments since the last meeting. He told the board that there has still been little activity on this matter by the plaintiff Town of Burrillville or the Conservation Law Foundation.

Mr. Sullivan then discussed the matter of the receivership at Center of New England. He said he is monitoring the case closely as the expansion of water is being discussed more and more by representatives of Coventry and the receiver. He said he will be attending a hearing at the end of the month relative to a settlement that between the receiver, the town of Coventry and the Highlands that involves KCWA expanding water service to the area.

Finally, he brought up the case of 31 Deer Run. He said there was an agreement being circulated amongst the attorneys, three of them, that remained in draft form.

Director of Finance Report:

Mr. Lanfredi, Finance Director, explained and submitted the financial report. He reported on the Cash Receipts and Disbursements and Statement of Cash Location FY 2017-2018 as of May 2017 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of May 2017, attached as exhibit "A", and a thorough discussion ensued with regard to the sales and revenue.

Mr. Gallucci moved, 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 Cash Receipts and Disbursements and Statement of Cash Location FY 2017-2018 as of May 2017 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of May 2017, attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege & Communication

Chairman Boyer commented on the amount of work being done within the service area and that not only was it busy, but the work was going quite well. Mr. Brown indicated that there is work to be done at the Centerville Bridge that he hoped to do at night.

Mr. Brown advised the board that he received a call from a maintenance worker at the technology park at the former Amgen campus. He asked if the water tank could be cleaned. He said there was a groundbreaking scheduled for July 31, 2018. He said he issued a PO to have it done by July 21, 2018 and Amgen offered to pay the cost of \$8,900.00.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

Utility Conflict King Fisher & Osprey Drive, Coventry

Mr. Brown updated the Board on this matter. There was a general discussion and that the drains were put in by the town of Coventry. Mr. Crossman said he visited the area with a representative from Coventry. He said the representative said the town hadn't done work in the

area for over twenty years. Mr. Crossman suggested that he may have been incorrect as the materials used were not available that long ago.

Mr. Brown indicated it was time for KCWA to take a pro active approach with the issue. He said if a pipe failed, it would be a significant problem. He said he would have something for the July meeting.

Restorative Pavement Policy Discussion

Mr. Brown said National Grid would sometimes share the cost of repaving construction areas 50/50. He said they seem to be backing off this position lately. He discussed the Warwick seven foot paving policy.

Mr. Gallucci joined the discussion and discussed a recent zoning approval where there was a condition that the contractor be required to repave the roadways. He added that Warwick had problems with National Grid's paving policy. Mr. Brown advised the board that they will need to deal with the National Grid policy, as they should not be wasting the ratepayer's dime.

Mr. Gallucci said he would look into the 50/50 matter with Warwick.

KCWA Vacant Lot for Sale

This matter was tabled until the next meeting.

INFRASTRUCTURE PROJECTS

East Greenwich Well Refurbishment

Mr. Brown reported that the pump and motor are in disrepair. He said the contractor met with the engineer and that he believed that the flaking was jamming the pump. He said the pump is at Franklin pump for repairs. He thought this was the result of the screen not being installed.

Chairman Boyer asked about the liquidated damages due from the contractor. Mr. Brown said they are available at \$1,000.00 per day. He said Zoppo is the contractor and he can deal with the subcontractors. Mr. Brown then read a letter he drafted to send to Zoppo. It put Zoppo on notice that if the recertification plan is not in place by July 19, 2018, the issue of liquidated damages will be visited.

Mr. Masterson moved, seconded by Mr. Crossman, to authorize the Chairman to sign and send the letter.

Upon motion duly made and seconded, it was unanimously

VOTED: That the Chairman is authorized to sign and send the letter to Zoppo.

IFR 2015A

Mr. Brown reports that paving was done with a few minor items remaining.

IFR 2015B

Mr. Brown reported that the project is ongoing and the pipe was being installed. Final paving was to take place next year.

IFR 2016 Design – 3 Phase Project

Mr. Brown updated the Board that this was on hold for funding and was a three phase project.

IFR 2018 Design

Mr. Brown reported that design is in and the bid date was to be set.

CAPITAL PROJECTS

Water Main North/South Interconnection High Service

Mr. Brown reported that the design was done and the project will be set out to bid in the winter. He said as soon as there were \$9-\$10 million dollars, that would be sufficient to put out to bid.

Budget Approval, Medical Coverage Approval FY18-19

Mr. Brown introduced the budget, passing out paper copies to each member. He discussed the rate filing. He generally discussed fixed allotments, and bond and/or restricted accounts.

Mr. Brown summarized the budget highlights, including:

- Salary increases
- Health insurance
- Workers com increase (7% increase)
- Liability Insurance
- Pension contributions

Mr. Brown added that the budget policy should remain the same, in that it has been historically in the board's hands. He said the residential customer base remained the same and that the industrial customer was flat. He stressed that the quality of the water was important. He then discussed the general direction of the authority, including infrastructure improvements, the EG well improvements, the north south interconnection, tank inspection, cross training of employees, and security improvements to its facilities.

Mr. Brown discussed the projected revenues and the funding of restricted account allocation. He went on to highlight the following budget areas:

- Infrastructure program balances
- Customer base with no predicted growth
- Revenues broken down by category
- Administrative and general outside services
- Employee benefits
- Administrative and general regulatory commission
- Payroll budget
- Capital improvement program and balances
- Meter replacement program

Mr. Brown then went into the employee benefits, indicating that they were within the PUC allocation in docket 4611.

He commented on the health care presentation that was made at the last meeting. He said they contacted the representatives from the last meeting for more information on the new Blue Choice product. He said he was concerned with the presentation and requested more information on the new product. He received "training materials", which didn't help much. He then cautioned the board that they raised the deductibles last year. He said the budget has a renewal of last year's product. He said that next year he would like to package all insurance products together with the trust.

Mr. Masterson discussed some options. He also outlined some problems he had experienced with out of network providers, and said he supported the inter-local trust idea.

Mr. Brown then discussed salary increases. He said that his budget included a 2.5% salary increase. He said if the salary increase was reduced to 2%, the savings could be used to pay for the increase in the health care cost. He said he looks to state and town employees for guidance on raises for employees.

Mr. Giorgio asked about the effect the budget would have on what employees pay for health insurance. Mr. Brown said their co pay would rise as the cost rose as well.

Mr. Brown then left the room.

The board began a discussion about the budget and Mr. Brown's increase in salary.

Chairman Boyer said he felt uneasy adopting the budget with two members absent, Mr. Duckworth and Mr. Guisti. The remainder of the board agreed. The board agreed to have a special budget meeting on June 26, 2018 at 3:30 p.m.

Mr. Brown returned to the room and asked the board to at least vote on the medical coverage and the dental coverage so that he could make arrangements to renew the policies before it was too late.

Mr. Giorgio moved, seconded by Mr. Crossman, to approve the budget items related to Medical Insurance and Health Insurance FY 18-19 only.

Upon motion duly made and seconded, it was unanimously

VOTED: That the Board approved the budget items related to Medical Insurance and Health Insurance FY 18-19.

There being no further business before this meeting, on motion duly made by Mr. Duckworth, seconded by Mr. Giorgio and carried, the meeting was adjourned at 5:30 p.m.

Dated: July ____, 2018

Patrick J. Sullivan
Legal Counsel