

KENT COUNTY WATER AUTHORITY

MINUTES OF THE MEETING OF THE BOARD

August 21, 2014

A meeting of the Board of Directors of the Kent County Water Authority was held on the 21st day of August, 2014, 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. Inman, and Mr. Giorgio were present together, along with the General Manager/Chief Engineer Timothy J. Brown, legal counsel Patrick J. Sullivan, Esq., Rate Counsel Robert Watson as well as Finance Director Jo-Ann Gershkoff, Mr. Duscheneau and Mr. Simmons. Mr. Giorgio led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of July 17, 2014 were presented for approval. Mr. Giorgio moved passage, seconded by Mr. Inman and the minutes were unanimously approved.

GUESTS

3:30 p.m. High Service Requests:

New England Tech, DiPrete Engineering

Brian Giroux from NE Tech appeared before the board for approval of high service request. Mr. Brown advised the board that he had no problems with the application so long as the standard conditions are included in any approval.

It was moved by Mr. Masterson, seconded by Mr. Inman, to conditionally approve the request for water supply to NE Tech, 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 NE Tech, 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.
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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.
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31 Clark Mill Rd., Coventry – Jane Smith

The applicant appeared for the application for high service. He advised the board that he had a well, and it isn't pumping to his satisfaction. Mr. Brown recommended approval.

It was moved by Mr. Inman, seconded by Mr. Masterson, to conditionally approve the request for water supply to this single family home, 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 for a single family home. 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 a single family home 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.
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2 Cartier Court, Rossini and Smith

Rossini and Smith appeared on their application for high service. It was for a lot that would contain a new single-family residence.

Mr. Brown recommended approval.

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

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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.

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David Drive, Coventry

A discussion regarding David Drive was begun by Attorney Sullivan. He advised the board that several of the lots that are on David Drive, which is a private roadway off Gervais St., are serviced by a private water main from 12 LaForge Drive. He added that there was an easement owned by a private party who used to live in one of the homes on David Drive. That person in turn granted an easement over his property to allow water lines to reach two other homes. Mr. Sullivan reported that he reached out to the owner of 12 LaForge Dr., who informed Mr. Sullivan that the water line runs right next to his septic system.

Mr. Brown added that the services were not in compliance with KCWA regulations. Mr. Sullivan searched the land evidence records in Coventry and only found easements granted to private individuals, and none whatsoever to KCWA. Mr. Brown added that this had to be remedied.

Greg and Kris Weishaar appeared before the board. They own 11 David Drive, and expressed frustration with the board that the sale of their property has been held up. Mr. Dettonnacourt also appeared; he was their realtor. He offered any assistance to remedy the situation. A Deborah Raspallo also appeared and identified herself as a homeowner on the road. The potential buyers of 11 David Drive were present also.

There was a lively discussion with all involved. Mr. Inman suggested that Attorney Sullivan contact all homeowners on the private road and see if they were interested in a cost sharing arrangement to bring a new water main up the roadway if the easements can be obtained. Mr. Brown added that he would obtain an estimate from our consultants on what he thought the cost would be.

Hart Construction Liquidated Damages Treatment Facility and Quaker Pump Station

Mr. Brown introduced Robert Mulligan as a vice president for Hart Engineering. Mr. Brown led the discussion on the liquidated damages for both projects. Mr. Brown discussed the

balancing change order that balances the final figures for each project. He explained that each contract calls for liquidated damages that address delays in completion, for instance. That is what occurred here. The delays here were not affected by change orders, and the damages were set at \$1,000.00 for each day.

The damages for the Quaker booster station was \$261,000.00 and the treatment plant was \$443,000.00. Mr. Mulligan was looking for a change order that would extend the completion date so as to eliminate the damages altogether, essentially 261 days and 443 days respectively.

Mr. Masterson queried why should the board do that. He said that Mr. Mulligan knew that the damages clause was in the contract as well as the completion date. He said Mr. Mulligan should have come to the board for relief so it would not have come to this.

Mr. Mulligan indicated that he did all the work in good faith. Chairman Boyer asked if this was their first treatment plant to which Mr. Mulligan replied that it wasn't. The Chairman reminded Mr. Mulligan that they bid the job.

The Chairman asked Mr. Brown to sit with Mr. Mulligan to come up with a figure that both parties can accept.

LEGAL MATTERS

Legal Counsel Mr. Sullivan reported on the Central Coventry Fire District. He advised the board that the next hearing on the state appointed receiver that was scheduled for early August has been continued to September 29, 2014. Mr. Brown updated the board on the amounts due and owing.

Mr. Sullivan then advised the board that he had been contacted by an attorney regarding the issue at the Super 8 motel and the Best Western. They had been put on notice by KCWA that they were having their service terminated for non compliance with the regulations. Mr. Sullivan reported that he expected to be notified of a court hearing to stop the shutoff. He promised to advise the board of the situation.

Mr. Sullivan also reported on the problems on Lakeside Drive in Coventry. After conducting research at the land evidence records, it was determined that the roadway is indeed a private right of way. Although portions of the road are town owned and on the town map, most of the roadway is owned by the landowners right up to the lake, and there is a 20' paved right of way. Mr. Masterson advised that this could become a contamination problem if not resolved. Mr. Brown added that this too has to be resolved. Mr. Inman suggested legal counsel forward a letter to residents to see if we could get more information.

Mr. Sullivan also updated the board regarding the receivership of the Commerce Park Properties at the Centre of New England. He reported no new issues with the receivership. Mr. Brown indicated that the management company was paying the water bills as they came due.

Mr. Sullivan updated the board on the situation at 642 Washington St., Coventry. He

informed the board that he had filed suit in Superior Court against the owners of the property for a prescriptive easement and trespass on the easement. He added that he had found two documents that give KCWA rights across their land, including one from Berkshire Hathaway, the former owner of the mill in Anthony. He said he had served COLBEA, Motiva Enterprises, LLC as well as Citizens Bank, since they each had an interest in the real estate.

Director of Finance Report:

Jo-Ann Gershkoff, Finance Director, explained and submitted the financial report. Cash Receipts and Disbursements FY 2014-2015 as of July 31, 2014, and statement of cash location 2014-2015, attached as exhibit "A", and a thorough discussion ensued with regard to the sales and revenue.

Chairman Boyer 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 July 31, 2014 attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege & Communication

There was no discussion under this heading.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

Approval Errata Modification Closing Form/Process

The general manager explained that this allows the realtors or sellers to conduct self reads. The form is attached to the minutes as an exhibit. Mr. Masterson added that he had spoken to the president from the Kent Washington Board of Realtors and they expressed their satisfaction regarding the update. Mr. Brown asked for a motion for new errata to the rules and regulations.

Mr. Masterson moved and seconded by Mr. Inman for new errata to the rules and regulations to allow the form and to allow self reads of the meter upon sale of real estate.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the form attached as exhibit "B", be approved as new errata to the rules and regulations so as to allow self reads of the meter upon sale of real estate.

Approval Membership National Joint Powers Alliance

Mr. Brown explained the National Joint Powers Alliance is an organization that conducts mass purchasing for government and quasi governmental agencies which in many instances is cheaper than the bidding process. He advised legal counsel cleared the way for the application to join. He recommended applying.

Mr. Inman moved and seconded by Mr. Giorgio authorize the general manager to apply for membership in the National Joint Powers Alliance.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the general manager is authorized to apply for membership in the National Joint Powers Alliance.

CAPITAL PROJECTS:

CIP 1C Mishnock Well Treatment Plant (Construction Status)

The general manager reported that Wright Pierce is looking for additional fees. Mr. Brown reported that he had requested additional information from the engineer concerning some change order requests. He said the last change order exceeded the additional fees. They say they are owed \$90,000.00. The board discussed this and thought the general manager could negotiate the matter and report back to the board.

INFRASTRUCTURE PROJECTS

IFR 2010B Prospect Hill (Construction Status)

Mr. Brown informs the board that construction is ongoing. There is currently paving underway.

Quaker Lane Pump Station Upgrade (Status)

Mr. Brown reports that the punch list is underway and the project should be complete anything. He added that there was an emergency the morning of the meeting.

Apponaug Circulator Water Main Replacement (Status)

Mr. Brown reported the project has started.

System Chlorinators, Addition to Clinton and Quaker PS

Mr. Brown reports that KCWA is so busy at this time, that construction hasn't started.

Hydraulic Model Upgrade

Mr. Brown reports that the project is underway and awaiting field calibration.

East Greenwich Refurbishment

Mr. Brown reports that there was an emergency repair of the screen and pump. The screen was collapsing.

Mr. Masterson moved, seconded by Mr. Giorgio, to approve TO #3 for the emergency work needed.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That TO #3 for emergency work is hereby ratified.

2014/2015 IFR

Mr. Brown reports that 2014A went out to bid on Wednesday and part B will be put out to bid this winter.

Mr. Giorgio moved, and seconded by Mr. Inman to approve TO #3 in the amount of \$2,500.00 for the design of the Hope Ave. crossing to James Geremia & Associates, Inc.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That TO #3 in the amount of \$2,500.00 for the design of the Hope Ave. crossing to James Geremia & Associates, Inc. is hereby approved.

Rate Case – Added to Agenda for Discussion Only

Mr. Inman moved, seconded by Mr. Masterson, to add the Rate Case to the agenda for discussion only.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the Rate Case is added to the agenda for discussion only.

Mr. Brown discussed the rate case to be presented to the PUC this fall. He discussed the need for a multiple year rate case which includes looking at

- Meter replacement programs
- Additional personnel for a number of positions
- Wages and salaries
- Setting up a trust for OPEB benefits
- Capital account retention
- Credit card fee absorption

- Seasonal rates
- Capital improvement program
- New facility approval on a cash basis instead of bonding to save funds

There was limited discussion on this issue.

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

Dated: September ____, 2014

Legal Counsel