

# KENT COUNTY WATER AUTHORITY

## MINUTES OF THE MEETING OF THE BOARD

October 16, 2014

A meeting of the Board of Directors of the Kent County Water Authority was held on the 16<sup>th</sup> day of October 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. Board Members, Mr. Masterson, Mr. Gallucci, Mr. Inman, and Mr. Giorgio were present together, along with the General Manager/Chief Engineer Timothy J. Brown, P.E., legal counsel Patrick J. Sullivan, Esq., Rate Counsel Robert Watson, Esq. as well as Finance Director Jo-Ann Gershkoff. Ms. Gershkoff led the group in the pledge of allegiance.

### **APPROVAL OF THE MINUTES**

The minutes of the regular board meeting of September 18, 2014 were presented for approval. Mr. Giorgio moved passage, seconded by Mr. Masterson and the minutes were unanimously approved.

### **GUESTS**

#### **High Service Requests**

##### **Hugh Fisher – Sturbridge Homes – Water Valley Road**

Mr. Fisher appeared for Sturbridge Homes on a request for high service. Chairman Boyer informed the board that the proposed location for this service request is at the end of a dead end road. Mr. Fisher advised that he has applied to DEM for a single family residence. Mr. Brown added that there is an existing water main on that street that extends just before a sewer man hole but it is unclear where it ends after that. Test pit and possible extension may be required.

After discussion it was moved by Mr. Giorgio, seconded by Mr. Inman, to conditionally approve the request for water supply to 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.

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 single-family home 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 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.
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 single-family home 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**

Legal Counsel Mr. Sullivan reported on the Central Coventry Fire District. He advised the board that there was a hearing before Judge Stern in superior court the Monday of that week. There, it was revealed that the long awaited transition to the state had been completed, as reported to the Court by the court ordered and state appointed receivers. He added that he would open a dialogue with the state receiver. He reported that the Town of Coventry hadn't received any funds at all from that \$300,000.00 loan to the receiver. He advised that he would remain on top of the receivership.

Mr. Sullivan then updated the board regarding the suit involving the Super 8 and the Best Western motels and KCWA. He advised that there was a hearing last Friday in superior court. At the hearing, the owners of the motels had agreed to a create a non profit corporation so as to come into compliance with KCWA rules and regulations, but with the option to run a home run water main at some point in the future, and dissolve the entity. The parties had agreed to come into compliance within thirty (30) days of the hearing. Mr. Sullivan had proposed an order that was circulating among counsel.

Mr. Sullivan also updated the board regarding the receivership of the Commerce Park Properties at the Centre of New England. He reported there were no significant issues but he is keeping his eyes on the various pleadings that get filed in the event they affect KCWA.

Mr. Sullivan updated the board on the lawsuit involving the contaminated soil at 642 Washington St., Coventry. He informed the board that he had received answers to the suit from all three defendants in the suit. He added that he had spoken with attorneys in Houston TX and that they seemed eager to try to resolve the case. He reported that he had sent out some discovery to each defendant in the form of a request for production of documents. He awaits compliance.

Mr. Sullivan also reported on the D'Ambra Construction matter. He informed the board that he filed a lawsuit to collect the amounts due KCWA, at the direction of the board, after waiting the two weeks subsequent to the last meeting. The company was served with the suit

prior to the meeting, and Mr. Sullivan awaits an answer from their attorneys.

### David Drive, Coventry

A discussion regarding David Drive was again begun by Attorney Sullivan

Mr. Sullivan detailed some title problems that were uncovered by a title examiner. The private road was part of a lot that had several owners through the years. A week after the last meeting, Mr. Sullivan obtained the final title report listing the owners capable of granting a utility easement. Thereafter, he advised the board that he met with each owner individually, with one being particularly hard to contact. Finally, though, he reported that he had the signatures on three separate easements, so the matter can now proceed to survey, layout, design and construction.

Ms. Weishaar appeared before the board, and again expressed her frustration about the length of time the matter is taking. Mr. Inman advised Ms. Weishaar that although he understands her frustration, he commended the staff and Mr. Sullivan for conducting an extraordinary amount of work in a short period of time. Ms. Weishaar expressed her consternation as her home sale is held up in the process. Mr. Masterson explained that KCWA is using existing bids for all the work, and as such, no bids have to go out, saving that much more time.

Ms. Weishaar then asked about a timeline. Mr. Brown explained that a field crew will survey the area, then it will be designed before being constructed. He advised Ms. Weishaar that the goal remains to get the line installed prior to the winter setting in. He added that the survey and design should be done in about two weeks, give or take. Chairman Boyer added that a field crew has to go to the site, so it is always weather permitting.

### **Director of Finance Report:**

Jo-Ann Gershkoff, Finance Director, explained and submitted the financial report. Cash Receipts and Disbursements FY 2014-2015 as of September 30, 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.

Mr. Gallucci moved and seconded by Mr. Inman 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 September 30, 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 commended Mr. Sullivan on the David Drive matter, adding that he did a good job getting the easements signed by three individual people in a short period of time.

## **GENERAL MANAGER/CHIEF ENGINEER'S REPORT**

### **GENERAL:**

#### Employee Handbook Revision

Mr. Brown began a discussion regarding proposed revisions to the employee handbook. He explained to the board that the procedure of adding a financial benefit to those employees who are on workers compensation or TDI has become unsustainable and has resulted in shrinking staff. He added that the benefit has certainly been used. He believes it is in the best interest of the board to eliminate the benefit. Chairman Boyer agreed, adding that the board should revert to the old practice. He added that its elimination should result in a better working atmosphere. Mr. Brown added that the supplemental payments provided a paycheck, and then some, to some employees.

Mr. Masterson moved, seconded by Mr. Giorgio, to revise the employee handbook as recommended by the general manager removing provisions for additional compensation for employees.

Upon motion made and duly seconded,

Voted: That the employee handbook is revised as recommended by the general manager removing provisions for additional compensation for employees.

#### CIP Rate Case Discussion

The general manager advised the board that they might need a special meeting the following week to review the rate case before it is filed. He went on to say that it is of critical importance that the board fully vet the proposal and extensively review the proposal. He added that it would be contained in two large volumes delivered to the members. He added that KCWA will need testimony from their consultant who did the rate case, C&E Engineers. He asked that the board approve a contract, not to exceed \$5,000.00 for consultation and testimony relative to the rate case.

Mr. Gallucci moved and seconded by Mr. Masterson to award the contract for consultation and testimony to C&E Engineers in an amount not to exceed \$5,000.00 relative to the rate case.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the contract for consultation and testimony be awarded to C&E Engineers

in an amount not to exceed \$5,000.00 relative to the rate case.

Task Order #5 – C&E Engineers, East Greenwich Well Emergency Well Replacement Approval

Mr. Brown asked the board to consider his recommendation to drill a new well. He had hoped to rescreen the existing well, but concluded that there was no chance. In fact, he advised the board that task order #3 was cancelled. He added that KCWA was trying to get the well under construction as quickly as possible, as that well provides a second source of water for that area. The task order is \$31,000.00 to drill the well, \$15,000.00 for engineering services related to the new well, and \$2,150.00 for testing and pumping of the new well.

Mr. Masterson moved, and seconded by Mr. Giorgio, to approve task order #5, to C&E Engineering for the emergency construction of the new well in the form of \$31,000.00 to drill the well, \$15,000.00 for engineering services related to the new well, and \$2,150.00 for testing and pumping of the new well.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That task order #5 to C&E Engineering for the emergency construction of the new well in the form of \$31,000.00 to drill the well, \$15,000.00 for engineering services related to the new well, and \$2,150.00 for testing and pumping of the new well is approved.

**CAPITAL PROJECTS:**

**CIP 1C Mishnock Well Treatment Plant – Approval Change Orders 8 and 9**

The general manager reported that the completion is moving forward. He reminded the board regarding issues involving the delamination of the membrane tank. The coating representative was in the field and the delamination was confined to two tanks and a small section of a third. He added that he would ask the board to approve change orders #8 and #9.

Change order #8 was to replace chemical storage tanks with new double wall containment chemical storage tanks.

Mr. Masterson moved, and seconded by Mr. Gallucci, to approve change order #8 in the amount of \$14,500.00 that replaced chemical storage tanks with new double wall containment chemical storage tanks.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That change order #8 with Hart Engineering that replaced chemical storage tanks with new double wall containment chemical storage tanks is approved.

Next, Mr. Brown asked the board to approve change order #9, which was a balancing change order, balancing out the contract in the amount of (\$41,474.81). Mr. Brown added that this would save the KCWA funds.

Mr. Inman moved, and seconded my the entire board, to approve change order #9 with Hart Engineering in the amount of (\$41,474.81) that balanced the contract.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That change order #8 change order 9 with Hart Engineering in the amount of (\$41,474.81) that balanced the contract is approved.

### **INFRASTRUCTURE PROJECTS**

#### **IFR 2010B Prospect Hill (Construction Status)**

Mr. Brown informs the board that this will be completed this year with paving completed next year. He reported the job as going well.

#### **Quaker Lane Pump Station Upgrade (Status)**

Mr. Brown reports that they have made headway with the pumps. He is trying to get the pumps and parts quicker. He promised a report to the board at the next meeting as to the next move. He reported that he got the delivery time down from 21 weeks to 16 weeks.

### **ANNUAL AUDIT**

Mr. Brown interrupted his presentation on infrastructure projects as the auditor entered the room. Mr. Brown introduced James Wilkinson from Marcum Accounts and Advisors who just finished the annual audit of KCWA financials.

Mr. Wilkinson presented an outline to the board, explaining that the final documents from the audit have not been completed yet. He explained the documents were in quality control, but he doesn't expect any changes through that process.

He advised the board that the financials at the KWCA are very consistent year to year. The audit found consistent operating results. He discussed total assets versus liabilities, including cash, capital assets and infrastructure, as well as bonds. He discussed new GASB rule 65 as it relates to deferred bond issuance costs, and explained regulatory basis accounting as it differs from generally accepted accounting principles. He discussed several year ending adjusting entries, arising both from management as well as from the audit procedure. He advised the board that there was full cooperation from the staff and reported that no staff asked for an entry to be treated a certain way. Mr. Wilkinson discussed some material weaknesses regarding the adjusting entries.

Mr. Brown added that KCWA was going into the rate case looking to get another accountant's position as these material weaknesses result from short staffing.

Mr. Gallucci asked questions regarding revenue bonds vs. general obligation bonds. Mr. Brown added that the KCWA had no authority to tax.

Mr. Wilkinson concluded his presentation of the audit and left the meeting.

Mr. Brown returned to his discussion of the infrastructure projects.

## **INFRASTRUCTURE PROJECTS CONTINUED**

### **Apponaug Circulator Water Main Replacement (Status)**

Mr. Brown reported the KCWA work is continuing and going along quite well. Progress was being made, he reported.

### **System Chlorinators, Addition to Clinton and Quaker PS**

Mr. Brown reported that Clinton will be done this winter, but Quaker Lane will be on hold until it has been properly upgraded.

### **Hydraulic Model Upgrade**

Mr. Brown reports that the data is needed to calibrate. With short staffing, the project is on hold temporarily. Chairman Boyer asked when the flushing of the hydrants would be complete. Mr. Brown replied that flushing would begin next week and take about 3 weeks to finish. He indicated that only about 20 hydrants would be flushed for calibration.

### **East Greenwich Refurbishment**

Mr. Brown reports that this was discussed earlier in the meeting.

### **2014A IFR**

Mr. Brown informed the board that the contract was signed for Toll Gate Road and other areas. Mr. Brown added that KCWA would give Kent County Hospital a weekly schedule of work, after Mr. Gallucci had asked.

### **2014B IFR**

Mr. Brown reported that the final review was complete. He would set bid dates for the end of November 2014. He added that he expects good prices to come in.

### **Employee Discipline**

Mr. Sullivan then, at the request of the Chairman, asked if there was a motion to go into executive session pursuant to RIGL 42-46-5(a)(1) involving employee performance, review, and employment status. He began a roll call vote after being moved by Mr. Masterson and seconded by Mr. Gallucci. At that time, Mr. Glenn Dixon came into the room. Mr. Sullivan asked Mr. Dixon if he wanted to have the meeting conducted in open session, as he had previously been

advised was his right under the law. Mr. Dixon said that he did want the meeting conducted in open session. The motion was withdrawn and the meeting remained open to the public.

Chairman Boyer opened the discussion. He advised Mr. Dixon that he had received four memoranda from the general manager and other employees about an incident and confrontation that took place. The Chairman said he had read the memos three or four times. He reminded Mr. Dixon that he had been before the board for disciplinary proceedings before for unrelated matters.

Mr. Dixon interrupted the Chairman expressing "I have an attorney".

Chairman Boyer resumed, advising Mr. Dixon that after he reviewed the memos, and consulting the employee handbook, he found 6 possible violations. The Chairman added that the memos further revealed to him that the incident could have easily ended up in violence. He added that Mr. Brown's recommendation was for termination of Mr. Dixon's, and that Chairman Boyer agreed with that, but he was only one of five votes. He added that if termination was the vote, it would take effect immediately; if not, the general manager would impose a period of probation at the manager's discretion.

Mr. Dixon began aggressively questioning random members of the board, asking whether the general manager advised the board the substance of the conversation that took place in the manager's office. Mr. Dixon added that if he didn't tell the board what happened, he would file "a big lawsuit". Mr. Masterson asked legal counsel that now that there was a threat of a lawsuit from this employee, should they continue with the discussion? Mr. Sullivan interrupted and advised Mr. Dixon that he had one last opportunity to be heard right at that moment. If he failed to exercise this option, the board will vote and the matter would be over. There would be no opportunity to address the board after the vote.

Mr. Dixon then began a rambling incoherent discussion about time card fraud involving unnamed persons. He blustered on, accusing KCWA employees of participating in random, unnamed improper events and advised he would join with other terminated employees in an attempt to redress all their grievances. He ended with "I'm done."

Chairman Boyer then conducted a roll call vote to adopt the recommendation of the general manager for termination. Mr. Sullivan indicated a "yes" vote was to adopt Mr. Brown's recommendation to terminate the employee. The roll call vote was recorded below:

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

Mr. Dixon was informed of his termination and was escorted to get his personal belongings and then from the building.

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

Dated: November \_\_\_\_, 2014

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Legal Counsel