

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING  
OF THE BOARD

November 19, 2015

A meeting of the Board of Directors of the Kent County Water Authority was held on the 19<sup>th</sup> day of November 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, Vice Chairman Peter Masterson, Treasurer Joseph Gallucci, and Secretary Edward Inman 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 Duscheneau Treatment Manager/Water Project Engineer Dave Simmons, and Director of Administration of Finance Jo-Ann Gershkoff. Mr. Gallucci led the group in the pledge of allegiance. Board Member Frank Giorgio was not in attendance.

**APPROVAL OF THE MINUTES**

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

**LEGAL MATTERS**

Mr. Sullivan reported on the Pontiac St./East Natick area of Warwick. He advised that he had all the necessary signatures on the easements he was asked to get. A discussion of Railroad Row was had and Mr. Sullivan was asked to look further into that right of way for some additional input.

Mr. Sullivan then updated the board on the situation at 642 Washington St., Coventry. The litigation continues with the discovery phase remaining underway. Discussions of depositions were had between the attorneys, and the litigation continues.

Mr. Sullivan then commented on the CCFD matter. He advised the board that the lawsuit against CCFD had been filed and answered. He indicated that there will be a hearing on the “automatic stay” that was issued back in 2012 this Friday. He advised that CCFD is using the initial orders in the state receivership matter as a shield against any litigation; Mr. Sullivan will be arguing to the court otherwise and he will report back. He was prepared to proceed in summary judgment as soon as the decision was rendered as the pleadings were already prepared.

The Coventry Fire District was then discussed. Mr. Sullivan said that application was made for the execution at the expiration of the twenty (20) day appeal period. The issuance of the execution awaits. Once received, the constable will serve it on the district and demand payment. If it remains unpaid, will be recorded in the land evidence records of the fire district and then we will proceed in supplementary proceedings with the treasurer.

Finally, Mr. Sullivan who advised that he was approached by the receiver in the CONE receivership cases who wanted to meet with representatives of the board regarding expanding the water availability to the undeveloped lots near the condominium complex.

### **Auditors – Review of Fiscal Year Audit Reports**

Mr. Brown introduced Mary Sahady and Kyle O'Connor from Hague, Sahady & Co., PC, and the CPA firm that conducted the Authority's annual audit.

Ms. Sahady advised the board that she would be presenting an overview of the audited financial statements and pointed out a significant change this year due to the implementation of Gas B 68-71 which requires reporting unfunded, long term pension obligation as a liability.

Chairman Boyer and Ms. Sahady discussed the cash entries in the financial statements.

Mr. Masterson and Ms. Sahady discussed the net pension obligation (NPO) and the unfunded liability. She indicated that the NPO amount is what would be needed if the KCWA had to pay all the retirees at one point in time. She then discussed OPEB, life, dental and health insurance benefits for retirees and the recent IRS changes to the mortality tables. She complimented the board on their favorable position on the NPO.

Ms. Sahady went on to discuss revenues and receivables. She opined that expenses remained constant. She then discussed the notes to the financial statements. She discussed internal controls and compliance with regulations and added that there was nothing reportable.

Mr. Gallucci and Ms. Sahady discussed the pension obligations in greater detail. Mr. Gallucci asked if the pension obligatory we funded at 100 percent. Ms. Sahady said they were not but the funded pension is very high. The pension obligation is derived from actuarial reports prepared by the Authority's actuary.

Ms. Sahady then thanked the staff at KCWA for their professional assistance in conducting the audit.

Mr. Brown informed the board that KCWA submitted the audit to the bond agencies as required since the completion of the audit this year was timely. Chairman Boyer thanked the auditors for their professional services.

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

Jo-Ann Gershkoff, Finance Director, explained and submitted the financial report. She

reported on the Cash Receipts and Disbursements and Statement of Cash Location FY 2015-2016 as of October 2015, and Statement of Revenues, Expenditures and Changes in Fund Balance as of October 2015, attached as exhibit "A", and a thorough discussion ensued with regard to the sales and revenue.

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 Cash Receipts and Disbursements and Statement of Cash Location FY 2015-2016 as of October 2015, and Statement of Revenues, Expenditures and Changes in Fund Balance as of October 2015 attached as exhibit "A", be approved as presented and be incorporated herein and made a part hereof.

Chairman Boyer asked about receivables that are written off. Ms. Gershkoff indicated that usually none are written off, and Mr. Brown added that occasionally a bankruptcy is written off.

Then there was discussion of shutoffs. The Chairman asked about the quantity of shutoffs, while Mr. Masterson asked about the notice given the customer. Mr. Brown replied that there are a lot of notifications of shutoffs during the moratorium but few actual shutoffs. He indicated that KCWA representative visits the homes of residential customers two times unless they speak to someone over age 18 before water service is terminated 48 hours after notification. Apartments, are given 24-hour notice. He added that with commercial customers, no notice is required.

### **Point of Personal Privilege and Communication**

There was a general discussion regarding the telephone responsiveness at the KCWA. Chairman Boyer indicated that he had called one day and received a recording. Mr. Gallucci added that the recording stated that people should call back. Mr. Brown replied that after hours the phones switch over. Mr. Gallucci said it was actually 11:00 a.m. Mr. Brown added that there are only four telephone lines, and the staff could be using all four lines or assisting at the counter. There was discussion of a voicemail option.

Next, the Chairman asked how the credit card payment system was working. Mr. Brown reported that it was working well, and its use was increasing.

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

#### **GENERAL:**

Mr. Brown then requested that three items be added to the agenda for discussion:

1. Hydrant report;
2. CCFD bounced checks; and
3. Standard and Poor surveillance check

Mr. Masterson moved, seconded by Mr. Gallucci to add the three items to the agenda for discussion.

Upon motion duly made and seconded, it was unanimously

VOTED: That the following items be added to the agenda for discussion:

1. Hydrant report;
2. CCFD bounced checks; and
3. Standard and Poor surveillance check

### **Executive Session**

Mr. Brian Galenski entered the meeting room. Chairman Boyer, having announced that notice of this meeting had been provided to Mr. Galenski prior to the meeting, he had a choice to have the meeting held in open or closed session. Mr. Galenski opted to close the meeting.

Mr. Masterson moved and seconded by Mr. Gallucci that the board move into executive session for discussion of employee performance, review and/or employment status, pursuant to RIGL 42-46-5(a)(1).

Upon motion duly made and seconded, it was unanimously, by roll call 7,

VOTED: That the board moves into executive session for discussion of employee performance, review and/or employment status, pursuant to RIGL 42-46-5(a) (1).

The board went into executive session at 4:26 p.m.

At 4:35 p.m. the board emerged from executive session and resumed open session.

Mr. Masterson moved and seconded by Mr. Gallucci that the board exit from executive session.

Upon motion duly made and seconded, it was unanimously, by roll call 7,

VOTED: That the board exits from executive session. The board resumed in open session.

Mr. Masterson moved, seconded by Mr. Gallucci, that the minutes of the executive session meeting shall remain under seal pursuant to RIGL 42-46-4 and 42-46-5.

Upon motion duly made and seconded, it was voted unanimously, by roll call 7,

VOTED: That executive session minutes of the meeting shall remain under seal pursuant

to RIGL 42-46-4 and 42-46-5.

Mr. Sullivan disclosed in open session that there was a vote in executive session to extend Mr. Galenski an offer of permanent employment with the KCWA.

#### 2015A IFR Easements Warwick Status

Mr. Brown advised the board discussed that with Mr. Sullivan and it awaits determination from Mr. Sullivan regarding the status of Railroad Row.

#### ODC – Proposed Legislation, Service Connection

Mr. Brown began the discussion of providing water to the Quonset Point area. He said he reviewed the proposed legislation and asked the KCWA be removed from the bill. He thought it would make it simpler. They need water from the Scituate reservoir and the law allows them to utilize KCWA or any other distributor from the reservoir.

Chairman Boyer added that he credited Mr. Brown for amending the bill.

#### Capital Improvement Program - Task Order No. 3 Approval

Mr. Brown explained this topic to the board. He indicated that the capital improvement plan covered 2012-2017 prior to KCWA filing to modify and revise the program. C&E came up with a price to revise and extend the CIP program from 2017-2022, as some projects were removed as a result of less demand. The amount was \$8,850.00. He advised that he recommended approval.

Mr. Masterson moved, seconded by Mr. Gallucci, to award task order no. 3 in the amount of \$8,850.00 to C&E Engineering to revise the CIP program for 2017-2022.

Motion duly made and seconded, it was unanimously

VOTED: That task order no. 3 in the amount of \$8,850.00 be awarded to C&E Engineering to revise the CIP program for 2017-2022.

#### PUC Petition Filing Pay As You Go Capital Program Approval

Mr. Brown explained that this will be a commission filing. This would modify a funding stream and enable the use of restricted funds for capital programs. Mr. Brown added that the Division is in favor of it and is recommended by Commission Staff.

Mr. Brown further explained he would like to use the current funding stream for priority projects: completion of the Mishnock Transmission, and then connection of the high service north and south gradients together, necessary because of the impending main removal of the Carr Pond Tank.

There was discussion amongst the board members regarding the proposed petition.

Mr. Masterson moved, seconded by Mr. Gallucci, to authorize rate counsel to file a petition under Rules of Practice 1.10 to allow the use of the existing funding stream for a pay as you go capital program.

Motion made and duly seconded, it was unanimously

VOTED: KCWA authorizes rate counsel to file a petition for under Rules of Practice 1.10 to allow the use of the existing funding stream for a pay as you go capital program.

#### Resolution Approval Washington Trust Bank Signing Authority

Mr. Brown explained to the board that this resolution is to authorize transfer of KCWA banking from Bank of America to Washington Trust, and it further authorized signing authority to management.

Mr. Masterson moved, seconded by Mr. Gallucci, to engage the services of Washington Trust as the bank for KCWA and further to authorize signing authority to management.

Motion made and duly seconded, it was unanimously

VOTED: KCWA is authorized to engage the services of Washington Trust as the bank for KCWA and further to authorize signing authority to management.

#### Water Rate Consultant RFP Approval

Mr. Brown explained to the board that in response to the request for proposals, Woodcock and Associates was the only submission for water rate consultant services. Their fee offer was president @ \$225.00 per hour and for rate consultant @ \$200.00 per hour.

Mr. Masterson moved, seconded by Mr. Gallucci, to engage Woodcock and Associates as water rate consultants at the following rates:

- President @ \$225.00 per hour; and
- Rate Consultant @ \$200.00 per hour.

Motion made and duly seconded, it was unanimously

VOTED: KCWA is authorized to engage Woodcock and Associates as water rate consultants at the following rates:

- President @ \$225.00 per hour; and

- Rate consultant @ \$200.00 per hour.

### IFR 2015A Bid Award

Mr. Brown advised the board that there were three bids received for the 2015A Infrastructure Improvements. Mr. Brown cited Mr. Geremia's recommendation that C.B. Utility had completed several projects to the satisfaction of KCWA and that they were the low bidders for this project.

Mr. Masterson moved, seconded by Mr. Gallucci, to award the bid for the IFR 2015A to C.B. Utility Co. Inc. for \$5,927,091.00.

Motion made and duly seconded, it was unanimously

VOTED: KCWA awards the bid for the IFR 2015A to C.B. Utility Co. Inc. for \$5,927,091.00.

### Rate Counsel Contract Execution and Approval

Mr. Brown presented the board with a proposed engagement agreement with rate counsel Attorney Shekarchi as previously awarded at the rate of \$150.00 per hour and at \$75.00 per hour for paralegals. He added the agreement would be from 11/19/2015 through 6/30/2016 so as to align with other attorney agreements and the fiscal year.

Mr. Masterson moved, seconded by Mr. Gallucci, to approve the rate counsel agreement and authorize its execution.

Motion made and duly seconded, it was unanimously

VOTED: KCWA approved the rate counsel agreement and authorized its execution.

## **INFRASTRUCTURE PROJECTS**

### **Hydrant Report (added)**

Mr. Brown informed the board that 99.8% of the hydrants meet AWWA standards. He reported 32 with pipeline problems, most in the high elevations connected to very old mains. He said there are 2,351 public hydrants and discussed the Westgate Condominiums proposals for new buildings. Mr. Brown said their plans require 1,800 gallons per minute in their revised plans.

Mr. Gallucci added that there are 48 units coming in on Major Potter Road for approval in Warwick. Mr. Brown added that if they are in the high service area, they can be serviced.

### **Central Coventry Fire District Bounced Checks (added)**

Mr. Brown advised the board that the CCFD gave KCWA 4 checks totaling over \$48,000.00 that were returned unpaid by the bank. Mr. Brown advised the board that he would be authorizing Mr. Sullivan to file a police complaint thereon.

### **Standard and Poor Surveillance (added)**

Mr. Brown informed the board that the rating agency gave their intentions to engage in a more in depth analysis of KCWA. Typically, the agency sends KCWA questions that are answered and the analysis ends there.

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

Mr. Brown reported the project back in full motion, with work being monitored by KCWA personnel. There were issues with trenches and the gas company, but the work continues.

### **East Greenwich Refurbishment**

Mr. Brown reported that after Thanksgiving, the well driller would be there. The design of the well house will go out to bid this winter for spring construction sheet.

### **IFR 2014A**

Mr. Brown informed the board that the work here is ongoing as well.

### **IFR 2014B**

Mr. Brown reported that this project is undergoing shut down for winter.

### **IFR 2015A/B DESIGN**

Mr. Brown reports that contract 2015B is under design. TO # 5 awaits approval on the Laurel Avenue bridge, subject to the resolution of the litigation surrounding 642 Washington St.

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

Mr. Brown reports that the pumps need an additional coating in some areas. They are in the process of adding the proper coatings. Chairman Boyer asked if the contractor was working diligently, to which Mr. Brown replied that he was. Mr. Brown added that the problem was with the pump manufacturer, and the contractor.

### **IFR 2016 Design**

Mr. Brown reported that contract design has gone out to utilities for review and surveyor for base mapping.



## **IFR Structure Demolitions**

Mr. Brown reported that the project awaits the final reports on the lead contamination.

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

Dated: December \_\_\_\_, 2015.

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Patrick J. Sullivan, Legal Counsel