

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING  
OF THE BOARD

June 16, 2016

A meeting of the Board of Directors of the Kent County Water Authority was held on the 16<sup>th</sup> day of June 2016, 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 Vice Chairman Masterson, Treasurer Joseph Gallucci, Secretary Edward Inman and Mr. 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 Administration, and Finance Director Jo-Ann Gershkoff. Mr. Gallucci led the group in the pledge of allegiance.

**APPROVAL OF THE MINUTES**

The minutes of the regular board meeting of May 19, 2016 and the special meeting of June 2, 2016 were presented for approval. Mr. Giorgio moved passage, seconded by Mr. Inman and both sets of minutes were unanimously approved.

**LEGAL MATTERS**

Legal Counsel Mr. Sullivan reported the Center of New England ongoing receivership. There was no activity to report on this.

He then reported that a complaint was filed against Cardi Corporation for the water main breaks that Cardi has refused to accept responsibility. He said he Cardi asked for an extension to answer the complaint, and he reported he granted it. It is due in early July.

He then spoke of a motion to compel production of documents on the KCWA v. Colbea matters. He said he received the production of the documents and had just finished reviewing 212 electronic documents. He said his motion for summary judgment and the response to their motion to dismiss should be prepared before the next meeting.

He then spoke on the ongoing case of KCWA v. CCFD. Mr. Sullivan had advised that his matter was down for mediation where Mr. Brown and Mr. Sullivan attended before retired Justice Frank Williams, and that the case settled in full for all amounts owed, including interest. Mr. Brown added that the figure that was collected was for the full amount with \$155,000.00 in interest as required under the rate tariff. Mr. Sullivan reported that he had subpoenaed the treasurer and their financial records for a hearing on collection the following Monday.

Mr. Sullivan and Mr. Brown also reported on the dewatering proposal and the temporary construction easement at the Mishnock Barn. Mr. Sullivan reported that he had drafted the easement and sent over to their attorneys for approval. Mr. Brown then added that he removed KCWA from the loop and authorized Mishnock Barn to negotiate directly with the bid winners for the easement. Mr. Sullivan reported that he sent that proposal over to their attorneys and that he hadn't heard back as of the meeting. He promised to follow up.

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

Ms. Gershkoff explained and submitted the financial report. Cash Receipts and Disbursements FY 2015-2016 and Statement of Revenues, Expenditures, and Changes in Fund Balance, both as of May, 2016, and Statement of Cash Location 2015-2016, 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. 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 FY 2015-2016 and Statement of Revenues, Expenditures, and Changes in Fund Balance, both as of May, 2016, and Statement of Cash Location 2015-2016 attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

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

There was no discussion regarding this topic.

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

#### **GENERAL:**

Providence Water Supply Board, Rate Filing, Intervention Request for Approval.

Mr. Brown introduced the rate filing by Providence to the Board. He had previously circulated a proposed motion to intervene and asked the board to approve the filing of the motion. He said KCWA has an interest in the case as a wholesale purchaser. He added that other water entities have already filed their motions.

Mr. Inman moved, and seconded by Mr. Masterson, to authorize the filing of the motion to intervene in the PWSB rate filing.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That KCWA is authorized to file the motion to intervene in the PWSB rate filing.

Blue Cross/Modification and Adjustment to Plan / Pediatric Coverage for Plan Qualifications

Mr. Brown advised the board that there was a slight modification as the Blue Cross provider did not contain coverage as set forth in the federal Affordable Care Act. As such, pediatric dentistry was added to the plan in order to qualify, at a low cost addition. No vote was necessary.

**INFRASTRUCTURE PROJECTS**

**Apponaug Circulator Water Main Replacement**

Mr. Brown informed the board that this project remains ongoing with KCWA monitoring the work.

**East Greenwich Well Refurbishment**

Mr. Brown reported that the project has 3 bides and the bid opening is scheduled for July 12, 2016.

**IFR 2014A**

Mr. Brown informed the board that this construction is ongoing.

**IFR 2014B**

Mr. Brown informed the board that construction is ongoing.

**IFR 2015A Spring Construction Start**

Mr. Brown informed the board that the construction is to begin May 2016.

**IFR 2015B**

Mr. Brown said the project submittals continue to come in, and that the pre construction conference was held.

**IFR 2016 Design (Project Status)**

Mr. Brown advised that this project is still in design.

**CAPITAL PROJECTS**

## **Mishnock Area Transmission Main, Design Revision (Current Project Status)**

Mr. Brown indicated that the finalization and bid date are to be set.

Once attorney Tourgee responds to Mr. Sullivan, the project will be ready to bid.

## **BUDGET**

Mr. Brown summarized the FY 2017 budget to the board. He began with the fact that this budget does not consider anything that KCWA may get as a result of the rate case currently pending before the PUC. He said at that time, there may be a supplemental budget to deal with new revenue and new expenses. He highlighted the budget that will include salary increases, health insurance employee contributions of 10%, 2.8% decrease in health care costs, worker's compensation insurance increases, liability insurance premium down from last year, and the pension contribution reduction.

He then went onto describe the overall budget policy, and the five aspects of the budget policy. He then outlined the direction of the company in this budget year, including completion of construction of the 2014A, 2014B, 2015A and 2015B infrastructure improvements programs. He expects the East Greenwich Refurbished Well Facility to be completed and operational. He also said that design on the 2016 IFR should be complete, that the Mishnock Transmission contract will be completed. He also said he would implement the recommendation of the connection of the high service north and south systems. Finally he said KCWA would continue to cross train the employees, invest and invigorate the employee program, and continue to operate and service the customers with courtesy, professionalism and a quality product.

Mr. Brown went on to discuss the revenues of the company and the allocations. He discussed the hydrant proposal before the PUC which will change the revenues for 6 months if approved.

Mr. Brown then went over employee benefits, including medical, dental, and the pension contribution. He then went over administrative and general outside services, and regulatory commission expenses that deal directly with the rate filing and regulatory matters. He discussed the payroll budget, and then went into the capital improvement program in terms of financials only. Mr. Brown went onto the operating revenue allowance.

Mr. Brown then discussed the ladder structure for non-salaried employees. He advised the board that employees are compensated based on qualifications and years of experience. There was a longevity component as well, but there is opportunity to travel up the ladder and sideways as well to increase the individual's compensation. Mr. Masterson and Mr. Inman questioned Mr. Brown about the ladder. Mr. Inman commented that this structure discourages allegations of favoritism. There was a general discussion regarding general employee data and the budget. Mr. Brown informed the board that there remain 2 positions unfilled, an operator and maintenance. Mr. Masterson joined the conversation indicating that the applicant doesn't necessarily know the rate of pay until the interview.

Mr. Brown then discussed the overall increase in pay, through the ladder structure, is 2.5%.

Mr. Brown then left the room and the board discussed the rate of pay for the general manager/chief engineer. Mr. Gallucci discussed the duties Mr. Brown does, including those of a general manager, and the dual role of that of a chief engineer.

The Chairman proposed that Mr. Brown's salary be raised \$5,000.00 in FY 16-17.

Mr. Giorgio moved, seconded by Mr. Gallucci, to approve the budget as presented, along with a \$5,000.00 increase for Mr. Brown,

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

Dated: July \_\_\_\_, 2016

---

Patrick J. Sullivan  
Legal Counsel