

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING OF THE BOARD

June 18, 2020

A meeting of the Board of Directors of the Kent County Water Authority was held on the 18th day of June 2020, at 3:30 p.m. at the offices of the Authority in West Warwick, RI, in the Joseph D. Richard Board Room and via Zoom with the board members. Executive Director Simmons hosted the Zoom meeting with Chairman Boyer and Vice Chairman Gallucci at the offices of the Authority.

Chairman Robert Boyer opened the meeting at 3:30 p.m. Board members, Vice Chairman Joseph Gallucci, Treasurer Russell Crossman, Brian Kortz, Jeff Giusti and Geoffrey Rousselle were all present together, along with Executive Director/Chief Engineer David L. Simmons, Legal Counsel Patrick J. Sullivan, Esq., Director of Administration John Duchesneau and Director of Human Resources and Finance Michael Lanfredi. Director of Engineering and Technology Alisa Morrison was also in attendance. Chairman Boyer led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting, including executive session minutes, held on May 21, 2020 were presented for approval. Mr. Rousselle moved, seconded by Mr. Crossman. The minutes were approved unanimously.

Amendment of the Agenda to Move an Agenda Item

Mr. Rousselle moved, seconded by Mr. Kortz, to move the last item on the agenda regarding the acquisition for a proposed new facility to the top of the agenda. It was unanimously approved.

Sub Committee Update – Land Acquisition for Proposed New Facility

Chairman Boyer began the discussion. He said the committee was looking at the 26 acres on Technology Way in West Greenwich for \$1.6 million. He said the committee met with Kevin Breene, Town Manager. He stated Mr. Breene said there would never be a solar farm allowed on the parcel adjacent to route 95. He went on to say that an alternative subdivided parcel that the

subcommittee proposed to the seller could still sufficiently accommodate the Authorities needs based on the V3 study. This parcel was characterized as a 9 acre narrow piece of land with approximately 6.6 acres of usable land and 2.4 acres of unusable wetland along the northwestern side. Mr. Simmons joined the conversation and replied that he provided the sellers with the updated proposal of reduced land. The sellers went down in price from \$1.6 million for 26 acres to \$1.4 million for 9 acres after presenting them with reduced acreage proposal. Mr. Simmons said the effectively the price went from \$97K per acre to \$210K per acre which did not seem reasonable because the remaining 17 acres of land left on the table would be saleable.

Chairman Boyer said Scotti Appraisal was conducting an appraisal on the parcel and if the number is acceptable, a negotiation would ensue. Mr. Crossman asked if there were no solar farm would it imperil the project. Mr. Simmons said the land is in a commercial zone district in West Greenwich and that the only allowances in that zone for solar were on rooftops of buildings. He stated they could easily put it on the roof of the proposed 28000 sq. ft garage and covered materials storage areas. He also stated it is possible to located ground mounted solar other land KCWA owns nearby. He said alternative energy systems and energy saving measures will be a required component in the design of the new building in any event.

Mr. Giusti said Ralph Palumbo wanted to make a presentation to the board to show how solar power could save KCWA money. He was scheduled pre Covid 19.

Mr. Kortz asked if the well head protection funding was off the table. Mr. Simmons said it will be used elsewhere and would not be lost. Mr. Rousselle asked if plan B was next. Mr. Simmons said to wait for the appraisal first and the subcommittee would evaluate whether or not to engage in negotiations based on the findings. Mr. Simmons went on to state that if it was determined that KCWA could not come to an agreement on price for the 9 acres, that we would go back to the other offerings presented in the study and subsequent RFP for further evaluation. It may be required to go out for RFP again to review any new offerings that may have come into the market.

Legal Matters

Mr. Sullivan updated the board on the Center of New England receivership. The case remains before the superior court. He said there was a motion to be heard this month to sell some real estate before the court. Some of the parties in interest were fighting the motion.

Next, Mr. Sullivan said he was asked by the Chairman to follow up on the Medical Recycling Facility proposed for West Warwick on Division Road, the line between West Warwick and East Greenwich. The chairman wondered if there could be airborne particles that could eventually end up traveling or somehow contaminating any of the water supply. Mr. Sullivan described the minor air pollution permit DEM granted. He also said the applicant wouldn't disclose exactly which type of waste would be recycled. DEM could also not find any other

company using the pyrolysis method to recycle. Mr. Sullivan said that the town of East Greenwich had appealed the decision both at DEM and in superior court. He said he would monitor the matter and that if need be, KCWA could file a motion to intervene as an interested party.

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 2019-2020 as of May 2020 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of May 2020, attached as exhibit "A", and a thorough discussion ensued with regard to the sales and revenue.

Mr. Rousselle moved, seconded by Mr. Giusti, 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 2019-2020 as of May 2020 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of May 2020, attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege & Communication

Mr. Crossman asked the board to keep Frank Perry in their thoughts, as he, as a former board member of KCWA, as Mr. Perry passed away. He said Mr. Perry was a selfless person, who volunteered his time and efforts. He served on the Coventry Town Council, the board of Canvassers, the KCWA and the SWRB for many years.

Mr. Duckworth joins the meeting at 4:00 pm via telephone.

BUDGET APPROVAL FY 20-21

Mr. Simmons began the discussion of the budget to the board. He began the discussion by saying he used the 11 months actuals with June being projected out. He described the Covid 19 effect on revenues and said they were doing fairly well. He said the usage patterns had shifted from industrial to residential. He thought that job losses would result in parties not paying their bills, but that has not occurred to date. M. Simmons stated that collections were actually higher than last year at the same time but the number of delinquent accounts has slightly increased. He said they completely stopped collection activity as was further ordered by the PUC to do so under Docket 5022. Mr. Simmons stated that the Authority adjusted the language on all shut off notifications and increased communication and outreach to give customers flexibility in payment alternatives. KCWA stopped charging interest on past due balances and also requested to PUC,

and granted, the absorption of all credit card and ACH fees. He said all the efforts that KCWA employed on interest and the absorption of fees was adopted by the PUC and then ordered to all regulated utilities to do the same.

He discussed PUC Dockets 5022 and 5026. He said KCWA had \$1.4 million in reserve accounts. If collections fell below 50% in any given month, he could petition the PUC to access those funds. He added that collections monetarily were doing remarkably well and it wasn't necessary at this time at all. He expressed concern that the Authority bills one third of its customers , or approximately 9000 customers, quarterly. Meaning specific areas of the system are getting bills at different times spanning over the peak of the shutdown. This may create a lagging effect in collections. The full capture of the picture may not be in focus until the end of July and August. The PUC's moratorium on shut offs and collection activities ends on July 17th unless extended. He went on to add that KCWA has a staged ramp up plan on collections if the moratorium is lifted.

He went on to discuss the fixed allotments and allocations. He said they had \$32 million in various restricted accounts and discussed the accounts. He said it is the Authority's goal is to pay off all the debt and bonds in January of 2021 that require the authority to maintain additional restricted reserve and debt service accounts required by the covenants of the bond issues. This payoff is also part of the abbreviated rate settlement that is before the PUC. Without the debt, these additional restricted reserve and debt service accounts are not required. KCWA would then only be maintaining renewal and replacement, infrastructure replacement, and capital replacement restricted accounts after January. The board will be in a position to entertain new bond issues for the final design and construction of a central operating facility and treatment plant at the East Greenwich well in 2021

He then discussed the salary increase portion of the budget, as well as the impacted longevity, the organizational charge and the health and workers compensation insurances.

Mr. Kortz asked why the property insurance increased. Mr. Lanfredi said the value of the assets increased.

Chairman Boyer said he would like to schedule a special meeting to go into executive session to set Mr. Simmons' increase, since there was no agenda item for executive session. Mr. Simmons said they could have this in person at the office after KCWA closes sometime next week and he would make arrangements so the board could socially distance from each other and safely meet.

Mr. Gallucci moved to approve the budget, seconded by Mr. Duckworth, without regard to Mr. Simmons salary.

Motion made and duly seconded, it was

VOTED: That the budget is approved without regard to Mr. Simmons salary.

Mr. Duckworth moved to approve the matching payroll chart, seconded by Mr. Rousselle, without regard to Mr. Simmons salary.

Motion made and duly seconded, it was

VOTED: That the matching payroll is approved without regard to Mr. Simmons salary.

EXECUTIVE DIRECTOR/CHIEF ENGINEER'S REPORT

GENERAL:

Recommendation for Hire (Laborer 1) – Matthew Desautell

Mr. Simmons said he recommends the board extend Mr. Desautell a conditional offer of employment. Chairman Boyer said it is a good recommendation. Mr. Duckworth also praised the appointment and moved its passage, seconded by Mr. Giusti.

Motion made and duly seconded, it was unanimously

VOTED: That KCWA authorizes Mr. Simmons to extend a conditional offer of employment to Matthew Desautell.

COVID -19 Updates – Continuity of Operations

Mr. Simmons said the KCWA is in good shape. He said they have filed financial data and providing information to the PUC, DPUC, and the Governor's office. The information is relative to the financial health of the organization and information regarding the employees. He said there were a couple of scares, but the rapid tests came back negative. The front office was open with a partition and sanitizer stations are provided throughout the facility. He said the employees are practicing social distancing and that the trucks are cleaned each night.

Abbreviated Rate Filing Docket 5012 – Settlement Update

Mr. Simmons said there was a draft settlement created by the Division and Special Assistant AG that was submitted to counsel and rate consultant. They are in agreement with DPUC and it could be in front of PUC within 2 weeks. He went on to discuss some elements of the settlement.

Chairman Boyer asked about private hydrants, and any fees they may be charged. Mr. Simmons said they are not currently charged fees, but they pay fire lines.

Mr. Simmons said the filing includes absorbing the credit card fees they previously charged, which they currently are not in connection with the governor's executive order.

Providence Rate Filing Docket 4994 Update

Mr. Simmons said that KCWA was getting hit with data requests by the Bristol County Water Authority. BCWA wants to change the uniform wholesale rate to individual wholesale rates based on a provided cost of service model presented by BCWA to Providence under Docket 4994. He discussed some of the problems with the proposal and said they were trying to comply with the requests. He stated that Providence did not include individual wholesale rates in their filing to the PUC for a rate increase but rather this was presented by BCWA after the filing. He went on to discuss that it had implications specifically to the City of Warwick where they would be seeing a potentially 47% increase to their wholesale rate. KCWA purchases water from Warwick at the wholesale rate at its Quaker Lane connection and we would be subject to the same increase at that one location. However, the wholesale rate at KCWA's other two interconnections that provide the majority of water to the Authority would be reduced which would effectively adjust the cost downward overall.

5-14-20 Geremia Memo – RI Utility Fair Share Roadway Repair Act

Mr. Simmons read the memo to the board. He said that Richard Hencler came into the communicated to him that an inspector showed up to the current north/south interconnector and when asked who he was, he said he was there on behalf of RIDOT to inspect the job pursuant to the Fair Share Roadway Repair Act. He also stated KCWA would be required to pay for his presence by reimbursing RIDOT for the service. KCWA was already paying for construction inspection services under a contract with Geremia and Associates to ensure conformance with the contracts documents and permits inclusive of RIDOT. Mr. Simmons said this cost was not figured into the awarded bid that occurred before the law was passed and thought it was extremely unfair to expect rate payers to pay for additional services already being conducted in conformance to the law. Mr. Simmons also stated this inspector was there regardless of the type of work being performed. The job primarily entails the replacement and addition of pipe and road restoration is only a small piece of what is being inspected. Mr. Rousselle said he would assist with the West Warwick legislative delegation as did Chairman Boyer.

Mr. Simmons reiterated that the rate payers should not pay this. He said perhaps on a moving forward however this but job was already ongoing and bid prior to the passage of the law.

RFP for Well Rehabilitation Services – Mishnock

Mr. Simmons said they made tweaks to this RFP. He said it should go out this month. He said it will be shut down for one month to replace all of the bronze impellers on the three well pumps to stainless steel. Each well will be individually cleaned and surged after the well pumps are removed.

INFRASTRUCTURE PROJECTS

IFR Design Services for the replacement of two PRV stations Helen and Mishnock

Mr. Simmons discussed the intermittent issues with discoloration from accumulated sediments on Frenchtown Rd. He stated the issues were arising from low velocities within two large water mains running in parallel which are not allowing for higher velocity flows and fully effective flushing. He stated to completely mitigate the ongoing issues on Frenchtown Rd that we need to fully deactivate the old transite main and switching over all of the remaining services onto the newer ductile iron main. He said he would be reaching out to Geremia and Associates to include this in a task order for design for the next meeting. He expects the matter will be out to bid this winter with some additional main replacements already designed under IFR 2016A.

Tiogue and Read School House Tank Demolition Update

Mr. Simmons said the tanks are both down and removed and site restoration was successful.

Hydraulic Model – progress update

Mr. Simmons updated the board on this topic. He said everything is moving forward on this and that KCWA cannot begin to charge fees until a settlement is reached with the PUC.

CAPITAL PROJECTS

Water Main North/South Interconnection High Service Coventry- Main Street @ Leader and Old Main, Sandy Bottom, Tiogue @ Gilles. – On hold until spring

Mr. Simmons explained that this project is ongoing. They are currently on Tiogue Ave. and Sandy Bottom Rd.

East Greenwich Well – Preliminary Design Report Update

Mr. Simmons said this project is in its final stage. He said the design will be using greensand filters to remove manganese. The filtration system will also have an integrated blower system to remove the carbon dioxide and radon.

There being no further business before this meeting, on motion duly made by Mr. Rousselle, seconded by Mr. Crossman and carried, the meeting was adjourned at 5:55 p.m.

Dated: July _____, 2020

Patrick J. Sullivan
Legal Counsel