

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING
OF THE BOARD

May 18, 2017

A meeting of the Board of Directors of the Kent County Water Authority was held on the 18th day of May 2017, at 3:30 p.m. at the offices of the Authority in West Warwick, RI, in the Joseph D. Richard Board Room.

Chairman Robert Boyer opened the meeting at 3:30 p.m. Board members, Vice-Chairman Peter Masterson, Treasurer Joseph Gallucci, Secretary Scott Duckworth and Frank Giorgio were all present together, along with the General Manager/Chief Engineer Timothy J. Brown, Legal Counsel Patrick J. Sullivan, Esq., Treatment Manager/Water Project Engineer Dave Simmons, Director of Technical Services John Duchesneau and Director of Finance and Administration Michael Lanfredi. The Chairman led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting held on March 16, 2017, April 20, 2017 and the special meeting held April 5, 2017 were presented for approval. Mr. Giorgio moved, seconded by Mr. Duckworth, to approve all minutes before them. The minutes were unanimously approved.

Mr. Don Pierce asked the Chairman, through Mr. Masterson, to speak at the meeting. The Chairman indulged his request. Mr. Pierce discussed issues he had with his closing and the fact that it had been postponed because of his non compliance with KCWA rules relating to one service per household. Mr. Masterson explained the issue as well and advised KCWA had someone working on it and that Mr. Brown would get back to him. Mr. Brown gave a synopsis of the issue and promised to work on it.

Guest:

Starkweather and Shepley; David DeBlois, Annual Benefits Review

Mr. Brown introduced Mr. DeBlois for his annual report to the board of the status of the annual benefits review.

Mr. DeBlois advised the board that the benefits had gone out to bid for health insurance. He said the overall increase was 8.9% which was better than the market increase which he listed as 12.5% to 14%. He outlined the small group analysis and made comparisons to higher deductibles versus the current \$250.00 deductible currently in effect. He said to maintain the \$250.00 deductible it would result in a \$52,000.00 increase over last year, and with a \$500.00 deductible, it would result in a \$32,000.00 increase. He compared United and Tufts, and found they either weren't competitive or the comparisons were incompatible with the current benefits.

Mr. Brown said that with some retirees out of state, that had to be taken into consideration as well, as some plans do not cross state lines. Mr. DeBlois agreed that retiree coverage would have to be replaced if Blue Cross/Blue Shield were changed.

Mr. Gallucci advised that the City of Warwick changed to a BC/BS product and it was less expensive. He and Mr. DeBlois engaged in a dialogue involving fully insured vs. buying the insurance differences.

Mr. Duckworth discusses the deductibles. Mr. DeBlois said the benefits were relatively rich benefits when compared to others. He then went into a detailed discussion of the plans' offerings.

Mr. DeBlois then went into dental. He discussed last years issue with the deductible that arose at the last minute that his company agreed to absorb. He then went onto to compare and contrast Delta Dental and BC BS dental.

Mr. DeBlois went into life insurance next. Mutual of Omaha was the carrier. He said there were no bids since there was no increase in cost.

Next was long term disability. He said there was a slight increase in cost, from \$770.00 per month to \$867.00 per month. He attributed this to the aging employee population.

Finally, he touched on an employee funded vision plan if the board saw fit to add it.

Mr. Brown and Mr. Duckworth discussed the 10% co pay by the employees. Mr. Duckworth asked if there was sufficient funding in the rate case to absorb the proposed increase, to which Mr. Brown indicated there was.

The Chairman asked for the General Manager's recommendation. Mr. Brown discussed self insurance, and its pitfalls. Mr. Giorgio discussed the increase at his place of work.

Mr. Duckworth analyzed the proposed increase. He said if there was a \$52,000.00 increase, it was a guaranteed increase to the employees of \$5,200.00. If the deductible rose, it

was a much lower increase to the employees of \$1,900.00. The board discussed this analysis in great detail.

Mr. Gallucci proposed that the benefits remain the same. Mr. Duckworth offered his support for the higher deductible. Mr. Gallucci moves that the same plan as last year with a \$250.00 deductible plan be approved, with Mr. Masterson seconding. There is discussion on the motion. Mr. Giorgio said he supports Mr. Duckworth's position as most people live paycheck to paycheck and plan 2 would have a lesser impact on the pay of the employees. The Chairman takes a roll call vote.

Mr. Giorgio	-	No
Mr. Duckworth-		No
Mr. Masterson-		Yes (Initially no then prior to the end of the vote change to yes)
Mr. Gallucci	-	Yes
Mr. Boyer	-	No

The Chairman announced that the motion failed.

Mr. Duckworth moved passage of the alternative BC/BS plan for health insurance, with the deductibles rising to \$500.00; He also moved passage of

- keeping Plan 65 BC/BS with retirees,
- Dental as currently in place,
- life insurance/accident with current carrier
- long term disability with current carrier

This was seconded by Mr. Giorgio.

Upon motion duly made and seconded, it was unanimously

VOTED: That the KCWA approves

- BC/BS plan for health insurance, with the deductibles rising to \$500.00/\$1,000.00
- Plan 65 BC/BS with retirees,
- Dental as currently in place,
- life insurance/accident with current carrier
- long term disability with current carrier

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 2016-2017 as of April 2017 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of April 2017, attached as exhibit "A", and a thorough discussion ensued with regard to the sales and revenue.

Mr. Gallucci moved, 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 2016-2017 as of April 2017 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of April 2017, attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Legal Matters

Mr. Sullivan first spoke of the encroachment issue. He said he received a second email from Mr. Brown and inadvertently thought the pictures that accompanied the email were separate properties. He said he followed up with the compliant parties by telephone and mail and advised them that it was an error to contact them. With the Donahues, however, they had hired an attorney and resisted removal of their property from KCWA land. Mr. Sullivan advised that he could file a trespass action against them. Mr. Brown endorsed the idea saying there could be issues if these people were injured on the land. He said there was a current case against KCWA for this reason. Mr. Sullivan said he would file it within the week.

Mr. Sullivan then went onto the issue of KCWA v. Cardi. He explained that when Cardi answered the case, they filed a separate complaint against the State saying if Cardi were found responsible, it was really the State's fault. Their problem was that Cardi failed to serve The State of Rhode Island within the required time, and was trying now to add them to the case. Once that is resolved, mediation was agreed to by all the parties.

He advised that KCWA v. Colbea was down for July, 2017 for decision. He said all papers and affidavits were in, but the recent RI Supreme Court case involving Misquamicut beach case made acquiring a prescriptive easement over the property of another more difficult. The judge presiding over the Colbea case was the same trial judge in that case.

He went on to say that there was no action in the CONE receivership.

Point of Personal Privilege & Communication

The Chairman expressed the condolences from the board to Mr. Duckworth on the passing of his father.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

Centerville Bank, Action on Dual Services

Chairman Boyer began the meeting by informing the board that he read the memo written by Mr. Duchesneau, and indicated that he took some offense how he had been referred to. Mr. Brown indicated the reason the matter was resolved was the intervention in the matter. The Chairman added that although the building had been joined, he felt there need not be two services as it was still two buildings with separate services. He added that he felt that Centerville Bank had not been treated fairly. He said the board doesn't intend to micro manage, but KCWA needs to be practical, use good judgment without compromising the system.

Mr. Brown gave a historical perspective on the travel of the issue.

There was a general discussion of the construction and the potential cost issues involved with installing the single service. Mr. Duckworth began a discussion of the fire service, and noted that they kept the fire separation assembly separate. He indicated that if there was no fire door and no sprinklers, then they are two separate buildings.

Mr. Duckworth moved, seconded by Mr. Masterson, to consider the facility two separate buildings for purposes of the KCWA rules and regulations.

Upon motion made, and duly seconded, it was unanimously

VOTED: That the Centerville Bank application shall be treated as two separate buildings.

Warwick Water, Forge Rd. Meter Pit Testing

Mr. Brown indicated that the water is scheduled to be shut off and the testing be conducted as of next week.

Preliminary Budget Discussion

Mr. Brown advised the board that the budget would be presented at the next meeting. He said the numbers would be coming out of the rate case and they provided flexibility. The revenue would use numbers projected in the rate case. He said for the step increase he would need to provide the paperwork in October to the PUC. He said the board could amend the

budget at that time if necessary. He also said debt service would be new as would be the total number of personnel even though they are not currently hired. Mr. Gallucci asked about the new facility, and Mr. Brown indicated that this would be considered down the road.

Hilltop Drive, Failure of Main, Replacement

Mr. Brown discussed the repeated failure of this main. He said there were four breaks there in recent memory. He believes there is trapped air. He said the board should consider interconnections and to replace the 6" century pipe.

Veterans Square Bridge, Leaking Water Main, Repair and Replacement

Mr. Brown said he is attempting to secure a barge to go under the bridge to fix a leak from under that bridge. He said the bridge is from 1920. He discussed short and long term suggestions with the board.

Cardi Corp. Billing Angell and Dawes Streets.

Mr. Brown said the Town of West Warwick indicated that they would pay these invoices and they have yet to do so despite numerous pieces of correspondence. Chairman Boyer said he was meeting with town officials tomorrow and he would discuss that with them at that time.

INFRASTRUCTURE PROJECTS

Apponaug Circulator Water Main Replacement

Mr. Brown said that the circulator is operating. Work is ongoing and being monitored by KCWA.

East Greenwich Well Refurbishment

Mr. Brown said that this is ongoing with interior work continuing. He said there was one issue pending. He said the contractor installed drains under the slab using iron pipe rather than the PVC pipe as required in the plans. He said his recommendation is not to accept it at this time.

IFR 2014A

Mr. Brown reports that paving has begun for the season. Grinding is scheduled with paving thereafter.

IFR 2014B

Mr. Brown reports that construction has begun for the season with main installation and paving of last year's work.

IFR 2015A

Mr. Brown reports that construction has begun for the season with main installation and paving.

IFR 2015B

Mr. Brown reports this project has started for the construction season but work hasn't begun.

IFR 2016 Design (Project Status)

Mr. Brown updated the Board that KCWA has reviewed design for layout and routing.

CAPITAL PROJECTS

Mishnock Area Transmission Main, Design Revision (Spring Start)

Mr. Brown indicated that construction has begun for Spring 2017. He said the contractor is laying 240' to 340' of pipe each day.

Water Main North/South Interconnection High Service

Design services ongoing.

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

Dated: June ____, 2017

Patrick J. Sullivan
Legal Counsel