

JOINT MONTHLY MEETING OF THE
NEW SHOREHAM SEWER COMMISSION and BOARD OF WATER COMMISSIONERS

December 14, 2006 Minutes

Present were members Ann Cunningham, Frank Leslie, Steve McQueeny, Rally Migliaccio, and District Clerk Janet Ziegler.

Absent were members Cliff McGinnes, Howie Rice and Don Thimble.

Also present were Public Works Director Nancy Dodge, Finance Director Amy Lewis, Water Superintendent Dave Simmons, Counsel Elliot Taubman and RCAP (Rural Community Assistance Program) representatives Larry Stepenuck and Bob Morency.

Absent was Sewer Superintendent Ray Boucher.

R. Migliaccio called the meeting to order at 4:30 P.M.

1. Customer Correspondence. D. Simmons reviewed the requests and findings presented to the Board/Commission at the November 15 meeting. Usage and aging history of the accounts were available for consideration.

- Request by Yellow Kittens to Reimburse Contractor Costs to Install Sprinkler Main.

MOTION: by A. Cunningham that costs attributed to the new sprinkler main should be borne by the property owner, however, the Board would credit Block Island Sales, Inc. (d.b.a. Yellow Kittens) for the two-inch wet tap on the main installed by Boyle and Fogerty for water service. Additionally, application fees paid for a one-inch line, which was never installed, would be returned. The motion was seconded, a quorum was present and the vote to credit was:

AYE: 4 (Cunningham, Leslie, McQueeny, Migliaccio). NAY: Ø. ABSTAIN: Ø.

The motion carried.

- Request by Paul Meskunas to Discharge Third Quarter Penalties for Juice 'n Java. Usage for August was twice as high as normal and was attributed to the public toilet leaking. The usage triggered third-quarter penalties for exceeding the sewer and water accounts' summer allocation.

MOTION: by S. McQueeny to deny release from penalties. The facility was used by the owner and their employees, no plumber's repair testimony was presented and the water/sewer use directly impacted the systems. The motion was seconded, a quorum was present and the vote to deny was:

AYE: 4 (Cunningham, Leslie, McQueeny, Migliaccio). NAY: Ø. ABSTAIN: Ø.

The motion carried.

- Request by Jill Helterline to Discharge Third Quarter Penalties for the Figurehead Building. High summer usage, attributed to the leaking first floor toilet, triggered third-quarter penalties for exceeding the sewer and water accounts' summer allocation.

MOTION: by S. McQueeny to deny release from penalties. The toilet in question was shared by tenants, normal usage tripled for four consecutive months, no plumber's repair testimony was presented and the water/sewer use directly impacted the systems. The motion was seconded, a quorum was present and the vote to deny was:

AYE: 4 (Cunningham, Leslie, McQueeny, Migliaccio). NAY: Ø. ABSTAIN: Ø.

The motion carried.

- Request by Surf Hotel for Adjustment to September's Sewer Bill and Relief from Third Quarter Penalties. An underground pipe leak was discovered and immediately repaired; the municipal water was absorbed by the surrounding sand and did not enter the sewer collection system.

MOTION: by S. McQueeney to adjust the sewer usage to a four year average since the water did not enter the system; the net usage would not have triggered sewer penalties and should be removed. Water usage would have to be paid, but since the excess usage was the result of an emergency repair and not due to internal plumbing issues, water penalties should be discharged. Testimony from a licensed plumber was offered. The motion was seconded, a quorum was present and the vote to deny was:

AYE: 4 (Cunningham, Leslie, McQueeney, Migliaccio). NAY: Ø. ABSTAIN: Ø.

The motion carried.

2. RCAP. Discuss Sewer/Water Rate Design and Policy for Capital Asset Replacement.

L. Stepenuck gave a brief history of RCAP's previous involvement with Block Island. They completed two censuses for the Sewer/Water Districts (in 1990 and 2000) which, in turn, was accepted by USDA (United States Department of Agriculture) and qualified the Districts to receive higher grant/loan ratios than they were originally eligible for under the federal census. In 2002-2003, RCAP began a preliminary look at rate design for both utilities.

Recently, training on Asset Management and Rate Structure has been completed. Beta software is available on the Internet which can aid modeling of rates for seasonal communities. The first step in rate structure is to set up an Asset Management program and evaluate capital assets: identification, condition, replacement value, needs, etc. Federal grants will not *always* be available and it is not prudent to depend financially on external funding. The Sewer and Water Districts need to address paying for what is required without grant money – funding is built into the rate structure. When federal grant money is in short supply, or is not available, the Districts can depend solely on its judicious financial planning already in place.

B. Morency said that he has worked on rate design with seasonal communities, like ski resorts, where utilities are in heavy demand for only a portion of the year. How communities pay for their infrastructure may depend on its political makeup; since these Districts are enterprise entities, funding by general property taxes is probably not available. However, each district has political boundaries, and whether those properties are connected or not, water and sewer services are still available for their use at any time; that availability has value.

The Commission and Board have received requests for rate relieve from year-round residences. The first assessment is to see whether your rate setting is fair; then to see whether considerations are sustainable for each utility. Each utility has different needs and will have to be analyzed separately. It's up to the Commission/Board to decide what is fair in your community and look at what year-round customers are paying.

S. McQueeney offered that the Commission/Board made a commitment at its Annual Financial Meeting, last June, to look into rate structure, especially as it applies to year-round residences. R. Migliaccio stated that both utilities lose more than half their customer base for six months of the year; provisions for a minimum charge are already in the regulations, but there's been no action to institute one. The Commission expressed much interest in finding out how other seasonal communities handled rate structure.

RCAP suggested that the Commission/Board put together a small dedicated focus group to work on the project – a couple of Commissioners, involvement of the superintendents was essential and someone, preferably a customer, from the community,. S. McQueeney and A. Cunningham volunteered for the group. D. Simmons added that he had a good handle on what the production costs were to make a gallon of water. L. Stepenuck said that someone from Finance must be involved and also requested that J. Ziegler be project facilitator. E. Taubman, who initiated the project and set up preliminary meetings between RCAP, the superintendents and finance, volunteered to stay involved.

In closing, L. Stepenuck said that they could plant the seeds for Assets Management and Rate Design, but that the real work could only be done from a group committed to the project. RCAP can help direct, but will not dictate or make decisions. RCAP has committed funding and personnel to this project for nine (9) months; B. Morency will be the primary contact person. B. Morency said that he would send links to available software for the 'rate design' group to review; the software is windows based and just requires numbers to be entered, not statistics. He suggested that the group physically meet with him every couple months after setting up an agenda and some goals. A preliminary meeting in January was suggested.

3. Reports from Officials.

DIRECTOR OF PUBLIC WORKS AND ENGINEERING.

- Bid 'Installation of a Three-inch Force Main from Payne Rd to Spring Street and Report on Easements. N. Dodge said that Geremia is waiting for letters from DEM.

- Receipt of Bids for Painting Circular Clarifier.

MOTION: by A. Cunningham to authorize the Lydon Millwright to arrange for the painting subcontractor to inspect the steel components and evaluate if additional preparation work will be required. J. Geremia will submit a final cost summary and change order when the quotes are finalized at a later date. The motion was seconded, a quorum was present and the vote to authorize inspection was:

AYE: 4 (Cunningham, Leslie, McQueeney, Migliaccio). NAY: Ø. ABSTAIN: Ø.

The motion carried.

E. Taubman announced that he had to leave and requested the agenda be amended to discuss correspondence with Seawind's attorney.

MOTION: by R. Migliaccio to amend the agenda and next consider item #6 Correspondences, Seawinds.

The motion was seconded, a quorum was present and the vote to amend was:

AYE: 4 (Cunningham, Leslie, McQueeney, Migliaccio). NAY: Ø. ABSTAIN: Ø.

The motion carried.

6. Correspondence and Public Comment.

- Dec 1. Letter from Geremia to Seawind's owners regarding allocation and payment of infrastructure.

E. Taubman noted that Geremia sent a letter to Block Island Housing (BIH) advising them of the payment date for the project's allocation and infrastructure costs. In response, a letter from BIH's attorney, Igliazzi & Reis, requested a payment date extension. The Commission noted that they did not want to postpone reimbursement of the infrastructure costs that was installed on BIH's behalf. J. Ziegler noted that BIH's 'approval of allocation' expires one year from the date granted; since BIH has been set up with sewer and water accounts that includes these charges, interest revenue would be added as the billing cycle rolls over at the end of every month.

MOTION: by A. Cunningham to authorize E. Taubman and N. Dodge to respond to Igliazzi's request; the letter is to be approved by R. Migliaccio and S. McQueeney and signed by R. Migliaccio. It should emphasize that infrastructure cost should be paid by the end of the month. The motion was seconded, a quorum was present and the vote to authorize a response was:

AYE: 4 (Cunningham, Leslie, McQueeney, Migliaccio). NAY: Ø. ABSTAIN: Ø.

The motion carried.

MOTION: by R. Migliaccio to amend the agenda and return to item # 1 the Director of Public Work's Report.

The motion was seconded, a quorum was present and the vote to amend was:

AYE: 4 (Cunningham, Leslie, McQueeney, Migliaccio). NAY: Ø. ABSTAIN: Ø.

The motion carried.

- Final Review of Amendments to Water District's Rules and Regulations.

Noting minor changes and that two sections [7.1(c) and 8.3(a)] need clarification, the document was essentially complete.

MOTION: by A. Cunningham to schedule a hearing to amend the Rules for the next meeting on January 9. The motion was seconded, a quorum was present and the vote to authorize inspection was:

AYE: 4 (Cunningham, Leslie, McQueeney, Migliaccio). NAY: Ø. ABSTAIN: Ø.

The motion carried.

- Report on RIWRB Legislative Amendment – Water Quality Protection Charge Adjustment.

N. Dodge said that there was nothing new to report. The Board was in favor that a waiver of additional charges for New Shoreham should be incorporated in the legislation about to be introduced.

(E. Taubman, L. Stepenuck and R. Morency left the meeting at 5:50 PM)

Finance.

- Announce Exit Audit Date.

The 2006 Exit Audit is scheduled for December 20; it will be the first item on the Town Council's agenda and a draft will be available tomorrow. A. Lewis noted that contributed and retained earnings have been combined into the single entry 'retain earnings'; the auditor said that USDA monies contributed over the years no longer need to be shown as a separate item.

Responding to a request from R. Migliaccio, A. Lewis said that she would make a special report back to the Commission and Board for the January meeting regarding sewer and water sections of the 2006 audit.

- November Balance Sheets for Sewer and Water.

A. Lewis distributed the sewer and water reports. There was nothing extraordinary to report.

- Changes to Aging/Collection Process.

A. Lewis noted that a full plan had not been developed to take over the Aging process. A. Cunningham noted that it was because of past weaknesses in the department that the financial activity was taken over by the District office.

(A. Lewis left the meeting at 6:05 PM)

- Wastewater Inspector's Report, Island Steering Committee Minutes.

Grant funding to support the wastewater plan ceases on January 1, 2007, when the program will become self-supporting. Remaining CSSLP funds for two percent loans is \$175,050.

A number of second NOV's (notice of violation) are being forwarded to the Town Council before being recorded on the land evidence records. The notices will then be forwarded to the Sewer Commission for action.

Draft minutes of the Island Steering Committee's November 2 meeting was received. D. Thimble reported that his surgery has been put off until end of February.

- Water/Sewer November Plant Operations.

Water. The www.blockislandwater.org web site continues to be developed; local weather statistics will be archived on web site. Installation of the water company's new sewer line should begin early spring if RI DEM (Rhode Island Department of Environmental Management) grants the RIPDES (Pollution Discharge Elimination System) permit. Time frame for the installation is four to six weeks.

Request for Bids to install a fire suppression system were sent out; a fair amount of electrical work is included.

The RI Department of Health (RIDoH) was on-island and conducted their annual Sanitary Survey on the plant facilities; the report will be made available when received.

John Breunig was congratulated by the Water Board for obtaining RIDoH Drinking Water Class II Distribution and Class III Treatment licenses during in his first year of employment. These are the highest class licenses available to the Block Island Water Company's staff.

Sewer . Results of the annual RI DEM inspection of the sewer facility were received. Problems sited with clarifier III have already been addressed as part the winter upgrades now underway, a file for spare parts inventory is being expanded and minor alterations were made to laboratory procedures. DEM has asked that all flow meters be calibrated annually.

4. Approve Minutes of October 10, 17, 25 and November 15.

MOTION: by A. Cunningham to approve the submitted minutes of October 25 and November 15. The motion was seconded, a quorum was present and the vote to approve was:

AYE: 4 (Cunningham, Leslie, McQueeney, Migliaccio). NAY: Ø. ABSTAIN: Ø.

The motion carried.

Minutes for October 10 and 17 will be reviewed for the next meeting.

5. New Business.

Winter Vacation Schedule. The Commission/Board was asked to submit winter vacation plans as available so that an annual schedule could be submitted to the State and Town Council.

7. Adjourn.

MOTION: by F. Leslie to adjourn the meeting and the vote was unanimously approved.

The meeting adjourned at 6:20 P.M.

Respectfully submitted,
Janet Ziegler
District Clerk

Approved: January 9, 2007.

The New Shoreham Sewer Commission and Water Board are equal opportunity providers and employers.