

Minutes of the January 8, 2014 Meeting
Warwick City Council Sewer Review Commission

Meeting was called to order by Councilman Ed Ladouceur, Chairman at approx. 4:15 pm at the Warwick Sewer Authority building.

Councilman Ladouceur welcomed the Commission members and roll call was taken.

Commission members present:

Councilman Ed Ladouceur, Chairman

Councilman Joe Gallucci, Vice Chairman

Ernie Zmyslinski, City of Warwick Finance Director

James Boyd, RI Coastal Resources Management Council Appointment

Angelo Liberti, RI Dept. of Environmental Management Appointment

Jane Austin, Save The Bay Appointment

Michelle Komar, Chairman's Citizen Appointment

Members not present: Representative Frank Ferri, District 22, Senator William Walaska, District 30, David Picozzi, City of Warwick Dept. of Public Works Director, Doug Harris, Narragansett Indian Tribe, Mark Carruolo, City of Warwick Mayor's Chief of Staff and Aaron Guckian, Warwick Sewer Authority Board, Chairman

Also present: Janine Burke, Executive Director of the Warwick Sewer Authority (WSA), William Russo, Advisor

Chairman Ladouceur thanked Jane Austin for her service on the Commission on behalf of Save The Bay. Austin thanked the Chair for the opportunity and noted that she will serve until February 14th. At that time Save The Bay will designate another representative.

Public Comment was taken.

Roy Dempsey asked that Commission start with an assessment of what a "good Bay" is, in order to evaluate proposals and support recommendations.

Gene Nadeau objected to statements which he attributed to Save The Bay that he believed were critical of or undermined the City of Warwick, and would lead to higher costs for Warwick residents, if sewers are constructed or tie-ins required. He listed numerous factors adversely affecting the cost of living and economic condition of Warwick's residents. He asserted that his cesspool and those of his neighbors have no impact, so it is unfair to require them to tie-in to the system.

Jim Boyesian noted that he had paid his assessment but objected to mandatory tie-ins and connect capable fees. He supports current policies as established by McCaffrey legislation. He described the regular pumping and maintenance of his own cesspools, the difficult economic times felt by many Warwick residents and argued against imposing costs that reflected past sins or would force residents to move.

Don Fife characterized the recently passed enabling legislation as special legislation for Ward 5. He also asked what would happen if 100% of Warwick residents tie-in to the sewers and there were still beach closures? What to blame then?

Burke distributed a draft matrix of the Warwick Sewer Authority (WSA) enabling legislation broken down by section to help guide discussion. Chairman Ladouceur, informed commission members that he had invited William Russo to serve as a special advisor to the commission.

The group discussed ways to enhance the matrix including:

- Grouping by topics and color coding matrix and enabling legislation text by topics or to reflect commission priorities
- Adding line numbers and page numbers to the enabling legislation for ease of reference
- Segregating categories such as governance from revenues
- Adding a column which identifies associated WSA policies, regulations and practices

The need to prioritize and the benefit of legal assistance in the course of the work were emphasized.

Chairman Ladouceur opened discussion of priorities. Ms. Komar began with the need to reduce the cost of the sewer assessments without placing further financial burden on rate payers. There was a brief discussion of other WSA revenue sources, including bill boards and cell towers ensued. The importance of going to the City Council first before doing anything on City property was noted. A request was made for a presentation to the Commission that provided an overview of WSA finances, laying out the key drivers of revenues and expenses as well as the connections between the WSA and City budget. There was a brief discussion regarding if the City could forgive the remaining WSA debt of approximately \$5 million, money which the WSA could use to reduce sewer assessments. City Finance Director Zmyslinski said that he thought that the City would not forgive this debt.

The question was raised regarding if Natick or other areas where sewage goes to the West Warwick treatment plant and residents pay their user fees to West Warwick, who would pay for repair and maintenance of these sewer lines? Ms. Burke responded that money would come out of the WSA general fund. It was noted that this may not be equitable.

The question was raised regarding how much money is needed in the WSA repair and maintenance fund. Ms. Burke responded that approximately \$475,000 is currently budgeted on an annual basis. This amount was characterized as inadequate.

The topic of the treatment of the interest on past general obligation bonds was raised. The Chairman asked for additional information on the reason why the interest expense was shifted from the City to the Sewer Authority and on the impact of that change. City Finance Director Zmyslinski provided some background on the effort to manage the WSA more like an enterprise fund. He noted that it was not a “full” enterprise fund and that the City regularly paid bills up-front on behalf of the WSA. As a result, the amount owed by the WSA to the City fluctuates. This does affect city finances, including the bond rating of the City.

Chairman Ladouceur asked Mr. Russo for his opinion. Mr. Russo noted that, although progress had been made on a number of fronts in the seven years since he wrote his report, the challenge remained of making new projects affordable while catching up on past shortfalls.

A discussion of the definition for “Sewer assessment” ensued. Concern was expressed about the need to make progress on the enabling legislation, given the wide ranging discussion. It was suggested that the group focus on the enabling legislation changes that are on the critical path for completing the projects funded by the revenue bonds. Commission members also discussed the implications of changes in enabling legislation, regulations and ordinances in terms of responsibility, public participation and ease of change.

Commission members resumed their review of enabling legislation definition and changes including but not limited to:

- Connect capable terms “dwelling” and “inhabitable”
- Implications of quorum changes
- Impact of change from “property” to “parcel”
- Sewer Assessment reference to users and incorporation of references to later sections
- Roles of Mayor, City Council and WSA board

Vice Chairman Gallucci reminded the group of the need to move forward, that the language of the revenue bonds tied repayment to specific projects, and that the underlying city charter provided the framework for allocating responsibility between the Mayor, City Council and WSA. He counseled against making unnecessary changes to the enabling legislation and observed that he did not think that a connect capable fee would fly with the City Council or the General Assembly.

General discussion on the roles of the Mayor, City Council and WSA board ensued, including: nominating procedures; budgetary authority; Council and Finance Director review of expenditures; the distinction between a department and an authority; and the pros and cons of including the Council in rate setting process. It was noted that some of the proposed changes in the enabling legislation had been made in consultation with the Mayor and it was suggested that the Mayor be included in the review of those changes. Finance Director Zmyslinski identified key sections of the enabling legislation which outlined the budgetary and reporting requirements of the WSA relative to the Council.

Chairman Ladouceur asked Ms. Komar to email PCR-159-10 to him. She said she would.

Burke volunteered to compile a summary of existing oversight mechanisms in the enabling legislation for future discussion. It was noted that some sections of the enabling legislation had not been implemented in the past. Chairman Ladouceur emphasized the importance of oversight and noted that requests for information and reports should not be viewed as punitive. Burke cited the current requirements for funding depreciation as an area where the enabling legislation requirements are not being met.

The next meeting date was set. A motion to adjourn was made by Jane Austin and seconded by Jim Boyd.

The next Commission meeting date is scheduled for Tuesday, January 14, 2014 at 8:00 am, in the Lower Conference Room at Warwick City Hall.

Councilman Ladouceur adjourned the meeting at approximately 6:50 PM.