

QUONSET DEVELOPMENT CORPORATION STRATEGIC PLANNING COMMITTEE MEETING

October 20, 2008

A meeting of the Strategic Planning Committee of the Quonset Development Corporation (the "Corporation") was held at 4:00 p.m. on Monday, October 20, 2008 at the offices of the Corporation located at 95 Cripe Street, North Kingstown, Rhode Island, pursuant to notice to all members of the Strategic Planning Committee and a public notice of the meeting as required by the Bylaws of the Corporation and applicable Rhode Island Law.

The following members constituting a quorum were present and participated throughout the meeting as indicated: John Simpson, Sav Rebecchi, Barbara Jackson and Robert H. Breslin, Jr., Steven J. King, PE, Managing Director, Heidi Green, Planning Specialist of Quonset Development Corporation, and Mike Embury, Town Manager of the Town of North Kingstown participated as indicated:

1. CALL TO ORDER

The meeting was called to order at 4:10 p.m. by Chairperson Simpson.

2. APPROVAL OF MINUTES

Upon motion duly made by Mr. Rebecchi and seconded by Ms. Jackson.

VOTED: To approve the minutes of the meeting of September 15, 2008 as submitted to the Strategic planning Committee.

Voting in favor were: Mr. Simpson, Mr. Rebecchi, Ms. Jackson and Mr. Breslin.

Voting against were: none.

Unanimously Approved.

3. DISCUSSION ON SEWER AGREEMENT WITH THE TOWN OF NORTH KINGSTOWN:

Mr. King provided background information pertaining to the conversations for the past several years between QDC Staff and the Town of North Kingstown Staff: The Reynolds Farm development along Post Road requested sewer service 3 to 4 years ago. QDC's position has been that it would not grant sewer service to individual developments but would rather have the Town as a wholesale customer. The Town would be required to prepare a Facility Plan outlining how they would provide sewer service. The Town has

completed the Plan. The Plan details potential sewer service along Post Road from the State Police Barracks to Frenchtown Road. This includes commercial sites along the Post Road corridor. The Plan is divided into two components, Post Road North and Post Road South. The dividing line is the Route 403 intersection at the Quonset Business Park®. Mr. King passed out a memorandum attached as Exhibit A that outlines some of the points QDC staff has been discussing with Town staff.

The committee discussed the items on the Memorandum:

- Post Road District boundaries
- Town could initially have access to .82 million gallons per day
- Next expansion of the wastewater facility would be to 2.6 million gallons per day
- According to the newly adopted Master Land Use and Development Plan, sewer demand for full buildout of the Park is 1.5 million gallons per day
- Pump station on golf course would need to be upgraded and the Town would be responsible for the cost
- Expansion of wastewater facility to 2.6 million gallons per day would be paid for by the Town
- Town would install sewer meters to measure flow from outside of Park – meters will be the basis to bill Town
- QDC's attorney and Town solicitor have reviewed the draft Agreement along with the QDC staff and Town staff

Mr. Simpson asked what the goal was of today's meeting. Mr. King replied that the sewer expansion to the Town is a strategic issue and the QDC Staff need to bring the matter to the QDC Board for approval. It has some future impact on sustainability. Expansion of the sewer customer base would decrease the cost per customer which is beneficial to the Park tenants. The cost of operating the facility would not substantially increase.

Ms. Jackson asked what would happen to the rest of the Town. She indicated that if QDC makes the decision to expand sewer service to residents from the State Police Barracks to Frenchtown Road, they would have increased property values. That puts a greater burden on the Town to solve the problem for the rest of the Town, which puts QDC in the middle.

Mr. Embury responded that the Post Road Corridor Plan is dependent on sewers for maximum density. The School Street area and other problematic areas could be added in the future. DEM has indicated that when they have completed the Portsmouth sewers, they would evaluate Wickford and other parts of Town. The main focus currently is the trunk line on Post Road.

Mr. King then continued with the Memorandum

- Metering sewer flows – Town pay costs
- QDC would invest in cleaning, inspecting and make any repairs to the existing gravity sewer lines outside the Park that QDC would be transfer to the Town

- QDC estimates the cost to be approximately \$43,000.00 if the lines are in decent condition
- The upgrade to the pumping station at the golf course is estimated to be \$1.3 million
- The upgrades to the treatment plant is estimated to be \$8.5 million
- The Town's Facilities Plan projects the cost for Post Road South to be \$12.7 million and about \$ 30.9 million for Post Road North.

Mr. King recommended that the Committee consider the following: It is important for the Quonset Business Park® that the Post Road Corridor succeed. QDC is making a significant investment through New Boston via the Gateway Project to invest in the Post Road Corridor. The struggling economic conditions outside the Park is not helping development within the Park. The additional housing provided by the Reynolds Farm development would be positive. Mr. King stated there are a lot of positive reasons to provide sewer capacity to assist the Town to help change the economic climate along Post Road. Additionally, it is favorable to QDC for the operation of the Wastewater Treatment Facility to expand the customer base without a large cost to QDC and a decrease in cost to the tenants due to an expanded customer base. QDC has the ability and the capacity to expand the wastewater treatment facility to sufficiently service the buildout of the Park and serve the Post Road Corridor.

The Committee further discussed the details of the Memorandum:

- The QDC Wastewater Treatment Facility currently has the capacity to treat 1.78 million gallons per day
- The QDC Wastewater Treatment Facility is currently treating 155,000 gallons a day from outside the Park boundaries
- The QDC Wastewater Treatment Facility is currently treating 550,000 gallons per day from within the Park
- The full buildout of the Park would require treatment of 1.5 million gallons per day
- The proposed Post Road North and South districts at full buildout would generate 1.2 million gallons per day
- The next upgrade would expand the QDC facility to 2.6 million gallons a day
- Most of Post Road is not in the Hunt aquifer recharge area
- Issue in the future – if a project proponent requires a significant amount of water?
- Another source of water?
- Water issue in July and August is exacerbated by residential lawn watering outside the Park
- Lawn irrigation needs to be regulated
- Water usage outside the Park goes from 3 million to 7 million gallons a day during July/August

Mr. Rebecchi voiced three issues:

- Future resources of the Park available to a big water or sewer user
- Public opinion of water usage in the Park

- Water recharge area

Mr. King stated that QDC could examine the sewer vs. recharge issue.

Ms. Jackson asked about a number of municipal service agreement issues. Ms. Jackson would like to have some of the other issues resolved before QDC agrees to the sewer agreement. The sewer agreement relates to other issues and she would like to see a global discussion on all the municipal issues. There needs to be restricted irrigation in July and August. Ms. Jackson indicated that she could not support the sewer agreement without knowing how we are going to resolve the other issues.

Mr. King stated that the Committee can have another discussion on the other municipal issues, however, he was looking for feedback for a recommendation concerning the sewer agreement. Mr. Simpson asked if the golf course uses QDC water. Mr. King replied affirmatively and added that the golf course uses about 130,000 gallons a day in the summer months. He stated that there is a plan for the Town to use an alternative source of water to irrigate the golf course. Mr. Simpson expressed support for Ms. Jackson's position regarding the municipal services agreement and to look at the whole picture. Mr. Simpson asked if some sewer capacity was used for the Town, would it preclude a large sewer user from locating in the Park. Mr. King stated that the Wastewater Treatment Facility could expand a third time to 3.9 million gallons per day. For a large customer to come to the Park today, QDC would have to incur the cost to expand the facility to 2.6 million gallons per day. QDC can further expand the Plant to 3.9 million gallons per day at its own cost.

Mr. Simpson stated that water usage is an issue that needs to be addressed. He asked how do you manage people's use of water? Mr. Simpson inquired what the water demand would be for the residential and commercial uses on Post Road. Mr. King stated that the Town is calculating the projection of the water demand at full build out of the Post Road Corridor Plan.

Mr. Simpson stated that in his opinion this is one piece of the bigger picture. He indicated it is worth pursuing and has good merit. Ms. Jackson was favorable to moving forward on all of the issues that the Town and QDC have been talking about for many years. Ms. Jackson stated that she would never vote just on the sewer agreement if she did not know how it relates to the other issues including water usage.

Mr. Rebecchi stated he agreed with Ms. Jackson and added that QDC needs to know if the Town will agree to look at municipal services in its entirety before QDC expends any more resources on the sewer agreement.

Mr. Breslin requested a tutorial on the sewer and water supply systems. He asked what would be the time line for the sewer agreement? Mr. King responded that first QDC would offer the Town the opportunity to connect to QDC's sewer treatment plan, and then the Town would need to figure out how to get financing to make the capital

investment which would require a bond issue and voter approval. QDC would have to sign a Letter of Intent before voter approval.

Mr. Embury added that the Town has a commitment from DEM and that the Town is on the project priority list for DEM's revolving fund low interest loan. With the new Town council coming in and the economic condition of the State, the Town is about nine (9) months away from a bond issue to put before the voters. The Town made a request to the Corporation to implement the Post Road Corridor Plan. The Post Road Corridor Plan can be built without tying into the sewers at a lower density. Due to the current economic conditions, Post Road is not going to be built out any time soon, and it would be nine (9) months before the Town could put the issue before the voters and close to a year before the Town could get started on the sewer plan.

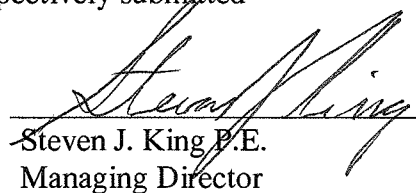
As far as the water use issue and recharge are concerned, Mr. Embury has spoken to the DEM director and other groups, who keep saying there is no water left for QDC and the Town. He stated that he has not seen the science and the most recent USGS study was done sometime in the late 1960's. Back in the early 1980's the Hunt River would periodically dry up in the middle of the summer. The issue with residential irrigation is that people who can afford it will continue to water their lawns in the summer. He would like to see the State pass legislation banning sprinklers and have a program to eliminate in-ground sprinkler systems. The Post Road Corridor Plan seeks to recapture storm water and use that for recharge.

Mr. Embury indicated that he is open to discussion regarding the municipal services at anytime. Mr. King stated that QDC and the Town need more discussions that include all of the issues.

There being no further business to come before the committee, upon motion duly made by Ms. Jackson and seconded by Mr. Breslin, the meeting was adjourned at 5:00 p.m.

Respectively submitted

By:


Steven J. King P.E.
Managing Director