

DENNIS WATER DISTRICT
Joint Meeting of the
Board of Water Commissioners and District Finance Committee
Minutes of Meeting held
March 21, 2019

At 6:00 PM, Chairman Prue declared the meeting of the Board of Water Commissioners to order in at the Dennis Police Department, Training Room, 90 Bob Crowell Road, South Dennis.

The Pledge of Allegiance was recited.

In attendance was Water Commissioners Alan Tuttle. He welcomed the District Finance Committee and turned the meeting over to Chairman Greg Stone.

The District Finance Committee meeting, having been duly posted, was called to order by 6:04 PM by Chairman Greg Stone. Finance Committee members Richard Roy, James Plath, Robert Perry and Faith Hallett were present.

Also attending were David Larkowski, Superintendent and Sheryl A McMahon, Treasurer.

Public Information:

Annual Organization of Finance Committee

On a motion made by James Plath, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED:***
to elect the slate of officers as currently comprised; Greg Stone as Chairman and Richard Roy Secretary.

Review and Consider Recommendations on FY 2020 Annual District Meeting Warrant Articles

ARTICLE 1. To hear and act on the reports of the District Officers for the Calendar and Fiscal Year 2018. (Publication pending)

Ms. McMahon advised that the Annual Report was still being printed and was not available for the meeting. There was a consensus to defer the recommendation under Article 1 for a short meeting prior to the Annual Meeting.

ARTICLE 3. Operating & Maintenance Budget - \$4,441,770

Ms. McMahon and Mr. Larkowski were prepared to review the Operating Budget with the Finance Committee and there was a consensus that only those line items that had changes would be reviewed.

Mr. Larkowski reviewed Electricity 5000-05 which was being increased by \$10,000. He further explained that the District does not purchase power from NSTAR [Eversource] or Cape Light Compact. Last year we were purchasing at 10.96 per kWh. It had gone up to 11.49 in a current contract. The good thing about a price increase is that the net metering credit from the Town's solar farm should increase as well. The estimated revenue from the solar farm is \$100,000.

Ms. McMahon explained the sick leave buy-back policy. Estimate is based on an assumption of who is likely to receive the buy-back and the anticipated increases in wages. Any amount not expended is transferred to the Reserve for Sick Leave Buy-Back Liability account.

Mr. Larkowski advised that there would be an increase in propane due to the cost; actual expense depends on weather. He explained that there is a large increase (\$25,000) increase in Engineering & Professional Service due to the fact the District does not have access to a consulting engineer when there is no large construction project underway. Since no large project is being anticipated for FY 2020 he has requested the funds in order to be able to consult with a professional engineer if or when issues arise.

An increase of \$4,000 is anticipated in Postage Expense and a decrease of \$1,500 in Printing & Advertising. Ms. McMahon explained that she is getting favorable pricing with GlobeDirect as well as coordination with Unibank for making pdfs of the water bills available on-line. Communications was increased to account for the monthly service fees for the tablets used in the filed with PeopleGIS. In addition, significant increases are budgeted for annual maintenance and access to various modules of PeopleGIS. The District was able to contract with PeopleGIS through the Town. The Town pays for the support and annual fees of the mapping component and basic property data base which the District is able to take advantage of at no cost.

Ms. McMahon reviewed the Cost Of Living Adjustment (COLA) calculation with the Finance Committee. It is calculated by taking the average of hourly wage earners and apply the COLA percentage, which is typically based on the COLA awarded to Social Security recipients, and applied to the average hourly wage. This year the calculation provides for an hourly increase of 79¢ per hour. Chairman Stone asked if there has been any consideration given to having full-time staff alternate schedules in order to eliminate the need to cover the stations on the weekend with overtime. Ms. McMahon said that she had not costed it out recently but, she believed that the cost of additional personnel based on the qualifications and licenses necessary for the position would be more than the overtime cost is currently.

Repairs & Maintenance of Stations was reviewed by Mr. Larkowski. He stated that the increase of \$15,000 was necessary to keep up with the increase in material costs. He explained that District personnel do the vast majority of all types of maintenance and repairs on the District's buildings, pumping stations and chemical treatment stations. This includes repairs to electrical and electronic equipment, shingling of roofs, painting, etc. The budget for FY 2018 was nearly totally expended and due to the age of buildings and cost of materials, he was requesting the additional funds.

Ms. McMahon reviewed the Group Health Insurance item. The amount is level funded as there are no increase in premiums for FY 2020 as voted on by the Board of Directors of the Cape Cod Municipal Health Group. About 90 percent of all premiums paid by the municipalities and the employees and retirees goes to pay medical claims.

The Treasurer further explained that this year would be unique in that there is a structural deficit for the Operating Budget. She stated that the general water revenues are insufficient to meet the proposed budget. The Board of Water Commissioner is supporting a transfer from Free Cash to make up the difference for just this fiscal year. This will allow the Board to review and consider a rate adjustment

for the FY 2021. It has been her goal to have the Board set rates that would remain stable for at least a five-year span.

On a motion made by Robert Perry and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend \$4,392,427 from Water Revenues and \$49,343 from Free Cash for a total of \$4,441,770 for the FY 2020 Operating and Maintenance Budget.***

ARTICLE 4. Capital Expenditures - \$495,000 – including Cleaning Wells & Pump Repairs, Tank Power Washing & Maintenance, New Trucks, Misc. Equipment, Green Sand Replacement

The Superintendent said that the District evaluates every well every year to determine their productivity to ascertain if they need to be cleaned. He was requesting \$100,000 to be added with existing funds. An additional \$200,000 was being requested for Tank Power Washing and Maintenance. With the construction of the new West Dennis Tank completed he said that it is time to consider the next major tank project. That will be to power wash and paint the 6-million gallon tank on Route 134. A copy of the inspection report was included with the Budget Proposal. Mr. Larkowski advised that the entire project will be at least \$1 million and more likely in excess of that. The project won't likely begin until another 18 months from now.

\$90,000 is requested for new trucks to replace the Superintendent's vehicle and another truck for the Asst Superintendent. He advised that the District has had great success with auctioning the surplus vehicles through the internet. The appropriation is a bit more than has been historically requested because there is no trade-in to reduce the amount paid. Instead, the sale of the truck comes in a check and goes into the general fund.

Mr. Larkowski reviewed the Miscellaneous Expenses because they were mostly for safety equipment for use by District personnel. He further reviewed the request for the SCADA [Supervisory Control and Data Acquisition) radios. The current radios are about 15 years old and are analog. It takes about three minutes for the system to collect the data. The new radios will be digital and much faster. They will be installed by District personnel savings thousands of dollars for the project.

On a motion made by Richard Roy and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend \$495,000 from Free Cash for the Capital Appropriations as outlined in the warrant article.***

ARTICLE 2. Salary of Elected Officials - \$7,956; 3 Commissioners at \$2,550 each; 1 Moderator at \$306

On a motion made by Faith Hallett and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend \$7,956 from the FY 2020 Water Revenues for Elected Officials Salaries.***

Ms. McMahon explained that this amount is from an actuarial report that outlines the "normal cost" of funding the District's future liability for the payment of its share of retired employees. The "normal cost" represents an actuarial estimation of what current employees are earning for a future benefit. This amount will be added to the existing \$141,000 (plus) funds already placed in the OPEB Trust Fund.

On a motion made by Robert Perry and duly seconded, the Finance Committee **VOTED (4-0-1 (JP abstained): to recommend the transfer of \$68,657 from Free Cash to the OPEB Liability Trust Fund.**

Ms. McMahon reviewed the Revenue Budget and Long Term Projection with the Finance Committee. She explained that the Watershed Protection Fee was expiring due to the fact that the purpose of the Fee; to recover the expense of a \$2.5 million bond for watershed land and conservation restriction will be done in August 2019. Therefore, this revenue source will be not be assessed any longer but there are several more years remaining in the payment of principal and interest. An analysis of the yearly revenue collection and the debt service payment was provided. A review of the status of "Free Cash" was also discussed. She said the unwritten policy of the Board is to have approximately \$400,000 to \$450,000 available after all appropriations are approved at the Annual District Meeting. This year will be only \$316,234. However, she stated that that was ok because the \$200,000 for the Tank Power Washing and Repairs will not be expended so that will provide cash availability for the beginning of the new fiscal year. Ms. McMahon further recommended that the normal cost for the OPEB Liability Trust Fund be included as a regular line item in the budgets going forward.

Minutes: September 24, 2018 (Finance Committee only)

On a motion made by James Plath and duly seconded, the Finance Committee ***VOTED (4-0-1 (RR): to adopt the minutes of September 24, 2018, as presented.***

Adjournment

On a motion made by James Plath and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to adjourn their meeting at approximately 7:03 PM.***

Chairman Prue thanked the staff for the budget presentation and thanked the Finance Committee for their support through the budget process.

On a motion made by Alan Tuttle and duly seconded, the Board of Water Commissioners VOTED 2-0-0: to adjourn their meeting at approximately 7:05 PM.

Respectfully Submitted,

Sheryl A McMahon
District Clerk