

# DENNIS WATER DISTRICT

*Board of Water Commissioners*

*And District Finance Committee*

Minutes of Joint Meeting held

March 30, 2023

A meeting, having been duly posted, was held this date at the Stone Hearing Room, Dennis Town Hall, 685 Route 134, South Dennis and called to order by Paul F. Prue, Chair at approximately 10:02 AM. Water Commissioners Peter L. McDowell and Robert M. Perry were present. Also present were David Larkowski, Superintendent and Sheryl A McMahon, Treasurer.

## **The Pledge of Allegiance was Recited.**

Finance Committee Chair Greg Stone introduced his fellow members and welcomed Carlyn Cary as having been recently appointed. Chair Stone called for the annual re-organization of the Committee. On a motion made by James Plath and duly seconded, the Finance Committee **UNANIMOUSLY VOTED: to continue with the current slate of officers that being Greg Stone as Chair and Richard Roy and Secretary.**

## **JOINT WITH BOARD OF WATER COMMISSIONERS:**

**Review and Consider Annual District Meeting Budget and Warrant Articles – Annual Meeting is scheduled for April 25, 2022, Senior Center at 6:00 PM.**

## **ARTICLE 3. FY 2024 Operating & Maintenance Budget -**

Mr. Larkowski began the review of the Operating and Maintenance Budget with 5000-02: Tractor Expense which he explained is increasing by \$10,000. This is primarily due to the age of the equipment and there are currently no immediate plans for their replacement. They will therefore, require more maintenance in the future.

5000-05: Electricity was increased by \$40,000. The District's current power supply contract at 9.9 cents per kilowatt-hour is expiring this November. Mr. Larkowski advised that a new contract is locked for three years at 11.6 cents.

5000-06 Diesel Fuel was increased by \$2,000 due to increased cost per gallon. The amount spent annually because of the number of deliveries in a given year.

5000-09 Sick Leave Buy Back – Best estimate Ms. McMahon based on current level of eligible employees who are paid at the end of the fiscal year for any amount of unused sick leave over the employee's total allowed accrual of 240 hours. She did state there is one employee that is grandfathered at 480 hours, but that provision has since been discontinued. Any unused appropriation in this account at year-end is expended to the Reserve for Sick Leave Buy Back. The Reserve is to payout an employee's accrued sick leave upon their termination or retirement. The maximum paid out accumulation is 240 hours.

5000-12 Propane was decreased by \$5,000 due to bid pricing. Bids are obtained through Barnstable County. The District heats pumping stations and treatment stations with propane with electricity being the backup.

5000-29 FICA tax is function of projected payroll. It is currently 1.45% of wages earned there are just two employees that do not have FICA withheld.

5000-30 Barnstable County Retirement Assessment which is a fixed cost. The District represents about 4.5% of the system according to the total aggregated payrolls. This assessment includes at 5% discount for paying the entire assessment on July 1<sup>st</sup>.

5000-31 Other Post-Employment Benefits (OPEB) Trust Fund was increased in order to include a make-up between what was paid into the Trust Fund in FY 2023 and what was shown to be the recommended contribution on an updated funding schedule obtained in 2022. The amount requested is about \$20,000 more than the current budget. The OPEB Trust Fund is over \$300,00. It is pooled with the Town of Dennis' OPEB Trust Fund and managed by Rockland Trust.

5000-39 Household Hazardous Waste Collection Day (HHWC) was increased significantly. The County handles the bid process for contracting with the hazardous waste collection company. The District has been hosting a HHWC Day for more than 25 years. The cost of hiring the contractor has gone up significantly over the past several years. Mr. Larkowski also explained that there are three events held in the Town of Dennis. The District has about 325 to 350 cars go through. The District is billed directly by the contractor for the collection and disposal for that day.

5000-40 Water Quality Expense has a decrease of \$4,000. The number and type of sampling varies from year-to-year. Mr. Larkowski could not recall exactly which samples were being decreased in the next budget year, but he did advise that the District would be continuing to sample for PFAS (forever chemicals) under the Unregulated Contaminant Monitoring Regulation Number 5. These samples are taken for contaminants that have not been sampled for previously. Contaminants that are determined to be present and are a health risk are then regulated by the Environmental Protection Agency (EPA). The District currently tests for about 20 PFAS. He advised that there are hundreds, if not thousands of various PFAS chemicals. The EPA is adding another series of specific PFAS chemicals. Ms. McDowell noted that the EPA is proposing to lower the standard of testing of public drinking water providers for PFAS down to 4 parts per trillion (ppt). Mr. McDowell asked that in the event a well exceeded the PFAS limit, would it have to be shut down? He referenced possible issues regarding the Town of Dennis wastewater facility in the Swan River Natural Resource. Mr. Larkowski said that the lowering to 4 ppt for the PFAS currently being sampled is not the same as the new PFAS being added to the new UCMR 5. He said if that regulation is finalized and the District does have a detection above the limit it may require those wells to be shut down. He noted several other suppliers on the Cape have already had to shut down wells and are in the process of constructing treatment. Mr. McDowell spoke about having 65 to 70% of the Town's toilets being connected to the pipes in the street to a treatment facility could have an adverse effect and it is something that we are should be very sensitive to and very concerned. Mr. Plath asked about how samples are taken by the District. Mr. Larkowski explained that there are about 1,200 bacteria samples taken a year. When the population increases in the second and third quarters, there is a significant increase in the number of samples taken weekly. Those sampling sites are distributed throughout the Town along with the water tanks, wells and the entry points in the system. Mr. Larkowski described how the bacteria samples are taken and then turned over to the County lab with a 24-hour turnaround. He further described how chlorine is added to the water as an oxidizer to help the iron and manganese particles get trapped in the removal filters at the plants as well as having chlorine as a disinfectant in the system following the treatment process. He advised that the District routinely monitors for temperature, chlorine residual and pH levels which are early indicators of a potential bacteria problem.

5000-60 Payroll Office and Administration and -61 Payroll Water Works – Mr. Larkowski explained how a 4% Cost of Living Increase (COLA) was calculated. It is based on the average of hourly paid employees, the percentage is applied to that average and then that figure is applied to all employees. This year also includes a \$1.50 per hour adjustment to all employees who received a \$1.50 per hour increase in this current year. Last year the Board agreed to a \$3.00 per hour increase in the base Labor Rate in order to compete with other employers and to fill vacancies. They further agreed to increase the pay of all employees earning less than \$30 per hour and increase the pay of those

earning over \$30 per hour half this year and the other half next year. The proposed FY 2024 payroll includes that COLA and the second \$1.50 for those employees. He noted the overall decrease in the Water Works payroll expense due to having higher paid employees leave and then filled with employees paid at a lesser rate. The District has 19 full-time employees and 2 part-time employees.

5000-62 Duty was increased because it is a function of payroll. There are a number of designated employees who are on call to respond to emergencies after hours.

5000-63 Stations is for employees to cover the stations on weekends from 7:30 to 3:00 during which time they also respond to customer calls and scheduled meter replacements, etc. Between Memorial Day and Columbus Day there an additional person works a four-hour shift because it is so much busier.

5000-64 Overtime has been increased due to number of water main breaks that have been occurring and with the age of the system, they will only likely increase. It also includes call-back time due to alarms at the stations due to high/low chlorine, high/low pH, pump shutdowns, etc.

5000-65 Longevity is a function of payroll participation.

5010 – Repairs and Maintenance of Stations. The increase is from \$110,000 to \$130,000. With the exception of pump motor failures, where a contractor has to come in and pull the pump, nearly all repairs and maintenance of its pumping stations, corrosion stations and the treatment plants with in-house staff. The staff is currently undertaking replacing all the trim and will be working on the roofing. We are fortunate to have so many staff people that have various licenses and are willing to do the work necessary. The increase is primarily due to the significant increase in the cost of equipment and supplies. He noted an example of having all of the District's fire extinguishers having to be certified annually is \$2,200.

5050 Group Insurance Expense had a significant decrease in projected cost. Ms. McMahon explained that she had done a carefully analysis by the actual census of employees enrolled in the health and dental programs. There are a number of newer employees that have not selected insurance coverage, and this is a cost savings to the District. She also noted that appropriation decrease is about \$45,000 and is also partially due to a premium rate increase of only 3% and 2% as she could best recall.

5999 Reserve Fund – Mr. Plath asked if the Reserve Fund may be too low. He said that \$75,000 for a \$5 million budget seemed low. He asked how Free Cash is accessed during the year. Ms. McMahon explained that it would require a District Meeting to expend Free Cash. She noted that it was recently certified at \$1.137 million. Ms. McMahon advised that there is the Stabilization Fund which has just over \$200,000 available which would require a District Meeting. She also advised if something catastrophic happened, the District could also do a borrowing authorization. Ms. McMahon said that the District is fortunate to have redundancy in the number of wells it has, which means if one well is down, there are others to cover the loss. There are also other appropriated funds that have considerable monies available in which the District could reappropriate for an emergency use.

5100 Principal on Loans was decreased by \$165,000 as the last payment on an original bond issue of \$2.5 million was paid this past July. The bond was for purchase of the old drive-in on Hokum Rock Road and for watershed conservation restrictions on more than 60+ acres in Brewster. Massachusetts Clean Water (MCW) loan is the only long-term issuance outstanding at 2% interest rate. The line item includes the principal due on a one-year Bond Anticipation Note (BAN). The BAN is due in September at an interest rate of 3.3%. She noted that the Board will be reviewing the BAN renewal soon. The issuance cost of a Bond is about \$40,000.

Chair Stone asked about the Debt Service Schedule that was provided in the Budget Book. It was noted that the MCW loan is nearly half paid. It was also noted that the schedule did not include projected

interest costs on the BAN because it was difficult to predict and it may be that if there are sufficient funds available, the District may want to pay off more of the principal sooner.

Chair Stone asked if there has been any discussion between the District and the Town about coordinating replacing old water mains when the Town is doing wastewater construction. Funding will be something that will need to be considered and Mr. Larkowski said that that is something that will be reviewed in the proposed Rate Study if approved. Mr. Plath advised that it might be sooner than one thinks because the State is planning work on Route 28 in West Dennis and once that is done, the roadway cannot be reopened for at least five years. The Superintendent said that replacing the older gate valves was more of an issue than the actual water mains. Mr. McDowell asked about the depth of the sewer lines compared to the water lines. Mr. Larkowski said the depth depends on what kind of collection system it is; gravity vs vacuum. To his knowledge sewer lines go down the middle of the road as opposed to water lines which go down one side or the other.

Independent Financial Reporting – Ms. McMahon advised that this pays for two types of reports. One is the financial audit and the financial statements. It is not for finding fraud, waste and abuse however, auditors are required to conduct random tests and report their findings. Financial statements are important because they are reviewed by bond rating agencies. There is currently a three-year contract which the Board entered into following a procurement process. There was only one respondent to the request for proposals, Roselli Clark Associates, other firms having various reasons for not responding. The contract price for this current year's audit is increasing by \$1,000. About this time next year, the Board will be reviewing and re-issuing a request for proposal for auditing services, very likely for another three-years. This line item also includes the OPEB (Other Post-Employment Benefits) liability actuarial valuation.

The property casualty, auto, workers' compensation is insured with Mass. Interlocal Insurance Association which is a self-insured municipal pool. Ms. McMahon said she had not yet received final numbers on the insurance costs. She did note that the actual amount is usually less than the budget due to dividends that are credited back to the member entities.

The Superintendent has requested a \$40,000 increase in the Water Services line item. This is primarily due to the cost of materials used for the installation and repairs of customer water services. He also said he doesn't always know what projects are coming up. One example was the Columns in West Dennis which will be putting in 11 separate services.

Mr. Plath asked about the gas purchases. Ms. McMahon explained that the District has fleet cards and there is some discount on the pricing. Diesel is purchased in bulk and then delivered to equipment as necessary.

On a motion made by James Plath, and duly seconded, the ***Finance Committee UNANIMOUSLY VOTED: to recommend the transfer of \$5,210,678 from water revenues of the Fiscal Year 2024 for the purposes of the Operating and Maintenance Budget.***

#### **Capital Appropriations FY 2024:**

Cleaning Wells and Pump Repairs currently has a balance of \$342,996. Mr. Larkowski said that he will be using most of that balance for work this year and he was asking for \$250,000 to be added to the unexpended balance for the next year. In further response to Mr. Plath's question about the sufficiency of the Reserve Fund, Mr. Larkowski said that if a pump did go down, at a cost of around \$60,000 to \$70,000 it would be paid from this account.

No additional funding requests were being made for Water Main Replacement or Tank Maintenance

and Power Washing. Mr. Larkowski explained that while they used to do so much of the water main repairs and installations themselves, they no longer have the experienced crews they used to have. He does plan on having the Route 28 tank power washed again this year as it is already showing signs of mold.

A request for one truck with equipment for \$40,000 was being made. Mr. Larkowski said that it is a 4 cylinder, 8-foot bed, 2-wheel pickup truck for \$34,000 compared to one purchased in 2013 for \$16,000.

Miscellaneous Equipment request is for \$10,000. This is for a “mole” used to shoot water service lines, pneumatic drill, etc.

A \$30,000 request is being made for a Water Rate and Services Study. Mr. Larkowski explained that the District has not had a professional study done before. Chair Stone asked if consultants would be considered off-Cape. Mr. Larkowski said they would be seeking a consultant that would have done multiple studies in the southeast region of Massachusetts. He would also seek experience working with districts given their differences from water departments. Ms. McMahon said that the study is important because it will ask the questions we are not asking ourselves and it is intended that the scope of work will take a longer-term view. She said the Board will review the scope of work and the request for proposals and then make the selection. She was hopeful that the deliverable would provide the ability to plug in numbers to track the progress of the District over time. The study will look at the rate tiers, how many tiers are appropriate and if there are tier levels that would promote water conservation. Ms. McMahon said that the District is up against its permitted pumping capacity of 1.189 billion gallons nearly every year. Mr. Plath asked about how many firms might be available to respond. Mr. Larkowski responded that there were about a dozen that he was aware of. Ms. Cary asked if the pool of candidates would be exclusively limited to the southeast region and if they would take into consideration drought conditions. Ms. McMahon said that the consultant should have base experience in southeastern Massachusetts, with enforcement of mandatory of water restrictions and the study will include the evaluation and recommendation of the various services that the District provides to customers and to have them appropriately costed. She said that one of the fundamental questions will be to have the water rates recover and plan for the District's capital costs.

Pumping and Treatment Station System Maintenance request was for \$40,000. This will be an account that will allow for the unexpended balance to be brought forward and additional funds to be appropriated to continue this type of work.

Mr. Larkowski explained that a request for adding \$50,000 to the existing Green Sand balance. He said that the media in the treatment plants is currently being evaluated and the results known in a month or so. What he did report is that the estimated cost of replacing the green sand and anthracite is \$1.5 million.

Mr. Larkowski explained that a transfer of free cash of \$375,000 was being requested in order to complete the funding of Painting the Interior and Exterior of the Old Bass River Tank. He reported that the project is currently underway with the tank being empty and the staging having been erected around it. The paint has been delivered. A new cabinet has been ordered for some of the tank equipment. It is expected to be back in service before the first of June. The original estimate was \$1.4 million, but the contract for the work came in substantially less than anticipated and the cost was now estimated at a little over \$1 million. An article to rescind the borrowing authorization will also be on the warrant for the District meeting.

Ms. McMahon advised that over the years, Boards have investigated and recommended parcels of land for acquisition as watershed protection. The money is used to do preliminary work such as title searches, surveying, and appraisals in order to properly negotiate a purchase with owner(s) in good faith. The request is for \$10,000 to be added to an existing balance of \$15,000.

Chair Stone said that the Committee would be making a recommendation on Article 1, the Annual Reports just prior to the Annual Meeting.

On a motion made by Robert M. Perry and duly seconded, the **Board UNANIMOUSLY VOTED: to recommend the article for the salary of the Elected Officials' Salaries at \$2,550 for each Water Commissioner and the Moderator at \$306.**

On a motion made by James Plath and duly seconded, the **Finance Committee UNANIMOUSLY VOTED: to recommend a transfer of \$7,956 from the water revenues of the fiscal year 2024 for the salaries of the elected officials.**

Ms. McMahon explained that there is not enough water revenue to cover the capital appropriations so funds will also need to be transferred from Free Cash. She advised that transfers from Free Cash were available immediately and that was important for completing the funding for painting the Old Bass River Tank. On a motion made by Carlyn Cary and duly seconded, the **Finance Committee I move that the Finance Committee Recommend the transfer of \$566,944 from Free Cash as follows:**

<b>Cleaning Wells and Pump Repairs</b>	<b>71,944</b>
<b>New Truck w/Equipment</b>	<b>40,000</b>
<b>Miscellaneous Equipment</b>	<b>10,000</b>
<b>Water and Service Rate Study</b>	<b>30,000</b>
<b>Pump &amp; Treatment Station System Maintenance</b>	<b>40,000</b>
<b>Paint Interior/Exterior of Old Bass River Tank</b>	<b>375,000</b>

**And to transfer from Water Revenues of the Fiscal Year 2024 the sum of \$238,056 as follows:**

<b>Cleaning Wells and Pump Repairs</b>	<b>178,056</b>
<b>Green Sand Replacement</b>	<b>50,000</b>
<b>Land Acquisition Costs</b>	<b>10,000</b>

**For a total of \$805,000 for the purpose of the article.**

On a motion made by Faith Hallett and duly seconded, the **Finance Committee UNANIMOUSLY VOTED: to recommend Article 5 [rescind borrowing authorization] as presented.**

Ms. McMahon advised that Mr. Prue had wanted to provide an opportunity for the Board and Finance Committee to consider a certain amount to be transferred to the Stabilization Fund from Free Cash. She advised that the balance of Free Cash after deducting what is anticipated to be approved at the Annual Meeting to be about \$570,000. The balance of the Stabilization Fund is just over \$204,000 and it has been many years since funds were added. It requires a two-thirds vote to appropriate funds from it. Mr. Plath said it was a wise idea to set aside funds in the Stabilization Fund and recommended that an amount be set aside. Ms. McMahon recommended \$200,000. On a motion made by Robert M. Perry and duly seconded, the **Board UNANIMOUSLY VOTED: to place an article on the warrant in order to transfer \$200,000 from Free Cash to the Stabilization Fund.**

On a motion made by James Plath and duly seconded, the **Finance Committee UNANIMOUSLY VOTED: to recommend the transfer of \$200,000 from Free Cash to the Stabilization Fund.**

On a motion made by Richard Roy and duly seconded, the **Finance Committee VOTED: 4-0-1 (C Cary abstained) to accept the minutes of March 31, 2022.**

On a motion made by James Plath and duly seconded, the **Finance Committee UNANIMOUSLY VOTED: to adjourn their meeting at approximately 11:58 AM.**

A brief recess was taken, and the Board of Water Commissioners resumed their meeting at approximately 12:03 PM.

The Board consider the leak abatement request of Bonnie J Court, 50 North Street, Dennis Port Acct No. 02326. Materials concerning the abatement request had been provided electronically to the Board and copies were made available and brought to the meeting.

Ms. McMahon provided background on the request. It has been reported to her that a line that went to the back of the property to water horses was apparently broken when a tree in the yard was taken down in a storm. The line has been turned off, but not permanently cut off. She recommended that the Board could consider conditional approval of the leak abatement based on the Superintendent confirming that the line has indeed been cut off. On a motion made by Robert M. Perry and duly seconded the Board **UNANIMOUSLY VOTED: to approve a leak abatement in the amount of \$428.05 to the property owner provided the Superintendent verifies that the water line has been corrected or removed.**

Superintendent's Report – Mr. Larkowski advised that flushing has begun for the southside and for the public to be aware of the signage and if they experience dirty water to run it clear for a few minutes. He expects to complete the work by the end of May. Not all of the wells have iron removal and there is still some areas that experience dirty water. There was a brief discussion regarding the depth of water and that iron, as a mineral which enters the water system. Rainfall is average and we are currently close to normal levels. He was not prepared right now to make a recommendation, but we appear to be in a better situation than the same time last year.

Treasurer's Report - Ms. McMahon provided an Update on New Water Billing System. She said the two largest components of the new system have been accomplished and that was the data transfer and the issuance of the February water bills. She reported that Invoice Cloud has been a successful transfer for collection of payments. Credit and debit card payments have a convenience fee at 3.5% for bill payment. Check payment online there is a fee of \$1.25. She reported on the work order assignment needs some improvements. Credit card payments are now much easier to process at the counter and most people do not object to the fee being charged. Ms. McMahon invited the Board members to come into see the difference between the old system and the new system. She commended the staff for their patience and diligence working through the new system.

Ms. McMahon said she is cutting back on the number of hours of overtime she was needed to work. She reported that she is behind on invoicing for repair work. On a motion made by Robert M. Perry and duly seconded, the Board **UNANIMOUSLY VOTED: to authorize the Treasurer to continue working overtime at her straight rate of pay through April 2023.**

On a motion made by Robert M. Perry and duly seconded, the Board **VOTED 2-0-1 (PLM abstained): to approve the minutes of February 2 and February 23, 2023.**

On a motion made by Robert M. Perry and duly seconded, the **Board UNANIMOUS VOTED: to adjourn at approximately 12:26 PM.**

Respectfully submitted,

Sheryl A McMahon, Clerk