

DENNIS WATER DISTRICT

Board of Water Commissioners

And

District Finance Committee

Minutes of Meeting held

March 31, 2022

Pursuant to Governor Baker's March 12, 2020 Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, §18, and the Governor's March 15, 2020 Order imposing strict limitation on the number of people that may gather in one place, this meeting of the **Dennis Water District Board of Water Commissioners on Thursday, April 22, 2021 at 10:00AM originally scheduled to be held in the Stone Hearing Room, Dennis Town Hall, 685 Route 134, South Dennis, MA 02660** will be physically closed to the public and conducted via remote participation to the greatest extent possible. Specific information and the general guidelines for remote participation by members of the public and/or parties with a right and/or requirement to attend this meeting can be found on the town's website, at www.town.dennis.ma.us . For this meeting, members of the public who wish to watch the meeting may do so in the following manner: The meeting will be televised via Dennis Channel 18 on Comcast or on the web at <https://www.town.dennis.ma.us/channel-18/pages/live-stream>. No in-person attendance of members of the public will be permitted, but every effort will be made to ensure that the public can adequately access the proceedings in real time, via technological means. In the event that we are unable to do so, despite best efforts, we will post on <https://www.town.dennis.ma.us/home/pages/agendas-minutes-videos> a video recording, transcript, or other comprehensive record of proceedings as soon as possible after the meeting.

The Chairman called the meeting to order at approximately 10:01 AM. Chairman Prue introduced fellow Board members Peter McDowell, Vice Chair and Alan Tuttle. He also introduced Sheryl McMahon, Clerk/Treasurer and David Larkowski, Superintendent.

Public Information There was none reported.

JOINT MEETING WITH DISTRICT FINANCE COMMITTEE

Chairman Prue welcomed the District Finance Committee and turned the meeting over to the Finance Committee Chair, Greg Stone.

The District Finance Committee (Committee) meeting, having been duly posted, was called to order by 10:05 AM by Chairman Greg Stone. Finance Committee members Faith Hallett, Robert Perry, Richard Roy and James Plath were present.

Re-organization of District Finance Committee: Elect Chairman and Secretary

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

Ms. McMahon, in her role as District Clerk, advised that Faith Hallett had been duly sworn in as a Finance Committee member just prior to the meeting.

Minutes: April 22, 2021

On a motion made by James Plath, and duly seconded, the Finance Committee **UNANIMOUSLY VOTED: to accept the minutes of April 22, 2021, as presented.**

Ms. McMahon advised both boards that there was a last minute change to the Operating Budget as had been previously voted by the Commissioners. Mr. Larkowski elaborated that an increase of \$225,000 for the Treatment Chemical line item was due to an anticipated increase in the price of potassium hydroxide. The District uses about 750,000 pounds of that chemical each year. He said that Barnstable County will be issuing the bid in June. On a motion made by Alan Tuttle and duly seconded, the Board ***UNANIMOUSLY VOTED: to increase line item 5000-11 Treatment Chemicals by \$225,000 and approve a recommended Operating and Maintenance Budget total of \$5,219,949.***

FY 2023 Operating and Maintenance Budget Discussion

Ms. McMahon said that we usually proceed with review of the budget by line items that have a variance from the prior year's budget. She advised that the fuel accounts were impacted due to rising costs. The increase in gasoline represents nearly 2.5% of the entire budget increase. Payroll Sick Leave Buy Back had a reduction due to absences and due to a non-injury related illness of an employee, the Board had approved a Sick Leave Bank which enabled employees to donate some of their sick time to this individual. Printing and Advertising had a slight increase due to paper costs. Safety Equipment and Supplies was increased by \$3,000 due primarily to costs associated with the pandemic such as masks, sanitation supplies, etc. Ms. McMahon confirmed that there were no federal funds provided to the District related to the pandemic. The Barnstable County Retirement Assessment was increased by 1.3%. Ms. McMahon explained that the District represents about 4.5% of the entire system's annual assessment which is based on aggregated total payrolls of all the participating units. The annual contribution to the Other Post-Employment Benefits Liability Trust Fund (OPEB) is based on the *normal cost* found in the District's funding schedule. The normal cost represents the annual cost of future benefits to be paid retirees who are employees today. The unfunded liability is not currently being included.

The Payroll line items had the most significant changes. This was reviewed in the Budget Highlights of the FY 2023 Budget Proposal provided to the Finance Committee. Ms. McMahon advised that the Board had recognized that the starting pay for a laborer position, at \$18 per hour, was not enough to attract interested candidates. The Board had unanimously supported a \$3 increase per hour for those employees earning less than \$30 per hour and \$1.50 per hour for those earning \$30 or more per hour. Ms. McMahon explained that they did not want to lose administrative staff to other departments due to pay. She said this is one of the best staffs she has ever had. She explained that employees are paid for 'Duty' at 2 hours of overtime to respond to calls. Chair Stone asked if the increase in the rate has had any effect on the Superintendent's ability to hire. Mr. Larkowski said that the rate is not in effect yet and will not be until the new fiscal year. Chair Stone recommended that consideration be given to funding the increases prior to the new fiscal year. Ms. McMahon confirmed that there is a Reserve Fund of \$75,000 within the annual operating budget and that it requires a vote of the Board to authorize expenditures from it. Mr. McDowell concurred with putting this topic on a future Board agenda for discussion given that summer is coming. Mr. Roy asked how the District's payroll compared to other departments. Ms. McMahon advised that Bob Lawton served as a consultant to the Board and conducted an informal survey on wages and compensation. While there were a couple of employees that were brought up because they were below other departments, the survey was done in 2019, which was pre-Covid. She explained that the Board's policy regarding Cost-of-Living increases has been to average all the hourly employees and apply a percentage to that number and then provide that increase based on a per-hour basis to all hourly employees. The problem is that it after a few years, the wages tend to be out of sync with the surrounding communities. Mr. Larkowski said that the other problem with comparing Dennis to other departments is that it is difficult to compare apples with oranges. He elaborated that other departments don't do what the District does. He said what really hurts are what the private contractors are paying these days. He said it is further exacerbated that there are just no applications coming in.

There was some discussion regarding the Long Term Projection and the 2% increase projected for Operating and Maintenance. Ms. McMahon said that this year's increase is roughly 8% and is due to the proposed wages and the increased cost of fuels and chemicals. It will be interesting to see how the supply chain issues play out of the next couple of years.

Ms. McMahon reviewed the 10% increase in the Group Insurance Benefits. The actual premium increase is 4%, but includes a projection for employees to join during open enrollment which have not previously had coverage through the District.

Ms. McMahon said that the last principal payment on the bonded loan for the purchase of the old drive-in on Hokum Rock Road and the sixty-plus acres of watershed conservation restrictions in Brewster will be in the ensuing fiscal year. The total recommended Operating & Maintenance Budget is \$5,219,949. There was a brief discussion regarding the how much has been expended from the Reserve Fund this year and in year's previous. Ms. McMahon explained that the O & M budget is voted as a total item. By having a one-total budget provides flexibility within the line items to accommodate changes or needs that occur throughout the year without having to return to the boards to transfer money. She further noted that the District is about halfway through the bond repayment for the two iron and manganese treatment plants.

Capital Appropriations Discussion

The Superintendent advised that his request for \$250,000 for Cleaning Wells and Pump Repairs is essential for maintaining the pumping capacity and efficiency of the wells. Despite a balance reported in the budget book of \$321,241 he said most of it will be expended on work currently under contract. He advised that the Board has submitted a request from the Dennis Select Board for an allocation of approximately \$78,000 for cleaning wells from the American Recovery Plan Act that the Town of Dennis will be receiving. Wells 4, 8 20 and 21 are proposed for cleaning as their production has dropped off. Since District customers are the same as town residents, why shouldn't the District receive a share of those monies, he stated.

Every year tank maintenance is done. One of the previous larger (separate) projects was to paint the Route 134 Tank. Last year the Route 28 was power washed due to mold accumulation. Often times, District employees do some of the power washing. A bid package will be put together for some repairs to the paint system on the Route 28 tank because they were noticed during the power washing. The request is for \$100,000.

Last year there was an appropriation for trucks that included a 1/2 –ton 6-cylinder pickup truck. However, GM decided not to build them so it was not purchased. He request is for \$40,000 in addition to the \$20,000 from last year to purchase two trucks. He advised that they will likely be 4-cylinder turbos as they are not going to make the 6-cylinder models any longer.

Miscellaneous Equipment is typically for one-time purchases. This year a mole, cut-off tools and some other items that are on the prepared list are being proposed for a total of \$15,000. The plant cannot operate without them and it is inefficient to replace valves on the skid individually.

Last year \$220,000 was requested to replace rotting trim on pump and treatment stations with Azek. While doing this work the Superintendent discovered they all need new roofs. This year an additional \$100,000 is requested to continue this work.

The treatment plants are now twelve years old and it is time to replace the booster pumps (aka hydro skids) that work hydraulically to boost the pressure greater than the system pressure for operating valves in the plant. The cost is estimated at \$86,000. They are the heart of the system.

Mr. Larkowski advised that an inspection report was conducted on the Old Bass River Tank and it needs a complete inside and outside, down to bare metal, paint job. It has some paint containing lead and the work will need to be contained. Last year \$400,000 was appropriated. It is recommended to complete the work sooner

rather than postponing because it is anticipated that the work is getting favorable bid results. Mr. Plath asked how the tank is drained. Basically, the 1.3 million gallons in the tank is drained on the ground once about 20% of the water is drawn off by customer use. The tank is then turned off and the pumps are turned back on to fill the other tank. People often ask why the District flushes hydrants when there are water restrictions. It is necessary in order to clean the mains and ensure water quality. He estimated 9.5 million gallons was used during the last flushing.

The last item reviewed was the request for \$5,000 for Land Acquisition Costs. This is to pay for land surveys, title exams and plans in order to consider moving forward with a land acquisition. There is currently \$10,000 appropriated and this would be in addition.

Ms. McMahon reviewed the Budget Summary and the anticipated income. She noted that the Water Receivables is the bulk of the income and that the account charge represents about 20% of that income. Investment earnings is very small but the Department of Revenue requires it to be estimated because it is a recurring source. The tank rental leases have an annual escalator of 3% to 5%. Over the years some cell carriers are consolidated and then they drop their redundant sites. The District entered into an intermunicipal agreement with the Town of Dennis for net metering credits which has an estimated income of \$100,000. The revenue is received as a lump sum from the Town while the District continues to pay each electric bill for each pumping station, etc.

The Treasurer explained that to fund what is proposed will require a transfer of just under \$700,000 from Free Cash (yet to be certified). She explained that to leave about \$350,000 of Free Cash unallocated in order to provide enough cash to meet large expenditures that are due in July such as the Retirement Assessment, Debt Service and property and casualty insurance premiums. She further stated that there was consensus to leave a higher surplus balance available due to a possible reduction in water billing income due to the two-day per week watering restrictions. The Treasurer noted that because the summer high demand and pumping season is essentially the first three months of the fiscal year, by the end of September she is able to fairly accurately predict if there will be sufficient billing revenue to meet what was estimated. If there is an anticipated revenue deficit, management can make adjustments to ensure that the District will financially end the fiscal year in the black.

In regards to the suggested motions, Ms. McMahon offered several corrections; the Plant Upgrades was missing from the listing of capital items in Article 4 and the amount to be borrowed should be \$725,000.

Ms. McMahon advised that the Board of Water Commissioners is in the process of reviewing their annual report for the District Annual Report. She recommended that she include a line under Article 1 in the warrant stating that the Committee would make its recommendation at the time of the meeting.

Chair Stone questioned the amount of Article 3 for the Operating & Maintenance Budget in the suggested motion. It should be \$5,219,949.

Article 5 – Replacing Article 5 of the Bylaw.

Ms. McMahon advised that she and the Superintendent have had a number of discussions with the Board regarding an updated version of the Water Use Restriction Bylaw by replacing the one current in place. She said that the bylaw was reviewed extensively with Attorneys Dan Chamberlain and Mary Chamberlain. She advised that the District has not previously had an act enforcement of this bylaw. The Board had previously voted a two-day per week outdoor watering restriction. Last year was the first year for mandatory odd/even watering restrictions. This year will be the first mandatory two-day per week restriction and it needs to be actively enforced. Mr. Larkowski advised that the enforcement authority in the existing bylaw is the same as the one proposed in the replacement bylaw. The difference is that the proposed bylaw provides more definition and clarity. It will also increase the fine from \$50 to an increasing set of fines (the first being a warning) from \$100 to \$300. Currently, Mr. Larkowski was not aware of any Cape water department having issued fines. However,

his concern was what if the District *had to do it*? He said the process involves issuing citations, collecting the fines and processing those that are unpaid through the Orleans District Court. Ms. McMahon said that educational materials about why restrictions are important will be distributed, particularly when warnings are issued. The Superintendent advised that it is not business operations that are being targeted, it is for automatic irrigation systems. Implementing water restrictions can be initiated by the Board or the state. Mr. Plath questioned who would the Superintendent assign as designees as provided by the bylaw. Mr. Larkowski responded that certain District employees will be dispatched with tablets to document violations and provide warnings and subsequent violations. Education regarding these restrictions is the priority for the District. He further advised that looking for violations may take employees away from other routine assignments. The violation is assigned to the owner of the property, including trusts and corporations. Mr. Plath asked about hearings being requested by the violator and who was the Hearing Officer for the District. The District will not have a Hearing Officer. Requests for hearings by violators will go directly to Orleans District Court. Ms. McMahon advised that Attorney Chamberlain will represent the District and has already contacted the Orleans District Court and is making arrangement to have unpaid citations addressed by the court.

Mr. Larkowski provided an explanation about the impact lower water tables have on the operation of District wells. He has to adjust the output of wells in order to prevent any damage to the wells which means less water production. He said that the water table has just not recovered as it normally does over the winter and early spring. He said the District has had droughts, but the amount of water demand was not as great as it is now. Mr. Larkowski advised that neighboring towns such as Harwich and Brewster have seen the same water levels and are going to have mandatory odd/even watering restrictions. He said that the District has older and shallow wells are the ones that he has to operate carefully. Mr. Plath was asking if other surrounding towns will be issuing penalties. Mr. Larkowski said not that he was aware of. He advised that Orleans has a water management permit that requires two-day per week watering restrictions.

Finance Committee Recommendations

On a motion made by Robert Perry and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend the transfer of \$7,956 from Water Revenues of the Fiscal Year 2023 for the purpose of the article***

On a motion made by Faith Hallett and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend the transfer of \$5,219,949 from Water Revenues of the Fiscal Year 2023 for the purpose of the article***

On a motion made by Richard Roy and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend the transfer of \$695,749 from Free Cash as follows: Cleaning Wells and Pump Repairs - \$250,000; Main Office and Station Building Maintenance - \$90,749; Plant Upgrades - \$80,000; Paint Interior/Exterior of Old Bass River Tank - \$275,000. And to transfer from the unexpended balance for Chlorine Analyzer Upgrades \$6,000 for the purpose of Plant Upgrades; and to transfer from Water Revenues of the Fiscal Year 2023 the sum of \$169,251 as follows: Tank Power Washing and Maintenance - \$100,000; New Truck w/Equipment - \$40,000; Miscellaneous Equipment - \$15,000; Main Office and Station Building Maintenance - \$9,251; Land Acquisition Costs - \$5,000. And further, to authorize the Treasurer, with the approval of the Board of Water Commissioners, to borrow \$725,000 for Painting the Interior/Exterior of the Old Bass River Tank, for a total of \$1,596,000 for the purposes of the article.***

Discussion regarding the proposed Article 5 bylaw ensued. Chair Stone said it was necessary to put some teeth into what was needed before, but now is affecting and use of the District's equipment and pumps. Mr. Perry agreed with the Chair and said it was necessary. Mr. Plath said the new bylaw requires the issuance of a warning first where the existing bylaw's first violation is \$50, although if it isn't enforced then there are not violations. He said he thought the penalties were out of line.

Mr. Perry stated that decision for enforcement remains the same as the prior regulation and works similarly. Mr. Plath said his position is strictly with the amount of fines.

On a motion made by Robert Perry and duly seconded, the Finance Committee ***VOTED 4-1-0 (J Plath): to recommend that the District rescind the current Water Use Restriction Article 5 and to replace it with the new Article 5 for Water Use Restrictions.***

Adjournment

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

BOARD OF WATER COMMISSIONERS – MEETING CONTINUED

Consider Setting Production Water Rate for Leak Abatement Policy based on proposed FY 2023 Budget

Ms. McMahon had distributed a worksheet based on percentage of expenses for calculating a proposed Production Rate as used in the Board's Leak Abatement Policy for calculating a credit for customers that qualify under the policy. The proposed rate is \$3.15. The current rate is \$2.95. Ms. McMahon explained that the Board back in 2009 adopted a policy that would guide the Commissioners in applying a credit for leaks. The calculation of a basic cost of producing water. The policy says it is to be calculated annually, but Ms. McMahon said that the cost doesn't change substantially from year-to-year. She noted that the proposed production rate is \$3.15 while on the water bills the rate is \$3.00 per thousand for the first 50,000 gallons used. Mr. McDowell asked how the \$3.15 was calculated. She explained that a percentage is applied to each applicable line item in the operating budget based on the number of staff that work on water production as well as the percentage of supplies and materials used. Mr. Larkowski also explained that each line item has a percentage assigned to it based on what portion of that expense can be allocated to the production of water. For example, for gasoline expense, 23% was allocated and nearly all of the electricity is used to pump water. The total dollar cost is divided by the total gallons pumped equals the production rate. Ms. McMahon explained where the \$3.15 production rate is used in the Leak Abatement Worksheet. On a motion made by Alan Tuttle and duly seconded, the Board ***UNANIMOUSLY VOTED: to set the production rate for Water Leak Abatement Policy at \$3.15 per thousand gallons.***

Consider Leak Abatement Request: Diane M Bednarz, 708 Main St. West Dennis

Ms. McMahon aid that the property owner came to the office seeking a late abatement. Her usage on the February bill was 109,000 gallons and her average use is just 5,000 gallons. The calculated abatement would be \$25.15. She advised that the leak occurred after the meter in a crawl space and is not in accordance with the Board's policy which only applies to underground leaks. On a motion made by Alan Tuttle and duly seconded, the Board ***UNANIMOUSLY VOTED: to disallow the abatement.***

Minutes: February 24 and March 21, 2022

On a motion made by Alan Tuttle and duly seconded, the Board ***UNANIMOUSLY VOTED: to accept the minutes of February 24, 2022, as written.***

The minutes of March 21, 2022 were deferred to a future meeting.

Discuss and Consider Requesting the Board of Health to amend the Wellhead Protection District to reflect the Zone II of Contribution as approved by the Department of Environmental Protection

The Superintendent had presented a map illustrating the Zones of Contribution and the draft of a letter to Paul Covell of the Board of Health. It was brought to our attention that there are more than one Zones of Contribution for some District wells. He explained that years ago, before the internet, the District would provide the Town, Board of Health and any one doing work in the Town a map of our Zones of Contribution. The Board of Health had regulations regarding septic systems and the District was the only source of providing the maps defining those Zones of Contribution. Nowadays, anyone can go online to the MassGIS to see and printout the Zones of Contribution. It was brought to our attention that there was a difference between MassGIS and what the Board of Health had on record from the District. Upon review, it was found that there were two zones done for Wells 1, 2, 3, 7, 8, 10 and 12. When the District built its map, a smaller zone was used than the one that was approved by Mass. Department of Environmental Protection (DEP). He advised that the only one that can be used is the one approved by DEP and is requesting that the Board vote to request that the Board of Health to modify their regulation to use only the MassGIS website for the Zones of Contribution. Mr. McDowell asked questions regarding how the Zones of Contribution are derived. Mr. Larkowski confirmed that the Zones of Contribution are for the protection of District wells. He explained that the interim Zone II is a one-half mile radius around the well being developed. The state requires pump tests and drawdown tests to identify the Zones of Contribution and that ultimately replaces the interim Zone II. Ms. McMahon offered that the orange delineation is intended to replace the yellow delineation and that all the other zones will remain as shown on the map. Mr. Larkowski clarified that the orange line is the protection for six of our wells. The rest already have their own Zone IIs because they were all done at different times. There are eleven different zones over lapping in the Town. Until recently, he was not aware that the District was using the yellow zone and that the State had approved the orange zone. On a motion made by Alan Tuttle and duly seconded the Board ***VOTED 2-1-0 (PLM): to forward the letter.***

Mr. Tuttle left the meeting at approximately 12:39PM.

Consider Board of Water Commissioners review of 2021 for Annual District Report

A draft of the Annual Board of Water Commissioners for the Board's review had been distributed electronically previously. Action on the draft report was deferred. Ms. McMahon asked if Mr. McDowell could review a corrected draft for the January 28th meeting and get back to her.

Adjournment

On a motion made by Peter L. McDowell and duly seconded, the Board VOTED 2-0-0: to adjourn the meeting at 12:46PM.

Respectfully submitted,

Sheryl A McMahon, Clerk