

DENNIS WATER DISTRICT

Board of Water Commissioners

Minutes of Meeting held

September 2, 2015

A meeting, having been duly posted, was held this date at the Dennis Police Department, 90 Bob Crowell Road, South Dennis and called to order by Paul F. Prue, Chairman at 6:00 PM. Water Commissioners Charles F. Crowell and Peter L. McDowell were present. Also in attendance was David Larkowski, Superintendent and Sheryl A. McMahon, Treasurer.

Public Information - None

Review FY 2014 Audited Financial Statements and Governance Letter.

Ms. McMahon introduced Joseph McGee, CPA, with Sanders, Walsh & Eaton, LLP. Mr. McGee performed the audit and has prepared the District's Fiscal Year 2014 Financial Statements and Management Review with an accompanying Governance Letter. Mr. McGee reported that this was a "clean opinion" meaning that a reader would understand that the books and records materially represent the financial condition of the organization. It is a strong balance sheet with approximately \$44 million in assets with about \$9 million in debt. A subject which has been discussed during previous audit reviews is the booking of the Other Post-Employment Benefits (OPEB) as a liability for the District. All municipalities must recognize the liability on their financial statements. It represents the future cost of post-employment benefits other than pension costs. The accumulated liability being recorded over the past four years is now approximately \$1 million. There is currently no mandate to fund the obligation but, there are many municipalities that are establishing trust funds and some are making contributions. In his review he examines the internal controls which are safeguards set by management to protect the financial transactions and assets of the District. He recognized that management was in the process of creating a policies and procedures manual and acknowledged that effort.

Mr. McDowell asked for clarification on the various types of "reports" that were dated July 7, 2015, that were provided to the Water Commissioners. There was the Independent Auditor's Report which essentially introduces the Financial Statements, a Management Discussion and Analysis, the Governance Letter and the a letter from the Board to the auditing firm acknowledging that all the material information, reports, etc. were provided and or disclosed to the auditing firm. Mr. McDowell engaged in a discussion with Mr. McGee about the all-inclusive costs of public employees given their benefits and pensions while employed and post-employment. Mr. McGee responded that he was aware that the OPEB liability is creating more awareness and discussion relative to the cost of employees.

Ms. McMahon advised that a new reporting rule established by the Government Accounting Standards Board will require the recording of unfunded pension liability on the financial statements. Previously, so long as the amortized unfunded pension liability obligations were being paid through an assessment by the pension system, it was not necessary to disclose the unfunded liability. She also advised that the OPEB actuarial valuation being done under the auspices of Barnstable County at a significantly reduced cost is expected to be completed and released to the participating municipalities shortly. The valuation is done every two years.

On a motion made by Charles F. Crowell and duly seconded, the Board ***UNANIMOUSLY VOTED: to sign the disclosure letter to Sanders, Walsh and Eaton, LLC.***

Status Report on Land Court Case of MCL [MHC] Old Chatham LLC on claim of approximately six acres of land off Old Chatham Road and agreement to exchange land with Dennis Water District.

The Superintendent introduced Kent Sargent who is an abutter to a parcel of land (6 acres more or less) that currently abuts the trailer park on Old Chatham Road and the Dennis Water District. By way of some history, a large tract of land known as the “Green Belt” was taken by the District by eminent domain, primarily from unknown owners, back in the late 1980’s. It came to the District’s attention shortly after that that the mobile park was occupying approximately three acres of District property and that the District was using an old dirt road for access that crossed mobile park property. At the time, a 30-year easement was granted from the District to the owner Robert Mosher and a permanent easement was granted from the owner to the District for access. The mobile park was sold to MHC LLC in 2003 and they subsequently requested that the easement be transferred into their name. This was done at a District meeting. MHC has filed a Land Court claim to approximately six acres of land. At an Annual District Meeting, the voters agreed to file special legislation that would allow the District to swap three acres currently under the easement with those six acres if and when the Land Court decided in favor of MHC. Mr. Sargent has consistently opposed the Land Court case. Mr. Sargent expressed his concern about the case and his claim for use of the parcel. The Board thanked Mr. Sargent for attending the meeting and sharing his concerns. There was no action taken by the Board at this time.

Review West Dennis Tank Painting and Repairs Bid Results and Consider/Vote Award

Mr. Larkowski advised that bids had been received August 26th for the painting and repairs of the West Dennis tank. The total budget authorized is in excess of \$1 million. There were two bids received. One at \$1,696,000 and the other at \$2.1 million. With an insufficient appropriation, the bid cannot be awarded. Mr. Larkowski advised that it may be time to consider replacement of the tank rather than an expensive maintenance and painting project. He explained that the scope of work was extensive and the time frame for completion was very tight. Mr. Larkowski advised that back in the late 1990’s the normal drop of the tank in the summer season was approximately 5 feet. Now the drops are around 18 feet. The demand is largely contributed to growth of the town and the popularity of irrigation systems. He suggested that the District consider additional storage if a new tank were to be constructed. On a motion made by Peter L. McDowell, and duly seconded, the Board ***UNANIMOUSLY VOTED: to authorize Superintendent Larkowski to research the feasibility of constructing an appropriate and practical tank at the same location as the existing tank in West Dennis.***

Leak Abatement Request – Acct. No. 11457, Theresa Wood, 361 Center Street, South Dennis.

Mr. Larkowski reviewed the application for a Leak Abatement with the Board. Initially, it appeared from the plumber’s invoices submitted with the application that the damage was the result of frozen pipes on the house-side of the meter. However, after further review, it was discovered that the plumber had also repaired an underground leak. Assistant Superintendent Ritchie having initially responded to a request for service at the property noted the loss of water due to an underground leak after the meter pit. On a motion made by Charles F. Crowell, and duly seconded, the Board ***UNANIMOUSLY VOTED: to grant a credit in the amount of \$1,788.15 in accordance with the Leak Abatement Policy to Theresa Wood of 361 Center Street, South Dennis.***

Superintendent Updates:

Water Management Act Permit Renewal – Over the past several months, Barnstable County Water Utilities had been in contact with Representative Tim Whelan about their concerns with the proposed withdrawal permit reductions. Based on Rep. Whelan's recommendation, representatives from BCWU met with the Lt. Governor during her visit to Eastham a couple of weeks ago. An assistant to the Lt. Governor contacted Mr. Larkowski the very next day informing him that the Lt. Governor had recommended to the new Commissioner of the Department of Environmental Protection that he meet with the BCWU group. The Commissioner met with the group recently in which several towns and a professional hydrologist and presented information concerning the limitations being proposed and that the Cape is a water-rich environment. The Commissioner assured the group that DEP would be placing a one-year hold on issuing the withdrawal permits. The Commissioner said another meeting would take place in October.

Summer Pumping Review – The Superintendent reported that according to the current year-to-date pumping, he estimated that the District will likely pump 1.1 billion gallons for 2015. The last time was in 2005. At 209 million gallons, the month of August was more than July. The District's permitted withdrawal limit is 1.18 billion gallons annually. Chairman Prue noted that the District is still pumping about 6 million gallons per day. Mr. Larkowski noted that the heavy rain events that occurred over the summer would have made it to the water table whereas the small 1/4" rainfalls essentially do nothing. In accordance with the District's Drought Management Plan, no water restrictions had been necessary. Mr. Larkowski further noted that the District is able to meet the summer demand because of the number of wells that are available. In fact, the District has sufficient redundancy that it was able to manage the summer demands while having two wells out of commission. Well #23 took a lightning strike and is just now going back on-line. It had about \$30,000 worth of damage. Another well was off-line for cleaning and pump repairs as part of scheduled maintenance. The pumping stations experience frequent lightning strikes despite the level of protection in place.

Treasurer's Report

Solar Farm Revenue – Receipts to Date – The Board received a spreadsheet from the Treasurer indicating the amount of power generated and the payments made to the District on in accordance with the inter-municipal agreement with the Town of Dennis. Calendar year-to-date receipts has been \$64,701. She noted that \$75,000 was estimated for FY 2016. Mr. McDowell noted that he was impressed with the detail of the minutes of the previous meeting that explained how the net metering credits were calculated. Ms. McMahon said that she and Mr. Larkowski review the explanation of the receipts each time they are received. She explained that the payments received are net of amounts deducted as payment to the developer (just under six cents per kWh).

FEMA Blizzard Juno – Snow Removal Reimbursement Application - The Treasurer provided a copy of the summary sheet that was submitted to and accepted by the Federal Emergency Management Agency for snow removal costs during the blizzard in late January. The total cost submitted was \$12,409 and represented the cost for a 48-hour period during the storm known as "Juno". She noted the agreement with the Town of Dennis in which District lends equipment and personnel for assistance with snow removal. Generally, the District bills for the wages paid only. In the case of FEMA, it was more advantageous *not* to submit for reimbursement from the Town but, to submit all the costs associated

with the 48-hour window directly to FEMA. The reimbursement rate is 75% of the total costs. The District should eventually receive a check for \$9,306.75.

August Water Billing – Ms. McMahon provided a billing and water usage analysis which included the water bills issued as of August 1. She noted that over time the customers are very consistent in how the water is used for the two billing cycles. Median users are very consistent over the years. The most recent August average user was consistent with the annual average use since 2007. Weather has the most significant impact on the February water billing which represents the summer usage. She reported that 11% of the accounts use 44% of the water pumped during the summer cycle compared to 1% of the accounts using 20% of the water over the winter cycle. The consistency of the water usage over the long term provides stability in using water rates almost exclusively as the revenue source and being able to maintain a zero tax rate. Several years ago there was a revenue deficit due to a rainy summer. Since occur early in the fiscal year, expenditures can be curtailed to ensure a positive closing at year-end.

Ms. McMahon provided a spreadsheet that summarized the inception-to-date commitment of the Watershed Protection Fee. The Fee was established to support the debt service for a borrowing of \$2.5 million for the acquisition of land. According to the analysis, it will take approximately 13 years to assess the fee.

Minutes:

On a motion made by Charles F. Crowell and duly seconded, the Board **UNANIMOUSLY VOTED: to accept the minutes of June 25, 2015, as corrected.**

Adjournment:

On a motion made by Peter L. McDowell, and duly seconded, **the Board UNANIMOUSLY VOTED: to adjourn the meeting at approximately 7:25 PM.**

Respectfully submitted,

Sheryl A McMahon, Clerk