

# **DENNIS WATER DISTRICT**

## *Board of Water Commissioners*

Minutes of Meeting held

January 28, 2016

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***

Chairman Prue read into the record a letter addressed to him as Chairman from David Talbott, the Chairman of the District Finance Committee (attached). Chairman Prue expressed his appreciation for the years of service Mr. Talbott gave to the District. He further announced that District Moderator William E Crowell, Jr. has appointed Mr. Robert Perry of Setucket Road, South Dennis to the Board to fill the vacancy. The Board instructed Ms. McMahon to draft a letter of appreciation to Mr. Talbott for his years of service which will be signed by the Commissioners.

Ms. McMahon noted for the Board that Moderator Crowell has also re-appointed Mr. Peter J Nyberg to a three-year term on the Finance Committee.

### ***New Water Tank Project***

Mr. Larkowski summarized for the Board members the workshop discussions that took place on January 20, 2016. There were a number of drawings, diagrams and videos that were presented at that meeting. Three different styles of tanks were reviewed by the Board taking into consideration the varying costs for long-term maintenance, aesthetics and cost of construction. The three types were spheroid (a steel ball on top of an all steel pedestal) a hydropillar (all steel construction) and a composite tank (poured concrete block pedestal with the water storage on the top all steel. There are at least four major contractors that build the composite style tanks so the bidding is expected to be competitive. The tank will need to be 170 feet tall and hold one million gallons. The estimates for each of the tank styles was as follows: composite - \$3,850,000 spheroid - \$4,200,000 hydropillar - \$4,025,000. Additional construction costs for geotechnical engineering evaluation, design and bid phase, engineering construction and on-site construction observation was the same for all tank styles at \$50,000 to \$75,000. Discussion ensued regarding the type of qualified individual observing the construction of the tank. On a motion made by Peter L. McDowell, and duly seconded, the Board ***UNANIMOUSLY VOTED: to select the composite style tank and to proceed with seeking an appropriation for its construction.***

### ***Consider Awarding Contract for Painting Hokum Rock Tank***

The Board members previously unanimously voted to award the contract for painting the Hokum Rock Tank to Limerick Steeplejacks, Inc. in the amount of \$233,000. Tonight the Superintendent requested that the Board members sign the contract. The work is expected to begin in early spring and be completed in approximately two weeks depending on the prevailing weather conditions.

### ***FY 2017 Budget Discussion***

**Payroll** - There was a discussion regarding the significant increase proposed for one administrative staff. Mr. McDowell inquired as to the 14% increase for the additional responsibilities for supervising the office staff. He was unclear as to why the position was necessary. Ms. McMahon said that over the years the level and intensity of her work coupled with supervising daily management of the office keeps her from achieving goals of a greater scope. The office supervisor is authorized to assist staff in making decisions on issues related to their jobs, refocus the priorities of the office as deemed appropriate, assign phone coverage as workloads intensify and other issues develop. A lengthy discussion ensued regarding what has changed with operations that an office supervisor position is deemed necessary. Mr. Larkowski explained the supervisor's role as being able to prioritize the daily work of the staff as well as the changes that come with seasonal work such as meter removals and installs.

Mr. Larkowski advised that at the January 20<sup>th</sup> meeting the two Board members present tentatively agreed on a Coast of Living Adjustment for hourly employees based on a calculation that takes the average hourly wage and multiplies it at 2%. The hourly COLA per hour rate will be \$ .57 per hour. There was a review of two water works employees one who is retiring and another that is assuming those lead responsibilities. The position pertains to the maintenance of water supply facilities and treatment. The two managers will receive a 2% COLA for FY 2017. On a motion made by Charles F. Crowell, and duly seconded, the Board **UNANIMOUSLY VOTED: to tentatively approve the Payroll for FY 2017 as presented.**

**Operating & Maintenance** – Mr. McDowell noted that the gasoline line item had been reduced in keeping with the falling prices but, that the diesel line item had not been adjusted similarly. Mr. Larkowski explained that due to the inconsistency of delivery times of bulk deliveries. He said he would review again and perhaps adjust the recommendation.

The group insurance line item had been reduced slightly based on the current census of participating employees and an estimated increase of 10% for all four plans. Mr. McDowell had asked at the previous meeting when the actual increase would be determined. Ms. McMahon advised that the Cape Cod Municipal Health Group Board of Directors would be meeting on February 10 and a vote would be taken then to set the rates.

On a motion made by Peter L. McDowell, and duly second, the Board **UNANIMOUSLY VOTED: tentative approval of the Operating and Maintenance Budget in the amount of \$2,188,183.**

**General Expenditures** – There was a brief discussion regarding the amount appropriated to the Reserve Fund. For many years it has been \$50,000. In some years, nearly all of the Fund is transferred for unforeseen and extraordinary expenditures and in others only minor amounts are transferred. Ms. McMahon suggested that in FY 2018 the Board consider increasing the amount. She presented a current situation in which she believes that if the Board were to transfer funds for the replacement of a truck with a blown motor, it would leave very little funds, if any, to cover emergencies between now and the end of the fiscal year. An increase in the Reserve Fund would provide more flexibility to manage extraordinary events. The unexpended balance is returned to the general fund at year-end.

The Superintendent is recommending an increase in the Water Services line item due to increase in activity and cost of materials. Most of what is expended from this line item is billable to the customer. On a motion made by Peter L. McDowell, and duly second, the Board **UNANIMOUSLY VOTED: to tentatively approve the General Expenditure (Appropriations) in the amount of \$1,022,834.**

**Capital Appropriations** – Mr. Larkowski said that based on an evaluation of a wells performance, cleaning and the replacement of pumps is determined as necessary and scheduled accordingly. The annual appropriation for this is \$80,000.

It was necessary, due to a blown engine in a one-ton diesel utility truck (#32), Mr. Larkowski is requesting its replacement along with two other trucks that are due to be replaced for a total of \$125,000. He is recommending \$125,000 as a “place holder” as he anticipates more definitive numbers as the budget process goes forward. The \$125,000 is also a “place holder” for the replacement of a 2001 John Deere backhoe/loader. He intends to make use of the bid prices available through the State’s COMMBuys purchasing program.

Under Miscellaneous Equipment are three items: tamper (compactor), diaphragm pump and tracks for the mini-excavator for a total of \$9,600.

Green Sand Replacement Program has been funded for several years. When it is time to replace the media it will likely be several hundred thousand dollars. Every year the media is professional evaluated so that efficiency and effectiveness of the treatment process is monitored. He said that they have noticed a small change in the top layer of anthracite.

Ms. McMahon advised that she is examining the feasibility and cost of replacing the water billing software that has been in place and upgraded for sixteen to eighteen. It is a customized program and the provider also has similar systems running in various other water departments. She also explained the need for new programming and platforms in order to have “cloud” based billing and payment capture. Ms. McMahon will advise the Board on the benefits of changing the water billing software.

On a motion made by Peter L. McDowell, and duly second, the Board ***UNANIMOUSLY VOTED: to tentatively approve the list of capital items for FY 2017 in the amount of \$434,600.***

***Special Articles: New Water Tank*** - Ms. McMahon reviewed the proposed funding scenario for the construction of a new water tank at an estimated cost of \$4 million. She proposes \$500,000 from “Free Cash”, \$1,000,000 from the Stabilization Fund, \$500,000 to be transferred from the Maintenance and Power Washing Tank appropriation and to authorize a borrowing of \$2 million. She expected the interest rates on the borrowing to be very competitive based on low interest rates and the District’s AAA bond rating. She reviewed the declining debt service over the next several years and noted a reduction of \$180,000 in 2022. She expected the first principal interest payment in July of 2018. Ms. McMahon will prepare a motion for the Board to consider voting as an article for the new water tank.

***Rescind Borrowing Authorization – Article 6, ADM 4/28, 2015*** - She further recommended an article on the District Meeting Warrant to rescind a borrowing authorization of \$200,000 that was for rehabilitation of the existing West Dennis Tank. On a motion made by Peter L. McDowell, and duly second, the Board ***UNANIMOUSLY VOTED: to proceed with placing an article on the Annual District Warrant to rescind the borrowing authorization under Article 6, ADM April 28, 2015.***

***Revenue Budget*** - The Revenue Budget for FY 2017 was reviewed. The estimated \$100,000 of Solar Revenue was reviewed and discussed. It was noted that there was a significant price decline in the kilowatt hour price this summer. Mr. Larkowski noted that the funds received are net of all costs. He noted that more recently constructed solar farms are at ten and eleven cents for construction costs per kilowatt hour. The Free Cash history was provided for informational purposes.

***Budget Summary*** – It was noted that the this summary provides all of the budget sections and anticipated funding sources. Ms. McMahon reviewed the Long Range Projection worksheet with the Board. It is a general overview of debt service, revenue and anticipated capital and operating budgets. She noted that the Water shed Protection Fee will be retired in 2019. It will in reality be a reduction of income because it is estimated as part of the general fund.

Chairman Prue stated that he was proud of the staff and management for being able to bring this budget forward without an increase in the water rates.

***Elected Official's Salaries*** - There was no change in the recommended amount. On a motion made by Charles F. Crowell, and duly seconded, the Board ***UNANIMOUSLY VOTED: to tentatively approve the salaries of the elected officials at \$7,956.***

***Superintendent's Report - Consider replacement of Utility Truck engine or replace the entire vehicle*** – it is being included in the Capital Budget for replacement.

Household Hazardous Waste Collection Date has been set for Saturday, June 4<sup>th</sup> at Tony Kent Arena from 9:00 AM until 1:00 PM. The Town will hold one in September.

***Treasurer's Report*** - Ms. McMahon said that the meter reading is completed and staff are working on ensuring the data integrity and doing follow up work orders for unread meters and repairs. She is working towards issuing the bills on or about February 8<sup>th</sup> to the 15<sup>th</sup>. She noted for the audience that this billing cycle is for the water used over the summer. The District pumped nearly its limit of water this year and the bills were appearing to be higher than normal which is to be expected.

## ***Minutes***

On a motion made by Charles F. Crowell, and duly seconded, the Board ***UNANIMOUSLY VOTED: to accept the minutes of December 17, 2015 as presented.***

***Legal Update: Land Court Case No. 15-MISC-000021-RBF, Judith Galle, Individually and as Personal Representative of the Estate of Lothrop Taylor v Dennis Water District.*** – This case has been served against the District. This is for property taken from unknown owners on Setucket Road. Attorney Marsh is in a discovery phase. This is the second case filed the first being served in December 2015. Mr. McDowell requested that he be able to participate in the discussions about the case with counsel.

## ***Adjournment***

On a motion made by Peter L. McDowell, and duly seconded, ***the Board UNANIMOUSLY VOTED: to adjourn the meeting at approximately 7:54 PM.***

Respectfully submitted,

Sheryl A McMahon, Clerk