

DENNIS WATER DISTRICT

Board of Water Commissioners

Minutes of Meeting held

February 22, 2018

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

The Pledge of Allegiance was recited.

Public Information:

Mr. McDowell expressed his appreciation for the quality of the newsletter.

Consider placing the following articles on the Annual District Meeting warrant:

To transfer available funds to construct West Dennis Water Tank - \$600,000 from "Free Cash"

Ms. McMahon said that this amount will fund the remaining work to be complete the new tank construction and to demolish the old tank. On a motion made by Alan Tuttle and duly seconded, the Board **UNANIMOUSLY VOTED: to place an article on the warrant for the transfer of \$600,000 from Free Cash to complete construction of new tank and demolish the old tank.**

To rescind \$2,000,000 borrowing authorization for the West Dennis Tank.

On a motion made by Peter L. McDowell and duly seconded, the Board **UNANIMOUSLY VOTED: to place an article on the warrant to rescind the \$2 million borrowing authorization.**

To accept MGL Chapter 32B, Section 20 – Other Post-Employment Benefits Trust Fund (OPEB Trust Fund).

Ms. McMahon reviewed the sequence of events regarding the establishment of an OPEB Trust Fund by the Board in March of 2017. What she discovered recently was that, the Municipal Modernization Act (Act) that became effective November 7, 2016, made that vote unapplicable. She further explained that the Act made significant changes to the way in which an entity, such as a district, is able to establish an OPEB Trust fund and how a Board of Trustees, or a single Trustee, is selected. Ms. McMahon advised that she had attended a meeting of the Trustees for the Town of Dennis' OPEB. The Town has selected Rockland Trust as custodian to invest the funds. She said that she had asked the Trustees if there was interest in having the District's OPEB funds pooled with the Town's. The funds are accounted for separately but, the pooling provides an opportunity for a greater return on investment. The statute provides that one or more governmental units may pool their money to enhance investment returns but, all of the funds are accounted for separately for each unit. She advised that the Town had reviewed a number of investment houses such as Bartholomew, Rockland Trust, Plymouth County's OPEB trust pool and several others that had replied to their request for proposals. In fact, Rockland came back with a reduced fee schedule of 40 basis points down from 50. Since the Town had already done a request for proposal, done the interviews and their due diligence, Ms. McMahon felt that it would be a real benefit to the District. Mr. McDowell asked about basis points. He requested additional reading materials (not a copy of the law) as a synopsis of how this works written independently of the beneficiaries. There was a discussion to clarify what type of materials was being requested. Chairman Prue advised that the Board had previously voted to establish an OPEB Trust for

the District on March 2, 2017. Ms. McMahon stated that the only difference now was that the authorization to create an OPEB Trust Fund. Previously, the Water Commissioners could vote, now, the District voters are the body to authorize it. Mr. McDowell wanted to read appropriate material to understand this better. On a motion made by Alan Tuttle and duly seconded, the Board ***UNANIMOUSLY VOTED: to place an article on the warrant to have the District vote to establish an Other Post-Employment Liabilities Trust Fund.***

A gentlemen in the audience asked questions regarding the creation of the OPEB Trust. Ms. McMahon explained the need for funding the OPEB unfunded liability as well as the normal costs.

To transfer available funds to the OPEB Trust Fund. A Tuttle moved to place the article on for \$74,233. UV

Ms. McMahon provided a copy of a thirty-year (closed) funding schedule for a District OPEB Trust. This is the amount that is the difference between what the projected benefits to be paid by the District for retirees and again that expected retiree benefit plus the normal cost plus the unfunded actuarial accrued liability. The amount is \$74,233. This is according to the most recent actuarial valuation as of June 30, 2016. This amount has actually decreased because several years ago the statute requires retirees to enroll in Medicare, if eligible. This shifted considerable liability on to the Federal government. On a motion made by Alan Tuttle and duly seconded, the Board ***UNANIMOUSLY VOTED: to place an article on the warrant to transfer \$74,233 from Free Cash to the OPEB Liability Trust Fund.***

To transfer available funds for the acquisition of a watershed conservation restriction on 27 acres of land in Brewster. On a motion made by Peter L. McDowell and duly seconded, the Board ***VOTED 2-0-1: not to place an article on the warrant to purchase a watershed restriction in the Town of Brewster.*** Mr. McDowell said that to contribute District funds for the purchase is beyond reason. He felt that the \$50,000 would be better served to the people of the District to replenish its Stabilization Fund. Chairman Prue said this protects our source of contribution and felt that this land is important for water protection. Mr. Tuttle said that he was not in favor of it. Seeing as the land has already been purchased he doesn't see any reason for spending the District's money on it.

To transfer available funds to the Stabilization Fund.

Ms. McMahon had recommended a transfer of \$100,000. Alan Tuttle moved to place the article on the warrant in the amount of \$100,000. Mr. McDowell asked if it could be increased to \$150,000. Ms. McMahon noted that if the \$50,000 had been allocated for the watershed restriction it would have left a balance in Free Cash of \$367,000. She expressed her concerns that putting more money into the Stabilization Fund and not leaving it as available Free Cash ties up cash flow. She stated that with the anticipated completion of the tank project, and the fact that the debt service, insurances and retirement assessment all come due in July, she requested that the Board recommend a transfer of \$100,000. There was a lengthy discussion regarding the differences between placing an additional \$50,000 in Stabilization Fund or leaving it as Free Cash. Ms. McMahon stated that the most important difference to her was that monies in the Stabilization Fund are not available for cash flow purposes. Mr. Tuttle's motion was seconded by Chairman Prue. Mr. McDowell suggested leaving the article without an amount. ***Mr. Tuttle amended his motion so that the article would be placed on the warrant with no amount stated. Mr. McDowell seconded. The motion to amend was UNANIMOUSLY VOTED.*** On the amended motion by Alan Tuttle, and duly seconded, the Board ***UNANIMOUSLY VOTED: to place an article on the warrant to transfer "a sum of money" to the Stabilization Fund.***

Consider second review of FY 2019 Budget and vote totals for District Finance Committee review.

Mr. Larkowski reviewed with the Board some of the relatively minor modifications that had been made to various budget items since they had last met. There have been no changes in payroll and there are no changes in the Operating and Maintenance Budget. There were also no changes in the General Appropriations since last reviewed by the Board. In the Capital Appropriations there were two changes. The amount being requested for New Truck and Equipment had been reduced from \$60,000 to \$45,000. Mr. Larkowski explained that the \$60,000 had been a place holder but, the new prices had been received. Ms. McMahon explained the request for \$30,000 to fund the replacement of water billing software and computer upgrades for any corresponding new platforms. It was her hope to have the new programming in place for the August water bills. She also explained "bill presentment" so that customers can choose to have electronic water bills, see and print their water bills and pay for them all on one site. The miscellaneous equipment items were identified for the \$6,000 request. Ms. McMahon explained that the changes to the Revenue Budget are tied out to the Long Range Forecast as it is important to have a good base. Ms. McMahon noted that in the year 2020 that the last assessment of the Watershed Protection Fee in accordance with how it was voted. It will be an annual loss of \$280,000 of revenue. However, the debt service that was the underlying purpose of this fee continues until Fiscal Year 2022. An increase in the Tank Rentals was noted.

Consider request from AT&T to increase the number of antenna on Hokum Rock and Route 28 water tanks.

They are looking to do upgrades on the Hokum Rock tank by adding one antenna per sector bringing their total number from nine to twelve. They will also install remote radio heads. They are looking to do this upgrade now on the Hokum Rock Tank and an upgrade later on the new West Dennis Tank. They propose an additional \$5,400 per year on the lease. There is available space to accommodate the request. It would increase the annual payment from \$61,700 to \$67,700 [\$67,100]. The last time they added antennas the lease increase was \$3,200. On a motion made by Alan Tuttle and duly seconded, the Board ***UNANIMOUSLY VOTED: to authorize the Superintendent to amend the lease with AT&T for additional antennas and equipment on the Hokum Rock Tank.***

Superintendent's Report.

Mr. Larkowski advised that Mr. Nyberg has received his appraisal and wants to go forward with the gift of land. It should be received in the next two weeks. It is anticipated that the Board can accept the gift and vote an order of taking.

The Superintendent advised that the USGS well being monitored is tied to our drought management plan. The well is going above the normal range. He recommended that the District might do some public relations to let people know that the District does not anticipate any water restrictions for the foreseeable future.

Eversource has a hearing at the end of this month on their Yearly Operating Plan (YOP). The Selectmen have sent their comments regarding their use of pesticides and herbicides. Mr. Larkowski has prepared a draft of a letter on behalf of the District to the Board and asked the Commissioners to provide comments. Mr. McDowell asked if Mr. Larkowski, to his knowledge, from any credible source, has there been any evidence or substance of a scientific nature that has suggested that this herbicide, or whatever it is they use, [is an] impairment of the water supply. His thought that, whatever this material is, is there anything adverse on record as having, based on how they apply it, something adversely with the water. Mr. Larkowski said that we do not test for them. Mr. McDowell clarified and asked if DEP, EPA and all the governmental agencies that are concerned for our safety and wellbeing in an official capacity, is there anything that is there that speaks in any kind of a negative form, specifically the chemical that is used in this herbicide? The Superintendent said that there are rules about the application to his knowledge. Mr. McDowell was concerned about the chemical itself.

Mr. Larkowski responded by saying that no one is stopping them but, we are also not testing for these things. Mr. McDowell said that if they are not testing, then it has to be that, with all the environmental authorities then they're not concerned about it; is that a fair? Or is that a bit astray [sic]? Mr. Larkowski responded by suggesting that if a new well were being developed, what would DEP's response be if the District wanted to clear it with herbicides? He suggested DEP's answer would be 'no'. So, how does Eversource do it? Mr. Larkowski said it is not a "carpet bombing" kind of application and he has been out there with them. He noted the fire academy as an example. What they were using back then was not being tested for in the water supply. Now it is and it seems like the fight is backwards. Mr. Larkowski asked why we would want to encourage them to spray when they can mechanically maintain as they have done in the past. The draft was distributed to the Board members.

Treasurer's Report

Ms. McMahon took the opportunity to advise those that might be watching the program to be aware that it can take several weeks for a check payment to clear the customer's bank account because paper checks are processed in house and there are thousands of checks. She encouraged people that if they wanted to know that the payment has been made timely and processed to pay it online either through their own bank's bill pay service or through the District's website.

She advised that she has reached out to the Greg Stone, District Finance Committee Chairman to set their meeting date. She anticipated that it would be at the Board's next regular meeting on March 22. James Plath and Robert Perry are Finance Committee members whose terms expired last year and she has so advised Moderator William Crowell.

Ms. McMahon had distributed the allowance and billing report for the Town of Dennis to the Board members.

Minutes.

The minutes of January 25, 2018, were deferred as the draft had just been distributed prior to the meeting.

Adjournment.

On a motion made by Peter L. McDowell and duly seconded, the Board ***UNANIMOUSLY VOTED: to adjourn the meeting at 7:15 PM.***

Respectfully submitted,

Sheryl A McMahon, Clerk