

# **DENNIS WATER DISTRICT**

## *Board of Water Commissioners*

Minutes of Meeting held

February 26, 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 Comment*** - None

### ***Customer Issues Account No. 04106 – Whispering Pines Condo – Leak Abatement Request***

Mr. Larkowski reviewed the circumstances which led Whispering Pines Condo, 101 Lower County Road in Dennis Port, to submit a request for an abatement in accordance with the Board's Leak Abatement Policy. The leak occurred after the meter and underground between units. Their usage indicates that it may have been leaking for some time. On behalf of the owners, the application had been filed timely with proof of payment to the contractor for the repairs. On a motion made by Charles F. Crowell, and duly seconded, the Board ***UNANIMOUSLY VOTED: to grant an abatement of \$341 to Whispering Pines Condo, Account 04106, 101 Lower County Road, Dennis Port, in accordance with the Leak Abatement Policy***

### ***Consider appointment of Legal Counsel for Dennis Water District.***

Chairman Prue announced that the Board had met earlier to interview individuals who were interested in serving as general counsel for the District. Mr. Crowell stated that the District would be getting the benefit of two counselors by appointing Attorney Pamela Marsh and Attorney Bruce Gilmore to serve as co-counselors. Mr. McDowell stated that he was impressed with the candidates. He stated that Attorney Marsh responded well when he asked his questions and that Attorney Gilmore has a tremendous amount of experience in municipal law. On a motion made by Peter L. McDowell, and duly seconded, the Board ***UNANIMOUSLY VOTED: to appoint Attorneys Pamela Marsh and Bruce Gilmore as general co-counsel for the District.***

### ***Review Water Tank Report – Route 28 Elevated Tank, West Dennis (WDT)***

The Superintendent took this opportunity to review the report done on the WDT. The District had appropriated \$100,000 for five years to complete this work. Originally, the project started in 2010, when he anticipated that the WDT would only need minor repair at an estimated \$45,000. Since then, other tank maintenance has been completed. In the work schedule the WDT was slated for 2014. He has noticed that the WDT has had more paint failure than what was evident in 2010. Utilities Service Group was hired to conduct another tank inspection. The tank inspector conducted the evaluation and prepared the report. He agrees with what the inspector observed. There is some metal loss, rusting and paint failure. It is structurally sound. The problems need to be addressed. Originally, it was hoped a power grinder could be used on the paint failures and then re-paint the tank. That process would not have necessitated containment. He now believes that work being done will need to have containment. To totally wrap the tank would cost approximately \$150,000. There is a center rod that had to be removed because it is failing. There are enough repairs that the radial arms and the collar needs to be replaced. Some of the cross braces between the legs need replacement. The work requires sand

blasting not simple tool work. The estimate at today's rates is about \$700,000 which would include containment and all of the repairs (\$78,000). The staging has to be appropriate to relocate the cellular carriers. It does not include engineering, bidding and inspection services. He believes it will need a professional inspector. In 2017, it could be \$900,000 to \$1 million to do this work. He said that when the bid specifications are ready, the tank will be drained and the interior inspected to see if any additional work needs to be included. There is currently \$395,000 available and an additional \$300,000 in FY 2016. He said it will require an additional appropriation for FY 2017 of \$400,000. Elevated tanks are more difficult to work on. The most recent tank constructed is Hokum Rock. It had cost approximately \$1.5 million about 15 years ago. Mr. McDowell asked how difficult would it be to build a replacement tank and what would it cost. Mr. Larkowski responded by noting that even if the cost was realistic, there would be the question of the location. Mr. Larkowski explained the hydraulics and demands in West Dennis. Mr. Larkowski said he would place a few calls to find out the cost of a new tank.

### ***Superintendent's Report***

Mr. Larkowski reported that the District has cleared all its hydrants almost twice as a result of so much snow this winter. Nearly all of them were cleared from the first hydrants when it snowed again. He recommended those that can, in their own best interest, to clear an area around the hydrant. He thanked all of those that did clear their hydrants. A schedule of the locations where the District would be clearing hydrants was provided to the Fire Department. He said that unfortunately they use a machine and a few times private property is disturbed such as fences, rock walls, etc.

Mr. Larkowski reported that there have been a number of water main breaks that have occurred due to the cold, at least four or five. All of them have been on the north side with the most recent having required a backhoe to first move the snow piles to get access to the gate valve. He estimated a loss of ½ million gallons. He further asked people to call the District if they see anything out of the ordinary.

The Superintendent noted that the 2014 Consumer Confidence Report was mailed with the water bills. It is pretty much boiler plate. He noted the table is fairly self-explanatory but, if anyone had any questions to call the District office.

Mr. Larkowski took the opportunity to review of District's policy or agreement to assist the Town with snow removal. Assistance with snow removal is provided so long that the District has taken care of its own priorities first. The District has been able to provide up to four pieces of equipment to the Town for snow removal. Monday through Friday during normal business hours the labor and equipment are provided at no charge. It's the residents/customers that own the equipment and should be used for their benefit. However, during over time hours the Town is billed for the hours paid to District personnel to plow for the Town. He advised that the Town is revisiting the purchasing of additional plows for the District's two 10-wheel trucks. Chairman Prue said that our constituents are the same as the Town's and that sharing District equipment with the Town was in the best interest of the community. Mr. McDowell asked if an accident occurred with significant damage would the District's insurance be sufficient to handle that.

### ***Clerk/Treasurer's Report***

***Policies & Procedures – Draft Payroll and Accounts Payable*** – Ms. McMahon reported that they were not complete but it was a portion of payroll and accounts payable that was done by two different administrative assistance. They have been working on the procedures with considerable detail. Ms. McMahon works with them as they go through the procedures and it provides an opportunity for close

observation, ask questions, and propose options for streamlining. She said that it is a process and it is going to take time. She said these portions will stay in draft form until such time the Board can adopt the policies as a whole for each financial area. Mr. McDowell said it was prudent to have these policies and procedures in place. He said that if the Superintendent or Treasurer was all of sudden not available the District would be at a loss. He thanked Ms. McMahon for proceeding with the development of the policies and procedures.

***Water Bill Commitment Report*** – Ms. McMahon had distributed an information sheet comparing the most recent billing cycle with the same cycle a year ago. It indicates that approximately \$67,000 of water usage was billed more than last year. It will generate a small amount of excess revenue. She explained that this is something she monitors very closely as the usage and account charge are the major source of revenue for the District. The usage trends are monitored carefully to make sure that the estimates being calculated are still valid. She explained that the summer pumping demand is a reliable indicator of whether the billable amounts will be above, below or at average. If it is below average it provides an opportunity to make adjustments in expenditures to make sure there is not a deficit at closing. Ms. McMahon said that she would refine the report so that it is more user friendly.

### ***Review and consider FY 2016 Budget***

Payroll was discussed earlier and voted on by the Board at a posted meeting held at 4:00 PM this same date. The Operating and Maintenance Budget was modified for a proposed total of \$3,157,519. On a motion made by Peter L. McDowell, and duly seconded, the Board ***UNANIMOUSLY VOTED: to recommend to the District Meeting \$3,157,519 for those items itemized in the Operating and Maintenance Budget for FY 2016.***

The General Appropriations Budget was reviewed. The Superintendent proposed that an additional \$12,000 be recommend for Household Hazardous Waste Collection Day. On a motion made by Charles F. Crowell, and duly seconded the Board ***UNANIMOUSLY VOTED: to recommend to the District Meeting \$1,035,251 for General Appropriations for FY 2016.***

The salaries of the elected officials appears as a separate warrant article. On a motion made by Charles F. Crowell, and duly seconded, the Board ***UNANIMOUSLY VOTED: to recommend the article for elected officials' salaries at \$7,956.***

In regards to the Capital Expenditures, it was unchanged from the January meeting. Ms. McMahon noted that the "Free Cash" was certified by the Department of Revenue for a total of \$989,632. To fund the entire budget as proposed including \$125,000 for Other Post-Employment Benefits (OPEB), a transfer of \$539,047 would be needed from "Free Cash". Mr. McDowell had reservations on funding OPEB liabilities. He said he was impressed with the presentation made earlier the same week. He wanted to spend more time with the issue. Ms. McMahon explained that there is no mandate to fund it. The liability has always been there, it is now being quantified and disclosure on financial statements is required by GASB 45. In the Long Range Projection she noted that funding the OPEB liability at \$125,000 annually was doable for the District. Chairman Prue noted that the schedule that was presented by the consultant that was based on \$125,000 contribution it would be fully funded in approximately 18 years. Ms. McMahon suggested that the Board have a conversation on whether to fund the liability or not. Mr. McDowell suggested that the Board might consider not funding OPEB but apply the \$125,000 towards the work to be done on West Dennis Tank. Since there is not a requirement to fund OPEB now, if the District were to set aside money into the Trust and then have a financial issue, it could be deferred.

The law requires a minimum contribution by the employer of 50% once the statute is adopted to provide health and dental insurance. It was noted that the District pays 75% of active and retired employees' group insurance premiums and that it is possible to adjust it.

At this time, Mr. McDowell was not sympathetic to funding the OPEB Trust fund and wanted more time to see what other municipal entities are going to do and that there is the possibility the law might be changed. There was a consensus among the Board not to recommend an appropriation for OPEB for this Annual District Meeting. Ms. McMahon had suggested the \$125,000 as a firm annual number. It is close to the number that appeared in the actuarial report. She noted that in the report the annual required contribution increases.

Ms. McMahon advised the Board that they may want to consider just establishing the OPEB Trust for now. The Town has established theirs even though they have not deposited any funds. Mr. McDowell requested that the Board have an opportunity to review the proposed trust documents and how much flexibility the trustees would have in investing the funds. Ms. McMahon said that there are two different means of investing the assets of the trust. The trust would be limited to prudent investments as defined in the statutes the other option would be to place the funds with the Public Retirement Investment Trust Fund (PRIT). The PRIT fund has billions in assets and this would provide a diversity of investment opportunities that small municipal entities would not otherwise be able to access.

Ms. McMahon requested that the Board vote the Capital Budget as soon as possible so that she will have sufficient time to prepare the budget books for the Finance Committee's review and recommendations. On a motion made by Peter L. McDowell, and duly seconded, the Board ***UNANIMOUSLY VOTED: to approve the Capital Expenditures in the amount of \$664,800 subject to the Board members reviewing the list as previously reviewed and further, if there are no objections brought to the attention of the Treasurer before 4:00 PM on March 5, the Treasurer will proceed with the preparation of the budget books.***

Ms. McMahon will remove the OPEB Trust Fund from the Budget Summary. There was a consensus to continue the discussion about funding OPEB liabilities but, since there was no deadline and no mandate to fund it, the Board would take additional time for consideration.

## ***Minutes***

It was noted that the date of the minutes for November should be the 20<sup>th</sup>. On a motion made by Charles F. Crowell, and duly seconded, the Board ***UNANIMOUSLY VOTED: to accept the minutes of November 20, 2014.***

On a motion made by Charles F. Crowell, and duly seconded, the Board **UNANIMOUSLY VOTED:** to accept the minutes of January 29, 2015, as corrected.

On a motion made by Peter L. McDowell, and duly seconded, the Board **UNANIMOUSLY VOTED:** to adjourn the meeting at approximately 7:27 PM.

Respectfully submitted,

Sheryl A McMahon, Clerk