

DENNIS WATER DISTRICT

Board of Water Commissioners

Minutes of Meeting held

January 27, 2011

A meeting, having been duly posted, was held this date at the Dennis Police Station, 96 Bob Crowell Rd, S Dennis. The meeting was called to order by Paul F. Prue, Chairman at 6:05 PM. Also in attendance were Charles F. Crowell and Peter L. McDowell and the following District official:

Sheryl A McMahon, Clerk & Treasurer

David Larkowski, Superintendent

PUBLIC INFORMATION & COMMENT

Chairman Prue and Mr. McDowell shared their experiences and offered their appreciation to the rate payers for having attended the Massachusetts Municipal Conference the previous week. They each found the networking with other municipal officials, vendors and the break-out sessions informative.

LEAK ABATEMENT APPLICATION:

In consideration of the matter before the Board, Chairman Prue recused himself from the discussion. Ms. McMahon presented a request from Robert Hersey of 17 Center Street, South Dennis, for partial abatement in accordance with the Board of Water Commissioners Leak Abatement Policy. The leak occurred between meter pit and an apartment. The leak and the subsequent repairs were witnessed by a District employee and under the conditions of the Policy the account is eligible for a partial credit. Mr. Hersey stated that when the seasonal weather improves he intends to replace the entire line that feeds the apartment. On a motion made by Peter L. McDowell, and duly seconded, the **BOARD VOTED 2-0-0: to abate \$417.55 of water charges from Account No. 00276, Robert Hersey, 17 Center Street, South Dennis, in accordance with the Water Commissioners Leak Abatement Policy.**

WIND FEASIBILITY STUDY

Mr. Larkowski provided an update to the Board regarding the siting of a wind turbine on District property near the town-line for Dennis and Brewster. After questioning the Federal Aviation Administration (FAA) on the location and the flight path requirements the District was advised that they would have to file a "2C" survey application. If the survey matches the tolerances identified in the original filing, then the application may be reconsidered for approved. The District would need to have a surveyor certify the "2C" application. The cost estimate obtained by Mr. Larkowski was \$1,200. Mr. McDowell suggested that we survey both sites identified in the Feasibility Study. On a motion made by Peter L. McDowell, and duly seconded, the **BOARD UNANIMOUSLY VOTED: to authorize the Superintendent, in order to satisfy FAA requirements, hire a surveyor to certify the location of two turbines.**

The Superintendent discussed the Cape Cod Commissioners consideration of regulations for wind turbines. He said that a proposed 3,000 foot setback from residents is in the draft regulations and they also include a noise study. The draft regulations do not currently identify what kind of study would be required. Mr. McDowell said that he had spoken with Richard Roy who is the Town of Dennis representative to the Cape Cod Commission regarding the regulations. There was a consensus among the Board members that due to changes in the Cape and Vineyard Electric

Cooperative policy regarding the development of a wind project, that the Board would proceed with the development of the project on its own.

RESERVE FUND TRANSFER REQUEST

Ms. McMahon advised the Board that there are two open unemployment claims and due to the extension of benefits she is requesting a transfer from the FY 2011 Reserve Fund to cover the payment. The District is self-insured for unemployment. On a motion made by Charles F. Crowell, and duly seconded, the Board ***UNANIMOUSLY VOTED: to authorize the transfer of \$2,457 from the Reserve Fund for the payment of unemployment benefits.***

APPOINTMENT OF CLERK AND TREASURER

Ms. McMahon explained that the amendment to the District's enabling act requires, by majority vote, the Board of Water Commissioners to appoint a Treasurer and Clerk each for a three-year term. Mr. McDowell asked if there was a value in having a by-law that would have the positions of Treasurer/Clerk be held by the same person. On a motion made by Peter L. McDowell, and duly seconded, the Board ***UNANIMOUSLY VOTED: to appoint, for a three-year term as Clerk/Treasurer, Sheryl McMahon.***

FY 2012 BUDGET PRESENTATION

Operating & Maintenance Budget

Mr. Larkowski opened the discussion regarding the draft Operating & Maintenance Budget by presenting a proposal that would include the costs of sharing a reverse 911 emergency calling service. He identified several reasons for his recommendation to join with the Town in the contract for these services. One concern he stated was the possibility the free service now provided by the County Sheriff's office may not continue to be free. He also stated that the Sheriff's service does not allow for an "all clear" call back and that the system is relatively slow when a great number of calls are needed. Chief Whalen has evaluated the quoted costs and services to be provided and is recommending that Code Red be awarded the contract. Mr. Larkowski and Ms. McMahon conducted a conference call with the proposed vendor and participated in an on-line demonstration and were impressed with the versatility of the service and its ease of use. Mr. Larkowski said it could be used for announcing voluntary or mandatory watering schedules, localized water main breaks, and if necessary boil water orders. He explained that there are two main methods of notifying the public of a water emergency, radio and reverse 911 calling. By participating in this service with the Town it would fit into the District's Emergency Response Plan. Mr. McDowell objected to District's participation in a reverse 911 calling system as he felt that there are sufficient means of notification already available for emergencies. On a motion made by Charles F. Crowell, and duly seconded, the Board ***VOTED 2-1-0 (PLM) to include \$3,600 in the FY 2012 Operating & Maintenance Budget for participating in a contract with the Town of Dennis for a reverse 911 calling service.***

Mr. Larkowski reviewed the line items of each item in the Operating & Maintenance Budget providing a rationale for the recommendations being made. Gasoline was increased due to the projected rise in prices. Electricity was decreased due to a multi-year contracted power purchase agreement. The cost of treatment chemicals has recently declined and is also being done as a

County. Legal expense was reduced by \$10,000 due to a land damage case being finalized within the current fiscal year. Postage expense was increased due to the weight increase in the February water bill mailing. Discussion on the replacement schedule of water meters ensued. The District replaces them on a 20-year schedule. They are randomly tested for accuracy on removal and generally found to be within the plus or minus 2% tolerance set by the state. A cost benefit analysis indicates that there is no financial benefit to replacing the meters on a more frequent schedule despite DEP's recommendation for a 10-year schedule.

Discussion ensued regarding the cost of group health insurance which was being proposed as a decrease. Ms. McMahon explained that Barnstable County Retirement Association now discounts the second one-half year assessment if paid on July 1. Mr. Larkowski briefly outlined the list of water quality sampling required over the next fiscal year and explained that the various annual sampling rounds cause the appropriation to fluctuate more than most other line items. The payroll line items were reviewed and discussed by the Board. The wages under Office and Administration and the Labor – Regular are based on a 2% (approx) cost of living increase for all employees except the Superintendent and Treasurer. The 2% is calculated by taking the average hourly wage, multiplying by 2% and then taking that figure as a set rate and distributing the same to all hourly employees. The remaining payroll line items were reviewed. The deferred compensation program was described by Ms. McMahon in response to Mr. McDowell's questions. Ms. McMahon distributed a payroll summary by compensation type for FY 2010. The proposed Operating & Maintenance Budget of \$2,972,614 represents a decrease of 1.31% from FY 2011 as it is currently estimated.

General Expenditures

Mr. Larkowski reviewed the general appropriations, which are generally recurring line items, such as the Reserve Fund, Elected Officials Salaries, etc. Ms. McMahon advised that she anticipates that the Massachusetts Water Pollution Abatement Trust Loan for the \$8.6 million loan will be re-amortized in March at the close of the two-year loan origination date. She will submit the revised debt service when it is received. There was a discussion regarding the annual fiscal audit. The Superintendent reviewed line items for Cleaning Wells and Pump Repairs. He explained that we have a maintenance program for replacing pumps generally every ten years. The production is checked on each well and compared to its capacity and when it becomes 10%-15% off. There are some wells that are higher in iron and need cleaning more frequently. The various projected increases and decreases for the remaining line items were discussed. The General Expenditures is estimated to be \$1,192,046.

Capital Expenditures

Under Capital Expenditures, the Superintendent proposed the purchase of new 1/2-ton pickup truck and to trade in one truck already in use, pipe finders, maintenance and power washing of tanks that is being funded over several years, replacing master meters, technical services for a water audit. Several items were listed for pumping station roofing and trim replacement, windows in the main station, trim the power lines into the stations, and to establish an appropriation for replacing the green sand media in the treatment plants in approximately 10 years.

Revenue & Available Funds

Ms. McMahon reviewed the water revenue projections with the Board. While there may be a significant variation from year-to-year in the amount of water pumped, over a five-year cycle the

average is fairly consistent. In FY 2010, the pumping demand was 15% less and this created a revenue short fall in water billing. Due to careful monitoring of expenditures for the balance of the year, management was able to ensure that the accounts did not close in a deficit at year-end. In reviewing the analysis, Ms. McMahon pointed out that FY 2010 was 15% less and FY 2011 is projected to be 15% higher. This is a 30% swing for the consumer. Generally, unless there is a adjustment in the water billing rates, the estimated revenue from water usage will not change. She outlined that adjustments have been made to some of the direct service billing estimates. Investment Earnings is abysmal due to the current interest rates. Tank Rental fees have increased due to the signing of a new contract with Metro PCS. The total estimated revenue available for appropriation is \$4,278,205.

The budget summary for FY 2012 was reviewed. Ms. McMahon pointed out that if all of the items were to be funded as estimated in this draft, it would require a transfer of \$424,706 from Surplus Revenue (Free Cash). The available balance from Surplus Revenue is \$891,777. Ms. McMahon reminded the Board that the remaining balance of Free Cash was directly the result of the \$518,000 from the MTBE class-action settlement. She also advised that the Stabilization Fund is more than \$900,000. Discussion ensued regarding the possible use of Stabilization Funds for one-time purposes.

It was agreeable among the Board members to re-schedule their regular monthly meeting in February from the 24th to the 17th.

On a motion made by Peter L. McDowell, and duly seconded, the Board UNANIMOUSLY VOTED: to adjourn the meeting at 8:45 PM.

Respectfully submitted,

Sheryl A McMahon, Clerk