

DENNIS WATER DISTRICT

Board of Water Commissioners

Minutes of Meeting held

January 31, 2013

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 6:00 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

Ms. McMahon advised the Board that she is enlisting the assistance of a member of the office staff who has experience in preparing minutes in order to get caught up on the adoption of minutes by the Board and then have them subsequently posted on the District's website.

Ms. McMahon advised the Board that the Town of Dennis has been approved as a power aggregator for its solar panel array at the closed landfill site. The contractor for development of the site is hopeful they will be able to begin construction of all 6MW in April and begin receiving net metering credits the first of July.

Customer Issues

Continuation of discussion for consideration of granting to Mid-Cape Ice Arena, Inc. (Tony Kent) an Annual Water Allowance. Mr. Tony Kent introduced himself to the meeting and read aloud a letter from the Tony Kent Ice Arena Board of Directors dated December 26, 2012, requesting consideration of its annual water bill. The Arena requested an annual water allowance of 450,000 gallons. The annual usage averages in excess of one million gallons. It was noted that there were four non-profit organizations given 450,000 gallon allowance for their ball fields. The Arena is a non-profit corporation registered in Massachusetts. The land was donated in 1985 by the voters of the Town of Dennis for the ice rink. The projected savings to the Arena would be approximately \$1,575 annually. Chairman Prue asked if the abatement was granted would the savings be used for in the infrastructure. Mr. Kent assured the Commissioners that there have already been improvements made over the last five years such as major repainting, new carpeting, replaced glass around rink and making improvements to the bathrooms. On a motion made by Peter L. McDowell, and duly seconded, the Board **UNANIMOUSLY VOTED: to grant an annual allowance of 500,000 gallons per year.**

Request from Dennis Housing Authority to consider granting an annual water allowance for its residences. Juanita Donlin, Chairman of the Dennis Housing Authority (DHA), read a letter from the Board of Directors requesting consideration of the annual water usage for its 13 housing units serving approximately 250 Dennis residents. Residents qualify for housing because they are low-income, elderly, disabled and or veterans. The Town of Dennis, under the Payment In

Lieu Of Taxes program (PILOT), forgives the DHA their annual property taxes with the proviso that the funds are used for necessary improvements to the buildings that the DHA would not otherwise fund. A report is provided to the Selectmen on what is accomplished with the funds that would have otherwise been remitted to the Town as taxes. Also representing the Board of Directors were Paul Corcoran and Maureen Linehan. Mr. McDowell expressed his concerns that there is a move in the state legislature to take over all the housing authorities. He had reservations granting allowances to the authority that might become an agency of the Commonwealth. He desired more time to study the request and the recent information that had been provided by the Treasurer. Chairman Prue viewed the granting of the allowance to the Arena was in support of the youth of the community whereas the granting of an allowance to the DHA would be supporting those who are of low-income and the elderly. Mr. Corcoran, DHA Vice Chairman, stated that if the Board granted the allowance, if the state did take over DHA, then the Board could rescind the allowance. Ms. McMahon expects the February water bills to be due on or about March 15. The next Board meeting is February 28 which would allow the Commissioners additional time to review the information. She had prepared some analysis which suggests various methodologies for granting an allowance to the DHA as opposed to voting a dollar amount for abatement. Mr. McDowell said that he had a lot of questions. Without objection, the Board members agreed to delay action on the matter until a subsequent meeting.

Continuation of Consideration of a request from Dennis Conservation Trust to participate in a public-private joint acquisition project of approximately 11+ acres of land off Setucket Road, Dennis

James McCarthy, Administrator, Dennis Conservation Trust (DCT) introduced Mark Robinson, Executive Director of the Compact of Cape Cod Conservation Trusts and Dan Ojala from Down Cape Engineering. Mr. Ojala was contracted by the DCT to prepare the concept open-space subdivision plan on which subsequent appraisals were prepared. Mr. McCarthy distributed a letter from Health Director Terrance Hayes. In his letter, Mr. Hayes was of the opinion that a system meeting Title V regulations supporting the proposed subdivision was likely. Mr. McCarthy then read aloud a letter addressed to the Board dated January 24, 2013 in which the DCT proposed to withdraw its previous request for the Water Commissioners to call for a Special District Meeting to vote on the purchase of a watershed conservation restriction. The letter noted changes in the project that have occurred since the District was first approached about its interest in December of 2011. He noted that the purchase price has been reduced, the Town of Dennis would be the sole owner of the property and that Town Meeting in November 2012 had appropriated \$300,000 of Community Preservation Funds towards the purchase. The DCT has committed to a contribution of \$385,000 towards the acquisition. This leaves the request before the Water Commissioners at \$300,000. The DCT successfully extended the Purchase and Sales Agreement deadline with the sellers until June 30. The extension provides sufficient time for the Board to place an article for this purpose on the warrant for the Annual District Meeting to be held April 23.

Mr. McCarthy noted that he and others had met with various Town of Dennis department managers for a staff review of the 9-lot proposed subdivision. At that meeting, Town Planner Dan Fortier stated that he saw no reason why the Planning Board would not approve the plan. In addition, the letter from Mr. Hayes that was distributed just a few minutes prior, states that in Mr. Hayes' professional opinion current concept subdivision plan could support 47 bedrooms under current septic requirements. Mr. McDowell said he has had reservations about the plan and said there is no way to justify a \$1 million for this piece of land. He said that the DCT has contributed a great deal

to the Town but he was going to challenge this purchase. In 2011, the District was asked to spend \$150,000 to join in the \$1,050,000 purchase price of a 10-lot subdivision that did not exist. Now the District is being asked to contribute \$300,000 for a 9-lot subdivision that still does not exist. He could not envision the purchase of the property at this price without a subdivision plan being in place. He said that there is no guarantee that the subdivision plan would be approved by the Planning Board. He also said that despite Mr. Hayes' statement regarding the applicability of a facility aggregation plan, it would also have to have Department of Environmental Protection approval and that it was not a sure thing. Mr. McDowell noted the disclaimer in the appraisals in which the appraiser stipulates their professional responsibilities are and a thorough knowledge of zoning is not one of them. Mr. McDowell said that it should be purchased at a fair market value, and could be purchased for the fair market value for the money that is already available. He said that he would be talking about this at the Annual District Meeting. He suspected that the DCT would be successful in bringing out sufficient votes to buy it. He said that there are a lot of people that contribute to the DCT and he was one of them. He said he has given hundreds of dollars each year and supported it for all the good things it has done for the Town. He felt that the debate not help inspire other contributors or the continuation and some may fall by the way side. He felt that going forward at this time would injure the Trust.

Mr. McCarthy stated that having discussions with the Town Planner and Health Director, the DCT is as confident as they were two years ago when the first appraisals were done. He pointed out that there had been unanimous support from the Town Finance Committee. He reiterated that the DCT thinks the appraisals are fair and they have done a good job in negotiating a fair price with the sellers of the property. He said the project would not only benefit the Town for preservation of open space but, benefit the District for protecting public water supply wells.

Dan Ojala stated that his firm has had a lot of experience with subdivision plans in Dennis. In his opinion, this is a reasonable and feasible plan especially with respect to the nitrogen aggregation plan. He said he had spoken with DEP regarding the concept plan and felt that approval would be fairly administrative if the local Board of Health has approved. He said he had been able to do the nine-lot grid without touching any of the restricted area. He felt that the Planning Board would find that the cluster plan would be superior to the grid. He further noted that the existing conservation restriction did not prohibit the use of the land in calculating the septic plans for the development of the non-restricted portion.

Chairman Prue said that for him there were two questions. One, "what advantage is there to the District to purchase this? He stated that it was his job, and he hoped his fellow commissioners felt the same way, was to protect the water supply of this Town. The area is in a Zone II of several wells. Second, "how are we going to pay for it?" The District has over \$518,000 of funds available received as the result of a class action suit. The Board, at that time, felt that the funds should be set aside for a future opportunity to protect the water or to enhance the quality. This allocation would not affect the water rates and that projections for the next few years indicate stable rates. He did not feel this would be a financial burden. Mr. Crowell agreed with Chairman Prue and said that it was important to give the voters an opportunity to take a vote on this matter. ***A motion was made by Charles F. Crowell to place an article on the April 23, 2013 Annual District Meeting Warrant for the acquisition of a watershed conservation restriction on a property known as the Connors/Bell off Setucket Road in South Dennis. Chairman Prue seconded the motion.*** In further discussion, Mr. McDowell asked further questions of Mr. Ojala questions regarding his experience using restricted land in calculating septic systems. Mr. Ojala stated that he has experience using restricted electric power easements in calculations. He quoted a prior Board vote in which it was stated that the Board saw no advantage in proceeding with any discussion of approximately 9.836 acres of land

at Dottie's Path. He said that it is officially on record that there it was of no value to the District and no advantage to the quality of our water supply to purchase that land. He said that this was based on the recommendation of the Superintendent. Mr. Larkowski said that the vote was not that the land had no value but, at the time, the cost was too expensive. He said his comments are always based on balancing how much land is to be purchased versus the cost. What he said regarding this purchase was buying the entire parcel for approximately \$1 million was a little heavy for the District to be the sole purchaser. However, as a group effort, it became a better prospect for the District to participate. As Superintendent of the District, there is value of all property in the watershed to be owned to it could be protected but, this is just not possible. Chairman Prue then called for the vote on the motion as it had been previously made by Charles F. Crowell, and seconded by the Chairman:
VOTED 2-0-1 (PLM abstaining) Crowell to place an article on the April 23, 2013 Annual District Meeting Warrant for the acquisition of a watershed conservation restriction on a property known as the Connors/Bell.

The Chairman declared a recess for five minutes at approximately 6:59 PM. The meeting resumed at approximately 7:03 PM.

Preliminary FY 2014 Budget Review

Operating & Maintenance – Mr. Larkowski said he would address those items that indicated a change from the previous year's amount.

Electricity – A decrease of \$20,000. Previously, the District had a three-year contract. Within the last year the cost of generation had dropped significantly below the contract price so the contract was terminated even though it included a penalty charge a savings was anticipated. He has anticipated a price of 7¢ per kWh. When the solar credits are available, those funds will be deposited into the general fund. An appropriation is still required to be funded. The District has not been assessed the penalty as of this date. The anticipated savings, net of the penalties to be paid, was approximately \$5,000. The District will always have to purchase power under contract from a supplier even with the solar power agreement with the Town.

Payroll Sick Leave Buy Back – Increase of \$1,317. For years, the policy was “use it or lose it”. Mr. Larkowski explained that employees receive 10 sick days (80 hours) each fiscal year. Employees are allowed to accumulate 30 days (240 hours) of sick leave. Employees who, as of June 30th have more than 240 hours in their sick leave bank are paid their current rate of pay for those hours. An employee may have a one-time option to increase the number of hours in their sick leave bank to 480 but, may not return to the 240 hours. Mr. Larkowski explained the vacation policy as being two weeks after one year up to five years, three weeks up to ten years and four weeks after ten years. Four weeks is the maximum. There are no personal days

Propane Gas – Increase of \$3,000 due to the addition of two new generators being installed.

Treasurer's Expense – Decrease by \$500. Travel by office personnel, meetings, association fees, bank fees, etc.

Legal Expense – Decrease of \$2,000. No major expense anticipated. Only spent \$4,400 in the past year.

Postage Expense – Increase of \$1,000. Postage increase as well as the rental of a new postage machine. The old postage machine could no longer be serviced.

Printing and Advertising – Increase of \$5,500. Ms. McMahon explained that the certification process for bulk mailing the water bills is tedious and beyond the scope of current applications. Development of the transfer files, plus the age of the printer and cost of ink is becoming cost prohibitive. She has contracted with a bulk mailer who will print the water bills, print the newsletter and the Consumer Confidence Report, certification the mailing addresses, stuff and deliver mail to post office for the additional expense.

Superintendent Expense – Increase of \$200. Mr. Larkowski said he planned on attending a few more meetings in the next year plus, he is anticipating being the Vice President of the Barnstable County Water Utilities Association.

FICA Medicare Tax – Increase of \$256. This is a function of payroll and is based on a proposed cost-of-living adjustment by management which will be discussed in a subsequent executive session by the Water Commissioners. The Unemployment Insurance Tax is paid by the District on the first \$14,000 of earnings because the District does not qualify for an exemption under Proposition 2½.

Group Insurance Benefits – Increase of \$35,744. The expense is based on the current census of enrolled participants. Although the Cape Cod Municipal Health Group implemented deductibles and higher co-pays for all plans offered to active employees, the utilization of the plan is what ultimately drives increases. Without the changes that were put in place, it is possible that the percentage of increase in premiums could have been in the double digits. Ms. McMahon explained that the District belongs to a self-funded insurance pool which spends approximately 92% of premiums collected on claims for employees, retirees and their dependents. The estimate also includes the possible enrollment of an employee who is not currently covered by the District.

County Retirement Assessment – Increase of \$9,288. The assessment is based on the total aggregated payroll of all participating units of government in the Barnstable County Retirement Association. Generally, the District is between 4.5% and 5% of the total payrolls. BCRA is on a funding schedule to meet the unfunded future liability cost of the pension system. Poor investment performance can have an impact on the assessment. The amount budgeted reflects the actual assessment and includes a 5% discount for payment of the entire assessment on July 1.

Amounts shown in the budget were designated as place-holders until the Water Commissioners discussed strategies for negotiating wages with non-union personnel in an executive session at the end of the meeting.

Water Quality Expense – Level funded at \$32,500. Mr. Larkowski advised the Board that the District may have to do sampling in the second quarter of 2014 under the Unregulated Contaminants Monitoring Rule (UCMR). The UCMR requires water suppliers to test for contaminants that are not regulated. If they are detected, monitoring may be required until the Environmental Protection Agency determines a maximum contaminant level and the frequency of future monitoring. Initial testing under the UCMR is to determine if the listed contaminants are found in the drinking water supply. He asked for additional time in order to determine the UCMR schedule and the anticipated cost.

Repairs & Maintenance of Stations – Increase of \$5,000. Mr. Larkowski explained that the appropriation pays not only for building maintenance but also for pumps, electronic equipment, etc. The cost in any given year can fluctuate dramatically. However, due to the age of the buildings, the trend is that the expense is increasing. He anticipated that FY 2013 will be very close to expending what was budgeted. It was also noted that with the installation of the emergency generators, Mr. Larkowski plans on contracting for professional preventative maintenance on them which will be an additional expense. He estimated the cost at approximately \$300 per unit.

Mr. Larkowski reviewed the District's participation in the Emergency Demand Response program that may generate approximately \$5,000 in revenue. The program calls upon entities that have power generating capability to take themselves off of the grid during a power emergency in order to alleviate demand or prevent rolling brown-outs. The District is compensated financially for this ability and has received about \$4,600 for the current year for participating.

General Appropriations

Reserve Fund – Level funded at \$50,000. Mr. Larkowski anticipated that he will likely be requesting a transfer of approximately \$15,000 for replacement of the septic system at the Main Station at 80 Old Bass River Road. The effluent is pumped from the building facilities up to the top of the driveway and out of the Zone I of the Main Station. The District will do all of the electrical work.

Principal on Loans – Decrease of \$5,000. There are two outstanding loans. Mass Water Pollution Abatement Trust for the construction of the iron and manganese removal plants and U S Trust for the purchase of the old drive-in and for the conservation restrictions in Brewster.

Interest on Fees on Loans – Decrease of \$15,522. Since municipal debt is usually based on a declining principal payment schedule, interest decreases annually. The fees are paid to the MWPA Trust and are based on a percentage of the outstanding principal.

Independent Financial Reporting – Increase of \$12,500. Ms. McMahon stated that she has not discovered any municipal entity that has conducted a comprehensive compliance audit. She has been at a loss attempting to develop a scope of work. As an estimate, Ms. McMahon has proposed doubling the cost for auditing services. Typically, the District audit is done in May following the fiscal year ending June 30. Mr. McDowell stated that his concern is having an audit that provides assurance that things are being done in accordance with law. Ms. McMahon noted that in terms of compliance, auditing firms conduct random sampling of payables, receipts and payroll, among other things, to verify that the procedures in place assure legal compliance. They do not verify every transaction. Ms. McMahon hires the auditor based on quoted prices but, the auditor reports the findings to the Board.

Cleaning Wells and Pump Repairs – Level funded. Four wells, including the Main Station which has 5 submersible motors, were done this year. Typically, the annual appropriation has been \$80,000 however, the request is for \$40,000 as Mr. Larkowski reported that there are sufficient funds remaining to take care of what will need to be done over the next year.

Safe Drinking Water Act Assessment – Increase of \$3,000 (FY 13 was zero). This is a pass-through fee from the Department of Environmental Protection. The majority of the fee is collected from users on their water bills. However, there is a difference between what is pumped and what is

billed due to flushing, fires, water main breaks, etc. The difference has to be paid by the District. Ms. McMahon said that this is an estimate and any unexpended appropriation is reserved.

Insurance Expense – Level funded. Due to anticipated dividends and participation credits, the District has some outstanding credits that will be applied to the FY 2014 premiums for property and casualty and workers' compensation coverages.

Water Services – Increase of \$15,000. Mr. Larkowski reported that when construction slowed the expense decreased over a number of years. Materials are increasing and there is more work in the replacement of older services. Nearly all of the materials or services purchased through this account are billed to customers.

Household Hazardous Waste Collection Day, Leak Detection Survey and Employee Impact Mitigation for Insurance – No appropriation requested as there are sufficient funds available and in the case of the Mitigation it was a one-time appropriation due to the first year in response to health insurance reform.

Capital Expenditures

New Truck w/Equipment - \$40,000. Most of the fleet trucks are 2-wheel drive ½-ton pickup trucks at an annual replacement cost of approximately \$20,000. This year the Superintendent is requesting replacement of a ¾-ton 4-wheel drive pick up with a plow.

Miscellaneous Equipment - \$7,500. A portable electronic flow meter for \$5,000 and a new bucket for a backhoe/loader for \$2,500 are requested. The flow meter will be used to calibrate the master meters at the pumping stations.

Maintenance & Power Washing Water Tanks - \$100,000. Mr. Larkowski distributed a project schedule for the work to be done on the tanks. The project has been funded at \$100,000 annually since 2009. Total funding is estimated at \$500,000. There is approximately \$221,000 currently in the appropriation account. Originally, he anticipated doing some work on the Rte 28 Tank with District personnel. Upon further evaluation, the tank is in need of more serious work than originally anticipated. He believed that the expenditure would still be within the overall project funding because of the savings realized by doing work with in-house personnel on the other tanks. Instead of doing the Rte 28 Tank in FY 2013, work on the Hokum Rock Tank will likely begin this spring.

Meter Reading Equipment - \$25,000. The meter reading equipment is electronic and operates with Bluetooth technology. The accounts are loaded into the handheld devices to be read remotely. The equipment is no longer serviced by the manufacturer and some parts are no longer available. Many communities have gone to radio read. The Superintendent and Treasurer have determined that the cost outweighs the benefits based on billing semi-annually for water usage.

Green Sand Replacement - \$25,000. This is an annual appropriation for accumulating funds that will be required when it becomes necessary to replace the green sand in the iron and manganese removal plants. The green sand has a life-expectancy of approximately 10 years.

Transmission Main Extensions - \$250,000. Last fiscal year, \$450,000 was appropriated for this three-phase project. The first phase was the installation of approximately 5,000 feet of 12" main on Depot Street. The second phase will be the further installation of main from Eagle Pond

Rehabilitation to Great Western Road. It will be necessary to require proper easements in this area. The purpose of the project is to bring water from north of the Mid-Cape Highway, where the sources are, to Dennisport. Mr. Larkowski said that the total cost of the project is not exactly known because the layout of the third phase, between Great Western and Center Street, has yet to be determined. He estimated \$750,000 to \$800,000 based on the best and shortest layout. There is approximately \$221,000 balance in the appropriation currently. Discussion ensued about acquisition of the easements by eminent domain from unknown owners, the completion of title exams for the parcels involved and the timing of the Annual District Meeting.

Wells 5 & 22 – Iron/Manganese Removal - \$500,000. Mr. Larkowski distributed a report from Comprehensive Environmental, Inc., engineering consultants for this project. He described the project as Well 5 being high in manganese. It was not included in the original construction of the treatment plant because of its distance. Well 22 is high in iron although, when it was first developed at 175 feet, it was incredibly clean. The level of manganese in Well 5 has been coming in above the maximum secondary contaminant level (MCL) of .05 ppm. Mr. Larkowski explained that in the future it is expected that exceeding the MCL will require action by DEP. The project will add a seventh vessel to each of the south and north treatment plants. The plan is to use a approximately 4,000 feet of an existing 6" water main on Rte 134 that has the least service connections, and add about 1,000 feet of new main, to create the raw water main for Well 5 into the south treatment plant. Well 22 is 400 to 500 feet from the north treatment plant. Mr. Larkowski said he would be acquiring the two vessels from Roberts Filters. They take approximately six months to be delivered so he would not expect them until December of this year.

Asbuilts Program - \$25,000. This program is intended to digitize the paper drawings, some of which are more than sixty years old, in order to preserve the information and make it more accessible to staff. The long term goal is to be able to retrieve the asbuilts on portable device in the field. The paper records are old and brittle. This phase of the program will include the purchase of the software, convert the existing AutoCad drawing file of the parcel map and create scanned copies of approximately 4,000 paper drawings. Another phase of the program, which will be labor intensive, is to attach the scanned asbuilts to the main map.

Portable Electronic Flow Meter was listed incorrectly as a capital item. It was previously included as an item under Miscellaneous Equipment for \$5,000.

Watershed Conservation Restriction - \$300,000. There was no discussion relative to this item as it had been reviewed earlier in the meeting.

Revenue - Ms. McMahon noted that there are no recommended changes to the estimated consumption to be billed to customers and that adjustments in other sub-items of revenue such as Materials, is based on trends. There is a decrease in tank rental income due to the loss of Nextel/Sprint as a carrier. This projection reflects the anticipated receipt for \$5,000 for participation in the Electric Demand Response Program. Approximately 88% of the general fund comes from water usage and service billing. In FY 2012, the actual revenue billed was 100.75% of what had been estimated.

Long Range Projection – The Long Range Projection was not reviewed at this time.

Summary for FY 2014 Preliminary Budget – Ms. McMahon reviewed the Budget Summary with the Board. She noted that with the \$150,000 appropriation to the Stabilization Fund the balance is now just over \$1 million. To fund all of the appropriations that have been proposed

for FY 2014, a transfer of just under \$1.1 million would be necessary. Of the certified “Free Cash”, if the budget was funded as proposed, it would leave about \$166,000. A historical summary of the certified “Free Cash” and annual transfers was reviewed. The variance in the free cash depends on surplus generated by high usage during hot dry summers and the amount of transfers made to meet appropriations. Also noted was the \$518,000 included in the “Free Cash” balance that was received as a settlement of the MTBE class-action law suit.

On a motion made by Peter L. McDowell, and duly seconded, the Board **UNANIMOUSLY VOTED: to tentatively approve the budget amounts as recommended subject to any substantive changes to be discussed and reviewed prior to a meeting of the Finance Committee.**

Review and approve 2013 Meeting Schedule - The conference room at the Police Station will not be available for meetings until June, therefore, meetings will be held in the Selectmen’s Hearing Room at Town Hall. On a motion made by Charles F. Crowell, and duly seconded, the Board **UNANIMOUSLY VOTED: to adopt the meeting schedule as presented.**

EXECUTIVE SESSION Chapter 30A, Sec. 21(a)(2) to conduct strategy sessions in preparation for negotiations with nonunion personnel.

On a motion made by Peter L. McDowell, and duly seconded the Board UNANIMOUSLY VOTED: to adjourn the open session in accordance with Chapter 30A, Section 21(2) to conduct strategy sessions in preparation for negotiations with non-union personnel (office and water works employees, Superintendent and Clerk/Treasurer);and not to return to open session. At 7:55 PM the roll call vote was as follows:

Charles F. Crowell – Yes

Peter L. McDowell – Yes

Paul F. Prue – Yes

On a motion made by Peter L. McDowell, and duly seconded, the Board **UNANIMOUSLY VOTED: to adjourn at approximately 9:20 PM.**

Respectfully Submitted,

Sheryl A McMahon, Clerk