

DENNIS WATER DISTRICT  
*Board of Water Commissioners  
And the District Finance Committee*  
Minutes of Meeting held  
March 27, 2014

A meeting, having been duly posted, was held this date at the Dennis Town Hall, 485 Main Street, South Dennis. The meeting was called to order by Paul F. Prue, Board of Water Commissioners Chairman at 5:00 PM. Also in attendance were Water Commissioners Charles F. Crowell and Peter L. McDowell and the following District official:

Sheryl A McMahon, Clerk & Treasurer  
David Larkowski, Superintendent

At 5:01 PM, David Talbott, District Finance Committee Chairman, called the meeting to order. The following Committee members were present: Peter J. Nyberg, James Plath and Richard Roy (5:06).

In accordance with the Finance Committee agenda, Chairman Talbott called for the Election of Officers. On a motion made by James Plath, and duly seconded, the *Finance Committee UNANIMOUSLY VOTED: to have the current slate of officers; that being David Talbott as Chairman, and Greg Stone as Secretary, to serve for the ensuing year.*

***Public Comment:***

Mr. Larkowski advised the Finance Committee members about the need to have an article on the Annual District Meeting Warrant for authorization to extend the existing twenty-year leases with cellular phone carriers. He explained that several of the current leases are nearing their original twenty-year term. The original vote by the District limits the term of the leases to twenty-years.

Mr. McDowell advised the meeting members that he had attended a meeting of the Cape Cod Commission 208 Area-wide Water Quality Plan of the Lower Cape Sub-group. He stated that the District does not have a nitrate problem. He also noted that 9 of the 18 wells that have been continuously monitored for nitrate levels since 1993 reported lower levels in this most recent round of sampling than they had in 1993. Mr. Larkowski noted the acquisition of land over the years has helped protect the water supply. He further noted that over the years the nitrate levels move in small amounts up or down, perhaps one-tenth of a part, which is nothing. **What is significant is that the sampling shows that over time the wells are good.** There are a couple of wells near neighborhoods that are “watched” because they are around two parts and pumping can be modified accordingly.

***Treasurer’s Request to transfer \$13,000 from Article 4 of the April 23, 2013 Annual Meeting for creating a set of written financial policies and procedures.***

Ms. McMahon explained that it was during the preparation for the current fiscal year’s budget that an additional \$13,000 be appropriated in order to conduct a compliance audit. There has been discussion over the last couple of years regarding a compliance audit. She explained that municipal entities do not do compliance audits per se. Compliance audits are done when there is an issue raised that may relate to fraud, waste or abuse in a particular area. Services are then procured on a very specific scope of work. Compliance audits are expensive. The management letter for the FY 2012 audit noted that

an accounting manual of policies and procedures was needed. It would aid in the training of new employees, monitor performance of current employees and improve the internal controls. It would also serve as a basis by which the auditor can evaluate how well they are followed. She explained the random compliance spot-checking that an auditor does through the regular annual audit process. There are only a few procedures written, payroll being the most important. The annual audit is approximately \$11,500 to \$12,500. Without a specific scope of work, she is requesting to transfer the \$13,000 to have the financial policies and procedures done by a professional consultant. Mr. McDowell said that he has raised the question about knowing if the accounting is being done according to law. Ms. McMahon explained that there is a component of the current audit that checks for compliance with law such as procurement under 30B, prevailing wages, etc. Mr. McDowell expressed his concern that as elected commissioners they are responsible to ensure that the District's financial affairs are handled consistent with law. He asked if the development of these procedures provide sufficient background so that the auditor can provide a report that, in his opinion, the financial matters are done entirely consistent with Massachusetts law. McMahon assured Mr. McDowell that developing this set of policies and procedures will ultimately achieve his desired goal. Ms. McMahon said that she will develop the scope of work for the professional services for the Board's approval.

On a motion made by Peter L. McDowell, and duly seconded, the ***Board UNANIMOUSLY VOTED: to place an article on the Annual District Warrant for the transfer and appropriation of \$13,000 from Article 4 of the Annual District Meeting held April 23, 2013, for professional services for creating a set of written financial policies and procedures.***

Chairman Talbott then called for a recommendation by the Finance Committee on the article as it was voted by the Water Commissioners. On a motion made by Peter J Nyberg, and duly seconded, the Finance Committee VOTED: 4-0-0 to recommend that the District transfer and appropriate \$13,000 from Article 4 of the Annual District Meeting held April 23, 2013, for professional services for creating a set of written financial policies and procedures.

### ***Overview of Budget Summary***

Mr. Larkowski reviewed the overall budget and emphasized that we are continuing with current projects. He explained the Transmission Main Project which is being done in three phases. The First two are complete. This year 1,400 feet will be installed from Great Western to Center Street. **Twenty-Five thousand dollars (\$25,000) is being requested to fund the complete this third and final phase. District officials are negotiating with an owner for an easement across property which would be the most cost efficient route.**

Wells 5 & 22 Iron and Manganese Removal project is to add these two wells, one to each of the plants for treatment. The original plants were designed with possible expansion. The engineering and permitting has been completed. The two treatment vessels were ordered and installed. Next week the vendor for programming will be on-site to do that work. The \$250,000 is needed to install the pipe to bring the water from Wells 5 and 22 to the south and north treatment plants.

Mr. Larkowski reviewed the rolling maintenance project for power washing and painting water tanks. The interiors of the Old Bass River and Hokum Rock Tanks have been completed. The outside of Old Bass River Tank has been completed. This spring will be the exterior of Hokum Rock Tank. There is no funding being requested for FY 2015. However, Mr. Larkowski explained that the West Dennis Tank is in need of more work than was originally anticipated. He said that once a professional

evaluation is done, he will know how much additional funding will be needed to do that work. He said that the District personnel would not be doing the work on this elevated tank.

**Chairman** Talbott read a statement from the Budget report on the award that the District received in recognition for the initiative District personnel took to do the work on the Old Bass River Tank.

In a general review of the Operating and Maintenance Budget, Mr. Larkowski addressed the cost of living adjustment that has been recommended by the Board which is 1.5%. Electricity is being reduced by \$20,000 again this year, as it had been done last year. He credited Mr. McDowell with identifying a vendor to provide power at a much lower price. It was noted that the solar field is under construction by the Town, and it is still not known if the District will receive billing credit or a cash payment.

He also reviewed the need to accelerate the meter replacement program so that the nearly 3,000 ABB meters, currently in the system, can be replaced as they are not compatible with the new reading system. They are also an inferior meter. The current increase requested for this line item is \$16,000

Mr. Larkowski reviewed the revenue sources in detail for the benefit of the Finance Committee members and the listening audience. In terms of the \$5,000 estimated revenue from the District's participation in the Emergency Demand Response, he noted that while the District has participated in several tests to get off "the grid" and go to generator power, this past summer was the first time there was an actual event. He also explained the three-tiered water rate system. Ms. McMahon explained that the Seasonal Meter Charge is for removal and installation and stated that the work only takes about 30 minutes each.

Ms. McMahon reviewed the "Free Cash" certification as of July 1, 2013 in the amount of \$838,432. At the end of the Annual District Meeting in 2012, there was slightly less than \$350,000 unexpended. The analysis provided indicates the various sources that increased the free cash balance that was certified by the Department of Revenue.

### ***Projected Water Rates and Long Range Forecast***

Ms. McMahon noted that the Board has reviewed the Projected Water Rates and Long Range Forecast prepared by the Superintendent and Treasurer. The Long Range Forecast is a tool which enables management and Commissioners to plan for future investment capital as well as identify potential trends over time and predict what impact they may have on future water rates. Ms. McMahon noted there are two significant decreases in revenue that in the years when the 20-year cellular antenna leases end, as well the sunset provision on the Watershed Protection Fee. For the foreseeable future, the water rates should remain essentially the same based on water pumping and billing analysis.

### ***Operating & Maintenance Budget – \$3,075,335***

Mr. Larkowski began a more detailed review of the Operating & Maintenance Budget and primarily focused on those line-items that had a change in budget request. The following line items were reviewed:

- Electricity was decreased by \$20,000; this had been discussed previously.

- Heating expense has three accounts and was reduced by \$1,500 to reflect a more accurate trend.
- Sick leave buy back is based on an estimate of the probability of paying the benefit to eligible employees. Employees may bank up to 30 or 60 days of sick time. Once the bank has reached the selected limit, any annual unused sick time is paid as of June 30.
- Chemical Expense is being reduced by \$20,000 due to participation in a bid by Barnstable County Purchasing.
- Printing and Advertising was being decreased by \$500. It was noted that several bills from the bulk mailer were charged to the wrong line-item and that is why the actual for FY 2013 appears to be under expended.
- Meters and Parts is being increased by \$16,000. The reason had been explained earlier under the Budget Summary.
- Communication Expense has an increase of \$1,750 to reflect increasing trends in expenditure. This line item also includes the District's share of the CodeRed reverse 9-1-1 service.
- FICA Medicare Tax is a percentage of payrolls based on those employees who began work after April 1, 1986.
- Barnstable County Retirement Assessment is a fixed cost and was being increased by \$9,368.
- Computer Expense was being increased by \$1,000 due to increased costs in procuring upgrades and multiple licenses for applications.
- Payroll Accounts 60-67 were discussed. How the cost-of-living adjustment is calculated was explained. Personnel are required to carry a pager for over night duty, seven days per week and are paid for two-hours at regular over time rates. **Personnel are assigned to Station Duty on weekends and holidays. They check the stations, fill day tanks with chemicals, record pumping data, etc.** In the summer season, an additional shift of four hours is added to the weekends and holidays. Deferred compensation is paid weekly to employees based on a 100% match up to \$25. Longevity is \$100 per year in excess of ten years.
- The COLA is calculated by taking the average rate of pay for hourly wage earners and multiplying by the percentage. The percent is usually the COLA percentage for Social Security. This hourly adjustment is then added to each employee's rate of pay. There was a brief discussion regarding bonuses and merit pay for exceptional performance.
- Group Insurance Expense – the discussion covered the Municipal Insurance Reform Act that was adopted resulted in design plan changes which provided for deductibles and higher co-pays. These changes essentially shift an increased amount of the utilization costs on to the employee. In addition, all Medicare eligible retirees and their dependents are required to enroll in a Medicare supplement plan and are no longer allowed to select an active plan.
- In total, the Operating and Maintenance Budget total is down .75% compared to the previous fiscal year.

***James Plath moved to recommend an Operating & Maintenance Budget of \$3,075,335 and to fund the expense from the General Water Revenues of the Fiscal Year 2015. The motion was seconded and passed UNANIMOUSLY.***

### ***Elected Officials Salaries - \$7,956***

Ms. McMahon explained that the Elected Officials Salaries is being separated from the General Appropriations Budget because it appears as a separate article in the warrant.

*Peter Nyberg moved to recommend the Elected Officials' Salaries budget of \$7,956 and to fund the expense from the General Water Revenues of the Fiscal Year 2015. The motion was seconded and passed UNANIMOUSLY.*

### ***General Appropriations - \$1,051,666***

- The FY 2012 Reserve Fund was used for the payment of deductibles for damages due to lightning storms, the purchase of inventory to make emergency repairs and for the replacement of the septic system at the Main Station. The Reserve Fund is to be level funded
- Debt service is based on the amortization schedule. The Administrative Fee is a percentage of the outstanding principal of the Mass Water Pollution Abatement Trust 2% loan for the Treatment Plants.
- Independent Financial Reporting had already been discussed at length. The account includes the fiscal audit as well as the OPEB actuarial report that is done biennially. Ms. McMahon added that the Board is in the process of considering the creation of an OPEB Trust Fund for the District.
- The District participates in the Mass Interlocal Insurance Association (in association with Mass. Municipal Association) for its property, casualty, worker's compensation and auto coverages. The expense has been level funded due to annual dividends and credits being earned and applied.
- Water Services was increased by \$25,000 because of significant increases in materials due to new regulations requiring "no lead brass".
- Hazardous Waste Collection Day – this is a rolling appropriation and depending on the amount of material collected, needs additional appropriation to continue providing the service.
- Leak Detection – due to prioritizing of other projects, the program has been deferred. The Superintendent will be revitalizing the program as soon as other high-priority projects are completed. No funding was requested for the coming year.

*James Plath moved to recommend the General Appropriations Budget of \$1,051,666 and to fund the expense from the General Water Revenues of the Fiscal Year 2015. The motion was seconded and passed UNANIMOUSLY.*

### ***Capital Expenditures – \$527,250***

- Cleaning Wells was moved from General Expenditures to Capital as this type of expenditure is an investment in extending the life of wells as part of the infrastructure. Despite a current balance available of approximately \$122,000, the request is for an additional \$60,000. Mr. Larkowski explained Cleaning Wells, New Trucks w/ equipment. The annual maintenance report indicates that there is a good deal of work that needs to be done. He intends to begin some pump work this spring and if the pump demand is not too high, it may enable him to do some work.
- \$20,000 is requested for replacement of a ½-ton pickup truck with ancillary equipment. The trade-in is a 2008 with comparatively low-miles, but it has had significant mechanical issues. Mr. Larkowski anticipates a \$4,000 trade-in value.
- Backhoe-loader to be purchased and equipped for \$84,000. A 2003 John Deere 410 is to be traded. This price was obtained from the results of a state bid (COMM-Pass). The state pre-qualifies the vendors based on a set of specifications. Local governments are permitted to access the bid and vendors. Previously, Mr. Larkowski would solicit bids for just one unit.



The price was very beneficial compared to what he has been able to obtain on a sole bid in previous years. The trade-in was \$32,000. He intends to purchase a plow for the new machine, all within the appropriation requested.

- Miscellaneous Equipment includes equipment that would exceed the annual budget for Tools in the **Operating & Maintenance Budget**. For FY 2015 is proposed to purchase a new tapping machine, some portable hand-held radios and a new file server with new Windows Server software. Mr. Larkowski explained that this is a pilot program for the radios. Not all personnel will need one. He believes it will enhance communication between office staff and certain field personnel. In terms of the server replacement, since Microsoft is soon to discontinue support releases of Windows XP, it will cause a cascade of necessary upgrades for the District's computers. In addition, the current server is passing eight years and is having some performance issues.

***Mr. Nyberg left the meeting at 6:48 PM to attend a Tech School Committee meeting***

- Tank Maintenance and Power Washing – no funds requested.
- Green Sand Replacement – the green sand is the active media that removes the iron and manganese as water passes through the treatment vessels. The media will need to be replaced in approximately ten years. This account was established and has been funded annually in order to mitigate the budget impact of replacing nearly all of the media at once. The request has been doubled to \$50,000 to meet the funding need.
- Transmission Main Extension – the three phase project was already discussed in detail at the beginning of the meeting.
- Wells 5 & 22 Iron and Manganese Removal – the proposed project will increase the capacity to remove iron and manganese by 1.7 million gallons per day. \$600,000 has been appropriated to date. The \$250,000 requested is anticipated to complete the project.
- Asbuilt Program – was funded at \$25,000 in the current year to begin the project of digitizing the asbuilts for water mains. It is essentially a records preservation project as all of the records are paper with the oldest ones now in jeopardy of being lost. The \$25,000 requested will continue the project. There have been a number of projects which have taken priority. He is requesting the funds now so that when there is the opportunity to work on it, the funds will be available. There was some discussion regarding volunteer or interns to work on the project.

***David Talbott moved to recommend the transfer of \$279,237 from Free Cash for the following items:***

<b><i>Cleaning Wells &amp; Pump Repairs</i></b>	<b><i>\$ 60,000</i></b>
<b><i>New Trucks w/Equipment</i></b>	<b><i>20,000</i></b>
<b><i>New Backhoe/Loader w/equipment</i></b>	<b><i>84,000</i></b>
<b><i>Miscellaneous Equipment</i></b>	<b><i>13,250</i></b>
<b><i>Wells 5 @ 22</i></b>	<b><i>101,987</i></b>

***And \$248,013 from water revenues of the fiscal year 2015 for***

<b><i>Green Sand Replacement</i></b>	<b><i>\$ 50,000</i></b>
<b><i>Transmission Main Extension</i></b>	<b><i>25,000</i></b>
<b><i>Wells 5 @ 22</i></b>	<b><i>148,013</i></b>
<b><i>Asbuilt Program</i></b>	<b><i>25,000</i></b>

*for a total capital appropriations budget of \$527,250. The motion was seconded and passed UNANIMOUSLY.*

## **MINUTES**

*On a motion made by James Plath, and duly seconded, the Finance Committee UNANIMOUSLY VOTED: to accept the Minutes of March 31, 2013 and April 8, 2013 as presented.*

*On a motion made by Richard Roy, and duly seconded, the Finance Committee UNANIMOUSLY VOTED: to adjourn their meeting at 7:01 PM.*

Chairman Prue then assumed the chair for the balance of the meeting.

***Customer Issue: John Scabia, 7 Myrtle Lane, Dennisport, Acct. No. 06502 – letter requesting abatement for frozen meter***

Mr. Larkowski explained that a customer is requesting consideration for a bill received for the replacement of a frozen meter. The property is seasonal and the meter is usually removed by the District for the winter. It was not ordered out by the owner this past season. While the Board members expressed empathy for customers having to face this type of unexpected expense, there was a consensus that authorizing some consideration would invite more requests for abatements. Chairman Prue said he would consider extending him any accommodations for a length of time to pay. Ms. McMahon said that this is offered to any customer having difficulty paying an unexpected repair or high water bill. She will extend this to the customer.

*On a motion made by Charles F. Crowell, and duly seconded, the Board UNANIMOUSLY VOTED: to deny the abatement requested from John Scabia, 7 Myrtle Lane, Dennisport, Acct. No. 06502 for a frozen meter.*

## **MINUTES**

On a motion made by Charles F. Crowell, and duly seconded, the **Board UNANIMOUSLY VOTED: to accept the minutes of January 30, 2014, as corrected.**

On a motion made by Charles F. Crowell, and duly seconded, the **Board UNANIMOUSLY VOTED: to accept the minutes of February 27, 2014, as presented.**

On a motion made by Peter L. McDowell, and duly seconded, **the Board UNANIMOUSLY VOTED: to adjourn at their meeting at 7:12PM**

Respectfully submitted,

Sheryl A McMahon  
District Clerk