

# **DENNIS WATER DISTRICT**

## *District Finance Committee*

Minutes of Meeting held

March 24, 2016

At 6:00 PM, Chairman Prue declared the meeting of the Board of Water Commissioners to order. He welcomed the District Finance Committee and turned the meeting over to Sheryl A McMahon, District Clerk, in the absence of a Finance Committee Chairman. The District Finance Committee meeting, having been duly posted, held at Dennis Police Department, 90 Bob Crowell Road, South Dennis was called to order by the Clerk at 6:01 PM. Finance Committee Members Richard Roy, Greg Stone, James Plath and Robert Perry were present. Also attending were Water Commissioners Chairman, Charles F. Crowell and Peter L. McDowell along with David Larkowski, Superintendent and Sheryl A McMahon, Treasurer.

### **Annual Re-organization of Committee**

Ms. McMahon noted the resignation by David Talbott as a member of the Finance Committee and leaves an unexpired term of one year.

Ms. McMahon further noted that Moderator William E. Crowell, Jr. has appointed Robert Perry to fill Mr. Talbott's unexpired term.

It was the consensus of the Finance Committee to have the District Clerk conduct the proceedings for electing a Chairman and Secretary. Mr. Plath nominated Greg Stone to serve as Chairman and the nomination was seconded. The District Clerk called for the vote which was unanimous. Mr. Plath nominated Richard Roy as Secretary and the nomination was seconded. The District Clerk called for the vote which was unanimous.

Chairman Stone then asked for the Superintendent and Treasurer to proceed with presenting the FY 2017 Budget for review by the Finance Committee.

### **FY 2017 Budget Recommendations**

#### ***Revenue Estimates***

<i>Water Revenue</i>	<i>\$ 3,878,526</i>
<i>Watershed Protection Fee</i>	<i>278,220</i>
<i>Investment Earnings</i>	<i>3,000</i>
<i>Tank Rentals</i>	<i>238,119</i>
<i>Solar Farm Revenue</i>	<i>100,000</i>
	<i>\$ 4,497,865</i>

The Treasurer reviewed the major components of revenue for the District. Without a change in the water rates, the estimated revenues is essentially level. She noted the receipt of revenues from the Town of Dennis Solar Farm. The Board has considered a conservative estimate for FY 2017 at \$100,000.

Ms. McMahon noted the Long Range Projection is a guide for taking a multi-year view on future infrastructure and capital needs. It is helpful to the management and the Board for planning purposes.

## **Operating & Maintenance Budget – \$ 3,187,183**

The Superintendent suggested that he would review those line items that had a change from the prior fiscal year and provided an explanation and encouraged anyone to stop him and ask about any other line item:

Reduction in fossil fuel costs is resulting in decreases in some of the line items. The District participates in Barnstable County bids for diesel. Propane is also purchased for generators and the budget is estimated based on the potential for power outages. Technical services was increased by \$2,000 used for surveys, studies, etc.

Maintenance of Mains and Hydrants can vary greatly depending on how the weather is. Legal is anticipated more because of some land damage suits.

Ms. McMahon explained the Medicare tax is a function of payroll. Barnstable County Retirement assessment reduction was explained as well as paying it in full in July and receive a 5% discount.

Payroll 2% COLA was explained. The deferred compensation program was explained. It equals \$1,300 per year per employee but, not all employees take advantage of the entire amount contributed by the District.

Repairs & Maintenance is done almost exclusively in-house with talented and skilled staff for the buildings, treatment plants, chemical and well stations.

On a motion made by James Plath, and duly second, the Finance Committee ***UNANIMOUSLY VOTED: to recommend an appropriation of \$3,187,183 for the FY 2017 Operating & Maintenance Budget and to transfer the sum from General Water District Revenues.***

## **General Appropriations - \$1,022,834**

Ms. McMahon reviewed the General Apportions items such as debt service, audits going out on a three-year bid to save money and also includes the biennial OPEB valuation.

On a motion made by James Plath, and duly second, the Finance Committee ***UNANIMOUSLY VOTED: to recommend an appropriation of \$1,022,834 for the FY 2017 District's General Appropriations and to transfer the sum from General Water District Revenues.***

## **Capital Appropriations – \$319,600**

Mr. Larkowski reviewed the Cleaning Wells and Pump Repairs is for the annual evaluation on well production, clean when needed and replace pumps and motors based on age. \$117,000 is currently available but three wells and pumps are being done this spring and about \$90,000 will be expended. The unexpended balance will be combined with the new appropriation of \$80,000. He said that there are rarely any mechanical breakdowns because we do not wait for 20 years to change out the pumps and motors.

Mr. Larkowski explained the need for a replacement truck ahead of schedule due to a blown motor. There was a short discussion regarding diesel motors and that gasoline may be the preferred choice.

Water Management Act Permit – Mr. Larkowski explained that every public supplier is registered under a permit. Our permit expired in 2010 and has yet to be renewed. The Department of Environmental Protection (DEP) had proposed drastic reductions which has been fought with the assistance of Barnstable County Water Utilities for the Cape. Hopefully, we will prevail and will have the permit authorized in the

next year or so without a dramatic reduction in the permitted withdrawal limit. He explained there are stressed basins in the Commonwealth but, the Cape is not one. DEP is trying to lump all suppliers throughout the entire state together under the same permitting issuance guidelines. Cape Cod has a terrific resource with a substantial aquifer. There is a report that states that the safe daily yield for Cape withdrawal is 265,000,000 gallons daily. Currently, the Cape is only withdrawing about 19% of that safe yield. We want to be good stewards of the environment and will follow a drought management plan when it is necessary. 2015 was the highest production year ever. If the new permit limit had been in effect, we would have exceeded it by 150,000,000 gallons. In reference to the Water Permit Withdrawal Renewal, Mr. McDowell noted that there is a well that can be monitored via the internet in terms of the water level.

On a motion made by James Plath, and duly seconded, the Finance *Committee* **UNANIMOUSLY VOTED:** *to recommend an appropriation of \$319,600 for the FY 2017 District's Capital Appropriations and to transfer the sum of \$279,892 from General Water District Revenues and 39,708 from "Free Cash".*

*Article to Hear and Act on the Reports of the District Officers. – Since the reports are not available discussion and action on this item was deferred.*

#### **Article for Elected Officials' Salaries - \$7,956**

On a motion made by James Plath, and duly seconded, the Finance Committee **UNANIMOUSLY VOTED:** *to recommend that the District the appropriation of \$7,956 from the General Water District Revenues of the Fiscal Year 2017 for the salaries of the elected officials as presented.*

#### **Special Articles for Annual District Meeting:**

##### **a) Rescind Borrowing Authorization – Article 6, ADM 4/28, 2015**

##### **b) New Water Tank – \$4,000,000**

Mr. Larkowski explained the original plan to paint the West Dennis tank. The professional evaluation report was made available to the Finance Committee in their budget review book. The Board undertook a study and identified the need for a new tank when the bids from the painting and repairs request for bids came in more than the original appropriation. He explained that there used to be 750,000 gallons of tank storage on the site but, the 250,000 gallons was taken down a number of years ago. He explained that we lose about half of the tank's capacity in the high demand season of summer. It is difficult to get the north side production down into West Dennis. The Board is proposing to build a 1 million gallon tank on the same site. The increase in size will increase the availability of water during high demand usage. The tank is elevated by a concrete pedestal. It will be 130 feet tall with 40 feet on top for the 1 million gallons of water. There is one in Eastham under construction. A major reason is that it is less costly in construction but, the main reason is that future maintenance will not require a containment system. Concrete built in place so there will be no sandblasting. The tank will be sandblasted and painted on the ground then lifted and completed in place. The tank should be about \$3,500,000 including the removal of the old tank. It has not been out to bid or even designed, yet. A large contingency of \$500,000 is accounted for in this request. At least four contractors are willing to bid so there will be good competition over the cost. It will be necessary to relocate pipe and to modify the SCADA system. Moving to a new site was looked at but, it would not have been good for the cellular carriers and the Board did not want to lose the lease revenue. Design will accommodate sleeves etc. for the cellular carriers.

Mr. Larkowski explained that the construction of the new tank will be tight on the site but, there seems to be sufficient land to build the new one according to a contractor who visited. We will immediately be doing geotechnical work to 150 feet, if the project is approved at the District Meeting.

On a motion made by James Plath, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend that the \$200,000 borrowing authorization granted under Article 6, of the Annual District Meeting held on April 28, 2015 be rescinded.***

On a motion made by Richard Roy, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend an appropriation of \$4,000,000 for to pay for the engineering, design and construction costs of a one million gallon composite style water tank in West Dennis including the laying and relaying of new or existing water mains to deliver water to and from the tank, and for the engineering costs, demolition and debris removal of the existing water tank including all other costs incidental and related thereto, and further; to recommend that this project be funded by transferring \$500,000 from "Free Cash", \$500,000 from the existing appropriation for the Maintenance and Power Washing of Water Tanks, \$1,000,000 from the Stabilization Fund and to authorize a borrowing of \$2,000,000 for a total funding of \$4,000,000.***

On a motion made by James Plath, and duly seconded, the Finance Committee ***VOTED 3-0-1 (R Perry): to approve the minutes of April 28, 2015.***

On a motion made by James Plath, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED to adjourn the meeting at 7:33 PM.***

***Respectfully submitted,***

***Sheryl A McMahon, Clerk***