

DENNIS WATER DISTRICT
Joint Meeting of the
Board of Water Commissioners and District Finance Committee
Minutes of Meeting held
March 13, 2017

At 3:00 PM, Chairman Prue declared the meeting of the Board of Water Commissioners to order. In attendance were Water Commissioners Peter L. McDowell and Alan Tuttle. He welcomed the District Finance Committee and turned the meeting over to Chairman Greg Stone.

The District Finance Committee meeting, having been duly posted, held at Dennis Town Hall, 685 Rte. 134, South Dennis was called to order by 3:02 PM by Chairman Greg Stone. Finance Committee members Richard Roy, James Plath, Robert Perry and Faith Hallett were present. Also attending were David Larkowski, Superintendent and Sheryl A McMahon, Treasurer.

Public Information None

Annual Organization of Finance Committee

Chairman Stone acknowledged the resignation of Peter J. Nyberg as a member of the Finance Committee and expressed appreciation for his years of service.

Chairman Stone acknowledged Moderator William E. Crowell's appointment of Faith Hallett to fill Mr. Nyberg's unexpired term (Annual Meeting 2019).

On a motion made by James Plath, and duly seconded, the Finance Committee ***UNANAMOUSLY VOTED:*** *to elect the slate of officers as currently comprised (Greg Stone Chairman, Richard Roy Secretary).*

Review and Consider Recommendations on FY 2018 Budget Proposal and Warrant Articles

Revenue Estimates – The Treasurer reviewed the estimated revenues and advised that the Board reviews the Long Range Projection for operations and capital expenditures and large infrastructure projects. The Board does not anticipate any adjustments to the water use rates for the foreseeable future.

Long Range Projection there was a brief discussion regarding the projection as a tool for planning and strategically financing major projects which can avoid borrowing.

Operating & Maintenance \$ 3,220,728 – General Water Revenues

Mr. Larkowski led the discussion by reviewing those line items that were otherwise not level funded. Sick Leave Buy Back was discussed at length. It is for the payment of unused sick leave that exceeds the 30-day limit (a 60-day limit is also an option). It was noted that Massachusetts labor laws now require a certain level of paid sick leave for employers with 25 or more employees. An explanation was provide for reducing Maintenance of Mains Hydrants by \$8,000 and change its designation to *Maintenance of Hydrants* and further to discontinue the account under Capital Expenditures entitled Water Main Rehabilitation. The intention is to create and fund a new capital expenditure account entitled *Water Distribution Maintenance and Extensions*. This is to more accurately reflect the use of the funds. The line item for Postage was reduced due to the increased use of email and faxes. Mr. Larkowski explained the increase in Licenses, Dues and Training due to the increase cost of the required classes in order to sit for the Drinking Water exams as well as the contact hours that are required for already licensed employees. Barnstable County Retirement Assessment had increased by \$18,447. Ms. McMahon explained that the assessment is based on

the aggregated payrolls of all the participating units in the retirement system. The District is generally between 4.4% and 4.8% of the total gross payrolls. The Water Quality Expense – which is primarily used for water sampling tests – is proposed to increase by \$11,650. Mr. Larkowski explained that EPA regulations dictate which types of contaminants are to be tested for and how often. This tends to make this line item fluctuate annually. The Superintendent explained how the Cost of Living is calculated based on the average wage of hourly compensated employees multiplied by a percentage (this year 2.5%) and then applying that hourly rate to each employee. This means of distribution provides the least paid employees a slightly greater percentage than more highly paid ones. This has been a long standing practice and policy of the Board. It was noted that the Superintendent and Treasurer would not be receiving an increase in their annual wages for the ensuing fiscal year. A new line item for *Regrades* was discussed. It is intended to increase the hourly rate of employees who obtain operating licenses. Over time is paid base on working in excess of an eight hour day. Ms. McMahon explained the increase in appropriation for the group insurance. The premiums are being increased as well as the deductibles and co-pays. The Board has proposed to take 25% of the estimated savings from the changes in the plan design and deposit it in an employee insurance mitigation fund to be distributed on a reimbursable basis to subscribing employees.

General Appropriations - \$ 1,079,418 – General Water Revenues (GWR)

Ms. McMahon reviewed the appropriations proposed for the General Appropriations Budget. She advised that the Reserve Fund is proposed to be increased by \$25,000. It has been at the \$50,000 level for many years but, as cost have risen over the years, a series of unfortunate events could deplete the fund quickly. Last year there was insufficient funds available to cover the replacement of a truck that had a total engine failure and it had to wait for the Annual District Meeting. Ms. McMahon noted that the FY 2015 and 2016 audit reports were available on the website. She further explained the need to fund a new Legal Expense – Litigation of \$50,000 due to a number of suits filed for land damages in five different instances against the District. There was a brief discussion regarding the Leak Detection Program and the annual percentage of “unaccounted for” water which, is the difference between what is pumped from the wells, less what is accounted for by water billing, flushing, draining water tanks, well cleanings and to a lesser degree fires. Mr. Plath suggested that some of the routine General Expenditures be appropriated with and become part of the O & M Budget. He stated that it would give a more comprehensive total of what it actually costs to operate the District.

Capital Appropriations \$ 566,300 – GWR of \$273,787 & Free Cash of \$292,513

Mr. Larkowski explained the need and processes involved in cleaning the District supply wells. It has been the practice for many years to routinely replace well pumps as they are age instead of waiting until they fail. Currently, eleven wells are being cleaned in this fiscal year. The Superintendent reviewed the purpose of the newly created account for Water Distribution System Maintenance and Extensions and the discontinued use of the Water Main Rehabilitation Account. Mr. Larkowski reviewed the status of the Water Withdrawal Permit Renewal. Although, no further appropriation was necessary, the process is still on-going. He further reviewed the request of \$96,000 for new trucks. Mr. McDowell noted that he and the Superintendent were still reviewing the possibility that the brake system on the dump truck, which has had chronic issues for quite some time, might be solved and the truck may be able to continue to be used. However, it was determined that the intention to replace it should go forward for now. In terms of construction equipment, the proposal is to trade-in the oldest backhoe/loader with a larger sized mini-excavator for \$55,000. An annual request of \$50,000 is made for funding an account to replace the media in the vessels at the iron and manganese removal plants. To replace all of the material at once would cost hundreds of thousands of dollars.

Article to Hear and Act on the Reports of the District Officers.

Since the reports have yet to be published, the item was deferred.

Elected Officials' Salaries \$7,956 – GWR

The salary for elected officials is proposed the same as it has for many years.

Special Articles for Annual District Meeting:

New Water Tank – \$1 million from “Free Cash”

Ms. McMahon explained that this will bring the total amount of cash funding for the tank to \$3 million. There is still a bond authorization outstanding for \$4 million. She anticipates that the total project will be funded with cash with an additional transfer from “Free Cash” at the annual meeting next year. The estimated cost of the project is \$3.6 million.

Other Post-Employment Benefits (OPEB)- \$67,168 – “Free Cash”

Ms. McMahon advised that the Board of Water Commissioners voted on March 2, to establish the OPEB Liability Trust Fund. This will be the first appropriation to the Trust. It essentially represents the “normal costs” as identified in the most recent OPEB actuarial valuation. It is not addressing the accumulated unfunded liability.

Gift of Land off Rena’s Way

The proposed gift by Peter J. Nyberg of land south of Rena’s Way and west of Old Bass River Road was reviewed. The land has been surveyed and contains approximately 6.7 acres and is adjacent to land currently held by the District for watershed protection.

Employee Health Insurance Mitigation Fund - \$1,742 “Free Cash”

The Treasurer explained that in accordance with Chapter 32B, municipal employers that are members of a self-insured pool must maintain plans that are the actuarial equivalent to the most popular plan offered by the Group Insurance Commission. This means that deductibles and co-pays must be adjusted from time to time to remain equivalent. As of July 1, 2017, the plans offered by the District will have higher co-pays and deductibles. A section of Chapter 32B requires that the employer set aside 25% of the first year’s estimated savings in an employee insurance mitigation fund. This is required to be bargained with unions. Although, the District does not have unions, the Board was supportive of offering the same limited benefit to subscribing employees.

On a motion made by James Plath, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend an appropriation of \$3,220,728 for the FY 2018 Operating & Maintenance Budget as presented and to transfer this sum from General Water District Revenues.***

On a motion made by James Plath, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend an appropriation of \$1,079,418 for the FY 2018 General Appropriations as presented and to transfer the sum from General Water District Revenues.***

On a motion made by Richard Roy, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend an appropriation of \$566,300 for the FY 2018 Capital Appropriations as presented and to transfer the sum of \$273,787 from General Water District Revenues and \$292,513 from “Free Cash”, and further, to transfer all unexpended and unencumbered funds from the Water Main Rehabilitation Account to the new Water Distribution System Maintenance and Extensions Account.***

On a motion made by Robert Perry, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend the appropriation of \$7,956 from the General Water District Revenues of the Fiscal Year 2018 for the salaries of the elected officials as presented.***

On a motion made by Robert Perry, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend a transfer of \$1 million from “Free Cash” to be used with amounts appropriated under Article 7 of the Annual District Meeting held April 26, 2015, for the engineering, design and construction costs of a one million gallon composite style water tank in West Dennis and the removal of the elevated tank now in use.***

On a motion made by Richard Roy, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend a transfer of \$67,168 from “Free Cash” to the OPEB Liability Trust Fund.***

On a motion made by Faith Hallett, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend that the District authorize the Board of Water Commissioners to acquire by gift or by eminent domain, with the consent of the owner, for watershed protection purposes, three contiguous parcels of land of Peter J. Nyberg, Individually and as Trustee of the Jil-Mar Realty Trust and the P. J. Nyberg Family Limited Partnership containing a total of 6.76 acres, more or less, located off Rena's Way, South Dennis.***

On a motion made by Robert Perry, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend that the District transfer and appropriate \$1,742 from “Free Cash” to an Employee Health Insurance Mitigation Fund as provided by Chapter 32B, Section 18 of the Massachusetts General Laws.***

Minutes: April 26, 2016

On a motion made by James Plath, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to accept the minutes of April 26, 2016 as corrected.***

Mr. McDowell asked if there were sufficient funds available to cover any expenses incurred by the District to accept the gift of land (none to be paid to the donor). Ms. McMahon stated that there is an existing appropriation that has an available balance of approximately \$5,000 to \$6,000 which will cover any recording or other closing costs.

Chairman Stone extended his appreciation for the administration’s presentation of the budget and that of the Water Commissioner’s. He expressed appreciation of the fact that the new water tank will essentially be built without borrowing.

Chairman Prue expressed appreciation for the Finance Committee and their support.

Adjournment

On a motion made by James Plath, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to adjourn the meeting at 4:46 PM.***

On a motion made by Peter L. McDowell, and duly seconded, the Board of Water Commissioners ***UNANIMOUSLY VOTED: to adjourn the meeting at 4:46 PM.***