

DENNIS WATER DISTRICT
Joint Meeting of the
Board of Water Commissioners and District Finance Committee
Minutes of Meeting held
March 22, 2018

At 6:00 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. (Note: the meeting was originally posted for Dennis Police Station but, had to be changed due to technical difficulties with the recording/transmitting equipment).

The District Finance Committee meeting, having been duly posted, held at Dennis Town Hall, 685 Rte. 134, South Dennis was called to order by 6:02 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

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

Review and Consider Recommendations on FY 2019 Annual District Meeting Warrant Articles

- **ARTICLE 1. To hear and act on the reports of the District Officers for the Calendar and Fiscal Year 2017.**

Since the Reports are not yet published, there would be no action tonight.

- **ARTICLE 2. Salary of Elected Officials - \$7,956; 3 Commissioners at \$2,550 each; 1 Moderator at \$306**

On a motion made by Robert Perry, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend to fix the salary and compensation of the elected officers of the District as listed in the article and to transfer the sum of \$7,950 from General Water District Revenues for the fiscal year commencing July 1, 2018.***

- **ARTICLE 3. Operating & Maintenance Budget - \$3,288,145**

Mr. Larkowski highlighted those amounts that are changed from the current budget. A \$50,000 increase is projected for Electricity due to significant price in the kilowatt per hour rate. Some of this expense is recouped through revenue received from the Solar Farm. It is estimated the District will receive approximately \$100,000 from those net metering credits for FY 2019.

There was discussion concerning the sick leave buy back for employees. Employees are allowed 10 days of sick leave per year. Employees are allowed to accumulate up to 30 days of paid sick time. Once that limit is reached, as of June 30th in any given year, any days in excess of those 30 days is "bought back" at the employees current rate of pay. Employees are paid up to their accrued maximum sick leave upon retirement or termination. There was discussion about sick leave buy back for collective bargaining units with the Town of Dennis. Ms. McMahon was asked to obtain a copy of the Town's union provisions for sick leave buy back.

Ms. McMahon explained that the Retirement Assessment is based on what percentage the District's total gross regular compensation (no overtime) compared to the total gross of all participating governmental units in Barnstable County Retirement. It is generally from 4.5% to 5% of the total assessment.

The payroll line items were reviewed and discussed. It was noted that the Superintendent and Treasurer did not receive an increase last year. The cost-of-living percentage calculation was reviewed. It is the average of all hourly wage earners multiplied by a 2% COLA and that amount per hour is applied to all hourly employees. Longevity compensation was reviewed. Employees receive \$100 per year for every year after their 10th anniversary. Mr. Plath noted that the Town's unions have done away with longevity for people hired after a certain date.

Chairman Stone inquired about the Legal Expense. Last year a separate appropriation of \$50,000 was voted in order to pay for legal services relating to five land damage cases. They are still on-going. The reason for this appropriation was to prevent budgetary spikes as these cases were not the routine legal expenses incurred on an annual basis.

There were discussions relating to the budgeting allocations, what items, such as Legal Expense, are to be included in General Appropriations and what is included in the Operating and Maintenance Budget. Chairman Stone asked how overtime is determined, whether it is based on an 8-hour day or a 40-hour week. Employees are paid overtime if they exceed 8 hours of work in a day. Ms. McMahon was of the understanding that the Town's union employees are paid overtime based on an 8-hour day.

On a motion made by James Plath, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend an appropriation of \$3,288,145 for the FY 2019 Operating and Maintenance Budget as presented and to transfer that sum from General Water District Revenues.***

- **ARTICLE 4. General Expenses - \$1,030,105 - including Reserve Fund, Debt, Independent Financial Reporting, Insurance (other than group employee benefits), Water Services Household Hazardous Waste Collection**

Debt service was discussed and it was noted that the Mass. Water Pollution Abatement Trust Loan is 2%.

There was a discussion regarding the auditing firm. Ms. McMahon explained that Sanders Walsh and Eaton have performed the District's audit for at least 6 years. The FY 2017 audit is complete and it completes a three-year quote from Sanders Walsh and Eaton. Ms. McMahon advised that the next lowest bidder was about \$18,000 compared to their quote of \$12,000.

On a motion made by James Plath, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend an appropriation of \$1,030,105 for the FY 2019 General Expenses as presented and to transfer that sum from General Water District Revenues.***

- **ARTICLE 5. Capital Expenditures - \$681,000 – including Cleaning Wells & Pump Repairs, Water Distribution System Maintenance & Extensions, New Trucks, Misc. Equipment, Green Sand Replacement**

Mr. Larkowski reviewed the need for conducting annual cleaning of wells and pump repairs. There are 22 wells and annual pump tests are done to determine their capacity and the need for maintenance. The Superintendent noted that the construction of the new tank being completed this spring, he felt it was time to focus attention on the condition of the distribution system as it is approaching 75 years. He is aware of many instances where gates do not shut down properly during water main or hydrant repairs. There are a number of intersections in Town that need to have gates replaced. To do this work, it may require the hiring of a company to place line stops to shut the water off to do the work without having to shut down a significant number of homes and businesses. The request is for \$400,000. This is mostly for materials, line stops and police detail as needed.

The purchase of a new utility truck was reviewed. This truck is a 2007 and has 84,000 miles on it but, it has an engine that has been known to have problems. Miscellaneous equipment was reviewed but, it was noted it was less than the prior year. Ms. McMahon explained that the water billing software, although it has been upgraded over the course of many years, is a custom-built programming and will not be migrating to a platform that can accommodate the latest of technology such as bill presentment. She advised that the owner of the company and the original programmer had passed away last year. The requested appropriation is \$30,000.

On a motion made by Faith Hallett, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend a transfer of \$354,944 from Free Cash and a transfer of \$326,056 from the FY 2019 General Water District Revenues for a total appropriation of \$681,000 for the Capital items as listed in the article.***

- **ARTICLE 6. New West Dennis Tank \$600,000 (Free Cash transfer)**

Mr. Larkowski reviewed the status of the new tank construction which is expected to be completed and on line by early June and under the original budget of \$4 million. To date, the District has funded the project from available funds such as Free Cash. This request will complete the funding of the project, including demolition of the old tank and there will be no borrowing.

On a motion made by Richard Roy, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend a transfer of \$600,000 from Free Cash to be used with, and added to, funds already appropriated under Article 7 of the Annual District Meeting held April 26, 2016, for the state ad purposes of the article.***

- **ARTICLE 7. Rescind previous borrowing authorization of \$2 million for new tank construction and old tank demolition.**

On a motion made by James Plath, and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend that the voters rescind the \$2,000,000 borrowing authorization granted under Article 7 of the Annual District Meeting held April 26, 2016.***

Chairman Stone asked about the Long Range Forecast and the projected annual deficits. Ms. McMahon advised that historically, all of the forecasts have deficits. Free Cash is essential to funding those gaps and is used almost exclusively to fund capital appropriations. It was noted that the Watershed Protection Fee will terminate, in accordance with the District vote, in FY 2020 but the final payment debt payment, for which the Fee was created to fund, is not paid until FY 2023. This will create a revenue deficit of approximately \$280,000 annually. Collections were ahead of the debt schedule.

- **ARTICLE 8. Accept Chapter 32B, Sec 20 to establish Other Post-Employment Benefits Liability Trust Fund and to designate trustee or trustees.**

Ms. McMahon explained that in March of 2017, the Board voted to establish the OPEB Trust Fund. However, a change in the statute that was in effect the prior November requires that the District votes to create the Fund. The statute specifies that the Treasurer of the governmental unit is the custodian. The District will also need to vote the composition of the Trustees which Ms. McMahon reviewed. She also noted that the Town of Dennis OPEB Trust Board has selected Rockland Trust to provide the investments. It was her recommendation to have the District Treasurer be the Trustee and then pool the District's OPEB Trust Fund with that of the Town for better investment opportunities and lower fees. Mr. Plath, who serves as a trustee on the Town of Dennis OPEB Trust Fund confirmed that Board, comprised of himself as Chairman of the Finance Committee, Chairman of the Selectmen, Town Accountant, Town Treasurer and Town Administrator had completed a comprehensive process of requesting proposals and interviews and had indeed selected Rockland Trust to invest the OPEB funds.

On a motion made by Alan Tuttle, and duly seconded, the Board of Water Commissioners: ***UNANIMOUSLY VOTED: to recommend that the District accept the provisions of Massachusetts General Laws Chapter 32B, Section 20 pursuant to subsection (b) for the purposes of establishing an Other Post-Employment Benefits Liability Trust Fund (OPEB Fund) and further, that pursuant to subsection (d) that the custodian be designated as the Treasurer of the OPEB Fund.***

On a motion made by Robert Perry, and duly seconded, the Finance Committee **VOTED: 4-0-1 (JP): to recommend that the District accept the provisions of Massachusetts General Laws Chapter 32B, Section 20 pursuant to subsection (b) for the purposes of establishing an Other Post-Employment Benefits Liability Trust Fund (OPEB Fund) and further, that pursuant to subsection (d) that the custodian be designated as the Treasurer of the OPEB Fund.**

- **ARTICLE 9. OPEB Trust Fund - \$74,233 (Free Cash transfer)**

On a motion made by Alan Tuttle, and duly seconded, the Board of Water Commissioners: **UNANIMOUSLY VOTED: to recommend a transfer of \$74,233 from Free Cash to the Other Post-Employment Benefits Liability Trust Fund as established in accordance with Massachusetts General Law Chapter 32B, Section 20.**

On a motion made by Faith Hallett, and duly seconded, the Finance Committee **VOTED: 4-0-1 (JP): to recommend a transfer of \$74,233 from Free Cash to the Other Post-Employment Benefits Liability Trust Fund as established in accordance with Massachusetts General Law Chapter 32B, Section 20.**

- **ARTICLE 10. Stabilization Fund – consider amount for Free Cash transfer**

On a motion made by Peter L. McDowell, and duly seconded, the Board of Water Commissioners: **UNANIMOUSLY VOTED: to recommend a transfer of \$100,000 from Free Cash to the Stabilization Fund.**

On a motion made by James Plath, and duly seconded, the Finance Committee **UNANIMOUSLY VOTED: to recommend a transfer of \$100,000 from Free Cash to the Stabilization Fund.**

Minutes: March 13, 2017

On a motion made by James Plath, and duly seconded, the Finance Committee **UNANIMOUSLY VOTED: to accept the minutes of March 13, 2017 as printed.**

Adjournment of District Finance Committee:

On a motion made by Richard Roy, and duly seconded, the Finance Committee **UNANIMOUSLY VOTED: to adjourn the meeting at 7:28 PM.**

Board of Water Commissioners Meeting Continued after a brief recess.

Review Policy on Uniform Flow of Communications

Mr. McDowell suggested that Item 4 of the Policy be revised. He said that there should be no conditions or limitations for the Commissioners to add items to an agenda. On a motion by Peter L. McDowell and duly seconded, the Board **UNANIMOUSLY VOTED: to revised the Policy on Uniform Flow of Communications by striking Item 4 and inserting the words: “Board members may timely add items to the agenda.”**

In regards to Item 7, Mr. McDowell suggested that the text include “and Town’s” after “website in the following sentence as written in the policy: *The final agenda shall be available on the District’s website upon official posting with the Town Clerk, in so far as is practical.* A motion was made by Peter L. McDowell and duly seconded. Discussion ensued. It was noted that the policy item states that the agenda is posted on the District’s website after official posting with the Town Clerk. The official posting of the Town Clerk is on the Town’s website. No vote was taken on that motion. On a motion

made by Peter L. McDowell, and duly seconded the Board ***UNANIMOUSLY VOTED: to strike the words “in so far as is practical” from Item 7 of the Policy on Uniform Flow of Communications.***

Mr. McDowell made a suggested changes to Section B: Special Meeting and Agenda. Discussion ensued. Mr. McDowell moved that his recommendations be accepted. The motion was not seconded. On a motion made by Alan Tuttle, and duly seconded, the Board ***UNANIMOUSLY VOTED: not to make any changes to Section B of the Policy on Uniform Flow of Communications.***

On a motion by Peter L. McDowell and duly seconded, the Board ***UNANIMOUSLY VOTED: to add “or delivered to their address” to the last sentence of the policy.***

Consider Office Closure Policy

Due to the outage of telephone service at the District following the snow storm of March 13, Mr. McDowell thought that the office had been shut down. He said he had no problem with current practice but, would like to be notified when there is such a thing as loss of phones. Ms. McMahon advised the Board members that if they should ever call the office and get the answering service to definitely leave a message and someone would get back to them or call the Superintendent directly on his phone, 24/7.

Consider a policy relative to when any opinion of the District is requested for a political or policy matter outside any management function that any response be first authorized by the District Commissioners.

Mr. McDowell said that whenever staff is asked about a political issue or a policy matter (siting a recent controversial issue) someone had asked the Superintendent about what a position relevant to an affordable housing development on Alexander Drive. He said that when any time some asked for “an opinion” on a political policy matter of the Water District, that the Commissioners, as the policy makers of the District have an opportunity to have control over whether we respond or not, whatever that might be. He said that the three Commissioners should vote the position of the Water District. Mr. Larkowski asked if the Board was going to create a policy regarding this. Mr. McDowell suggested starting with an understanding. Mr. Larkowski responded by saying that that understanding is what we practice already. He said that if there is anything that needs the Board’s opinion, because of policy or politics, he would certainly bring it to the Board. He was said that if he is asked about the development of a specific property because it is adjacent to District property, he would say no, in terms of water quality so long as it is meeting all the requirements and regulations such as the Board of Health. Mr. Larkowski acknowledged that he will be more aware if it is an issue that may be on the edge.

Minutes: January 25, 2018

On a motion made by Alan Tuttle, and duly seconded, the Board of Water Commissioners: ***UNANIMOUSLY VOTED: to accept the minutes of January 25, 2017 as presented.***

Mr. Carl Monroe is a candidate for selectman and had joined the meeting in progress as an observer.

Adjournment

On a motion made by Peter L. McDowell, and duly seconded, the Board of Water Commissioners ***UNANIMOUSLY VOTED: to adjourn the meeting at 8:07 PM.***