

DENNIS WATER DISTRICT

Board of Water Commissioners

Minutes of Meeting

February 22, 2024

A meeting, having been duly posted, was held this date at the Stone Hearing Room, Dennis Town Hall, 685 Route 134, South Dennis and called to order by Peter L. McDowell, Chair, at approximately 10:01 AM. Water Commissioners Robert M. Perry (10:02) and Paul F. Prue were present. Also, present were David Larkowski, Superintendent and Sheryl A McMahon, Treasurer.

The Pledge of Allegiance was recited.

New Chair to Discuss Lawful Conduct of Future Board meetings.

Chair McDowell asked that anyone wishing to speak was to first be acknowledged by the Chair. He distributed material to those present. He said it pertained to \$10,000,000 of government money being spent on water quality research. He explained the process for a Point-of-Order.

Public Information

Superintendent Larkowski asked for a moment of silence for Robert “Bob” Barboza. He was a District employee who passed away on February 5. He served with distinction for 29 years and he will be missed for his talents, skills, workmanship, leadership and most importantly his friendship. He will be greatly missed. A moment of silence was then observed by those present.

Consider conducting an EXECUTIVE SESSION in accordance with M.G.L. Chapter 30A, Section 21; Item 6) to consider the purchase, exchange, taking, lease, or value of two parcels of real property and further Item 2) to conduct strategy in preparation for negotiations with non-union personnel as the Chair has declared that an open meeting may have a detrimental effect on the District’s bargaining position for both items.

On a motion made by Robert M. Perry and duly seconded, the Board ***UNANIMOUSLY VOTED: to take the 10:15 AM Executive Session matter up immediately.*** Notice is provided in the heading of the Agenda that items may be taken later or earlier than indicated.

A motion was made by Peter L. McDowell to conduct an EXECUTIVE SESSION in accordance with M.G.L. Chapter 30A, Section 21; Item 6) to consider the purchase, exchange, taking, lease, or value of two parcels of real property and further Item 2) to conduct strategy in preparation for negotiations with non-union personnel as defined in the warrant. It was seconded by Paul F. Prue. The roll call vote was called at approximately 10:08 AM and found to be as follows:

Robert Perry “aye”

Paul F. Prue “aye”

Peter McDowell “aye”

Returned from Executive Session at approximately 10:52 AM

FY 2025 Proposed Budget Review

Ms. McMahon reviewed the presentation that was made at a workshop held by the Board at the District office on February 8. The presentation was based on the financial modeling application provided by Waterworth. There were no decisions made during that workshop regarding the budget. Ms. McMahon

went through the Power Point presentation on the Operating and Maintenance budget for FY 2025; reviewing the changes that were made to certain line items such as Group Insurance (and the County Retirement Assessment (\$8,100 increase).

The line items for Payroll represented an increase that was minutes ago approved by majority vote of the Board in Executive Session. The increase is a \$5.00 per-hour increase for all staff and management.

Ms. McMahon noted an increase in the Group Insurance Benefits line item. She explained how she estimates the appropriation request based on the current participation and anticipating that a new hire might take the most expense plan at the family rate.

The Operating and Maintenance Budget Total was now \$5,636,600 which represents an 8.24% increase. Most of the increase can be attributed Group Insurance, County Retirement, an increase in the Reserve Fund from \$75,000 to \$125,000, Electricity along with Cyber Security which is a new line item and represents about 9% of the total increase.

Ms. McMahon reviewed the Capital Expenditures and Continuing Appropriations with the Board. It was noted that the Land Acquisitions are still not set and may remain tentative for a few more weeks. She advised that the \$1.6 million for the Green Sand Replacement is an estimate of what will need to be borrowed and the warrant article will include a transfer of available of funds of about \$500,000. Mr. Larkowski advised that the advertisement went out February 14, bids are due March 13, and he expects that following their review, the Board will be able to make an award at their following meeting. Ms. McMahon said that after setting aside from the total those capital items that will require borrowed funds, the annual Capital Expenditures is about \$1 million.

Ms. McMahon reviewed the Financial Model graph for the projected FY 2025 budget and a project through FY 2031. She noted that, including existing and proposed debt service with no water rate increases, the annual revenue cannot support the Operating Budget, Capital, and Debt Service. The breakout of estimated revenues for FY 2025 was reviewed. A following chart showed the graphical difference between the estimated revenues, borrowing proceeds received and other revenues such as solar and cellular leases compared to projected annual budgets. There is an approximate \$1 million deficit at the current water rate structure projected over the next several years. The budget summary was reviewed with the Board that showed a shortfall of water revenue for the Operating & Maintenance Budget plus the Elected Officials Salaries of \$46,208. It showed a deficit of \$926,000 for the Capital Expenditures. She pointed out that if the District allocated the shortfall from an anticipated “Free Cash” of \$986,086 there would only be \$13,778 remaining. She said that wasn’t a solution because it would leave the District in a precarious cash position in the next fiscal year.

The following considerations were identified:

- As proposed, there is a structural deficit of just over **\$46,208** for Operating and Maintenance Expenses for FY 2025.
 - There is a deficit of just over **\$926,000** for Capital Expenditures.
 - If you were to cover the anticipated deficit of **\$972,308** from “Free Cash” it would leave just **\$13,778**.
 - If the borrowing authorization for the Greensand is approved (15-year bond) the FY 2026 will have at least a **\$1.46** million deficit.
 - If the Land Purchases are also approved (20-year bond) along with the Greensand the deficit will be about **\$1.58** million deficit.
 - An increase of 20% in water revenues is needed to meet this year as well as an annual 5% increase over the next five years. This increase does not include any significant re-investment into the water infrastructure.
 - Consider actively funding the Stabilization Fund or establish a Capital Improvement Fund.
- Consider Water Usage Tiers and Rates**

The projected revenue deficit is about \$1 million and the recommendation at this point is to raise the water rates by 20%. There was general discussion regarding the water rates and that perhaps the addition of one or more tier rates at the higher end to possibly mitigate the demand, which is mostly for lawn irrigation. The basic rate structure was reviewed, and it was noted it has been in place since the early 1990s. A proposed 20% rate increase would have the first 50,000 gallons going from \$3.00 to \$3.60, second 50,000 gallons would go from \$3.50 to \$4.20 and everything from 101,000 or more would go from \$4.00 to \$4.80. Also proposed was an increase in the Account Charge from \$96 annually to \$116. The increase in the account charge would yield approximately \$284,500 in additional revenue. A chart showing the cost at 33,000, 50,000, 100,000 and 250,00 gallons was reviewed. Part of that chart included a new tier at 200,000 gallons. For customers using 250,000 gallons it would add \$120 annually in addition to the 20% increase in rates. Mr. Perry noted that the District regularly pumps close to its permitted maximum. There was a discussion regarding the creation of water rates for residential and commercial. Ms. McMahon reviewed a bar graph that compared the District's current rates, increased rates by 20% and the increased rates including a new tier at 200,000 gallons. A community comparison chart was also reviewed.

There was a short discussion regarding second meters used for irrigation. They are commonly referred to as a "deduct meter". Chair McDowell asked if there had been any discussion about additional water demand as a result of sewerage. Mr. Larkowski said it was his understanding that no additional demand would be as a result of the Town's sewerage plans. There was a discussion about ascertaining how much water demand is used for lawn irrigation.

Additional budget considerations were reviewed as follows:

- "Free Cash Balance \$986,086 (Uncertified)
- Superintendent is requesting an allocation of \$196,100 of "Free Cash" towards FY 2025 Capital Appropriations.
- Consider transferring \$400,000 of "Free Cash" to Stabilization Fund.
- Alternative: Transfer \$400,000 of "Free Cash" towards Filter Replacement (Green Sand) Project.
- Or consider some combination for the Project and Stabilization.

Consider Service Fees

Ms. McMahon said she could not remember the last time the service rates were increased. The current labor rate is \$55 per hour which she said, compared to current private rates, is extremely low. Based on the recommendations, the increase in revenue would be about \$229,000. The Chair asked for clarification on the various items of service fees. Ms. McMahon agreed to provide it for the Board's continued review at the next meeting. She advised that the Board has the exclusive responsibility to set the rates for water and services.

Consider Voting Payroll/Wages

No discussion at this time.

Consider Voting FY 2025 Annual Budget

The Board discussed voting the FY 2025 Budget in its totality of \$5,636,600. Mr. Perry asked about considering the adoption of the water rates. A motion was made by Robert M. Perry that given the presentation of staff, knowing that we are in a shortfall circumstance, knowing that we have discussed, and if we haven't, we can continue it, we've discussed the 20% across the three tiers that we do have, that I move that the Board vote to increase the water usage rates. The motion was not seconded. Ms. McMahon suggested a motion to approve the semi-annual water rates to be increased by 20% as follows: First 50,000 gallons at \$3.60 per thousand gallons, Second 50,000 gallons at \$4.20 per thousand gallons and 101,000 gallons or more would be \$4.80 per thousand

gallons and to increase the Account Charge from \$96.00 per year to \$116 per year. Chair McDowell wanted it to relate to the agenda. He asked if there were any specific numbers or rates that might be sited that the Board could vote and adopt them. On a motion made by Robert M. Perry, and duly seconded, the Board **UNANIMOUSLY VOTED: that the Board of Water Commissioners to increase the three-tier water rates that we currently have as follows by 20%: First 50,000 gallons at \$3.60 per thousand gallons, Second 50,000 gallons at \$4.20 per thousand gallons and 101,000 to 200,000 gallons or more would be \$4.80 per thousand gallons and further to increase the Account Charge from \$96.00 per year to \$116 per year for the Fiscal Year 2025.**

In regard to a vote for the FY 2025 Payroll, Ms. McMahon recommended that the Board consider reaffirming that vote in open session since the decision had been made in Executive Session earlier in the meeting. On a motion made by Robert M. Perry, and duly seconded, the Board **UNANIMOUSLY VOTED: Item c) under Agenda Item Number 5 to basically raise the Water District staff wages as approved in the Executive Session which was a \$5.00 across-the-board which is a sliding percentage. Chair McDowell asked if those numbers were included on any particular sheet as it pertained to his motion. Mr. Perry said it was in reference to the work the Board had done in its earlier Executive Session. Ms. McMahon advised that the increase was reflected in the line items as presently represented in line items 5000-60 and 5000-61. Mr. Perry then included the line-item total for 5000-60 as \$537,800 and 5000-61 at \$921,500 a(s read out loud by Ms. McMahon).**

Ms. McMahon recommended the total Operating and Maintenance Budget be voted. On a motion made by Robert M. Perry and duly seconded, the Board **UNANIMOUSLY VOTED: that the Board approve the Operating and Maintenance Budget for Fiscal Year 2025 at \$5,636,600.**

On a motion made by Robert M. Perry and duly seconded, the Board **UNANIMOUSLY VOTED: that the Board adopt a total Capital Expenditures Budget of \$4,051,100 and request a borrowing authorization for \$3,125,000.**

The discussion to change the Service Fees was deferred to the next meeting.

Consider Placing an Article on the Warrant for the Annual District Meeting to Amend Chapter 277, Acts of 1945: To fill a Board vacancy.

Ms. McMahon confirmed that the only way to currently fill a Board vacancy is to hold an election. The discussion about having an alternative method of filling a vacancy was discussed several years ago following the passing of Charlie Crowell. District counsel as reviewed this matter, and a copy of the opinion was provided to the Board in their packet. Ms. McMahon said this was an opportunity to place an article on the District Warrant for April meeting to see if the voters had any appetite to provide an alternative method for filling a Board vacancy. Mr. Larkowski and Ms. McMahon had previously, and once again, were proposing that the two remaining Board members and the Moderator, all elected officials, would unanimously select a person to serve until the next Annual Election. The article would seek special legislation to amend the District enabling act. Chair McDowell read from the Chapter 277 of the Acts of 1945 which read that a vacancy can be filled by an annual or special meeting called for that purpose. Mr. Perry asked about the current process to fill a vacancy. Ms. McMahon explained that the remaining Water Commissioners would call for a special election, the Town Clerk would oversee that election process, but the District would pay all the costs associated. Chair McDowell noted Chapter 28 which provided for the appointment of the Clerk, which is now the Town Clerk not the District Clerk because we do not have a Clerk. Ms. McMahon refuted that statement and said the District does have a Clerk. Chair McDowell read the special Act aloud. He continued with a discussion about the geography of the District being same as the Town and then this is saying that when that happened the Clerk/Treasurer; that the Town Clerk runs everything to do with elections and everything to do with the District itself and then that leaves just the Treasurer, and he thought that that what it was saying. Ms. McMahon said that all that act did was change the position from elected to an appointed. She said that she no longer conducts the election but, fulfills other duties of a clerk for the organization. Chair McDowell asked what did as Clerk. She said she did not want to argue over her responsibilities. She said she did not do a lot at Clerk, but it still has an important role much like the role of a Clerk in a corporation. She said that the Act simply changed the two positions from elected to an

appointment by a majority of the Board for a three-year term. Ms. McMahon did confirm that the boundaries of the District and the Town are co-terminus, but the organizations are not mingled in any way. The only function that the Town Clerk does on behalf of the District is the Annual Election. Chair McDowell was said again that the statute says that she is only the Treasurer. Mr. Perry asked for a Point of Order. Chair McDowell said no. Mr. Perry said he had given us instruction about Points of Order in his opening of this meeting. Chair McDowell asked Ms. McMahon if there was anything in law that is relevant to what she had just said as to what the role of Clerk is. Mr. Perry asked if he could participate. Chair McDowell said no. Ms. McMahon advised the Chair that this discussion about the Clerk is not on the agenda. Mr. Perry said that that was his point. Mr. Perry said that he saw the alternative method of filling the vacancy as a potential slippery slope. He did understand that it would be an opportunity for the voters to weigh-in on the matter. He felt that an appointment by two remaining Water Commissioners and the Moderator would be basically seeding the position and perhaps once an incumbent always an incumbent. He felt the Board's vote on this should be very cautious. He did not see a huge need for it. He said he was in support of the idea that this be explored by the District voters. There was discussion about the merits of such a special act to authorize such a change. Ms. McMahon clarified that the Board does have to support the action that the article on the warrant might be asking but, the Board is the only body that can include an article on the actual warrant. On a motion made by Robert M. Perry and duly seconded, the Board ***VOTED 2-1-0 (PLM in the negative): to place an article on the warrant for the Annual District Meeting to amend Chapter 277 of the Acts of 1945 to bill a Board vacancy.*** Mr. Perry said he was not in full support of it but did not want to hold it from the voters.

Update: Town of Dennis Wastewater Implementation

Mr. Larkowski advised that there has been no movement on the wastewater discharge sites. The Town has been trying to figure out what they are doing for sites. He did advise that the Town's drilling program for designing the first phase of the collection system. The District has been doing a lot of mark outs to keep ahead of the drillers. Chair McDowell raised the many issues he has in the recent past about the toilets are on the same piece of land where a government approved wastewater treatment has been already approved. He described the collection system and the discharge in the Swan River Natural Resource.

Superintendent's Report

Mr. Larkowski advised that Green Sand Filter Project bids are due on March 13 and expects to have gone through the numbers and make sure the lowest bidder is also a responsible bidder and the results will be available for the Board to award a contract at their next meeting.

The Superintendent reminded the Board that he has requested \$400,000 for water main rehabilitation. Two roads in particular are Mooncusser and Fun Pond Road. He said the District has had multiple breaks this winter so far. He said the north side is the worst because of the soil conditions.

Wells and pump grades to continue on #6 and #9 and are due to be completed next week. Wells #11 and #15 are due to begin in a few weeks and will be online before the summer demand.

The snowstorm last week caused a pole to come down at Wells 1, 2 & 3. They are waiting for Eversource to respond as it is a private pole. Those wells are off-line for the winter though.

Treasurer's Report

Ms. McMahon asked if the Board would consider rescheduling the meeting from March 28 to March 21. She further advised that the Chair of the District Finance Committee is intending to meet with the Board on April 4th to review the FY 2025 budget. She reminded the Board that on the March 21st meeting, the Board will be reviewing.

She further reported that the water bills were sent. Currently, more than 3,000 customers have signed up to receive their water bills electronically. The first day the bills went out the payments received between \$36,000 to \$41,000. There are many ways for customers to pay. Most pay by echeck (a/k/a ACH) but options to pay by credit card, PayPal, Venmo and also over the phone payment is available.

Minutes: November 16, December 28, 2023; January 25 and February 8, 2024

There was some discussion regarding the opportunity to review the minutes and the discussion Ms. McMahon and Chair McDowell interacted regarding his request for the cost of employee benefits. A motion was made by Robert M. Perry to adopt the minutes of November 16, 2023, with the inclusion of typographical errors that remain. Chair McDowell heard no second. He said he wanted to clarify Mr. Perry's observations. Chair McDowell said he did not ask for any of those things. He said he asked for things that existed in certain Massachusetts General Law and for compliance with that law. Ms. McMahon asked that while these minutes have been pending over the last several months, the Chair has referred to some compliance with some statute and Ms. McMahon said that he had not provided the statutory reference for that. He said he had gone back into the old part of the meetings and has been unable to find it. Ms. McMahon said that the Board is not allowed to factually correct statements that are made within the minutes. She also advised that the Open Meeting Law requires that the public body adopt the minutes at their next meeting or as soon as possible. On a motion made by Robert M. Perry and duly seconded the Board ***VOTED 2-1-0 (PLM in the negative): to adopt the minutes of November 16, 2023, with the inclusion of typographical errors that remain.***

On a motion made by Robert M. Perry and duly seconded the Board ***VOTED 2-1-0 (PLM in the negative): to accept the minutes of January 25, 2024, subject to any typographical errors that appear that have not yet been corrected.***

On a motion made by Robert M. Perry and duly seconded the Board ***VOTED 2-1-0 (PLM in the negative): to accept the minutes of December 28, 2023, subject to any typographical errors.***

Ms. McMahon had discovered an incompleteness of the minutes of February 8; therefore, the adoption was deferred.

Adjournment

On a motion made by Robert M. Perry and duly seconded the Board ***UNANIMOUSLY VOTED: to adjourn the meeting at approximately 12:48 PM.***

Respectfully submitted,

Sheryl A McMahon, Clerk