



WATER DIVISION

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John M. Driscoll, *General Manager*

## **Water Commissioners' Meeting June 16, 2015**

Members present were: Dana Blais, Gregg Edwards, Chris Stewart

Employee present was: John Driscoll

The meeting was called to order at 6:00 p.m. by Dana.

The agenda was approved on a motion by Gregg, seconded by Chris, 3-0 in favor.

The May 6, 2015 minutes were approved on a motion by Gregg, seconded by Chris, 3-0 in favor.

### **Old Business:**

The Manager advised the Board of the need for a vote to approve the borrowing of all of the funds necessary to complete the water storage tank replacement on Johnson Avenue. According to the Tighe & Bond proposal that had been prepared for the USDA Funding on the Water Plant's behalf the maximum amount that need be borrowed would be **\$1,239,000**. There was some discussion between the Board and the Manager due to this cost being much higher than when they had last discussed the water storage tank replacement issue; it was previously only \$650,000.

The Manager made a clarification to the Board that the previous cost of \$650,000 was the cost of re-painting the inside of the tank only and NOT replacing the tank entirely with a new one. Once both the Board and the Manager had agreed that to take out a new loan for 20 years to pay for an asset lasting only 15 years made no sense, the objective had then changed to tank replacement tank from re-painting.

The Manager had prepared for the Board for tonight's vote two scenarios that were plausible at this point. The best-case scenario was to have 20% of the necessary **\$1,239,000** offered by the USDA as a grant rather than as a loan; this would leave a remaining balance to be borrowed by the Water Plant of **\$991,200** for a 20-year term at **2.00%**. This would equate to principal and interest loan payments back to the USDA of **\$69,384** for the first year and **\$50,551** for the twentieth year. The Manager thought this to be possible with the existing level of funding through the Water Plant's usage rates.

The worst-case scenario was to have 0% of the necessary **\$1,239,000** offered by the USDA as a grant rather than as a loan; this would leave the original balance to be borrowed by the Water Plant of **\$1,239,000** for a 20-year term at **3.25%**. This would equate to principal and interest loan payments back to the USDA of **\$102,218** for the

first year and **\$63,963** for the twentieth year. The Manager thought this to be possible only by raising the existing level of funding through the Water Plant's usage rates by roughly 7%.

The Manager added that the Board would need to accept the provisions of the worst-case scenario that had been presented so that the USDA knew that the Water Plant was serious about covering its new debt obligations, even if it meant raising its water usage rates to do so. There followed this vote:

*"On a motion by Gregg, seconded by Chris, 3-0 in favor the Board voted to authorize borrowing by the Water Plant from the USDA of up to **\$1,239,000** for a term of up to 20 years contingent on an interest rate that would be no higher than necessary."*

The Manager again presented the Board with his proposed water budget for FY 2016. He had completely changed the format of the budget line items presented to make it easier for both the Board and for the Manager to see the breakdown of water expenses by account number. The Manager noted that he had left the salaries and wages in this version of the FY 2016 water budget for the General Manager, the Business Manager, the Staff Accountant and the Meter Technician totaling **\$36,082**. Further, he noted that there were not yet any budget line items presented for principal and interest loan payments to any forthcoming USDA Loan since such payments would not start until FY 2017. The Manager stated that the Water Plant would likely have to go out for some short-term borrowing to get the water storage tank replacement project started, but then could reimburse itself through the USDA Loan. On a motion by Chris, seconded by Gregg, 3-0 in favor the Board voted to accept the Manager's FY 2016 water budget proposal for **\$1,443,878**. There followed this vote:

*"On a motion by Chris, seconded by Gregg, 3-0 in favor the Board voted to accept the Manager's FY 2016 water budget proposal for **\$1,443,878**."*

There was some discussion on the upgrade of the Water Plant's existing SCADA system computer located at the office in the water laboratory which was now pushing 15 years of age. The Superintendent had received a proposal from Lavolette Controls to replace all of the computer equipment and upgrade all of the necessary licenses to allow a new computer to communicate better with all of the well sites, booster stations and water storage tanks in the water distribution system. The Manager had noted some savings that would be recognized (roughly \$1,000) by utilizing an extra office computer that he had on-hand with Windows 7 and Office 2010 already available. All of the software to be installed on the new computer would be more relevant to what the industry had move toward in the last decade so any necessary future software support would be more accessible than it was now. There followed this vote:

*"On a motion by Gregg, seconded by Chris, 3-0 in favor the Board voted to authorize the procurement of Lavolette Controls to replace the Water Plant's main SCADA computer located at the office in the water laboratory for the quoted price of **\$15,128** less any savings recognized by the extra computer."*



The Manager had wanted to fill the Board in on the status of the water service leak repair at #204 South Road in Templeton but the Superintendent was not present. He requested that it be tabled until the next regularly scheduled meeting so that the Superintendent could be present. To the best of the Manager's knowledge at that time the Water Plant was into this repair for roughly \$8,000 and did not see any more unforeseen expenses coming their way.

**New Business:**

There had just been a substantial amount of work performed at the Sawyer Street WTP by Maher Services, Inc. for a total of \$11,953. The Manager had wanted the Superintendent to explain to the Board exactly what had been done at such a cost nearing the end of the Water Plant's FY 2015 operating budget. This agenda item, like the previous one, would have its discussion tabled for the same reason.

The Manager informed the Board that the Consumer Confidence Report (CCR) for 2014 had already been nearly completed by the Water Superintendent and would definitely be mailed out to water customers by the June 30, 2015 deadline.

A preliminary water sales revenue & miscellaneous revenue summary had been distributed to the Board by the Manager to get a rough idea of how the Water Plant's FY 2015 was finishing up. He had projected, with 11 months of data already known, a total of \$1,328,179 in water sales revenue and another \$59,478 in miscellaneous revenues for estimated gross revenues for FY 2015 of \$1,387,657. The water budget figure for FY 2015 was actually \$1,426,842, so the gross revenues appeared to be falling short of the budget figure at this time. The Manager had attributed this variance in expenses and revenues to the nature of quarterly billing for two customer groups resulting in eight annual billing cycles (this was compared to 36 for the Light Plant).

There being no other Open Session business to discuss, on a motion by Chris, seconded by Gregg, 3-0 in favor the Water Commissioners' Meeting adjourned at 7:15 p.m.

Respectfully Submitted,

John M. Driscoll



General Manager