



WATER DIVISION

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John M. Driscoll, *General Manager*

Water Commissioners' Meeting November 18, 2014

Members present were: Gregg Edwards, Chris Stewart

Employees present were: John Driscoll, Ron Davan

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

The agenda was approved on a motion by Gregg, seconded by Chris, 2-0 in favor.

The August 5, 2014 minutes were approved on a motion by Gregg, seconded by Chris, 2-0 in favor.

Old Business:

The Manager updated on the Board of the potential CDBG opportunity for East Templeton infrastructure improvements. He distributed copies of an e-mail that he had received from Mike Pingpank from Community Opportunities Group detailing the various reasons why there would not be funding released to the Town in FY 2015. First, the Town's community-wide needs score for whatever reason had dropped them into a \$2.5M funding pool down from a \$17M one. Second, the Town would not be allowed to partner with Hubbardston again since they had already done so the previous funding year. The Manager stated that the recommendation made to the Town by Mike Pingpank was to sit this funding year out, as a \$2.5M funding award could not justify his fee for writing the grant for the Town to receive it.

The Manager distributed to the Board copies of a new USDA Loan proposal for a 20-year term rather than a 40-year one. His previous proposal received from Steve Bonavita was for a 40-year USDA Loan and both the Board and the Manager were not comfortable adding this kind of long-term debt to the Water Plant for a project with a only a 20-year useful life span. The Manager felt confident that the Water Plant could afford this newer proposal, with the original loan principal at \$650,000 but reduced by a possible \$162,500 grant that would not need to be refunded. The loan would be at an interest rate of 3.25% and would have a fixed principal format, starting Year 1 at \$40,216 and ending Year 20 at \$25,167. He suggested that the Board now consider the USDA Loan route which would require a \$12,000 not-to-exceed \$15,000 commitment to have Tighe & Bond prepare the necessary grant documents for the Water Plant to receive the funds.

New Business:

The Manager reported to the Board the preliminary net income for the Water Plant for FY 2014 at \$234,913. This figure was up considerably from the FY 2013 actual net income of \$91,406. The Manager attributed this increase to the 23% water rate increase in December 2013 against relatively small increase in salaries, wages and station maintenance. He felt that the number of empty homes not utilizing municipal water had not changed that much since last year, citing the amount of activity there had been with homes changing ownership and some homes being sold as well.

The Superintendent gave the Board a synopsis of the water main break on Patriots Road which occurred on Tuesday, November 11, 2014 (Veterans' Day) in the same location as they typically had been over the last 13 years. Part of the reason for its requiring so much time was not for the restoration of water service to customers but rather waiting 3 hours for a concrete delivery to close up the road.

The Manager informed the Board that he had hired Goulet-Salvidio & Associates out of Worcester to audit the Water Plant's financial statements for the fiscal years 2014, 2015 and 2016. After the Light Plant's audit had been so expensive (\$35,000) for them to complete, the Manager stated his concerns to Goulet-Salvidio about the Water Plant's not having enough money in its fiscal operating budget to support such a large invoice. Goulet-Salvidio agreed to audit the Water Plant's financial statements for this past fiscal year, this current one and the next one for \$12,000 per year, a figure that was much closer to what the Manager had typically budgeted for such a financial service. He only needed to execute a 3-year engagement term with Goulet-Salvidio to secure this pricing.

The Manager and the Board had a brief discussion on the Water Plant's rates for municipal water for FY 2015. The Manager reminded the Board that the Water Plant was on a 5-year water rate increase track, the first year being the 23% increase that had already been implemented and the second thru the fifth years being 4.75% increases. He felt that with the level of revenues present for FY 2014 both from water sales and from other sources that the Water Plant would have no trouble staying in positive cash position for this fiscal year. The Manager did not see the need to burden the existing water customers with another water rate increase just to follow the rate plan as long as the Water Plant could keep on-budget with unexpected water distribution system maintenance. There would be NO water rate increase for FY 2015.

There being no other Open Session business to discuss, on a motion by Chris, seconded by Gregg, 2-0 in favor the Water Commissioners' Meeting adjourned at 6:25 p.m.

Respectfully Submitted,

John M. Driscoll
General Manager