



WATER DIVISION

86 Bridge Street, P.O. Box 20, Baldwinville, MA 01436-0020

TEL: 978-939-5323

FAX: 978-939-4309

John M. Driscoll, *General Manager*

**Water Commissioners' Meeting
March 1, 2016**

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

Employees present were: John Driscoll, Ron Davan

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.

Old Business:

The Manager gave the Board an update on the USDA Project status at this point in time. To date the Water Plant had spent \$13,000 and \$1,125 on Tighe & Bond engineering and Ferriter Law legal counsel, respectively. These expenses incurred by the Water Plant were part of its efforts to keep the project afloat till the anticipated award date sometime in April 2016. The Manager estimated that at least another \$75,000 would have to be paid out to Tighe & Bond prior to the loan closing in December 2016. He further estimated an additional \$5,000 to be paid out to Ferriter Law prior to the loan closing in December 2016.

The Water Plant has raised its water usage rates in November 2015 by 9%, with 4.5% to cover the cost of a new full-time employee and the other 4.5% to commence principal and interest payments on the anticipated \$950,000 to be coming our way to get the USDA Project demolition and construction started. For this reason, the Manager was not worried about having to (temporarily) cover these not previously budgeted engineering and legal counsel costs.

New Business:

The Manager gave the Board a heads-up on some further accounting changes that were to be made affecting the Water Plant's FY 2016 audited financial statements. The General Accounting Standards Board (GASB) had developed a new standard, GASB-68, which now required municipal departments to report unfunded liabilities related to retirement costs for prospective, existing and former employees. The Manager did not see the need for such a new burdensome standard to be applied to the Water Plant, since both employer and employee contributions to the Worcester County Retirement System (WCRS) had already increased by 15% for FY 2016, and expected increases thru FY 2022 were in 8% range already. The WCRS investments made with municipal contributions over the last decade or so had left its retirement liability under-funded at a level of just 39% of actual.

In the Manager's opinion, the WCRS was electing to take no ownership for its poor investment decisions going back to 2007; rather, they would simply invoice cities and towns more until their 39% got to 100% in just 8 more years. This was a very aggressive schedule which would effectively double both the employers' and employees' retirement costs by FY 2022. The Manager felt that at this rate it would only be a matter of time till newly hired employees would have to contribute considerably more than 9% of their weekly gross toward their retirement (more like 18%!).

The Manager said that he intended to, in the next few months, put all of the Water Plant's electric accounts onto the Commercial Time-of-Use (TOU) Rate, T-3. This move would save the Water Plant considerable operating costs, and the Manager and Superintendent had agreed in the past that a majority, if not all, of the water pumping can be done in the off-peak hours. He added that the Willow Street Well Site had already demonstrated an ability to keep nearly all of its winter electric heating costs down by 30% from prior years by incorporating thermal heat storage systems there.

The Manager felt comfortable predicting an 11% savings in electric costs for the Water Plant which was about \$7,700 per fiscal year. He had already placed an order thru Wesco for the 8 new TOU meters needed to accomplish this, and the Water Plant would pay for its new meters out of its operating funds since it was the Water Plant, not the Light Plant, who would realize any savings in electric costs.

The Manager alerted the Board of some invoices from EJ Prescott totaling about \$7,000 for the Sawyer Street Water Treatment Plant (WTP). Upon its regularly scheduled inspection of the main well head 90' below the ground, damaged equipment was discovered that required replacement. The Superintendent said that this work had already been completed and Sawyer Street WTP was back online.

The Board would also see some invoicing from Laviolette Controls totaling about \$10,000 for work performed on the SCADA System at the Sawyer Street WTP, in conjunction with the recent SCADA System upgrades made to the Water Plant's equipment at the Office.

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 6:45 p.m.

Respectfully Submitted,

John M. Driscoll



General Manager