

1963

2021

Cherry Valley Sewer District



Annual Report

June 30, 2021

Cherry Valley Sewer District
Annual Meeting
May 27, 2021

COMMISSIONERS REPORT

To the people of the Cherry Valley Sewer District:

Greetings:

Your Board of Sewer Commissioners respectfully submits their 58th Annual Report for the fiscal year ending June 30, 2021.

The Commissioners are pleased to report that 446 homes have connected to the sewer system.

The Cherry Valley Sewer District (District) operates its sewer system by discharging or transporting its sewage through the City of Worcester into the Upper Blackstone Wastewater Treatment Facility for treatment and release into the Blackstone River. This method of operation was proposed, discussed and accepted by the voters of the District in 2001 as the most cost effective means of transporting and treating the sewage generated by the District. In turn the City of Worcester assesses a transportation fee for sewage that flows from the District through the City of Worcester to the Upper Blackstone. The Upper Blackstone assesses a treatment fee for that same sewage received from the District via the City of Worcester sewerage system.

The FY 2022 Budget reflects a fee decrease of \$60,546.08. This decrease is directly attributed to decreases in expenses to the City of Worcester and to the Upper Blackstone.

The past year, the District faced unforeseen changes in operations due to the COVID-19 Pandemic. Earlier in the year, the pandemic forced the district to rearrange the work schedules of staff members to limit in person contact. Office staff worked remotely and rotated days working in office, and operations were modified to adjust to the changes in social restrictions. The pandemic delayed the annual meeting and moved all commissioner meetings to a virtual setting. Despite the several modifications made to the District's operational structure, the District was still able to continue to operate the sewerage system effectively.

In 2020, the District met with the United States Department of Agriculture (USDA) and a consultant firm, Resources for Communities and People Solutions (RCAP) in regards to the District's financial status. In these meetings, the USDA informed the District that if it were unable to make payments on the existing USDA loans, the USDA would have the legal right to force the District to raise rates in order to ensure loan payments and expenses are paid. With this information, the District Staff has pursued additional options that would address the debt owed to USDA. During the Covid-19 Pandemic, the District was faced with even more uncertainty in regards to its financial situation. In the midst of the pandemic, the Board made the tough decision to increase the sewer rates in excess of 50% in order to cover the debt service and operational expenses. After the increase, the Superintendent contacted the USDA to inform them of the rate increase during such a difficult time. The Superintendent inquired about USDA assistance for rate relief for the district, rate reduction, or refinancing options in order to minimize the financial burden on ratepayers and the District.

In order to assist the District in this initiative, Congressman McGovern's office was contacted. The Congressman, along with Senator Elizabeth Warren and Senator Ed Markey, sent a letter to the Secretary of Agriculture asking for assistance in our District. The response from the Secretary advised the state office of

USDA to work with the District to a potential re-amortization of the loans. Several obstacles have slowed the progress in working with the USDA on the re-amortization of the District loans however; the state USDA office has resubmitted the District's loan information to the Washington DC office. It is our hope that this option will provide savings to the District by extending the loans an additional 10 years as well as reduce the current interest rate on the loan. Currently, USDA loans are given out at a 1.6% interest rate and the Districts loans are 4.6%. If this can be accomplished, there will be significant savings for the Sewer District in the immediate future.

In collaboration with other sewer districts located within the Town of Leicester, the Town of Leicester, MassDEP and state legislators, the District formed a working group to address potential solutions in the hopes to avoid insolvency. In 2019, the working group met on several occasions in order to remain updated on the status of the Sewer District and discuss conducting a feasibility study that would assess the best options for all town Water and Sewer Districts. It was determined that the working group needed \$200,000 to fund the study. In late summer of 2019, Senator Moore's office was able to secure \$100,000 grant funding on the state level to pay for a portion of the study. In order to obtain the remaining \$100,000, the Town Administrator applied for a federal grant through the Economic Development Administration. In December of 2019, the working group was notified that the remaining portion of the money for the study had been obtained.

In 2020, the working group awarded the contract to a Massachusetts based engineering firm, Weston & Sampson. Upon receiving the contract, Weston & Sampson requested the Districts to provide information regarding all aspects of the District's operations.

After reviewing the information, Weston & Sampson scheduled meetings between their project team and the Districts to review the information that had been requested. Currently, Weston and Sampson has provided a draft of the operational and financial status of the town Water and Sewer Districts. After completion, they will present a report with recommendations and advice for all districts. From there, the project team will take the information provided to determine what the best course of action for the Districts and the town is moving forward as it pertains to water and sewer operations.

While town wide discussions are ongoing, the staff is working diligently to address issues within the system that come about. Daily flow rates into Worcester determine our quarterly bill from the City of Worcester. The flows have been becoming more manageable through on-going inspection and Inflow/ Infiltration (I/I) repairs in the system. Inflow/Infiltration refers to any non-sewer related water that enters the system, which the ratepayers in turn have to pay for. In order to minimize I/I that enters the system, operational staff inspects and repairs manhole structures that are in poor condition and allow water to enter into the system. The Superintendent has researched and began to implement a newer technology for sewer manhole rehabilitation. This newer technology utilizes a recycled plastic material as the risers for the chimney portion of the sewer manholes, which eliminates the need for replacing and patching the bricks, and mortar that is traditionally used. Moving forward, the staff is going to continue to prioritize manholes in need of repairs and rehabilitation and address them within the means of our operations budget. Another large contributor to inflow is from residential sump pumps being discharged into sewer systems. We ask that if you do have a sump pump in your home, it should not be connected to our system, and would like to remind our ratepayers that connecting sump pumps to the sewer system is against the Districts Rules and Regulations (Article VI).

Throughout the past few years, the ongoing work that District staff has been doing to reduce I/I has started to show as our annual flows into Worcester are decreasing. Since 2018 flow monitoring and I/I work has resulted in a 40% reduction in overall total sewage flow to the City of Worcester. In 2020, the District was charged for approximately 31 million gallons of sewage that flowed into the City of Worcester. Of the 31 million gallons approximately 13 million gallons was considered Inflow and Infiltration water that was not consumed by ratepayers. The addition of the monitoring equipment and the aggressive approach to fixing the areas of I/I contributors resulted in this reduction. With this reduction, we will start to see a decrease in our overall

budgeted amount of sewage transportation to the City of Worcester. For the coming fiscal year, the District is comfortable in reducing this budgeted item.

Since the District has been able to reduce the flows for the past few years, it has started to reduce the District's annual average flow as well. Reducing the average flow for the past 3 years has created a 13.5% decrease to the charges from the Upper Blackstone for sewerage treatment. The operations staff will continue monitoring flows in hopes to see more savings in the future.

The District relies on one meter as the sole measuring unit of sewage flow into the City of Worcester, determining our cost to the City. This device is referred to as a Parshall Flume, which has an ultrasonic reading system that detects flow. This meter was installed in late 2013, early 2014. In 2019, the staff installed a new device on the meter that will allow the meter to gather data and send it out to be monitored by our Supervisory Control and Data Acquisition (SCADA) system. Having data from the meter available to staff on computers or smartphones allows us the ability to see how the system is flowing on a more consistent basis. There are alarms in place when the meter is seeing a surge in flow or if there is a blockage that is generating a false read to the system. With the addition of this setup to our existing system, it allows the staff to respond more quickly to issues at the meter and more accurately track the monthly flow that the District is sending to Worcester. In addition to the installation of the monitoring equipment, staff also installed a rain gauge that is connected to the SCADA system. Collecting rainfall data is crucial in calculating I/I we experience when trying to correlate the amount of rain to the amount of flow. The installation of both devices was long overdue to better assist the staff in conducting their work.

Please know that the Commissioners and the District Staff take the issues facing the District very seriously and are continuously seeking viable solutions for the ratepayers. If you have any questions on this matter or anything else in regards to the Sewer District, please contact the District office and Staff will be able to assist you.

Respectfully submitted on behalf of the Commissioner's,

Benjamin Morris
Superintendent

**CHERRY VALLEY SEWER DISTRICT
P.O. BOX 138
ROCHDALE, MA 01542**

**ANNUAL MEETING
WARRANT**

To: Cheryl Balkus, District Clerk
Cherry Valley Sewer District

Greetings:

You are hereby directed to notify the Voters of the Cherry Valley Sewer District to meet in the Town Hall Auditorium, 3 Washburn Square, Leicester, Massachusetts Thursday, and the 27th day of May 2021 at 7:00 P.M. then and there to act on the following:

ARTICLE 1: MODERATOR

To elect a Moderator to preside at said meeting and for a period of one (1) year thereafter.

PROPOSED MOTION:

I move that the clerk of the District declare that the polls are open to cast ballots for the election of moderator for a term of one (1) year.

DESCRIPTION:

This article is an annual procedural article as the Moderator is the individual that will preside over tonight's meeting as well as the beginning of the 2022 Annual Meeting at which time the process is repeated. Additionally, the candidates have met the District By-law requirement of which "Candidates for office must notify the clerk of the district in writing at least three (3) days (72 hours) prior to the meeting date before seeking an office for the Cherry Valley Sewer District".

ARTICLE 2: REPORTS

To act on reports of the District.

PROPOSED MOTION:

I move that the District vote to accept the Reports of the District as printed in the 2021 Annual Report, which is in the hands of the voters present.

DESCRIPTION:

The printed report of the Commissioners provides the District members with an annual update of the District's activities during fiscal year 2021 and the report of the District Treasurer provides the District members with an update of the District's audited activity during fiscal year ending 2019 and 2020, respectively.

ARTICLE 3: COMMISSIONER

To elect a Sewer Commissioner for a term of three (3) years.

PROPOSED MOTION:

I move that the Clerk of the District declare that the polls are open to cast ballots for the election of Commissioner for a term of three (3) years.

DESCRIPTION:

The Board of Sewer Commissioners has three members each serving a three year term. The District By-laws require Candidates for the Office of Commissioner must notify the Clerk in writing at least three days (72 hours) prior to the meeting date.

The winner of the election will take effect when annual meeting closed. Absent any directive in bylaw or enabling act.

ARTICLE 4: BUDGET

To see if the District will vote to raise and appropriate transfer from available funds, or otherwise provide a sum of money from any available means, for the operating budget for Fiscal Year 2022, to provide for the District's annual operating requirements, including but not limited to, salaries, related services, office expenses, maintenance, construction and other items related thereto: to execute any instruments or documents necessary or appropriate to accomplish said purposes: and to take any other action thereon.

PROPOSED MOTION:

I move that the District vote to appropriate from available funds, the sum of **\$832,959.17. (Eight hundred thirty two thousand nine hundred fifty nine dollars and seventeen cents)**, for the operating budget of Fiscal Year 2022, to provide for the District's annual operating requirements, including but not limited to, salaries, related services, office expenses, maintenance and construction.

DESCRIPTION:

This article funds the fiscal year 2022 operating budget, which includes funding all operations of the District, debt service payments, transportation costs (City of Worcester and Upper Blackstone).

(The proposed budget is published on page **11** of the 2021 Annual Report.)

ARTICLE 5: REVOLVING FUND FOR CONSTRUCTION

To see if the District will vote to authorize the Board of Sewer Commissioners to establish a fund to receive and deposit fee paid pursuant to Chapter 33 of the Acts of 1998, and, from which expenditures may be made by the Board of Sewer Commissioners for legal services, administrative services and engineering services, (including but not limited to, design, plan review, and inspection of the project being constructed) in connection with any sewer system design, review, and construction, or take any action thereon.

PROPOSED MOTION:

I move that the District vote to authorize the Board of Sewer Commissioners to establish a fund to receive and deposit fees paid pursuant to Chapter 33 of the Acts of 1998, and, from which expenditures may be made by the Board of Sewer Commissioners for legal services, administrative services and engineering services (including but not limited to, design, plan review, and inspection of the project being constructed) in connection with any sewer system design, review, and construction.

DESCRIPTION:

This article establishes a "revolving account for review of new construction projects within the service area of the district". It provides the means for the District to collect funds from the proposer of the new construction project to pay costs including but not limited to, design, plan review, and inspection of the project being constructed and associated with new construction projects with no impact to the FY22 operating budget and no expense to the district rate payers.

For Example, if a new development came into the district our engineer has to review the plans to make sure it will allow us to supply sewer connections to the new development. This warrant article allows us

to collect the fees from the new development in order to pay our engineering fees so the cost is not absorbed by the district subscribers.

This is a non-money article. This is a house keeping article.

You are hereby directed to give notice of this Warrant by posting attested copies thereof at two public places within the limits of the Cherry Valley Sewer District and with the Clerk of the Town of Leicester seven days before time of said meeting.

Given under our hands this 8th day of April 2021.

A TRUE COPY ATTEST:

Donald G. Manseau, Chairman

Robert H. Lemieux, Sr. Commissioner

Michael L. Della Cava, Commissioner

Cheryl Balkus
Clerk-Cherry Valley Sewer District

(SEAL)

**CHERRY VALLEY SEWER DISTRICT
STATEMENTS OF NET ASSETS
JUNE 30, 2020 AND 2019**

	ASSETS	
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 788,301	\$ 897,245
Accounts Receivable	120,164	126,546
Interest Receivable	28,793	33,521
Due from Cherry Valley Rochdale Water District	-	536
Prepaid Expenses	3,632	3,940
	<hr/>	<hr/>
Total Current Assets	940,890	1,061,788
NON-CURRENT ASSETS		
Sewer Betterments Receivable	509,352	589,025
Capital Assets, Net	4,583,051	4,990,654
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Total Non-Current Assets	5,092,403	5,579,679
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 6,033,293</u>	<u>\$ 6,641,467</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Expenses	\$ 66,489	\$ 59,784
Accrued Interest	45,981	47,794
Due to Cherry Valley Rochdale Water District	2,275	-
Current Portion of Long-Term Debt	186,760	178,428
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Total Current Liabilities	301,505	286,006
LONG-TERM LIABILITIES		
Long-Term Debt, Net of Current Portion	2,440,546	2,628,001
Deferred Revenue	509,354	589,026
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Total Long-Term Liabilities	2,949,900	3,217,027
	<hr/>	<hr/>
Total Liabilities	3,251,405	3,503,033
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,955,745	2,184,225
Reserved for Operations and Maintenance	583,477	617,475
Reserved for Encumbrances	-	50,000
Reserved for Future Debt Service	242,666	286,734
	<hr/>	<hr/>
Total Net Assets	2,781,888	3,138,434
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,033,293</u>	<u>\$ 6,641,467</u>

**CHERRY VALLEY SEWER DISTRICT
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUE		
Sewer User and Connection Fees	\$ 532,627	\$ 420,546
Sewer Betterments, Net	76,514	77,728
Tax Title	9,232	8,942
Other Revenue	1,149	527
	619,522	507,743
OPERATING EXPENSES		
Depreciation	409,563	415,579
Sewerage and Disposal Fee	170,762	221,054
Service Agreement Reimbursements	135,542	148,429
Dues	106,749	81,694
Other Operating Expenses	15,205	20,732
Professional Services	14,492	14,396
Outside Services	14,326	13,354
Insurance and Surety Bond	9,036	12,011
Utilities	4,745	5,160
Salaries	2,899	3,187
	883,319	935,596
OPERATING LOSS	(263,797)	(427,853)
NON-OPERATING REVENUE (EXPENSES)		
Interest Income	36,343	45,744
Interest Expense	(129,092)	(135,977)
	(92,749)	(90,233)
TOTAL NON-OPERATING EXPENSES	(92,749)	(90,233)
CHANGE IN NET ASSETS	(356,546)	(518,086)
NET ASSETS, BEGINNING OF YEAR	3,138,434	3,656,520
NET ASSETS, END OF YEAR	\$ 2,781,888	\$ 3,138,434

**CHERRY VALLEY SEWER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Property Owners	\$ 75,981	\$ 87,056
Received from Customers	532,686	408,055
Other Operating Revenue	17,237	14,900
Paid to Employees and Professional Contractors for Services	(149,868)	(161,782)
Paid to Suppliers for Goods and Services	<u>(314,064)</u>	<u>(396,747)</u>
Net Cash Provided By (Used in) Operating Activities	<u>161,972</u>	<u>(48,518)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest Income	41,071	50,720
Purchase of Equipment	(1,960)	(3,816)
Principal Payments on Capital Leases	-	(934)
Interest Paid on Capital Leases	-	18
Principal Payments on Long Term Debt	(179,123)	(171,131)
Interest Paid on Long-Term Debt	<u>(130,904)</u>	<u>(138,915)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(270,916)</u>	<u>(264,058)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(108,944)	(312,576)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>897,245</u>	<u>1,209,820</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 788,301</u></u>	<u><u>\$ 897,244</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Change in Net Assets	<u>\$ (263,797)</u>	<u>\$ (427,853)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by		
(Used In) Operating Activities:		
Changes in Assets and Liabilities:		
Depreciation	409,563	415,579
Accounts Receivable	6,382	2,268
Due from Related Party	2,811	2,095
Prepaid Expenses	308	1,029
Accrued Expenses	<u>6,705</u>	<u>(41,636)</u>
Total Adjustments	<u>425,769</u>	<u>379,335</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u><u>\$ 161,972</u></u>	<u><u>\$ (48,518)</u></u>

**CHERRY VALLEY SEWER DISTRICT
PROPOSED BUDGET**

Operating Expenses	FY 21	FY 22
Accounting	\$ 13,000.00	\$ 13,000.00
Administration	\$ 500.00	\$ -
Allowance	\$ 15,000.00	\$ 7,500.00
Bank Fees	\$ 200.00	\$ 200.00
Consulting Fees	\$ 3,000.00	\$ 3,000.00
Electricity	\$ 5,000.00	\$ 5,000.00
Field Supplies	\$ 3,000.00	\$ 3,000.00
Heat	\$ 3,600.00	\$ 3,930.00
Insurance	\$ 11,600.00	\$ 13,000.00
Health Insurance	\$ 21,073.45	\$ 20,211.36
Legal Advertising	\$ 500.00	\$ -
Legal	\$ 10,000.00	\$ 7,000.00
Miscellaneous	\$ 200.00	\$ 200.00
Mission / SCADA	\$ 3,934.60	\$ 3,934.60
Motor Vehicle Expense	\$ 4,950.00	\$ 4,950.00
Office Supply	\$ 7,500.00	\$ 7,500.00
Officers' Salary	\$ 5,143.00	\$ 5,143.00
Payroll	\$ 80,344.00	\$ 80,413.01
Pipes	\$ 2,300.00	\$ 2,300.00
Postage	\$ 3,600.00	\$ 3,000.00
Repair/Maintenance	\$ 6,365.20	\$ 6,365.20
Sub Contracts	\$ 18,000.00	\$ 18,000.00
Technology	\$ 17,835.00	\$ 18,514.00
Telephone	\$ 1,530.00	\$ 1,380.00
Transport./Treatment Expenses	\$ 235,000.00	\$ 200,000.00
UBWPAD	\$ 110,302.00	\$ 95,390.00
Operating Expense	\$ 583,477.25	\$ 522,931.17
Debt Service	\$ 310,028.00	\$ 310,028.00
Total with Debt Service	\$ 893,505.25	\$ 832,959.17

CHERRY VALLEY SEWER DISTRICT

RECORD OF VOTE ANNUAL MEETING

June 18, 2020

A meeting of the Cherry Valley Sewer District was held at the Leicester Town Hall Auditorium, 3 Washburn Square, Leicester, Massachusetts, ten (10) were in attendance, all of whom were eligible voters.

The meeting was called to order at 7:17 P.M. by Mr. Kevin Bergin, Moderator. A motion was made and seconded that the District vote to waive the reading of the Annual Warrant, which was in the hands of the voters.

Voted: Unanimously. All in favor. Approved.

ARTICLE 1 – MODERATOR

A motion was made and seconded that the District vote to nominate Mr. Kevin M. Bergin as moderator to preside at tonight's meeting and for a period of one (1) year hereafter.

Voted: Majority. Approved.

ARTICLE 2 – REPORTS

A motion was made and seconded that the District vote to accept the Reports of the District as printed in the 2020 Annual Report, which was in the hands of the voter's present.

Voted: Majority. Approved.

ARTICLE 3 – ELECTION OF OFFICERS

A motion was made and seconded that the District vote to nominate Donald Manseau, for the office of Commissioner for a term of three (3) years.

Voted: Majority. Approved.

ARTICLE 4 –FY 2021 BUDGET

A motion was made and seconded that the District vote to appropriate from available funds, the sum of **\$893,505.25 (EIGHT HUNDRED NINETY THREE THOUSAND FIVE HUNDRED FIVE DOLLARS AND TWENTY-FIVE CENTS)**, for the operating budget of Fiscal Year 2021, to provide for the District's annual operating requirements, including but not limited to, salaries, related services, office expenses, maintenance and construction.

(The proposed budget was published on page 11 of the 2021 Annual Report, which was in the hands of the voter's present.)

Voted: Majority. Approved

ARTICLE 5 – ESTABLISH FUND TO RECEIVE AND DEPOSIT FEES SEWER SYSTEM REVIEW

A motion was made and seconded that the District vote to authorize the Board of Sewer Commissioners to establish a fund to receive and deposit fees paid pursuant to Chapter 33 of the Acts of 1998, and, from which expenditures may be made by the Board of Sewer Commissioners for legal services, administrative services and

engineering services (including but not limited to, design, plan review, and inspection of the project being constructed) in connection with any sewer system design, review, and construction.

Voted: Majority. Approved.

A motion was made and seconded that the District vote to adjourn the meeting.

Voted: Unanimously. All in favor. Approved. The meeting adjourned at 7:50 P.M.

I, Cheryl Balkus, hereby certify that this is a true and accurate record of the votes taken by the votes of the Cherry Valley Sewer District at the Annual Meeting, June 18, 2020.

A TRUE COPY ATTEST:

CHERYL BALKUS, CLERK

(SEAL)