

1963

2022

Cherry Valley Sewer District



Annual Report

June 30, 2022

Cherry Valley Sewer District
Annual Meeting
May 26, 2022

COMMISSIONERS REPORT

To the people of the Cherry Valley Sewer District:

Greetings:

Your Board of Sewer Commissioners respectfully submits their 59th Annual Report for the fiscal year ending June 30, 2022.

The Commissioners are pleased to report that 448 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 District, as every municipality has continued to navigate through the changes that COVID-19 Pandemic has created and have continued to move forward over the past year. Since the last report, the District and its staff has continued to work to maintain and improve the systems operations, address rates and the ongoing financial situation of the District. System inspections and maintenance has been the main objective. Repairs to sewer manholes and pump stations to improve the systems efficiency. These tasks are just a small portion of what goes into the day-to-day operations of your sewer utility.

The FY 2023 Budget reflects a fee decrease of \$140,263.54. That is directly attributed to reduction in the annual payments of the USDA loans.

Over the last few years District Staff has been working to bring attention to the issues of the high interest rate sewer loans at 4.5%-4.7% that have been found to be a major component to the financial issues the District has been facing. Through many meetings, and phone calls the District Staff was able to convince USDA to rework the agreement of the loans. What was proposed to USDA was to restructure all three loans so that they would all be extended out 10 years to reduce the annual amount the District pays. In addition to the extension, an interest rate reduction was also requested as the interest rates in the early part of 2021 were below 2%. After months deliberation with USDA, and help from elected officials the restructuring process was finalized. The agreement that the staff was able to come to with USDA was to extend the life of the loans and a new interest rate of 1.25%. During this process, the staff began to review the rate structure as the new debt service amount was going to be drastically reduced on an annual basis and the commissioners agreed upon a 20% rate reduction across all the Districts rate tiers with the exception of the customers who utilize the sewer system but have a private well. Financially this has put the District into a much stronger financial position than they have been over the past years.

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. Throughout 2021, Weston and Sampson held a series of meetings with the Town Select board and all of the towns Water and Sewer Districts to discuss the findings of the report and what potential options were for the town moving forward. Simply put long term there is no way to make the Water and Sewer operations less expensive for all parties involved. Consolidations of Districts can be done to help improve efficiencies within

the Districts but there is no “silver bullet” to simply consolidate and save everyone money. Since the completion of the report, the Commissioners have met and have determined that it is not their decision as to how the District should move forward with this but it is the people of the District’s choice as to how the District should move forward. The town will need to decide on how they would want to be involved in any of the next phases of a potential consolidation effort of the Districts or a Town take over before the District can make a determination of the direction they want to move. Once the District’s has some indication of the town’s intentions then the effort to bring the decision to the ratepayers will take place.

While town wide discussions are ongoing, the staff is working diligently to address issues within the system that come about. Since 2018 flow monitoring and I/I work has resulted in a significant reduction in overall total sewage flow to the City of Worcester. In 2021, the District was charged for approximately 33 million gallons of sewage that flowed into the City of Worcester. Of the 33 million gallons approximately 16 million gallons was considered Inflow and Infiltration water that was not consumed by ratepayers. Although the amount of I/I has increased slightly over the past year, the overall amount of I/I the District has been dealing with in the past years has still decreased. Reducing the average flow for the past 3 years resulted in a 21.3% decrease to the charges from the Upper Blackstone for sewerage treatment. The operations staff will continue monitoring flows in hopes to see more savings and less I/I in the future.

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), that the ratepayers have to pay for. To minimize I/I that enters the system, operational staff inspects and repairs manhole structures that are in poor condition that allow water to enter into the system. The Superintendent researched and began to implement a newer technology for sewer manhole rehabilitation that utilizes a recycled plastic material as the risers for the chimney portion of the sewer manholes, that eliminates the need for replacing and patching the traditionally used bricks, and mortar. The staff continues to prioritize manholes in need of repairs and rehabilitation within the means of our operations budget.

Residential sump pumps are a large contributor to I/I being discharged into the sewer systems. If you 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). In an effort to locate illegal sump pump connections, staff started an inspection program by attempting to go door to door to each home of the District to inspect and to educate the homeowners about sump pumps. To date, no connections have been found however, only about 25% of the homes visited have allowed staff access to complete the inspection.

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, 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 26th day of May 2022 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 2023 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 2022 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 2022 and the report of the District Treasurer provides the District members with an update of the District's audited activity during fiscal year ending 2020 and 2021, 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: PART TERM COMMISSIONER

To elect a Sewer Commissioner for a term of two (2) 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 two (2) years.

DESCRIPTION:

The Board of Sewer Commissioners has an open spot on the board. One Commissioner is not finishing out their term. This Commissioner will only be until the end of said term which is for (2) years. 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 5: 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 2023, 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 **\$692,731.23 (Six hundred ninety two thousand seven hundred thirty one dollars and twenty three cents)** , for the operating budget of Fiscal Year 2023, 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 2023 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 **10** of the 2022 Annual Report.)

ARTICLE 6: REVOLING 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 FY23 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 14th day of April 2022..

A TRUE COPY ATTEST:

Donald G. Manseau, Chairman

Cheryl Balkus
Clerk-Cherry Valley Sewer District

Robert H. Lemieux, Sr. Commissioner

(SEAL)

Michael L. Della Cava, Commissioner

**CHERRY VALLEY SEWER DISTRICT
STATEMENTS OF NET ASSETS
JUNE 30, 2021 AND 2020**

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 942,559	\$ 788,301
Accounts Receivable	159,526	120,164
Interest Receivable	25,524	28,793
Due from Cherry Valley Rochdale Water District	13,492	-
Prepaid Expenses	3,902	3,632
Total Current Assets	1,145,003	940,890
NON-CURRENT ASSETS		
Sewer Betterments Receivable	438,212	509,352
Capital Assets, Net	4,174,449	4,583,051
Total Non-Current Assets	4,612,661	5,092,403
TOTAL ASSETS	\$ 5,757,664	\$ 6,033,293
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Expenses	\$ 51,943	\$ 66,489
Accrued Interest	41,534	45,981
Due to Cherry Valley Rochdale Water District	-	2,275
Current Portion of Long-Term Debt	195,481	186,760
Total Current Liabilities	288,958	301,505
LONG-TERM LIABILITIES		
Long-Term Debt, Net of Current Portion	2,244,338	2,440,546
Deferred Revenue	438,212	509,354
Total Long-Term Liabilities	2,682,550	2,949,900
Total Liabilities	2,971,508	3,251,405
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,734,630	1,955,745
Reserved for Operations and Maintenance	583,477	583,477
Reserved for Future Debt Service	468,049	242,666
Total Net Assets	2,786,156	2,781,888
TOTAL LIABILITIES AND NET ASSETS	\$ 5,757,664	\$ 6,033,293

**CHERRY VALLEY SEWER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Sewer User and Connection Fees	\$ 815,462	\$ 532,627
Sewer Betterments, Net	62,468	76,514
Tax Title	53,846	9,232
Other Revenue	14,916	1,149
	946,692	619,522
Total Operating Revenues	946,692	619,522
OPERATING EXPENSES		
Depreciation Expense	408,602	409,563
Sewerage and Disposal Fee	152,637	170,762
Service Agreement Reimbursements	131,312	135,542
Dues	110,302	106,749
Professional Services	13,397	14,492
Insurance and Surety Bond	11,083	9,036
Outside Services	9,292	14,326
Other Operating Expenses	4,466	15,205
Utilities	3,226	4,745
Salaries	2,283	2,899
	846,600	883,319
Total Operating Expenses	846,600	883,319
OPERATING INCOME (LOSS)	100,092	(263,797)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	22,270	36,343
Interest Expense	(118,094)	(129,092)
	(95,824)	(92,749)
TOTAL NON-OPERATING EXPENSES	(95,824)	(92,749)
CHANGE IN NET ASSETS	4,268	(356,546)
NET ASSETS, BEGINNING OF YEAR	2,781,888	3,138,434
NET ASSETS, END OF YEAR	\$ 2,786,156	\$ 2,781,888

**CHERRY VALLEY SEWER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Property Owners	\$ 75,308	\$ 75,981
Received from Customers	809,247	532,686
Other Operating Revenue	22,773	17,237
Paid to Employees and Professional Contractors for Services	(142,887)	(152,767)
Paid to Suppliers for Goods and Services	<u>(325,694)</u>	<u>(311,165)</u>
Net Cash Provided By Operating Activities	<u>438,747</u>	<u>161,972</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest Income	25,539	41,071
Purchase of Equipment	-	(1,960)
Principal Payments on Long Term Debt	(187,487)	(179,123)
Interest Paid on Long-Term Debt	<u>(122,541)</u>	<u>(130,904)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(284,489)</u>	<u>(270,916)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	154,258	(108,944)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>788,301</u>	<u>897,245</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 942,559</u>	<u>\$ 788,301</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Changes in Operating Activities	\$ 100,092	\$ (263,797)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation Expense	408,602	409,563
Changes in Assets and Liabilities:		
Accounts Receivable	(39,364)	6,382
Due from Related Party	(15,767)	2,811
Prepaid Expenses	(270)	308
Accrued Expenses	<u>(14,546)</u>	<u>6,705</u>
Total Adjustments	<u>338,655</u>	<u>425,769</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 438,747</u>	<u>\$ 161,972</u>

**CHERRY VALLEY SEWER DISTRICT
Operating Expenses**

	Approved	FY 22		Proposed	FY 23
Accounting	\$	13,000.00		\$	13,000.00
Allowance	\$	7,500.00		\$	7,500.00
Bank Fees	\$	200.00		\$	200.00
Consulting Fees	\$	3,000.00		\$	3,000.00
Electricity	\$	5,000.00		\$	7,000.00
Field Supplies	\$	3,000.00		\$	3,300.00
Heat	\$	3,930.00		\$	5,407.50
Insurance	\$	13,000.00		\$	13,141.00
Health Insurance	\$	20,211.36		\$	20,447.96
Legal	\$	7,000.00		\$	7,000.00
Miscellaneous	\$	200.00		\$	200.00
Mission / SCADA	\$	3,934.60		\$	4,327.00
Motor Vehicle Expense	\$	4,950.00		\$	5,400.00
Office Supply	\$	7,500.00		\$	7,890.00
Officers' Salary	\$	5,143.00		\$	5,143.00
Payroll	\$	80,413.01		\$	80,112.08
Pipes	\$	2,300.00		\$	2,300.00
Postage	\$	3,000.00		\$	3,000.00
Repair/Maintenance	\$	6,365.20		\$	8,911.00
Sub Contracts	\$	18,000.00		\$	18,000.00
Technology	\$	18,514.00		\$	18,820.19
Telephone	\$	1,380.00		\$	1,513.50
Transport./Treatment Expenses	\$	200,000.00		\$	220,000.00
UBWPAD	\$	95,390.00		\$	75,099.00
	\$	522,931.17		\$	530,712.23
Reserve Account				\$	20,000.00
Debt Service	\$	310,028.00		\$	142,019.00
Total with Debt Service	\$	832,959.17		\$	692,731.23

CHERRY VALLEY SEWER DISTRICT

**RECORD OF VOTE
ANNUAL MEETING
May 27, 2021**

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 7:00 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 2021 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 Michael DellaCava, 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 \$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.

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 7:14 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, May 27, 2021.

A TRUE COPY ATTEST:

CHERYL BALKUS, CLERK

(SEAL)