

**CHERRY VALLEY SEWER DISTRICT
BOARD OF SEWER COMMISSIONERS' MEETING**

**MEETING MINUTES
February 14, 2019
10:00 A.M.**

- I. CALL TO ORDER Chairman Manseau called the meeting to order at 10:00 AM with the following present:
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| Donald G. Manseau, Chairman | Jennifer M. Wood, Treasurer |
| Michael L. DellaCava, Commissioner | Cheryl Balkus, Recording Secretary |
| Victor M. Taylor, Commissioner | Greg Buteau, Not a CVSD customer |
| Benjamin J. Morris, Superintendent | Tom Lennon, Customer |
- Attorney James Wingfield, Law Offices of James Wingfield
- II. APPROVAL OF MINUTES
- A. **January 17, 2019** - Commissioner Taylor motioned to approve the minutes of January 17, 2019. Seconded by Commissioner DellaCava. All in favor. Approved.
- III. FINANCE
- A. **Approve Warrants of January 24, 2019** - Commissioner DellaCava motioned to approve the warrants of January 24, 2019. Seconded by Commissioner Taylor. All in favor. Approved.
- B. **Approve Warrants of February 14, 2019** - Commissioner Taylor motioned to approve the warrants of February 14, 2019. Seconded by Commissioner DellaCava. All in favor. Approved.
- C. **January Bank Transfer** - Commissioner Taylor motioned to approve the January bank Transfer of \$55.72. Seconded by Commissioner DellaCava. All in favor. Approved.
- D. **Financial Update** – The Treasurer Jennifer Wood provided the month to month breakdown of what revenues came in from the previous month to the current month. January billed revenue received was \$30,950.05, the expenditures were \$32,098.11 with a loss of \$1,148.06. From now until June there are three more payments due to the City of Worcester approximately \$150,000.00 – \$200,000.00, the Upper Blackstone is \$19,986.75, CVRWD service agreement of \$30,642.21 and \$181,969.00. The total revenue to date is \$336,133.82, total expenditures is \$420,485.81 with a total fiscal year loss to date of \$84,351.99.

The Superintendent introduces Attorney James Wingfield, Law Offices of James Wingfield a 15 year bankruptcy lawyer who represents the various types of bankruptcies for debtors and creditors. Commissioner Taylor asks if it's legal for a state entity to file bankruptcy. Attorney Wingfield responds that Chapter 9 is for municipal bankruptcy and set aside for all sorts of municipalities. In theory this would be an option however the bankruptcy code does not allow and the legislator would need to authorize to file Chapter 9. The state of Rhode Island & City of Detroit was allowed to file. Massachusetts is not authorized and the rational is to keep control over the situations and as a result is not allowed. The one option for Massachusetts is a receivership. Example: Springfield. The state comes in and takes over to make the hard choices that the municipalities should have made. The attorney has a strong idea as to what would happen. The Sewer District has approximately two years left of money to have time and do something to avoid the state to come in and take over the Sewer District. The reality is that the rates would need to be increased. He has reviewed the budget it appears it

has been trimmed down as far as it can go and sees no other choices here that the need is to raise the rates in a step process, as opposed to the state coming where they would increase the rates immediately to cover the expenses. Commissioner Taylor added that the Sewer District has no control of the City of Worcester rates or the Upper Blackstone and by raising the rates Cherry Valley will be written off because of the costs. Attorney Wingfield understands and the reality of it is in a short period of time the rates will have to increase. The state will not allow it to come to the point that bills can't be paid and will very quickly come in and raise the rates. Commissioner Taylor added that the Sewer District has been told from many unelected agencies as to what is to be done, that 1.5 million dollars was spent to Worcester, how can they charge 35% increase and can the state come in and have a say of this. We are 420 customers, small and being stepped on. Attorney Wingfield responded that he can only answer about the law, insolvency. Commissioner DellaCava asked if we stopped and said to the state we can't pay how badly would the rates be. The attorney's estimations it would be at least double or once the betterments are paid off could be triple. Commissioner DellaCava asked would the state force the City of Worcester to pick up the Cherry Valley customers. Attorney Wingfield responded that he cannot see where Cherry Valley would become part of Worcester, if the district continues to pump through Worcester and not pay the bill, the city would sue the district and ultimately they will win the suit. This will also prompt the state to come in. Customer Buteau commented that the ugly reality of it, is to raise the rates than to have a receivership to come in. The Sewer District would have more control than when the receivership comes in as they will completely take over. Step up the rates over the next 2 years to bring the Sewer District out of the situation that it is currently in. The attorney also added that the unelected people come in, dissolve the local control and not allow the power to make decisions. He can't stress enough to do it now in the best interest of the district. Commissioner Taylor commented about when funding was received the sewer district was to have 1,200 customers. One district voted themselves out to go to Leicester, another area did not want to deal with public sewer and we should have been told by the people who loaned the money that the Sewer District should have been denied the loan. Commissioner DellaCava and Taylor recommend to end it now and let the state come in. Attorney Wingfield says there is no magic bullet to cover the expenses of the loans, the City of Worcester or the Upper Blackstone, that there is not another product to use to get out of the situation or borrow the way out of the debt. Raising rates is not a great way but it is the reality of it. The Board of Commissioners are concerned people will not be able to pay and houses will be foreclosed on. Customer Lennon asked if there is something that could be done with the loans. The Sewer District has tried to allow us to refinance via McGovern's office and awaiting response. Customer Lennon added the money should be spent on an I/I (Inflow Infiltrations) study and a new meter to find out where the losses are coming from. Per the Superintendent he has viewed calendar 2017 & 2108 usage with what the City of Worcester billed and put a dollar figure on each of the years. It factors out in 2018 we billed 19 million gallons and the City of Worcester charged us 52 million gallons the difference being infiltration. In 2018 it cost the district to the City of Worcester \$170,000.00. Customer Lennon insists manholes are a huge issue. If there is a backup in the flume it gives false data to the meter and if we have another meter to check against the City of Worcester meter. Commissioner Taylor also added Worcester has their own I/I that goes to the Upper Blackstone and the fees are turned around and the towns that are connected are being charged. Customer Buteau agrees that the driver is the I/I (Inflow Infiltrations) of the unaccounted sewer going thru the city and the city is charging for this. Per the Superintendent reports that this meter is read and checked every day. In high flow situations with rains to see if it's backing up. The intent of the system is suppose to be

waterproof, however not foolproof. January through May usage displays highest usage. Attorney Wingfield also spoke of the Enabling Act that the district could possibly impose a tax. Perhaps part of the problem is to charge a flat I/I (Inflow Infiltrations) charge however there is the need to raise revenues. Not the only problem but agrees that money should go to investigate I/I (Inflow Infiltrations) to identify where the losses are. The Superintendent said a camera system would look at the 280 manholes to determine where the losses are. They could install meters in each manhole and monitor over a period of time. Customer Lennon commented that there is a standard of 10% loss and the previous I/I (Inflow Infiltrations) study should have it listed, the January and February numbers are the highest flows and wondered if the radar senses the height or if there is a fog or a haze to influence the readings or any issue with the sensor can give false reads. Per the Superintendent the rate study results will be available by the March meeting. Attorney Wingfield left the meeting.

- IV. ADMINISTRATION
- V. OPERATIONS
 - A. **Superintendent's Report**
 - a. **System Update – Refer to the Financial Update**
- VI. COMMUNICATIONS
 - A. **UBWPAD Update** – Chairman Manseau UBWPAD are trying to spend more money that is taken care thru the government to get the phosphorus down. No movement on the state level with the phosphorus in detergents. Work to pick up in March.
- VII. PERSONNEL – Appointment of Clerk. Commissioner Taylor motioned to approve the Appointment of Clerk to Cheryl Balkus. Seconded by Commissioner DellaCava. All in favor. Approved.
- VIII. DATE OF NEXT MEETING
 - A. **Approval of Next Meeting Date** - Commissioner Taylor motioned to hold the next meeting on March 14, 2019 at 7:00 P.M. Seconded by Commissioner DellaCava. All in favor. Approved.
- IX. EXECUTIVE SESSION – Chairman Manseau declared in open session that discussion in an open session may be detrimental to the District's litigation position. Chairman Manseau moves to go into executive session to discuss strategy with respect to threatened litigation. Commissioner Taylor moves to go into executive session to discuss strategy with respect to threatened litigation. Commissioner DellaCava moves to go into executive session to discuss strategy with respect to threatened litigation. Customer Buteau added comment that the agenda should have read the verbiage of the executive session. Commissioner DellaCava motioned to approve to move to executive session. Seconded by Commissioner Taylor. All in favor. Approved.
- X. ADJOURNMENT - Commissioner Taylor motioned to adjourn the meeting. Seconded by Commissioner DellaCava. All in favor. Approved. Meeting adjourned at 11:40AM.