

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

MEETING MINUTES

March 14, 2019

10:00 A.M.

- I. CALL TO ORDER Chairman Manseau called the meeting to order at 10:02 AM with the following present:

Donald G. Manseau, Chairman	Victor M. Taylor, Commissioner
Michael L. DellaCava, Commissioner	Benjamin J. Morris, Superintendent
Cheryl Balkus, Recording Secretary	Douglas Gardner, Pioneer Consulting
Jennifer Wood, Treasurer	Greg Buteau, Not a CVSD customer
	Tom Lennon, Customer

II. APPROVAL OF MINUTES

- A. **February 14, 2019** - Commissioner Taylor motioned to approve the minutes of February 14, 2019. Seconded by Commissioner DellaCava. All in favor. Approved.

III. FINANCE

- A. **Approve Warrants of March 7, 2019** - Commissioner Taylor motioned to approve the warrants of March 7, 2019. Seconded by Commissioner DellaCava. All in favor. Approved
- B. **Approve Warrants of March 14, 2019** - Commissioner Taylor motioned to approve the warrants of March 14, 2019. Seconded by Commissioner DellaCava. All in favor. Approved
- C. **Sewer Rate Relief Fund from Mass Department of Revenue** – Per the Treasurer Jennifer Wood the Sewer District applies each year. The Sewer District will receive \$752.00.
- D. **Budget Transfer #1** - \$4,500.00 from allowances to consulting fees, \$5,906.49 from allowance to insurance and \$1,400.00 from allowance to lien fee. Commissioner Taylor motioned to approve the Budget Transfer #1. Seconded by Commissioner DellaCava. All in favor. Approved.
- E. **February Bank Transfer** – \$52.96 transfer from sewer to water. Commissioner Taylor motioned to approve \$52.96 from sewer to water. Seconded by Commissioner DellaCava. All in favor. Approved.
- F. **Treasurer Report** – Per the Treasurer Jennifer Wood an update for the month total revenue for February is \$47,576.61. This includes \$19,447.56 in betterments/lien revenue, billed revenue received \$28,129.05, expenditures \$83,199.02. The end result in the negative \$35,622.41. Commissioner Taylor motioned to approve the Treasurer Report. Seconded by Commissioner DellaCava. All in favor. Approved.
Mr. Buteau asked what the total FY19 is to date for the year. Per Treasurer Jennifer Wood total revenue \$383,710.43, Expenditures \$503,684.83. Negative total loss \$119,974.40.
- G. **Rate Study** – Superintendent Morris addresses the board if Mr. Buteau & Mr. Lennon may have a copy of the rate study. Approved per Chairman Manseau.

Douglas Gardner of Pioneer Consulting met with the Board of Commissioners two years ago when he did a study for the Sewer District and laid out a ground plan for the short and long term to ensure enough revenue to cover the expenses. He understands that the district has a very small customer base, costs continue to increase each year and

results in the bills going up. There are the different rate scenarios and explains the current FY19 budget with the \$318,358.00 net loss. The rate study shows that there are six scenarios. The budget is based on the proposed and with each scenario the revenue changes. Subtracting the revenue from the expenses reveals the net losses. Scenario 1 reflects a \$300,000.00 loss, Scenario 2 shows a \$250,000.00 loss. The CD is running out. Scenario 3 is a break even scenario, Scenario 4 is a \$200,000.00 loss, Scenario 5 is a \$100,000.00 loss and Scenario 6 is a \$380,362.00 loss. Doug explains to the Commissioners that the state will come in, take over and dictate what the sewer rates will be. The state will not be a break even, the state will do a break even & plus. The state will make sure what's coming in more than budgeted. This is the worst case scenario. It is not a question of if, it's a question of when. This will occur in less than two years (FY20). Examples that the state took over is Chelmsford & City of Lawrence. Doug advises how does the Sewer District avoid this and refers to the Scenarios. He recommends that for FY20 to go with Scenario 4, for FY21 go with Scenario 5 and then may need to be tweaked. Lastly, go by Scenario 3 by FY22. As bad as these look it is better than the state taking over as there will be no choice at all. Slowly raise the revenue and slowly be less dependent on the CD. Painful to get there and a large impact on the customer base. Slow and steady is the way to go. If the rates are pushed off rates would need to be even higher than proposed now with the 3 tier scenarios. He also suggested the need to look at trying to get debt refinanced. The longer Sewer District waits the worst it will be and no control by the state. Commissioner Taylor explains some past history that raw sewage in the brooks, steams and now cleaned. Commissioner Taylor claims did not see that this was coming. Doug explains it will be cheaper to have the subscribers pay today than down the road. Commissioner Taylor asked Doug about how the rates stand amongst other companies. Per Doug there are others that have higher rates. Tinsbury given as an example and Cherry Valley is getting there. Can't make up for what happened in the past and have to work going forward looking in the best interest of the 420 customers and the Sewer District. Can't file bankruptcy will go to receivership, offered to contact the DOR for assistance and look for all solutions to minimize cost, max revenue and not let the state come in to take over. Commissioner Taylor also explains lawsuit that the City of Worcester I/I is being passed on to towns and the District. Doug explains that there is not the time to wait for this lawsuit. Commissioners are banking on this to have the lawsuit be won to lower the costs. Doug explains the tough decisions need to be made today, can't wait on this lawsuit and need to do something about this today and to avoid the receivership. Commissioners speak about the ratio of number of customers in Worcester as opposed to the district 420 customers. Chairman Manseau asked to clarify Scenario 4 being billed for a number of bedrooms. A 3 bedroom current rate is \$105.00 and would increase to \$175.00. Customer Lennon asked Doug when the numbers were figured did he figure how many customers in the flow group. Doug responded that he did not have the information at the time & could provide it. Customer Lennon requested if he could get it to him via the Superintendent for review it would be appreciated. The majority of user's average use 350 - 751 CF. Also in the rate structure scenarios is the increase of the base charge from \$29.00 to \$36.00. If a customer is being billed on number of bedrooms, may want to minimize their bill and become a metered customer. The Commissioners are aware that anyone coming into the area to purchase a home are asking about what is happening with the Sewer District rates and will effect homes being bought and sold and the rates will affect the town at large as a whole. Customer Lennon agrees something has to be done and not go into the receivership. The scenarios will be better than the state coming in because they will not do a tiered system they will come in hard and add to it to ensure there is money in the bank. The budget can be cut by working on the I/I to reduce flows, which will reduce the amount of

bills that come from the City of Worcester and the Upper Blackstone. The gradual increases is far better than what the state will do. Customer Buteau also agrees that this is buying time. Customer Lennon to reaffirm with Doug is the tier system going to avoid receivership. Doug confirms yes and small increments will keep the District out of receivership. Follow the plan, will keep track with inflation, Upper Blackstone and City of Worcester. Customer Lennon comments that large flows are either a lot of leaks in the District system or meter not accurately recording. Doug suggests to the board to begin the sewer rate increase with the May 2019 billing. Commissioner Taylor suggests that there should be language in with the bills to mention the increase and to also include reducing usage will reduce costs. Commissioner Taylor makes the motion to begin with Scenario 4, then Scenario 5 then Scenario 3. Commissioner DellaCava seconds. All in favor. Approved.

IV. ADMINISTRATION

V. OPERATIONS

A. Superintendent's Report

- a. **System Update** – Per the Superintendent Morris last meeting spoke about an I/I study. He researched records and found the previous I/I study done 2010-2015 with a base line summary of where investigations were done. Found where there are some areas that have not been completed and contacted Tata & Howard. The Superintendent is awaiting information to come back of the areas that were not done and what or where else these problems are to make the fixes. With the study we can utilize, reevaluate where the past repairs were done, work on fixing areas that have not been addressed and not invest in doing another study. Use what is left, use that going forward, camera the area to see where I/I problems are. Customer Lennon asked about 311 Main St Sump Pump. Per the Superintendent is under the understanding that this was resolved. He also stated its unfortunate when a customer is instructed to remove the sump pump, when we leave the customer can reconnect it. Per Superintendent Morris the bottom line is to work off of the report we have and target the areas to be worked. Superintendent Morris is meeting with a representative from the Upper Blackstone 3/15/19 to check the meter, location, etc.... to have it on file in their system. Calibration was done last June and will be done again this June to ensure that the meter is working properly. Customer Lennon disputes the numbers for the last 2 years and wonders if there is something wrong with the Parshall Flume. Per the Superintendent an adjoining town is looking into purchasing check meter equipment that we may be able to borrow and use. There is another option thru Mission via an RTU panel for tracking daily and to include rain water measurements. Customer Lennon wanted to affirm how the measurements are being taken. The Superintendent reaffirms that he is extremely proactive monitoring the usage.

VI. COMMUNICATIONS

- A. **Town of Leicester Water/Sewer Meeting** – Superintendent Morris and Commissioner Taylor went to the February 26, 2019 meeting forming a working group from each District. Everyone was in attendance, discussed what's happening with the Sewer District and potential issue with the other districts going to happen. Each Board has to make a form of motion and to present a letter to participate in the study. The Water Board has agreed and the Superintendent is asking the Sewer Board to do the same. Customer Lennon mentioned that grants not being given because we do not meet the criteria of amount of customers. Potentially we could be eligible however need to show

for the last 5 years that not running in a deficit. However, the Sewer District has been and therefore not eligible. Commissioner Taylor motioned to participate, seconded by Commissioner DellaCava, all in favor. Approved.

Superintendent Morris added that Aquarion Water reached out to Senator Moore to sit down and talk regarding issues and if there is anything that they can do. He does not know what this is about and asking the Board if interested, would find out about a meeting and if any would want to be in attendance. Commissioner Taylor and Commissioner Della Cava all for Superintendent Morris in speaking with them to see what it's about. Chairman Manseau agrees with the getting the knowledge and certainly wants to avoid anyone to take over. Customer Buteau also reaffirms that a member of the board to be in attendance with the Superintendent.

- B. **UBWPAD Update** – Chairman Manseau no changes, had a problem last month on their free cash to be approved. They received a note from the DOR that the free cash was going to be \$752,000 and not \$4 Million.

VII. PERSONNEL -

VIII. DATE OF NEXT MEETING

- A. **Approval of Next Meeting Date** - Commissioner Taylor motioned to hold the next meeting on April 11, 2019 at 7:00 P.M. Seconded by Commissioner DellaCava. All in favor. Approved.

IX. Executive Session Minutes

- A. Commissioner Taylor motioned to adjourn the regular meeting 11:59 AM to approve the Executive Session meeting minutes of February 14, 2019. Seconded by Commissioner DellaCava. All in favor. Approved.

- X. **ADJOURNMENT** - Commissioner Taylor motioned to adjourn the meeting. Seconded by Commissioner DellaCava. All in favor. Approved. Meeting adjourned at 12:00 PM.

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