

**WAYLAND WASTEWATER MANAGEMENT DISTRICT COMMISSION
MEETING OF 9 November 2016**

In Attendance: Fred Knight, Sam Potter and Jane Capasso

Absent: Rick Greene

Guests: Mark Abrahams (The Abrahams Group), Nan Balmer, Cherry Karlson,
Linda Segal, Frank Normandin

Meeting Location: 7:30 pm Wayland Town Building, Selectmen's Room

MINUTES

Note: Items may not be discussed in the order listed or at the specific time. Times are approximate.

7:35 1. Call to order

7:35 2. Public comment – None

7:35 3. Visit by Mark Abrahams to review financial reporting for the operational budget and on betterment finances. This is the third discussion with Mark on WWMDC finances. Topics raised previously will be addressed, namely the amount of existing money in the betterment account, the balance of that fund over the life of the construction bonds, and operational accounting methods.

Fred: Wastewater's (WW's) primary concern is there will be enough money coming in from apportionments and from the users who pay in advance to cover the bonds principal and interest payments. WW charges 5% for interest and the bonds are paid at a 4% rate. When users pay upfront on their betterment, WW misses out on the additional interest.

Mark Abrahams Final Report: Two scope items on a Microsoft Excel 7 tab workbook:

- 1) Look at financials and create a revised balance sheet and income statement based on MUNIS data. Since MUNIS does not contain long term bonds payable and fixed assets this was added in for the Commission. The Town should bring in the MUNIS reconciliation package so Treasury (uses Vadar) and Finance (uses MUNIS) can be reconciled. Nan: Wayland has been looking into this.
- 2) Is there enough money to cover commitments? The short answer is yes. Roughly \$6.5m exists to cover an estimated uses of \$6.4m, which assumes all of the \$1.3m of retained earnings are used. If some of the retained earnings are used for operations, then there will be less available to cover debt. Legally, retained earnings can be used for debt and operating expense. There is about \$100,000 of operating income in retained earnings that Sam would like to keep separate because users have already paid for through user fees. Sam: If someone sells we receive less committed interest lowering the available retained earnings further.

Quick summary of all spreadsheets.

The new betterment is listed by property and approximately \$5m will be apportioned through FY 2034. The old betterment has approximately \$106k and will be apportioned through FY 2020. Betterments reconcile between MUNIS and Wastewater with a \$62 difference. There is a capital project fund with approximately \$221k which is not reported on the balance sheet. The new balance sheet format includes this.

Mark: In FY29 to FY33 there will be a shortfall of approximately \$1,1m on the new betterment. This calculation uses \$1.3m of retained earnings (includes \$100k of operations dollars), receipts from apportionments less the debt service paid to the bank. The Finance Committee will need to be contacted in advance to fund the shortfall. Sam: The \$100k in operations has already been paid by users. Finance has been using retained earnings to pay off the difference between the apportioned amount collected and the debt payments. The result is the operations money was used to pay betterments because everything is recorded in one account. Going forward, WW should review the retained earnings account showing a breakout of the betterment and operations amounts. Sam: The Board should discuss whether \$100k is the appropriate amount of operating dollars to reserve.

Fred: As properties pay their betterments in full, WW can adjust Mark's schedules to show the effect on the interest WW receives and the shortfall for paying betterments. Sam: We should model this every five years (Tab 7 in Mark's workbook). Fred: Can the \$1.3m less \$100k of operations go into an interest bearing account. The \$100k will be used as a buffer for emergencies. The betterment amount of \$1.2 includes the Paid In Lieu of Betterment (PILOB) and betterments Paid in Advance.

Jane asked Mark how he broke out the retained earnings account between operations and capital. Mark: Breakout the Assets: Any long term principal and committed interest goes on the capital side. User fees and liens on the operations side. Split out the liabilities between current (operations side) and Long term (capital side). Then you allocate the retained earnings. This allowed Mark to come up with the approximately \$100k of operations. The capital side contains the PILOB amounts and prepaid betterments. WW can now keep track of how much they have in operations and capital. Mark: He is done working with WW and if we need anything further we can pay at an hourly rate.

8:15 4 Preliminary discussion of the implications of the failure of the anti-siphon valve on 19 October 2016 and the need to have an emergency contractor on call for any situation, other than the contracted WWTF operations, that compromises the system. Also, a long-term solution is needed to maintain the integrity of the wastewater system and deal with fiscal and management issues. Possible solutions include:

- 1) Have a regular maintenance contract, which addresses emergencies only.
- 2) Create a joint Water-Wastewater Department under one new board with personnel to deal with routine and emergency situations for both water and wastewater, or
- 3) Employ a part-time Wastewater Director to respond to emergencies and also make other management decisions.

Right now, getting a maintenance contract in place seems important. In the longer term, it is important to address how to deal with emergencies as well as address on-going fiscal and management issues.

Fred: Whitewater is only responsible for the Wastewater Treatment Plant, which is now 18 years old. Julia Junghanns, Wayland's Board of Health Director, over saw the emergency and it was fixed in a timely fashion.

Fred: WW would like someone on call for emergencies and to oversee WW operations? There is no need for a full time person. Nan: The Town is in the process of hiring a new DPW Director who has a strong background in wastewater and water. Nan would like to propose a temporary arrangement with the Board of Public Works to see if the new

DPW Director would want to supervise some parts of Wastewater. Suggests WW sit in on the interviews. The Candidate has been informed of this arrangement. Nan would like to work out a simple memorandum of understanding to see if this will work out. The new DPW Director will know how to deal with WW operations, billing and emergency situations. He will be able to solicit contracts for vendors to handle emergencies. WW should have a survey of the system and a maintenance system review. Nan mentioned that WW is not registered with Dig Safe. The new director could set this up.

Sam: Would this person be the oversight of the treatment plant and any contractors working on the system? Nan: Yes, as well as he will be able to understand the billing and technical end of the system. Ben Keefe's indirect costs could be moved to the DPW to cover services per Brian Keveny, Finance Director. The Board of Public Works is willing to talk about this. The DPW Water Superintendent has a license in wastewater and knows what WW will need on the business side as well.

Emergency List - Board agreed that Jane will distribute a temporary emergency list, which includes two of the Board Members, the Facilities Director, the Board of Health Director and the outside contractors that were contacted for the emergency in October, 2016.

Treatment Plant Emergencies – Board agreed that WhiteWater will make emergency repairs as needed and if the emergency is expensive, they know how to reach the Commissioners for approval. WW will look at this in more detail in the future.

- 8:30 5. Further discussion of what to do with 820 gpd of design flow, including potential meetings with Board of Selectmen, including the status of payments and land transfer for the 380 gpd unused by Wayland Commons. Also, now that the new Library will not be at the 5 Concord Road site, what is the WWMDC's position on PILOB timing from the Board of Selectmen?

Sam: Since WW's last meeting he spoke with Nan and Mark Lanza, Town Attorney. The agreed upon draft has been sent to Wayland Commons. Sam will get a draft for the Board. Sam will meet with Conservation Committee possibly on Nov 17, 2016. Nan will get Sam on list for the meeting.

Sam will figure out what will be done with the outstanding quarterly bills of approximately \$16,600 and \$1,000 that Wayland Commons owes.

Nov 21, 2016 Sam will meet with the Board of Selectmen (BoS). Cherry: There is a list of 5 things relating to this. The BoS would like to understand the cost to connect to the system, what is the timing and the need to get this done? What will it take to connect to the system? Fred: Estimates from 12 years ago were \$38k to connect and buy a grinder pump.

Cherry: How will WW use the PILOB received as payment for the gallons per day?

Sam: It would be added to the \$1.2m in the retained earnings account. The additional 820 gpd would not affect WW's overall flow. WW has already received the Baston's 440 gpd (private resident didn't join the system). The 820 gpd in design flow will be allocated by the WWMDC to users when requests are received. Sam: What is the legal mechanism to transfer the 440 gpd and do we have the statutory right to do this?

Cherry: This is a legal question for Mark that she will work on.

- 8:50 6. Delay of discussion to December 2016 meeting of draft revision of WWMDC Rules and Regulations, specifically the modification of section on connections and alterations. No discussion.

- 8:51 7. Approve minutes from previous meetings—19 Oct 2016. To be discussed at the next meeting.
- 8:52 8. NPDES Permit renewal, OARS monitoring, and other monitoring. No discussion.
- 8:53 9. Pay Bills, monthly budget update, year-to-date finances, monthly commitments.

Fred and Jane agreed that the monthly budget will not be prepared since it has only been three weeks from the last meeting. Board reviewed bills from the October 19, 2016 emergency and WhiteWater bills. WhiteWater's monthly contract fee was inadvertently increased. Jane corrected this with WhiteWater. Sam made a motion to approve, Fred seconded all in favor.

Bills signed by Fred: Direct Energy \$26.43, Direct Energy \$.65, Eversource \$140.92, Eversource \$2,323.08, National Grid \$40.34, National Grid \$10.84, E.S O'Neil Electric \$1,704.50, John Regan Ent. \$890.00, Verizon \$54.81, Verizon \$48.26, WhiteWater Contract Fee \$3,900 and WhiteWater Other \$1,318.75. Total \$10,458.58. Commitment letter signed for the FY2017 Quarter 1 Billing \$77,788.66.

- 9:00 10. Topics not reasonably anticipated by chair 48 hours in advance of the meeting, if any.

1) Capital Account/Wastewater Treatment Plant (Discussed at 8:40) - Fred: The WWTP Capital Account has \$221k leftover for jobs that were not completed when the contractor left. There is approximately \$50k left to be completed. Ben Keefe and John Moynihan are working on this. Nan has been researching how to handle this based on the new Municipal Modernization Act, which allows up to \$50k to be returned to the users in some manner. Nan: The \$221k consists of two bonds for \$200k and \$21k from the original borrowing, which all needs to be spent on the WWTP or a similar project with the same timing. The original \$221k less \$50k in jobs to be completed leaves approximately \$171k that cannot be paid off early. WW can take \$30k of this as principal and transfer \$141k to the Town's General Fund. Nan is not sure if the \$30k can be used to pay off principal since the bond is not callable. The Town will pick up the debt and make the bond payments. The money will be used for a like project with a similar term. WW's users will be out the interest payments in 2014, 2015 and 2016.

Nan: This is the most recent information, which needs further discussion to figure out how the commission can use the money. Cherry: Going forward, having the Finance Committee take over remaining debt, is an anticipated way for the Town to deal with this type of situation. Jane gave the board a list of open items to be completed for the Treatment Plant.

- 2) NetDMR (Discharge Monitoring Report) – Fred did the online sign up and signed the agreement. Nan will sign tomorrow.
- 3) The original design flow for Russells of 2,923 gpd included irrigation and only one account number for two meters servicing the rental property and the greenhouses. Irrigation meters were added. Title V is difficult to assess for these meters since there are several classifications on each meter. Fred: The numbers should be adjusted based on domestic actual use. Sam: feels Russell's should approach us with any design flow questions. Currently, the design flow for each account needs to be reallocated to properly reflect the usage and billing. Russells, at its highest usage, over the last 5 quarters, is averaging about 1,000 gpd. Fred: If we use the methodology of doubling use, then the 2,923 of design flow is not out of bounds.

Handout with Russells gpd usage history, what they are using on each account, and Fred's estimates to recalculate the design flow. Sam and Fred would like to combine these accounts onto one account number. Jane explained that there are two meters with different uses and readings. Jane will discuss this further with Fred before the Quarter two billing.

- 4) Brendon Homes (BH) continues to have an outstanding balance from 2014. Sam and Fred have not heard from Brendon Homes since the last board meeting. The Board will wait to hear from BH.

9:11 11. Web site status: recent postings and organization. No discussion.

9:12 12. Calendar: upcoming meetings and events, including hearings. The next Board meeting will be December 14, 2016. (After the meeting, this was changed to December 7, 2016). The Board has asked to be on the Board of Selectmen's (BoS) agenda for November 21, 2016. (After the meeting, the Board decided not to meet with the BoS.)

9:12 13. Public Comment:

Frank Normandin: Update on Wayland Village – They are restarting a process of renovation plans and future consideration for wastewater. They are interested in whether there is any available capacity. They have no specific amount right now, but are concerned if new tenants move that they have enough. When speaking to potential tenants, they ask how many times they will flush. Whole Foods will be replaced with another supermarket with the same basic foot print and there is a an empty store they would like to rent. The other tenants in the plaza may turnover and have a different use. Fred: A new procedure exists with BOH. Frank: Could there be a working session to explore more design flow? Fred: WW has a Change in Use procedure where you would submit an application to Board of Health (BoH). The application is given to WW to determine if the design flow is available. Fred: WW has used this procedure once for a change of use to add a 1 chair hair salon with 70 gpd of design flow.

Frank: What is the 820 gpd that is being discussed (440 gpd is unused design flow from Woody Baston and 380 gpd from Wayland Commons). Fred: The DEP gave WW permission to treat our aggregated system the way we want through the Administrative Consent Order. WW may use 80% of 52,000 gpd of actual water flow. We are currently using approximately 26,000 gpd based on WhiteWater reports. The capacity of the plant is 78,000 gpd of actual water flow. Sam: small increments are fine. Town Center is not fully occupied. Based on WW's analysis of the TC, they are limited as to how much they can expand. National Development could build a leaching field in the future. Frank: In the future, could he get capacity from National Development if they built the leaching field? Sam: In his opinion, the Commission would be open to a small amount of capacity being added to Frank's development at a cost.

9:25 14. Adjourn