

LINCOLN WATER COMMISSIONERS

April 12, 2017

Regular Meeting

The regular monthly meeting of the Lincoln Board of Water Commissioners was held at the Lincoln Town Hall with Commissioners George Hadley, Edward Fox, Eric Fox, Louis Long and Julie Labreche present. Also present were Water Superintendent Romeo Mendes, Lewis Prescott and Anna Nascimento.

The meeting was called to order at 6:04 p.m.

PUBLIC COMMENT –None

Motion to pull items 9a and 9b from of the consent agenda passed unanimously. (GH/LL)

Motion to move item 11a Josh Giuliano, Citizens Annual Investment Review to the front of the Agenda passed unanimously. (EdF/GH)

Josh Giuliano stated that the overall portfolio spanning the time period 03/09/2016 to 04/12/2017 is up by 6%. There has been expansion in stocks which the Commission has invested in according to established policy limiting exposure to same to no more than 20%. In the end stock exposure was 17% which is right where the commission wants to be. If you look at the most right column of the stock portion of the portfolio, it is up by 19%, the bond portfolio is up by 1% and the CD portion is down 2%. The CD's have a prepayment penalty built into them upon purchase so that is the reason same is down. The reason the investment policy states you can have no more than 20% stock is the fear of underperformance. The greater the percentage of bonds in the total investment, the greater the loss if bonds underperform. That is why some of the investment funds are split off into CD's. They have less of a tendency to lose value.

So if you look at the accounts they have risen annually with one exception the 2013 & 2014 that was because they was some withdrawal which you see itemized on the left. Other than the withdrawals, the accounts have been increasing every year. The bond exposure will probably continue a drag somewhat so my recommendation for now is to do nothing and just keep an eye on the stock exposure. Chairman Fox stated very well. Mr. Guiliano asked if there were any questions or concerns in general. He relayed that his goal would be to keep an eye on the stocks in the portfolio and that Superintendent Mendes has 2 copies of summary that contains all the detail on the investments. Chairman Fox and the rest of the Commissioners replied Thank you.

CONSENT AGENDA

Motion to approve the consent agenda with the exception of items 9a & 9b passed unanimously. (JL/GH)

The following items were approved with the consent agenda for the March 8, 2017 meeting:

- March 8, 2017 Regular Meeting Minutes
- Capital Accounts – March 2017
- Abatements – March 2017
- Account Transaction Report –March 2017

The meeting returned to the regular order of business.

Superintendent Report of Daily Activity

Superintendent Mendes relayed Mr. Chairman and members of the board I have a few items to bring out regarding our progress on various programs. Overall, the radio read program is approaching 90% and we are in compliance with all State mandates. In 3 years, we have gone from approximately 55% to 90% and much of the credit has to be given to the staff. I would just like to say that we are already realizing some of the benefits as our reading times have dropped substantially. I believe it took 9 weeks to read the entire system not more than 2 years ago and we will be able to do it in two weeks that is quite an accomplishment. Pumping is within 500,000 gallons of what it was last year. The Main Street was completed successfully with the crew and the contractor working well together causing minimal disruption to the customers in the area. I can answer questions if there are any. Commissioner Labreche stated she has question and she wanted some information on the meter reading. You indicated that the monthly and quarterly accounts were read. Superintendent Mendes replied that is correct. Commissioner Labreche stated she was just questioning which specific entities were read. Superintendent Mendes replied they are primarily large and commercial users. Commissioner Labreche inquired as to whether or not they were billed monthly. Superintendent Mendes yes that is the reason they are read monthly because we are going to bill them. Chairman any other questions. Commissioner Labreche replied no questions.

Motion to accept the Superintendent's report passed unanimously (LL/EdF)

MONTHLY FINANCIAL REPORT

Commissioner Labreche stated Mr. Chairman she has a question for Superintendent Mendes. She is not sure if it was at this meeting or another but what specifically makes up Other Current Assets and the Superintendent had said the bulk of same were monies from the investment account. Commissioner Labreche stated she is just trying to comprehend one thing and get clear on what is what but according to the number listed, there is a difference of \$100,000 and she is just questioning what that might be. Superintendent Mendes replied he can get her a more detailed summary and he just needs to go and reconcile that investment account. He is pretty sure he can give her exactly what she needs. He did not have it handy right now but would get her something. Chairman any other questions.

The March 2017 operating and revenue report was presented to the Board for approval.

Motion to accept the expenditure and revenue report for the month of March 2017 passed unanimously (EdF/JL)

Motion to send the March 2017 financial status report summary to the Town Finance Director passed unanimously. (GH/EdF)

OUTSTANDING BALANCE REPORT

Superintendent Mendes relayed that the collection clerk is quite good at her job.

Motion to accept the March 2017 account balance report passed unanimously (JL/GH)

CAPITAL ACCOUNTS

The capital Accounts report for March 2017 was passed with the Consent Agenda and will be placed on file.

MONTHLY INVOICES

Motion to pull Larry's Auto Repair from the payments passed with affirmative votes from Commissioners Labreche, Hadley and Long. Commissioners Ed and Eric Fox abstained from the vote. (JL/LL)

Motion to approve payment of the March 2017 Accounts Payable in the amount of \$189,396.58 as well as Direct Payments in the amount of \$325,373.30 passed unanimously. (EdF/GH)

Motion to pay Larry's Auto Repair passed with affirmative votes from Commissioners Labreche, Hadley and Long. Commissioners Ed and Eric Fox recused themselves. (JL/GH)

ABATEMENTS

Monthly Abatements were passed with the Consent Agenda and will be placed on file.

ACCOUNT TRANSACTION REPORT

The Account Transaction Report was passed with the Consent Agenda and will be placed on file.

CORRESPONDENCE

a. Providence Water Notice of Rate Increase

Commissioner Hadley inquired as to why the Providence Water Supply Wholesale rate for water rose in February. Commissioner Hadley relayed that the Commissioners had talked about potential increases in the not too distant past. Superintendent Mendes replied that Providence Water usually provides notification that an increase is coming but for whatever reason none was provided before staff noticed the increase in the monthly bill. As it turns out, a rate increase to address an anticipated Providence Water increase in late 2013 provided a buffer that is still in place today therefore a rate increase by Lincoln to cover the Providence increase will not be necessary. Superintendent Mendes relayed that Providence would more than likely submit a rate increase to the PUC every 2 or 3 years. Commissioner

Hadley asked if same would be automatically put into place. Superintendent Mendes replied no, they must receive approval from the PUC.

b. RIWWA New Member Rates

Superintendent Mendes relayed that item b was a notification from RIWWA that membership rates had risen. The Water Commission is the 5,000 to 10,000 total services range and the fee for was increased by roughly \$100. Commissioner Hadley stated ok and thank you.

Monthly correspondence was passed with the Consent Agenda and will be placed on file.

UNFINISHED BUSINESS

a. AC abandonment at School and Main, Status Update

Superintendent Mendes relayed that installation of the new main was successfully completed.

b. Assurance Program for Commission Variable Frequency Drives

Superintendent Mendes relayed that the vendor, Rockwell had lowered the fee to \$20,000 so it became necessary to bring the item before the Commissioners. Superintendent Mendes replied that it was up to them as to whether or not they wanted to reopen the discussion and that nothing needed to be done if their prior decision was final. Chairman Fox stated that it appeared the original decision was indeed final so no further action would be taken.

NEW BUSINESS

b. Operation Service Awards

Superintendent Mendes relayed that he would like to recognize an individual who just completed 40 years of service during the month of March and needless to say without his knowledge and experience over those 40 years, the commission would have been much less efficient. This individual worked tirelessly and always placed the health of consumers first. He would like to recognize Lewis Prescott and offer a token of his and the Commissioners appreciation for 40 years of service. Superintendent Mendes presented the certificate to Lewis Prescott thanked for his service.

c. Existing and Proposed Paychex Services

Superintendent Mendes relayed the Commission's payroll processor had made contact and notified him that the health care deduction in each employee's pay was capable of being done on a pre-tax as opposed to a post-tax basis and they would recommend that the Commission register for the section 125 POP allowed by the federal government. An analysis of the savings to the employees as well as to the Commission was done and same showed that even with a \$400 fee charged by our payroll processor to manage the program for the Commission, savings would definitely be realized. As it turns out each employee would have their taxable income reduced and realize an increase in their take home pay.

Additionally, the amount the Commission would pay in payroll taxes would be reduced. The bottom line is that taxable income is reduced so both the employee and employer benefit.

Commissioner Labreche requested that Superintendent Mendes repeat again exactly what the program would do. Superintendent Mendes replied that the Commission's payroll processor will monitor our weekly payroll and complete necessary federal paperwork allowing each employee's healthcare deductions to be done on a pre-tax basis. Participation in the program will cost approximately \$480/year and result in both employees and the Commission paying less taxes. Commissioner Labreche stated so it is basically more of completing a registration and monitoring going forward. Superintendent Mendes replied yes. Commissioner Labreche inquired as to the length of time the current payroll processor, Paychex has been doing the Commission's payroll. Superintendent Mendes replied he believes throughout the previous Superintendent's tenure and his as well so approximately 15 years. Chairman Fox inquired as why the Commission did not take advantage of the Section 125 POP before. Superintendent Mendes replied that it seemed neither prior management nor Paychex was aware of the program when same came into existence in 2009. Paychex is taking the initiative presently because they are obviously trying to generate more business and it is a good thing they did. They brought it to our attention and now we can make the changes and he would recommend the Commission do so upon confirming details including confirming with our accountant that there is nothing hidden.

Commissioner Labreche stated she was not sure the cost could be justified and wondered if either our accountant or staff could complete the necessary paperwork and ongoing monitoring. Superintendent Mendes replied that an accountant's fees would most likely make participation in the program cost prohibitive and present staff simply does not have the expertise or the time to undertake the task. Superintendent Mendes relayed that in his opinion the fee proposed by Paychex was negligible when compared to the savings and that the Commissioners could evaluate further after the Commission's had weighed in.

Chairman Fox suggested that the Commission's Accountant, Jim Dugan could come to a meeting. Superintendent Mendes stated yes that he would attempt to have Jim Dugan and a Paychex representative provide more information prior to the Commission making any decision.

- d. Any other business that may properly come before the Board - None

CLAIMS

- a. None

NEWS ARTICLES –

- a. Albion Dug Well

EXECUTIVE SESSION

Motion to seek to adjourn to Executive Session per RIGL 42-46-5 (a) (2) passed unanimously. (GH/LL)

Motion to seal the minutes of Executive Session according to RIGL 42-46-7(c) passed unanimously.
(GH/EdF)

Public Vote on matters from Executive Session - None

ADJOURN

Motion to adjourn passed unanimously. (JL/LL)

There being no further business before the board the meeting adjourned at 7:43 p.m.