

**BOONSBORO KEEDYSVILLE WATER ADVISORY BOARD**  
**MEETING MINUTES**  
**Wednesday, December 7, 2016**

**Voting members present:** Austin Abraham, Chairperson; Terry Davis (B); Paul Loeber (B); Barry Levey (K); Matt Hull (K-alternate);

**Members absent:** Eric Kitchen (B-alternate), Rob Hutzell (B-alternate); Bobby Mose (B-alternate)

**Others present:** Ken Lord (K-alternate), Gina Ellis (K-alternate), Rick Bishop (K), Keedysville Town Administrator, Megan Clark (B), Boonsboro Town Manager; Pete Shumaker (B), Utilities Superintendent; Ray Hoffman (B), Ernie Harr (B)

The meeting convened at 6:30 PM at Keedysville Town Hall.

- I. **Approval of minutes from August 18, 2016 meeting.** Motion by Member Hull, second by Member Davis to approve the minutes with no corrections. Motion carried unanimously.
- II. **True-up of FY16 cost allocation to Keedysville.** Chairperson Abraham presented the FY16 true up of applicable costs:

Keedysville's (K) estimated cost for FY16 was based on projections of Boonsboro's (B) allocable operating expenses of \$509,414, capital of \$50,500, labor for daily operations of the tank and booster station of \$5,733, and K using 15% of the water pumped into the towns. Actual numbers were allocable expenses of \$559,473, capital of \$55,266, tank and booster station operations labor of \$5,911, and K's use of 14.5% of the water.

While allocable operating expenses and capital were higher than budgeted, this was partially offset by a lower percentage of water used. The operating expenses exceeded budget primarily due to an increase in the percentage of general fund labor allocated to water beginning in April 2016 from 25% to 33% and to higher than expected maintenance and repair costs.

The total amount due from K to B for the year is \$72,308. As K has paid \$68,628 for FY16 in projected payments, the net true-up is a final payment from K to B of \$3,680 (accounts for all rounding).

III. **FY17 Cost Projections for Keedysville.** Chairperson Abraham presented the FY17 Cost projections for the Town of Keedysville to pay the Town of Boonsboro for applicable costs:

The proposed estimated payments for FY17 include allocable operating expenses of \$606,932, an operating contingency of \$20,000, capital of \$82,478, annual billing and administrative costs of \$5,465, tank and booster station operations labor of \$5,903, and K's % of water at 15%. Capital includes \$49,200 for water plant filters, \$5,000 to replace the casing in well #8, \$16,378 for a truck replacement, \$6,900 for meter reading equipment, and \$5,000 for weir wall stabilization.

The projected annual payment from K to B is \$82,915 (\$20,729 per quarter). This is \$11,435 higher than the FY16 actual expense due primarily to higher wage and benefit costs including the increase in general fund employee cost allocation from 25% to 33% for the entire year.

IV. **True-up Revision Proposals.** Chairperson Abraham presented proposed revisions to the FY16 True Up costs.

In FY16 Boonsboro purchased \$89,844 in replacement water meters and lids. This is a very large one-time purchase that, had the auditors capitalized the cost, would not have been attributable to Keedysville.

Because the cost fell into operations, a portion of the expense ends up with Keedysville. For FY16 the meter related purchases by Boonsboro of \$89,844 could be removed from operating costs and effectively treated as if they were capital in order to more closely arrive at Boonsboro's costs that are attributable to serving Keedysville. This would reduce Keedysville's annual cost for FY16 from \$72,308 to \$63,840 and result in a reimbursement from Boonsboro to Keedysville of \$4,788 instead of a payment from Keedysville to Boonsboro of \$3,680.

In addition, the original breakdown included expenses of \$4,399 for replacement windows at the Boonsboro reservoir that should not be included. This would further revise the true-up payment to a total of \$5,426.

**Motion** by Member Davis, second by Member Levey to recommend approval of the FY16 true-up with removing the capital costs of \$89,844 for the meters and the windows, for a total payment owed to Keedysville of \$5,426. Motion carried unanimously.

Chairperson Abraham also presented a proposal to amend the 1999 Water Service Charge Agreement that provided the methodology for calculating costs, and then using the 35% figure which accounts for Boonsboro's portion of distribution costs in the annual budget.

The Board discussed changes in the water systems since 1999 including:

- Increase in water accounts in Boonsboro from 940 to 1,367 (45% increase)
- Addition of a full-time water/sewer billing clerk position
- Addition of 2 fulltime operators bringing the total to 4 whose costs remain split 50/50 with the sewer fund
- Increase in general fund employee allocation to the water fund from 25% to 33%
- Extension of the towns water mains west along Alternate 40
- Significant new developments including Fletcher's Grove and Sycamore Run have extended the Town's water distribution system

The Board agreed that it was appropriate to recommend to each Town to revise the 1999 Water agreement to increase the 35% reduction to 50% reduction that accounts for the components of Boonsboro's water fund budget that is attributable to the distribution system. **Motion** by Member Davis, second by Member Levey to recommend an amendment to change the formula to 50%. Motion carried unanimously.

V. **Boonsboro's 5-year CIP Projects.** Boonsboro Town Manager Clark presented a draft update to the 5-year Capital Improvement plans for the water fund. She noted the plan changes each year as items are addressed or moved due to priority changes. Under the FY17 Capital Outlay Projects, the Town is moving forward with replacing six water plant filters this Fall, two in Keedysville and four in Boonsboro at a cost of \$8,000 per filter. The Ford F-350 truck and Handheld meter reader have been purchased and the Bobcat will not be purchased. Chairman Abraham pointed out shared expenses will be included in the true-up.

VI. **Water Capacity Update.** Boonsboro Town Manager Clark provided the Board an update of the evaluation of water allocation and capacity. She stated the Town's consultant examined the groundwater recharge area MDE uses for permit allocation and the

recharge area is adequate to meet the capacity needs of the Town. Town Manager Clark shared that the BMUC felt it was not necessary to further engage the consultant at this time since the towns are using less than two-thirds of the total capacity, with 980 equivalent dwelling units available, and the current withdrawal permits not expiring until 2022.

VII. New Business. There was no further business discussed.

VIII. **Public Comment.** There was no comments from the public.

Chairperson Abraham declared the meeting adjourned at 8:35 PM. The next meeting date is scheduled for Wednesday, February 15, 2017 at 6:30 PM at Boonsboro Town Hall.

Submitted by: Megan Clark, Boonsboro Town Manager