

Board of Water Commissioners

Meeting Agenda

Monday, January 8, 2024 @ 7:00 PM

- Comments from the public
- Approve minutes from the meeting of 12/4 and 12/18
- Appoint one Commissioner to sign warrants while conducting meetings virtually

OLD BUSINESS:

- Per- and Polyfluoroalkyl Substances (PFAS)
- Current sample data, if available
- Discussion of Additional PFAS Upgrades
- Bottled Water Rebate update
- Financing Agreement Amendments with CWT
- Review Draft Budget for FY '25 and proposed articles for 2024 Annual District Meeting Warrant

NEW BUSINESS:

- Discussion of rate increase to support FY'25 Budget
- US EPA Lead & Copper Rule Improvements
- Update on the District's water conservation & efficiency programs
- Discuss Annual Report

In attendance:

Present at Tonight's Meeting:

Commissioners: Erika Amir Lin (Chair), Barry Rosen, Stephen Stuntz

District Manager: Matthew Mostoller

District Treasurer: Christine McCarthy

District Counsel: Mary Bassett

Environmental Manager: Alexandra Wahlstrom

Finance Committee: Ron Parenti

Members of the Public: Kim Kastens, Dave Boccuti, John Petersen

START OF MINUTES

Ms. Amir Lin opened the meeting at 7:01 pm.

Comments from the public

None at this time

Approve minutes from the meeting of 12/4 and 12/18

Mr. Rosen motioned to approve the minutes of December 4th, 2023. Mr. Stuntz seconded, and it was unanimously approved via a roll call vote; Mr. Stuntz, Mr. Rosen, Ms. Amir Lin. The December 18th minutes were not available and will be approved at a future meeting.

Appoint one Commissioner to sign warrants while conducting meetings virtually

Mr. Rosen motioned to appoint Mr. Stuntz to sign warrants until the next regularly scheduled meeting. Ms. Amir Lin seconded, and it was unanimously approved via a roll call vote; Mr. Rosen, Mr. Stuntz, Ms. Amir Lin.

OLD BUSINESS:

Per- and Polyfluoroalkyl Substances (PFAS)

Current sample data, if available

Mr. Mostoller had no new sample data at this time, January sampling has not taken place yet.

Discussion of Additional PFAS Upgrades

Mr. Mostoller reported that he did receive an updated project schedule for the North Acton Project. The General Contractor amended the original substantial completion date of January 26, 2024, and pushed it back to April 7, 2024. They do have a progress meeting this week and have been in contact with the engineer about this issue, at this meeting they hope to discern why the contractor expects such a delay in the project. Mr. Mostoller informed the board that a start-up date in April would be challenging for their operations and could delay full operations further into May. This schedule change would be outside the contractually obligated timeline for the project, no change orders for extensions have been signed. The progress meeting this week is set to include Mr. Mostoller, the engineer, the General Contractor, and likely the electrical subcontractor and possibly someone from the DEP's SRF program.

Ms. Amir Lin asked if the DEP SRF representative usually attends these progress meetings, Mr. Mostoller responded they have attended but did not attend the most recent meeting.

Mr. Mostoller then informed the board that they have received project approval certificates from the DEP SRF program for the other two projects, the package for this was submitted back in October. They continue to work towards putting these out to bid, starting with equipment pre-procurement then moving onto contracts to roll into March and April.

Mr. Rosen asked if there is anything that would prohibit the current contractor from bidding on these upcoming projects. Mr. Mostoller responded nothing that is known at this time would prohibit them,

however this is a conversation that has been going on for several months. Currently they have not reached the threshold where they could be barred from bidding.

Mr. Stuntz commented on the possibility of rejecting bids if they underperformed. Mr. Mostoller said he doesn't believe the General Contractor would bid on these other two projects given their size, however he cannot assert the same for the electrical subcontractor. The board then discussed the process for the selection of subcontractors in the bidding process.

Bottled Water Rebate Update

Ms. McCarthy provided an update on the Bottled Water rebate. In December \$7,245 in rebates were given, across 165 rebates, including 20 rebates which will be paid directly to tenants. The tenant rebates will appear in the next warrant. Mr. Rosen asked why it appears the numbers are creeping up, and some rebates are for \$15 or \$45. Ms. McCarthy clarified that the amount is affected by when the application is received, either at the start of the quarter or mid-quarter. Mr. Stuntz asked for clarification on changes in the number of participants. Ms. McCarthy responded that they had a net addition of 5 participants last quarter, and that 1 tenant did move, and there are 2-3 sales.

Financing Agreement Amendments with CWT

Mr. Mostoller provided an update on this item, which appears to be nearing its completion. Ms. Bassett did reach out to both Bond Counsel and PFAS Counsel for feedback. The latest iteration of the amendment had removed the language that was concerning, and with those changes made they are prepared to sign the financing agreement amendment. Ms. Bassett then shared some of her thoughts on the item, briefly discussing the review of the amendments.

Ms. Amir Lin thanked the team for their work on this item.

Review Draft Budget for FY '25 and proposed articles for 2024 Annual District Meeting Warrant

Mr. Mostoller informed the board that this item has not changed since last time, and this is yet another opportunity to review and ask questions about the budget.

Ms. Amir Lin asked if there are any indications about what to expect from power costs statewide. Mr. Mostoller answered that he is aware that National Grid is likely to increase prices, so it is reasonable to expect Eversource to also raise their costs. Mr. Mostoller then discussed the rationale behind budgeting for these costs including the role of solar credits.

Mr. Rosen asked about the line item for their accountant fees, asking if it included additional work last discussed with them. Mr. Mostoller & Ms. McCarthy responded that those changes are not yet included as they await a number from Powers and Sullivan regarding the cost of a Single Audit. A Single Audit will likely be required in addition to the regular financial audit. Mr. Rosen and Ms. McCarthy then briefly discussed the additional work they asked of Powers and Sullivan at their last meeting with them.

Mr. Dave Boccuti asked for the long-term debt, is what is displayed the actual long-term debt or the service. Ms. McCarthy clarified that it is the debt service. Ms. McCarthy then clarified the same question for a different line item for Mr. Boccuti.

Mr. Mostoller then directed the discussion to the warrant's language, explaining that he, Ms. Bassett, and the new District Counsel have begun drafting the language for additional financial items, acceptance

reports, salaries. Mr. Mostoller then provided an update on the potential cell tower lease at Nagog Hill, and the language for amendment to bylaws to support outdoor water use restrictions.

Ms. Amir Lin asked about the Great Hill Tower Lease and its timing in relation to these warrants. Mr. Mostoller responded that he and Ms. Bassett are trying to figure out how to move forward given there is only one five-year renewal left on the existing lease, it may need a new RFP, or another mechanism given the presence of infrastructure. It is unclear if it will make it to this warrant, but it may be a place holder.

Ms. Bassett informed the board that she is working to group warrant articles by thematic subject matter.

Mr. Mostoller informed the board that at the next meeting they will likely have the full draft available for review. Ms. Amir Lin asked what date the warrant will be sent out, Mr. Mostoller replied that they usually have it wrapped up by the first week of February to work on layout so it can be in the mail 3-4 weeks prior. The board then briefly discussed the timeline and their meeting schedule for this process. Mr. Rosen asked if the finance committee had seen this, Mr. Mostoller responded that they had seen it and discussed the budget, warrants, and rate increase at their meeting last week.

Mr. Parenti then provided comment, reminding the board that last year the finance committee was asked to provide a better overview of the complete finances and trends at the annual meeting, given this is often the only time of year people can attend and discuss with them directly.

Ms. Amir Lin asked Mr. Parenti if he would like to put something together on this and share with the board at the next meeting as it is an important discussion to have.

Mr. Stuntz agreed it was important to add this and suggested it can be done when they accept the annual reports so it can inform the rest of the meeting. Mr. Rosen and Ms. Amir Lin agreed with this suggestion and Mr. Rosen highlighted the benefit of accurate and helpful graphics related to debt trends, expense trends, and revenue trends.

The board then wrapped up their thoughts on this. Mr. Mostoller informed the board that Boston Financial is scheduled to attend the January 22nd meeting to update the board and the finance committee on current investments.

NEW BUSINESS:

Discussion of rate increase to support FY'25 Budget

Mr. Mostoller then directed the conversation to the discussion of rate increases to support the FY 25 Budget, Ms. McCarthy shared several charts and graphs on screen to inform the discussion.

Mr. Mostoller then provided a brief background on the item, explaining that they expect an increase in the operation budget next year, and in the past rate increases have been passed along with the budget. Mr. Mostoller explained this is an increase to the volumetric net increase, not the debt fee. Ms. McCarthy had done up some scenarios to look at the amount of additional revenue needed which is about a 50% increase at this time. The Finance Committee expressed an interest in seeing a scenario where the top tiers of the summer rates could make up the difference. Mr. Mostoller provided his opinion on that, cautioning that people could change their behavior and limit their use. He also explained that the costs driving these increases are year-round costs. Mr. Mostoller then suggested looking at alternative models that distribute the rate increase across all 5 tiers.

Mr. Rosen then shared his thoughts on the discussion, reviewing the percent increases on several items. Mr. Rosen expressed the same concerns as Mr. Mostoller. Mr. Rosen also questioned the effect of the water restrictions on the higher tiers, as well as keeping the municipal rate flat seasonally, as this does not promote conservation in the summer.

Ms. Amir Lin provided her thoughts on the topic, agreeing with the previous points made about the high use users and if that block of users is even large enough for these actions. Ms. Amir Lin agreed that it would be helpful to look at multiple scenarios and modeling. Regarding the comment on the municipal seasonal rate, she expressed doubt whether municipal water use is discretionary in a way that allows for conservation like with homeowners. Ms. Amir Lin then commented that seeing different distributions across different usage tiers would be helpful.

Mr. Stuntz then asked Mr. Mostoller if the street sweeping program is under the municipal umbrella. Mr. Mostoller responded that the street sweepers likely use the hydrant at the DPW facility. Ms. McCarthy added that she would have to check for certainty to see if that hydrant is billed under the municipal rate, or if it is part of a blended construction rate made in agreement with the town.

Mr. Mostoller then commented that of the municipal use, the schools are typically the highest users along with Acton Housing which is billed in a different manner. The Adams Street Waste Water Facility is also a year round municipal high user.

Mr. Boccuti then commented that he believes it would be helpful to look at the top tiers and model for total dollar value per volume of each of the categories to find the most efficient form.

Mr. Parenti commented that he has been working on modeling that divides users into equal quarters and determined that high use may be approximately 75% of the District's revenue. Mr. Rosen then asked a follow-up question about which tiers this applies to, and after brief discussion, Mr. Parenti said he would send the modeling to clarify this information to the board.

Ms. Kim Kastens then shared her comments on the discussion. Ms. Kastens commented that the District has been successful in public education on the stress on the system in the summer months, therefore it makes sense to put more of the increases on the summer rates than the winter rates. Ms. Kastens supported additional modeling. Ms. Kastens then commented on the modeling that Mr. Parenti discussed, saying that increasing rates on everything above 1500 includes all but the lowest 2 tiers, and therefore it's misleading to describe that as just the 'high users' when that is about half the total users.

Following Ms. Kastens comment, Mr. Mostoller asked Mr. Parenti to clarify this modeling as this confusion came up earlier. Mr. Parenti clarified that it would still be raising rates on a large part of the population, and that the Finance Committee agreed with the numbers presented to them. The discussion continued with Ms. Kastens reiterating her thoughts. Ms. Amir Lin then commented that this discussion is something that can continue once they receive confirmation from the finance committee on this modeling.

The discussion continued with Mr. Mostoller explaining that the cost increases are not driven by use but by improvement to water quality that affect everyone who uses the product. Mr. Mostoller then commented that it may be helpful to craft these rate increases in a way that can prepare the customers in case more rate increases are necessary for the fiscal year after.

Mr. Rosen then discussed water usage from this past summer given the unusually rainy season and that affect on people's watering systems. The board then continued the conversation, discussing the summer ratio, the effect of very dry and very rainy summers on water use & revenue, and the water restrictions. Mr. Boccuti then briefly joined the discussion, adding that the rainy summer may not affect people's watering habits if they have an automated system.

Ms. Amir Lin wrapped up this discussion by asking for the board to be presented with more options for distributing these increases across the different tiers. Mr. Mostoller suggested that one possibility is to do away with the summer and winter differential on the first tier, so it could be similar to the municipal rate where it is even across the seasons, which may assist low end users.

US EPA Lead & Copper Rule Improvements

Mr. Mostoller provided a brief introduction to the new Lead and Copper Rule from the EPA, the background on this rule in water quality, and the new labor-intensive expectations of the new rule. Ms. Alexandra Wahlstrom then began a presentation on her work on Lead and Copper Rule Compliance and District Improvements. Ms. Wahlstrom's presentation covered the overview of the revisions introduced three years ago, and the new rule. This presentation included an overview of the 'trigger level' of the contaminants, the find and fix proposal, changes to the tier 1 public notice, and the introduction of additional sampling at schools and childcare facilities.

Ms. Wahlstrom then delved into the largest and most relevant component of this for the District, which is the Lead Service Inventory and Replacement. Ms. Wahlstrom explained the October 16th deadline, how the rule affects the public and private sections of the service line, how sampling affects how the inventory is updated, and the notification requirements to customers. Ms. Wahlstrom then provided an overview of the recent improvements to the Lead and Copper Rule that were announced in November of this year. She explained how these changes affect the action level, the timeline for identification of all unknowns in the system, and the focus on transparency and accountability in these changes. Ms. Wahlstrom used Clapp Whitcomb as an example within the District that may qualify for several of the new compliance regulations.

The final section of Ms. Wahlstrom's presentation concerned her progress on building the District's inventory. Ms. Wahlstrom explained that they are using 1985 as a cut off date, due to the inception of the Lead Ban in Massachusetts in 1986. Ms. Wahlstrom then presented several data points of interest in the time period before the cut off date. Some of these data points of interest include approximately 900 service lines known to not have lead from main to meter, 170 with partial knowledge, and 1400 that are unknown meter to main. Ms. Wahlstrom estimated that approximately 75% of service lines from before 1985 likely require action.

Ms. Wahlstrom then explained her efforts in working with customers to identify service lines themselves using the State Lead Service Identification web application. An extensive record review has and is being conducted to assist in crafting the inventory. Ms. Wahlstrom then briefly went over the different physical inspection methods and the possibility of contractors being able to assist with that work.

With Ms. Wahlstrom's formal presentation concluded, Mr. Mostoller informed the board about how the District is starting to incur these costs. Last year \$200,000 was set aside for this, but an additional half million is likely needed for the physical replacement of lines. Mr. Mostoller discussed the Warrant Article

for the filtration pitchers, the distribution of education materials and outreach, and the likelihood of needing to hire outside help to assist with potholing. Mr. Mostoller estimated a cost that is in excess of \$700,000 over the next four years.

Ms. Amir Lin asked Ms. Wahlstrom if the District is prepared to meet the October deadline for the inventory, and what else is needed to complete the inventory. Ms. Wahlstrom stated that she was confident they could submit by the deadline, she then explained her work process on completing the inventory. Ms. Amir Lin asked for Ms. Wahlstrom's opinion on how the work should be distributed, for example possibly front loading the work, or spreading the cost out over time. Ms. Wahlstrom answered that ideally, she would recommend front loading the replacement work to remove as much as they're aware of before the rules are fully in effect to offset costs they would otherwise need to spend on outreach and filters. Ms. Amir Lin then asked if this rule will likely cause a rush to hire available qualified contractors? Ms. Wahlstrom and Mr. Mostoller both agreed that it may be highly competitive to hire the contractors qualified for this work.

The board then had a brief discussion with Ms. Wahlstrom and Mr. Mostoller about the necessary technologies and equipment for this work, the gaps in record keeping, and several points on materials and other possible cut-off dates.

Ms. Amir Lin thanked Ms. Wahlstrom for her work on this.

Update on the District's water conservation & efficiency programs

Mr. Mostoller and Ms. Wahlstrom provided information to the board on this item. Mr. Mostoller informed the board that continuing to offer these programs may appear as a permit condition. Ms. Wahlstrom informed the board that in 2023 they distributed \$6,941 in rebates, and distributed \$1,560 in rain barrel incentives. Last year the District provided conservation devices and materials at the Earth Day Open House and at the Acton Boxborough Farmers Market. In the summary of rebates and incentives over several years the rain barrel program was the longest running; the toilet and washing machine water sense fixtures have also had a decent response.

Mr. Stuntz asked about the response to the flushometers. Ms. Wahlstrom responded that the flushometers likely need a more targeted outreach to commercial customers. The board then discussed the presence of flushometers and other conservation devices at the schools, housing authority, and other municipal properties. Mr. Mostoller informed the board of a lack of conclusive information on some municipal properties having these water conservation devices installed. The board then continued to briefly discuss the presence of water conservation devices at municipal properties.

Discuss Annual Report

Mr. Mostoller informed the board that he is working on getting the necessary people to submit their reports for the annual report. The board then briefly discussed the timeline for finalization, and Mr. Mostoller encouraged people to use the previous year's report as a starting point to help streamline formatting on the back end.

Mr. Rosen then provided a comment on an email received about the OSRP. Mr. Mostoller informed Mr. Rosen that he is aware of the update and is working to respond.

Mr. Rosen motioned to adjourn this meeting of the Acton Water District Board of Commissioners. Mr. Stuntz seconded the motion, and it was unanimously approved via a roll call vote; Mr. Stuntz, Mr. Rosen, Ms. Amir Lin.

MEETING CLOSED AT 8:48 PM