

Board of Water Commissioners and Finance Committee

Meeting Agenda

Monday, February 10, 2025 @ 7:00 PM

AGENDA

- Comments from the public
- Approve minutes from the meeting of 1/27
- 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
- MDL Update
- Review Draft Budget for FY '26 and proposed articles for 2025 Annual District Meeting Warrant
- MWRA MetroWest Expansion

NEW BUSINESS:

- Update on Investments from Boston Financial
- 2nd Quarter Financial Update
- Discussion of rate increase to support FY'26 Budget
- Request for Service Outside of District Boundary

Present at Tonight's Meeting:

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

Finance Committee: Bill Guthlein, Ron Parenti, John Petersen

District Manager: Matt Mostoller

District Treasurer/Collector: Christine McCarthy

Members of the Public: Tim Gray (Boston Financial Management), Kim Kastens

START OF MINUTES

Mr. Rosen opened the meeting of the Acton Water District Board of Commissioners at 7:01 pm.

Mr. Petersen opened the meeting of the Acton Water District Finance Committee at 7:03pm.

Mr. Rosen moved the first item of New Business to the top of the agenda.

Update on Investments from Boston Financial

Mr. Tim Gray from Boston Financial Management shared an update on the District's investments with the board, sharing on the screen a presentation of high-level portfolio performance, he affirmed that he would provide Ms. McCarthy with a copy to distribute.

Mr. Gray reported that 2024 was a good year with positive performances driven by large cap stocks and the 'magnificent 7'. While there was a choppy fourth quarter due to political uncertainty the main takeaway was a positive year. Mr. Gray reported they are watching the Federal Reserve for any changes in interest rates, at the moment they believe it's nearly 50/50 chance they'll see 1 or 0 rate cuts this year. Mr. Gray then reviewed Bond yields, which are currently around 5% in high quality. He then reviewed the Asset Allocation Summary for the OPEB Trust fund which is still at 60/40 stock and bond split and has a valuation in January of \$1.5 million. The Grace fund has a 50/50 stock and bond allocation and is a bit smaller. Mr. Gray did not recommend any changes to the portfolio unless the board had anything specific in mind. Mr. Gray estimated that over the next four quarters they might see just over \$28,000 in income.

Mr. Gray then reviewed the portfolio's breakdown between domestic and international equities, of which the portfolio is far more in domestic equity. He reviewed the target duration for bond orders, some of which are pending. He walked through the 2024 performance page for both the OPEB and Grace funds.

Mr. Petersen asked since the target maturity for the bond portfolio is 3 years is there a case to extend the bond portfolio more aggressively. Mr. Gray responded that the shorter duration on the maturity gives them more chances to assess the performance, evaluate, and adjust if needed. Mr. Petersen then asked what the equity turnover rate has been, to which Mr. Gray said they tend to operate as a low turnover firm in the 13-14 percent range. Mr. Petersen then asked if Mr. Gray had any interest rate predictions or expectations tied to inflation. Mr. Gray said they may expect 0-1 rate cuts, but that could change, inflation is still at 2.9%. Mr. Petersen then asked about the OPEB Trust fund and what level of uncertainty they have when they consider the available funds. Mr. Gray responded that it

depends but, on a broad scale maybe somewhere around 10% as Mr. Petersen had suggested seems appropriate. The board thanked Mr. Gray for his presentation.

Comments from the public

None at this time.

Approve minutes from the meeting of 1/27

Mr. Stuntz motioned to approve the minutes of 1/27/25. Ms. Amir Lin seconded, and it was unanimously approved via a roll call vote, Ms. Amir Lin, Mr. Stuntz, Mr. Rosen.

Appoint one Commissioner to sign warrants while conducting meetings virtually

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

OLD BUSINESS:

Per- and Polyfluoroalkyl Substances (PFAS)

Current sample data, if available

Mr. Mostoller reported to the board January sample data. Center and South Acton were sampled on January 23, Center Acton was at 11.8 ppt, and South Acton was at 15 ppt. North Acton was sampled on January 27 and remains at non-detect levels. February sampling will happen in the coming weeks.

Discussion of Additional PFAS Upgrades

Mr. Mostoller informed the board that the North Acton project had its final pay requisition and will release any retainage. Mr. Mostoller brought attention to lead filter train on the North Acton PFAS system as it may be needing replacement media soon. The plant started pumping water in late April, so that would indicate an 8-9 month run time on the GAC filters. Mr. Mostoller will speak with Wright Pierce about the specifics of the data. Mr. Rosen asked how long it will take to change out the GAC, Mr. Mostoller estimated it would be about a month. Mr. Stuntz asked where the GAC will come from, Mr. Mostoller replied that media replacement is part of the North Acton contract with Veolia.

Mr. Mostoller reported no major changes on either the Center or South Acton projects, though there were some delays due to the recent snowfall.

Mr. Rosen then asked about the yearly media replacement needed if the media has an 8-9 life of the GAC. Mr. Mostoller responded that the raw water in North has been running

steady since June, and the raw water levels are consistently at 30 ppt. Mr. Mostoller noted that they will do rehab on those wells which may change the dynamics of the water quality.

Mr. Petersen asked what's the ppt of PFAS in the untreated raw water over time. Mr. Mostoller responded that it has ranged on the low end from 3-5 ppt to as high as 90 ppt at that location.

Mr. Parenti asked what the cost of changing the media is, Mr. Mostoller did not have that figure readily available from the contract at the moment, but in the past with the Clapp Whitcomb plant, which did not treat PFAS, media replacement was around \$90,000.

Ms. Amir Lin asked if the change in federal funding puts any of the District's projects funded by the Clean Water Trust in uncertainty. Mr. Mostoller said that he cannot be 100% certain but it seems there won't be a direct impact because the funding for these projects from the Clean Water Trust has already been transferred to the State and is under contract. But this may also change as the current federal climate is unpredictable and information changes rapidly.

MDL Update

Mr. Mostoller had 2 updates regarding the MDL. He and Ms. McCarthy reviewed the adjusted base scores from the 3M/Dupont case and there were no changes. This is separate from the special needs claim.

The other update is that under CERCLA, if that regulation holds, then PFOA and PFOS will be regulated under CERCLA. The attorneys will be sending out a questionnaire to identify people locally who may fall under CERCLA's guidelines. Mr. Mostoller anticipates this will cast a broader net of more businesses who used PFAS or PFAS containing products and may have released it into the environment locally.

Review Draft Budget for FY '26 and proposed articles for 2025 Annual District Meeting Warrant

Starting with the draft budget, Mr. Mostoller informed the board that the Finance Committee at their recent meeting voted to recommend approval of the budget to the board. Mr. Petersen confirmed this.

Mr. Stuntz motioned to accept the Finance Committee's recommendation to accept the budget as presented. Mr. Rosen seconded, and the motion was unanimously approved via a roll call vote, Mr. Stuntz, Ms. Amir Lin, Mr. Rosen.

Moving on to the Warrant Articles, Mr. Mostoller informed the board of a new addition to the warrant. Article 12 would put the Great Hill Tank Cell Tower site lease back out to bid

as the lease is set to expire. Mr. Mostoller reminded the board of their previous conversation about this back in August, the initial warrant article did not envision anything beyond a 20-year lease.

Mr. Rosen motioned to accept the revised warrant and close the annual meeting warrant. Mr. Stuntz seconded, and the motion was unanimously approved via a roll call vote, Ms. Amir Lin, Mr. Stuntz, Mr. Rosen.

MWRA MetroWest Expansion

Mr. Mostoller informed the board that the proposed inter-governmental agreement is provided in the packet. It's predicated on Maynard being the lead agency for procurement and the fiscal agent for shared services, the study would look at the potential models for expansion of the MWRA to Metro-West. Earlier in the day, the Town of Ayer counsel reviewed the agreement and had no further changes. The Town of Groton, who also uses Mirick O'Connell reviewed the agreement and had no concerns. Mr. Mostoller asked the board to take a formal vote on the agreement, he noted he doesn't anticipate any major changes except adding more communities on board. Currently about 8-10 communities are involved.

Mr. Stuntz motioned to authorize Mr. Mostoller to sign the Inter-governmental agreement on behalf of the commissioners. Ms. Amir Lin seconded, and it was unanimously approved via a roll call vote, Ms. Amir Lin, Mr. Stuntz, Mr. Rosen.

NEW BUSINESS:

2nd Quarter Financial Update

Ms. McCarthy provided the board with the 2nd Quarter Financial Update. She informed the board they were exactly where they expected to be, nothing unexpected exceeded the 50% threshold. Revenue is higher than expected because it was a dry summer. Overall, the district is in good financial shape.

Mr. Petersen asked for the OPEB cash flow, how funds are handled, if it's a one-time transfer and if so when does that happen. Ms. McCarthy responded that for this fiscal year they are not touching OPEB for the general fund, but when they do it is a one-time transfer that is approved at the annual meeting, last time it was withdrawn in April.

Discussion of rate increase to support FY'26 Budget

Mr. Mostoller shared his screen to show information related to the rate increase to support the FY '26 budget. This is a proposed 3% rate increase to keep costs on track with inflation, which is more in line with their usual operations. Mr. Mostoller stressed this is different

than the 50% rate increase done last year, which was a big structural adjustment across the board. Mr. Mostoller then reviewed the information presented on the screen showing proposed rates, and pointed out the debt fee will be slightly lower this year so customers may see a reduction in their bill or with the 3% increase a flat rate with little change. This proposal includes an increase to the municipal rate.

Mr. Stuntz then asked about the municipal volume use. Mr. Mostoller replied that the schools are consistently in the top 10-20 users, which trails off in the summer, other high municipal users are the Acton Housing Authority which exhibits typical use residential water customers. Mr. Petersen asked if the school district is a separate entity from the town municipal rate, which Mr. Mostoller clarified the school receives the municipal rate.

Mr. Petersen then asked if this rate increase would pertain to the Finance Committee's presentation of the District's financial health at the annual meeting. The board and the Finance Committee then discussed the presentation at the annual meeting and the Finance committee's draft letter. Mr. Guthlein commented on past confusion from the public about budget expense types and allocations in the warrant, and their goal to address that confusion in the presentation. The board and the Finance Committee then discussed the presentation of operating expenses, and how the Finance Committee will talk about them and the warrant articles. A discussion of how to categorize spending and revenue and compared our strategy with similar presentations in the private sector. Mr. Mostoller commented that it's important to inform the public that the warrant articles serve as a mechanism that enables them to utilize certain pots of money. They then discussed a chart Mr. Guthlein had shared on screen. Mr. Petersen summarized this discussion by highlighting the need for the Finance Committee to provide something useful for the public. Ms. Amir Lin commented that she would be hesitant to lump too many categories of spending together in the presentation because by doing so you lose transparency..

Mr. Mostoller directed the conversation back to the issue of the rate increase. He clarified they do not need to vote on it at this meeting, but the budget approved earlier is based on this rate increase.

Mr. Guthlein motioned for the Finance Committee to recommend to the board of commissioners a 3% increase in the volume rate to support the spending needs of the District for FY '26. Mr. Parenti seconded the motion, and it was unanimously approved via a roll call vote, Mr. Guthlein, Mr. Parenti, Mr. Petersen.

Mr. Stuntz motioned to accept the recommendation from the Finance Committee for the rate increase as presented in the FY '26 budget. Ms. Amir Lin seconded, and it was unanimously approved via a roll call vote, Ms. Amir Lin, Mr. Stunts, Mr. Rosen.

Request for Service Outside of District Boundary

Mr. Mostoller informed the board that they received an email from the economic development office in Maynard. They were asked by a developer to approach the District to inquire if they would be interested in providing water for a housing development at the old Digital mill building in the center of town. Mr. Mostoller commented that there is no ideal way to get water from Acton to that location, it's almost 2 miles out, which is even further than the recent request on Powder Mill. Mr. Mostoller then asked the board for their thoughts and guidance on how to proceed. Mr. Rosen asked if the Town of Maynard had determined they don't have the capacity for this request, which Mr. Mostoller affirmed. Based on preliminary estimates of daily usage, Mr. Mostoller estimated that they may have the capacity to accommodate this development from a volume perspective but the infrastructure would be an issue.

Mr. Rosen commented that this request does not seem to satisfy their usual requirements to pursue as it offers very little to the District, and they had recently turned down a similar request from another developer in Maynard. Mr. Stuntz and Ms. Amir Lin shared this sentiment, and Ms. Amir Lin added that realistically agreeing to this would add years of work to the District's tasks. Mr. Stuntz directed Mr. Mostoller to share these sentiments as he sees fit with Maynard.

Mr. Parenti motioned to adjourn the meeting of the Finance Committee at 8:41 pm. Mr. Guthlein seconded, and it was unanimously approved via a roll call vote, Mr. Guthlein, Mr. Parenti, Mr. Petersen.

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

Meeting Closed at 8:42 pm.