

Joint Meeting of the Board of Water Commissioners & Finance Committee

Meeting Agenda

February 26, 2024

- Comments from the public
- Approve minutes from the meetings of 2/12
- 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
- Update on 549 Main Street
- Review Budget for FY '25 and proposed articles for 2024 Annual District Meeting Warrant
- Discuss Annual Report

NEW BUSINESS:

- Annual District Meeting Presentations

EXECUTIVE SESSION: -- To consider the purchase, exchange, lease of real property as an open meeting may have a detrimental effect on the negotiating position of the District.

Present at Tonight's Meeting:

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

Members of the Finance Committee: Bill Guthlein, Ron Parenti, John Petersen

District Manager: Matt Mostoller

District Treasurer: Christine McCarthy

District Counsel: Mary Bassett, Spencer Holland

District Moderator: William Mullin

Environmental Manager: Alexandra Wahlstrom

Members of the Public: Kim Kastens

START OF MINUTES

Ms. Amir Lin opened the meeting of the Acton Water District Board of Commissioners at 7:01 pm.

Mr. Parenti opened the meeting of the Acton Water District Finance Committee at 7:05 pm.

Comments from the public

Ms. Kim Kastens had two questions for the board. The first question was about the Town of Concord's proposed article for the Nagog Hill Pond PFAS infrastructure, she wanted to know what the board knew of this article. Mr. Mostoller responded that he is aware of this article and its ambitious aims for Nagog Water Treatment Facility, but they do not have any additional information on Concord's plans.

Ms. Kastens' second question pertained to the water rate increase and the FY 25 budget. Ms. Kastens stated that she did some math with the public information, taking expenses, subtracting long term debt, and comparing FY 23 to FY 25 and she saw a need for only a 32% increase in revenue, which she believes does not justify a 50% increase across all tiers for all seasons.

Mr. Mostoller responded that a 50% increase in all tiers rates does not equal a 50% increase in revenue as each tier has different values. Ms. Kastens continued to question the necessity of the rate increase. Mr. Guthlein responded that the decision to increase rates was also based on predictions that the District will sell less water by volume, which also affects the District's revenue. Ms. Kastens continued to question the financial necessity of the rate increase. Ms. McCarthy jumped in and explained that the District is taking a conservative approach compared to FY 23, which was a drought year. She explained that in FY 24 and FY 25 they are seeing a downward trend in use. Ms. McCarthy also touched on how the software formulates the bill based on the usages for each customer, and how things like a multi-unit building can affect the outcomes of that formula. She explained that the numbers generated by their billing system informed the need for the rate increase, and that after some modeling 50% across all tiers gave the District a healthy cushion for expenses.

Ms. Amir Lin noted that the Board had a great deal of discussion on this decision as it concerns their financial safety, and the District was not comfortable operating so 'close to the bone' because of recent volatility in the price of power and chemicals.

Ms. Kastens commented that she was not entirely convinced of the modeling but that she may take Ms. McCarthy up on a previous offer to discuss this in person, as she was finding it hard to see why bills needed to be increased.

Ms. McCarthy agreed and encouraged Ms. Kastens to reach out with a time. Mr. Petersen thanked Ms. Kastens for her time and asked if she might also email them her calculations so they can understand how the public might be interpreting this decision. He also commented that though it is a 50% in the water rate, the average user may see only a 17% increase in their final bill.

Approve minutes from the meetings of 2/12

Mr. Rosen motioned to approve the minutes of the February 12th, 2024 meeting, as amended to change the number of the article listed on the top of page 4 to Article 20. Mr. Stuntz seconded, and it was unanimously approved via a roll call vote, Mr. Rosen, Mr. Stuntz, Ms. Amir Lin.

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 reported that both Center and South Acton were in operation. Samples were collected on February 7th. Center Acton results were 6.5 ppt, and South Acton results were 14.4 ppt. An email update was sent to the PFAS email list this afternoon.

Discussion of Additional PFAS Upgrades

Mr. Mostoller reported that North Acton is not in operation, and that they did begin the process of filling the GAC vessels today. The contractor Veolia was on site for this process, and they hope by later in the week they will have the carbon in the vessels. The General Contractor continued to make progress, and they are seeing the electrician step up their work process by working a weekend, and some overtime. They hope to be ready by mid-March for commissioning the facility.

For South Acton, the project will be put out to bid in the coming days, and they are in the process of finalizing the last few details. They expect to sign the construction administration contract tomorrow, the 27th. For Center Acton 90% design has been submitted to DEP, and they are pursuing the next step of putting it out to bid. They have a hearing with the Conservation Committee on March 5th to discuss the project, and they plan to open the pre-bid items on both GAC and VFD's this week. The bid on the building in South Acton Project will open later this week, and the anticipated costs on South Acton project are looking to be well below what the engineer originally estimated when they submitted to SRF in 2022.

Update on 549 Main Street

Mr. Mostoller reported they continue to have a dialogue with the Town and the SVT about this, they agree about the CR language and forwarded the necessary information to the State earlier today. They hope for a quick turnaround time. This did delay some bonding they had lined up, and Ms. McCarthy has a revised timeline. Ms. McCarthy reviewed the revised timeline with the Board, noting that the week of March 11th she will need the Commissioners to sign documents. June is when they can expect a draft of the preliminary statement for review, and the date of sale would tentatively be September 12th. Ms. McCarthy added that in September they will need signatures the week of the 16th to have funds in hand on the 27th.

Mr. Rosen asked if it's possible to guess the amount the bonds will cost the District due to the delay. Ms. McCarthy estimated that with the interest taken into account it's a cost of about \$125,000, but the delay also pushed back the principal payment until FY 26. Ms. McCarthy noted this may change depending on the decisions from the Federal Reserve on interest rates.

Mr. Mostoller went on to inform the Board that they requested additional funds from the MVP grant for signage and have inquired about reimbursement for the land purchase, which is currently under evaluation.

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

Ms. Amir Lin stated that she would like the Board to reach a motion to approve this, and that now is the time for any comments on the final revised version, as the Finance Committee did vote to recommend the warrant.

Mr. Rosen asked the other Commissioners about a piece of language from the bylaw amendment pertaining to sand and gravel operations. Mr. Rosen asked if this language is needed as it feels like a holdover from previous iterations. Mr. Mostoller, Ms. Amir Lin, and Mr. Rosen discussed this piece of language in the bylaw, discussing its role with WLMAC operations. Mr. Mostoller commented that the primary purpose of this amendment was to make bylaw changes to adopt the state model. He noted that a more substantive change to the bylaw would likely be a multi-month-long conversation. Mr. Rosen and the rest of the Commissioners wrapped up the discussion.

Mr. Stuntz motioned to approve the budget as presented on February 26, 2024. Mr. Rosen seconded, and it was unanimously approved via a roll call vote, Mr. Stuntz, Mr. Rosen, Ms. Amir Lin.

Mr. Rosen motioned to approve the Proposed 2024 Annual District meeting Warrant Articles as submitted on February 26, 2024. Mr. Stuntz seconded, and it was unanimously approved via a roll call vote, Mr. Rosen, Mr. Stuntz, Ms. Amir Lin.

Mr. Mostoller reviewed the timeline for distribution with the Commissioners, affirming that distribution will be a post card or email notice for valid emails. The Board and Mr. Mostoller then began the process of assigning the articles to the Commissioners for the Annual District meeting. The Board briefly discussed which articles were included in the consent calendar, and who those would be assigned to.

After completing the assignments of articles, Mr. Rosen asked if they had come to a resolution on how to read or present the language of the bylaw article, if they would rely on a recording or work with written text only. Mr. Holland responded that he spoke with his colleague who is familiar with this type of process and in most cases the bylaw is not read out loud, or in a recording, but is made available in advance to the public. Mr. Mostoller affirmed that the language changes would be posted online, physical copies would be at the District office for interested residents, and hard copies would be made available at the annual meeting as well.

Mr. Mostoller then briefly reviewed the next steps in finalizing assignments and preparing for the March 11th meeting.

Discuss Annual Report

The Board was informed that the Annual Report will be finalized this week and put on the website with all the relevant materials. Circulation of the Annual Report and Warrant Articles will likely be arriving this weekend.

NEW BUSINESS:

Annual District Meeting Presentations

Ms. Amir Lin directed the meeting to discuss the presentation to be made by the Finance Committee at the Annual meeting. Mr. Petersen shared the presentation on screen for everyone in the meeting and explained the background of the presentation. While discussing the segment of the presentation about Capital Expenses, Mr. Stuntz suggested the graphic include more information on land purchases like 549 Main Street. The Board and the Finance Committee then discussed this idea, along with the overall message of the presentation. Mr. Rosen pointed out that it's important that the presentation thoroughly explain how expensive PFAS has been for the District. Mr. Petersen then moved on to a different graph in the presentation, which the Board provided feedback on. The Board discussed how to present the timeline of water quality projects, and their motivation clearly. Mr. Mostoller provided an example of how to respond to questions about the motivation for projects that address water quality, citing regulatory compliance, customer demand, emerging health concerns, and the availability of water supply.

After this discussion Mr. Petersen moved on to the Debt Service Projection Slide for feedback. After a brief introduction to the slide, Mr. Rosen suggested an edit to one statement next to the chart, to avoid misinterpretation. After a brief discussion Mr. Stuntz suggested a rewording of the language.

Mr. William Mullins made a comment about the narrative of the debt service, and asked why the debt service went down.

Mr. Parenti responded that he recently made an updated version of the chart on screen that is more accurate and may answer that question. Mr. Petersen affirmed that he would like to go through this presentation with Mr. Parenti and Ms. McCarthy separately to ensure accuracy of the figures and numbers. Mr. Parenti affirmed he will send Mr. Petersen the updated version of the chart. Mr. Petersen then moved on to the last official slide of the presentation, which focused on the future source of supply for the District.

Mr. Rosen asked if they plan to take questions during the presentation or after. Mr. Petersen replied that this would be at the pleasure of the moderator to manage questions if they pop up. Ms. Amir Lin commented her concern that opening this presentation to questions may delay and derail the meeting, especially since this presentation is meant to be a prelude to the warrant articles. Mr. Rosen commented that questions about misunderstanding the slides might be useful to address. Mr. Stuntz agreed with Ms. Amir Lin about her concerns. Ms. Amir Lin asked Mr. Mullins for his thoughts on this. Mr. Mullins replied that he is loath to shut down someone with a legitimate question, but he noted that if this presentation is introduced as a prelude to the articles people will likely naturally hold their questions.

Mr. Guthlein provided feedback about slide 10, and its relation to the previous question from Ms. Kastens. Mr. Mostoller commented that he sees more value in slide 10 than in some of the similar slides. The Board discussed this section of the presentation, and the timeline for additional review of figures and numbers, agreeing to try a run through of the presentation on March 11th.

Ms. Amir Lin then asked a question about the purpose of slide 2, and the Board had a discussion on the slide, and its framing of District operations. Ms. Amir Lin then asked about the necessity of slide 6, noting it's very theoretical compared to the others. The Board then discussed this slide before removing it from the presentation.

Mr. Mullins commented on the purpose of slide 2, remarking he interpreted it as a preface to the explanation as to why the supply of the District has incurred costs, rather than the distribution side of District operations. Mr. Petersen responded, commenting that the multiple interpretations of this slide all ring true, and that it may also inform later discussions or presentations about the MWRA.

Mr. Mostoller noted the valuable feedback and discussion about the finance committee's presentation. He asked the Board if they would like to make their own presentation to highlight specific articles during the annual meeting outside of the usual discussion of each article. Ms. Amir Lin replied that the Board could give an overview, but they run the risk of reiterating the annual report, and that she does not see a clear and present need. Mr. Stuntz agreed, and those present continued to discuss this idea, until Ms. Amir Lin commented that the Board can continue to think about this suggestion.

Returning to the Finance Committee's presentation, Mr. Parenti commented on the presentation of the chart regarding the rate increase. He commented that the 17% increase on bills is what is expected in a typical household. Mr. Parenti informed the Board how he calculated that 17% value and clarifying language was added to the presentation.

Mr. Stuntz commented that the Board may want to consider changing the units from cubic feet to gallons. The Board briefly discussed this. Mr. Mostoller commented that billing is currently done in cubic feet and may be challenging for customers to think about this in gallons when it is not the basis of our billing. The Board finished their discussion on the presentation.

Mr. Parenti motioned to close the meeting of the Acton Water District Finance Committee. Mr. Petersen seconded and it was unanimously approved via a roll call vote, Mr. Petersen, Mr. Parenti, Mr. Guthlein.

The meeting of the Acton Water District Finance Committee Closed at 8:45 pm.

Ms. Amir Lin motioned to close the regular open meeting currently in session, and have the Commissioners enter an executive session pursuant to General Law chapter 30A section 21a6 to consider the purchase, taking or value of real property, and to not reconvene in open session. Mr. Stuntz seconded the motion, and it was unanimously approved via a roll call vote, Mr. Rosen, Mr. Stuntz, Ms. Amir Lin.

Open Meeting Closed at 8:45 pm.