

Board of Water Commissioners
Meeting Minutes
Acton Water District
693 Massachusetts Avenue, Acton, MA
Monday, November 22, 2021

AGENDA

- A. Comments from the Public
- B. Approve minutes from meeting of 11/8/2021
- C. Appoint one Commissioner to approve warrants while conducting meetings virtually

D. OLD BUSINESS:

- 1. Per- and Poly-Fluoroalkyl Substances (PFAS)
 - Current sample data, if available
 - Any updates or discussion from the PFAS Working Group

E. NEW BUSINESS:

- 1. Discussion of the Finance Committee's Recommendation for Water Rates
- 2. Reserve Fund Transfer Request of \$30,000 to Budget Account 15330 – Paving
- 3. Review of Draft Budget for Fiscal Year 2023(FY'23)

Present at Tonight's Meeting:

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

District Manager: Chris Allen

District Treasurer: Mary Jo Bates

District Counsel: Mary Bassett

Environmental Manager: Matthew Mostoller

Commissioners Secretary: Lynn Protasowicki

Finance Committee: Bill Guthlein

Public Attendees:

Kim Kastens

Due to the Covid-19 stay-at-home order by Governor Charles Baker, the Board of Water Commissioners meeting was not held at the Acton Water District Office, instead the meeting was held via Zoom Webinar. The meeting was called to order at 7:00 PM on Monday, November 8, 2021 by Mr. Barry Rosen.

A. Comments from the Public

No comments tonight

B. Approve Minutes from Meeting of 11/8/2021

Ms. Amir-Lin motioned to approve the minutes of November 8, 2021. Mr. Stuntz seconded the motion, and it was unanimously approved by a roll call vote: Ms. Amir-Lin, Mr. Stuntz, and Mr. Rosen.

C. Appoint One Commissioner to Approve Warrants While Conducting Meetings Virtually

Mr. Rosen motioned to appoint Mr. Stuntz as the Commissioner to approve warrants while conducting meetings virtually until the next meeting of the Commissioners. Ms. Amir-Lin seconded the motion, and it was unanimously approved by a roll call vote: Ms. Amir-Lin, Mr. Stuntz, and Mr. Rosen.

D. OLD BUSINESS:

1. Per- and Poly-Fluoroalkyl Substances (PFAS)

- Current sample data, if available
- Any updates or discussion from the PFAS Working Group

Mr. Mostoller received the beginning of the November results. The Clapp Whitcomb treatment plant was non-detect in treated water. That facility has been taken off-line due to mineral constituencies and not PFAS and it is pending a carbon change out by end of this year. The SAWTP was at 17 PPT which is consistent with prior month. North Acton Water Treatment Plant was sampled yesterday so won't see results until beginning of December. We did take an initial sample from a raw water sample taken from Conant II wells which have been off-line due to construction of Central Acton Water Treatment Plant. With little pumping they were showing 6 PPT of PFAS so down significantly from 28 PPT when they were online.

Kim Kastens inquired as to how hard is it going to be to keep the blended water below the 20 PPT if we don't have access to Clapp Whitcomb with its consistent non-detect? Matt Mostoller stated that the South Acton Water Treatment Plant was at 17 PPT which is based on blending of those facilities which is its own stand-alone number. Without CW in the system based on the localized treatment blending we are still below the standard. Kim Kastens inquired about the people who receive water from Clapp Whitcomb. Where do they get their water from? Matt: they are getting water from South Acton.

Mr. Allen stated that the PFAS Working Group has not met in quite a while. He did circulate to the group a draft memo from Wright-Pierce on the feasibility study for the temporary system in North Acton. Our next meeting is planned for December 9th. He asked comments back from the group on that study by 12/9.

Mr. Allen stated that Assabet 3 is currently advertised in the Central Register as of last week. There were 15 contractors holding plans for Wright-Pierce. File sub-bids for electrical due December 7th and general contractor bids due December 16th.

E. NEW BUSINESS:

1. Discussion of the Finance Committee's Recommendation for Water Rates

Mr. Allen stated that the Finance Committee met last week. The Treasurer is recommending a 5% rate increase in water rates. The FC are not interested in having the 5% increase so the Treasurer gave an alternative of changing the thresholds in the block tiers from 1500 to 1200 cubic feet. The committee did not approve that recommendation. Mr. Allen stated that the Finance Committee came up with an alternative which is the 5% increase with a desire to have a variable rate.

Bill Guthlein stated that the Finance Committee is approving the 5% rate increase but recommending the debt service fee is converted to a per cubic foot fee so that the rate plan going forward would be heavily weighted towards volume rates as opposed to per meter rates with \$15 service fee (per quarter) which is a fixed fee. We endorsed the District needs more cash to operate. The Finance Committee is suggesting a shift on how the District collects the revenue to operate.

Steve Stuntz asked how does 5% compare to prior increases? Bill Guthlein responded that it's been 3 years since last rate increase and 5% is not very much. Erika Amir-Lin: would that be a single 5% increase? Bill Guthlein: yes that is correct. Mr. Allen stated that it would be across the board and that the increase is reflected in the draft budget.

Chris Allen mentioned that he and the Treasurer are more in favor of leaving the current structure in place. If there was a desire for a rate overhaul the recommendation would be to hire a consultant to review.

Erika Amir-Lin asked Mr. Guthlein how this floating debt fee would work per usage and how do we insure that we are collecting all the money we need to be collecting?

Bill Guthlein stated that like anything you are never exactly sure how much money you are collecting each year because the volume of water you sell would be different than what you budgeted, the costs would be different from what you budgeted, places you save places you need to spend there is variability to be expected. The amount of debt that needs to be collected is very stable and you divide that by the amount of water you would sell over next year to the extent you are over or under your budget you will have more revenue or less revenue than originally expected it would have to be dealt with free cash. Next time you set your debt service fee you adjust to accommodate how much water you will sell.

Erika Amir-Lin: not sure how it is allocated? If someone is using a certain amount of water are we allocating their percentage per usage based on last year's usage? Bill: no, it's as if we went to a totally volume-based water rate.

Erika Amir-Lin: if people wanted to conserve water to avoid receiving a higher water bill how does that not lead us into a progressively deeper hole financially? Bill Guthlein: the studies that have been done in the past show that water volume is not sensitive to water rates. If you sell less water in one quarter then you use free cash or debt service and then you set the rates higher the next time. Of the other water districts in Middlesex County, only a 1/3 are fully variable (volume based) and the rest have some aspect of fixed but nowhere near where we are collecting 50% of our revenue from fixed fees.

Erika Amir-Lin: you would see this as the rate would be revisited every single year to raise or lower it. Bill: that happens now because the debt service amount changes every year.

Mr. Allen stated that the objective if this discussion is to get direction from the Commissioners on the Finance Committee's recommendation. The 5% rate increase wouldn't happen until July 2022. There is still time to discuss.

Barry Rosen: The District has been pretty transparent to our constituents so they can see what they pay for water with a variable rate. We also separated out our debt service fees so that they could see that. The Treasurer mentioned that in FY2024 we will eliminate the debt for the purchase of the Knox Trail parcel and water mains but then more debt will be added. Barry Rosen stated that everyone pays the same debt fee and it doesn't matter how much water or little water a person uses. As for the water rate he isn't so concerned so he is comfortable raising the rate 5% and we figure out how to deal with the debt fee. Steve Stuntz is very comfortable with the 5% increase now. Erika Amir-Lin is also comfortable with the 5% increase.

Erika Amir-Lin would be in favor of hiring a consultant to help figure out debt fee structure. Steve Stuntz agrees that we can't figure out by ourselves how to structure the debt fee but is in favor of hiring someone.

Kim Kastens: thanks the Finance Committee for their continued attention to the needs of the lower water user who tend to be lower income customers. It's a tricky balance to make sure the income stays at the level it needs to be in paying back the loan while also taking into account the issue of equity and thank you for continuing to pursue this. Thinks it's a good idea to hire a consultant to help with this.

Ms. Amir-Lin motioned to approve a one-time 5% increase in the water rates effective in 2023 budget. Mr. Stuntz seconded the motion and it was unanimously approved by a roll call vote: Ms. Amir-Lin, Mr. Stuntz, and Mr. Rosen.

The Treasurer recommends a warrant article on the March 2022 warrant to appropriate \$35K to engage a consultant to do this work. Once money is appropriated we can engage someone to do this work. The Commissioners are all in agreement to this article.

2. Reserve Fund Transfer Request of \$30,000 to Budget Account 15330 – Paving

Mr. Rosen motioned to transfer \$30,000 to the paving budget account 15330. Mr. Stuntz seconded the motion and it was unanimously approved by a roll call vote: Ms. Amir-Lin, Mr. Stuntz, and Mr. Rosen.

3. Review of Draft Budget for Fiscal Year 2023(FY'23)

Mr. Allen mentioned that this draft includes the 5% water rate increase. The Finance Committee has seen this a few times already. He stated that on the draft, the far right column which says “into” means that those line items are planned to be moved into a larger encompassing category (i.e. hydrants go into M&O; computer maintenance moved into office supplies, etc.). For consolidation of categories, are those still tracked as subcategories, so we have an idea as to what our costs are. Mr. Allen stated that they are tracked.

Erika Amir-Lin: question about Light Power Fuel category – can we have more of an explanation about this line item. Chris Allen: the solar array is planned to be commissioned. And the execution of the alternative on-bill credit agreement will lower our supply costs. So the line item shows a decrease based on that. It will come in this fiscal year. Erika: so that is based on we don't have a firm date on when we will get power. It is based on what Peter Bay told us which is January 2022. Chris does not think by the end of December will happen.

Barry Rosen had a question on page two on the warrant articles regarding the Kelley's Corner water main. – we are putting a warrant article on for \$500k to fund it. But how are we funding the rest of the \$1.7-\$3million. Are we saving somewhere else? Chris: we currently have \$700K saved in water main improvements to the \$500K will be added to that so we will be at \$1.2 million. That project is not to go to bid until May 2022. We will have \$1.2 million to get project off the ground. May need to borrow the additional funding or lag the time enough to appropriate another \$500K to close the project. We should consider the possibility an article for permission to borrow money to complete the Kelley's Corner water main improvements on the 2022 meeting. Barry Rosen has two concerns (1) prices keep going up (2) unless our engineers have a better idea it's an unknown as to whether they will let use the existing infrastructure during construction or if we will have to put an above ground system with new hydrants and hoses to each parcel which will cost more money. Chris Allen stated that they have already been decided that the existing infrastructure will remain in service. In anticipation of a shortfall in appropriated funds to get the project done, the Commissioners directed Counselor Bassett to draft an article for the 2022 Annual Meeting Warrant for permission to borrow an additional \$500k for the Kelley's Corner water main improvement.

Kim Kastens: she has two questions: (1) \$125K from Grace Fund for M&O – should Grace Fund be used as a “rainy day fund” which was expressed as a “rainy day fund” at last year's Annual District meeting. Steve Stuntz: it's being used for what is intended for. It was setup to help defray costs for treatment. He is concerned with “rainy day funds” if we don't know what we are going to do with them. Kim Kastens: maybe it is just a messaging issue. Assabet 3 is clearly trying to cope with PFAS and PFAS would be considered an unexpected problem related to water qualities. It seems like the perfect use for the Grace Fund. Chris Allen: this fund is used for maintenance of aeration towers (cleaning and replacement); remediation at South Acton Water Treatment Plant. Steve Stuntz: Kim brings up a good point about reminding people what the Grace Fund is supposed to be used for. It was designed to purify the water that was polluted. Kim Kastens suggests that the District should just make it clear that you are cleaning up the mess from the superfund sites. (2) Master Plan update (\$50k) – what extent are you going to try to add

anticipated climate change into this iteration of this master plan? Chris Allen: it would be more costly. His discussions with the Engineer it will increase to \$55-\$60K because there will be an emphasis on PFAS. Kim is encouraging the District to add climate change into this next master plan and to have a discussion with Andrea Becerra.

Erika Amir-Lin: question regarding line item for Lab Analysis – she noticed that the number has gone up over time; have we raised it enough or should it be larger? Matt Mostoller stated that there was discussion about this and we believe the \$100K would cover foreseen lab costs.

Mr. Stuntz motioned to adjourn the open meeting at 8:20 PM. Ms. Amir-Lin seconded the motion and it was unanimously approved by a roll call vote: Ms. Amir-Lin, Mr. Stuntz, and Mr. Rosen.