

Finance Committee Meeting
Acton Water District
693 Massachusetts Avenue
Acton, MA 01720

February 21, 2019 12:00 noon

In attendance were Finance Committee Members Bill Guthlein, Chuck Bradley, David Butler (via phone). Also, in attendance, Chris Allen, District Manager, and Mary J. Bates, District Treasurer.

The meeting was called to order at 12:00 noon by the chair, Bill Guthlein.

Approve Minutes

Mr. Bradley made a motion to approve the minutes of the January 24, 2019 meeting as presented. Mr. Butler seconded the motion and it was unanimously approved.

FY 2020 Rate Increase

The FY 2020 rate increase scenarios were presented. The proposal is for a change in the tiers from 2000 cf blocks to 1500 cf blocks as well as an increase in the rates. The municipal rate would also be increased and the debt fee would remain fixed. This proposal would generate approximately \$348K in additional revenue annually. This is an average increase of 7%. The alternate increase proposal calls for a change in the block tiers from 2000 cf to 1500 cf, a rate increase that includes a weighted debt fee and an increase in the municipal rate. This would generate approximately \$374K in additional revenue with an average increase of 7.8%. Commercial customers would see the largest increase.

Mr. Allen said that weather impacts on revenue would be magnified with the alternative proposal. Not only would revenue decrease, but the amount needed to cover debt expenses would need to be taken from operating funds. Ms. Bates explained that the rating agencies are in favor of the fixed debt fee, as that expense is covered on an annual basis, regardless of water usage. Mr. Butler said that the current debt fee has been easy to explain and the math is simple. Mr. Bradley said that when the debt fee was initiated, he did not have any idea that it would be this high. Ms. Bates explained that the District has taken on considerable debt with the construction of treatment plants. Also, the District does appropriate water

main improvement funds on an annual basis, which helps to mitigate borrowing for those projects.

Mr. Guthlein is in favor of a more variable rate. He would prefer to see the service fee double to \$30 per unit and all water used at a flat rate or eliminate the service fee completely and charge a variable rate for all water used.

Mr. Butler made a motion to recommend the change in block tiers, increased rate and increased municipal rate to the Commissioners. Mr. Bradley seconded the motion. The vote was 2 in favor and Mr. Guthlein opposed.

Mr. Bradley made a motion to adjourn the meeting at 1:30 pm. It was seconded by Mr. Butler and unanimously approved.

All documents referred to in the minutes are available for inspection at the Acton Water District Office, 693 Massachusetts Avenue Acton, MA 978 263.9107