



LYNNFIELD CENTER WATER DISTRICT WARRANT
The Commonwealth of Massachusetts
Regular Board Meeting
7:00 pm January 27, 2020

Date, time, place: The regular meeting of the Board was held on Monday, January 27, 2020 at 7:00 PM in the All-Purpose Room Summer Street School, Lynnfield.

Present were: Commissioners Robert Almy, Anders Youngren and Joseph Maney, Superintendent John Scenna, and Clerk of the Board Christine Smallenberger

Absent: Treasurer James Alexander

Also attending were: See sign-in sheet for ratepayers incorporated into the minutes hereto.

Additional attachments: Agenda, incorporated into the minutes hereto.

Next Regular Meeting: Monday February 10, 2020 at 7:00 pm in the All-Purpose Room at the Summer Street School

Adjourn: 9:24 PM

The meeting was called to order at 7:00 pm and is being recorded for the purpose of producing minutes.

Agenda Item 1. New Business.

1a. upcoming schedule of meetings and events. February 3rd is the Rate Setting Workshop at Market Street, procurement training on February 4th, regular board meeting on February 10th and a quick joint meeting with the selectman on February 24th followed by a regular board meeting at town hall beginning at 7:30 PM.

1b. Superintendent's Update. i) Operations, Distribution & Treatment. We are testing FCC license tomorrow and reopened the contract for the cost of the Wing Road site. Seasonal adjustments may need to be made as we get fault callouts. Weston and Sampson are conducting their first site visit on Thursday. We have asked Weston and Sampson for service technician hourly rates for immediate needs. We will be ready in March to make a presentation to establish policies for private ways and private wells. This is the last week to pay water bill without a late fee; we are approaching 70% collected. Superintendent Scenna, Foreman Couris and Office Manager will meet to review items to procure and begin advertising those items in next few weeks. We are working with CDM and LWD to bring both engineering firms together. The February 24th board meeting is reserved for technical discussion and the supplemental water study will be forefront dependent on the February 11th joint meeting outcomes. We had a conference call regarding VFD on Wednesday. Our crew does not agree with the assumptions CDM made on how the pump operates. **ii) Isotrope.** Isotrope does a study for us related to

wireless on Wing Road tank at a quarterly cost of \$425. This study is required as a condition for wireless permit. Superintendent Scenna will reach out to the ZBA for more information.

iii) Filter Rebate Program. Richard Testa from 405 Lowell Street is looking for exception to the rebate program as he provided documentation for filter rebate. 4 Tophet Road is also seeking the rebate. After much discussion, the board made a motion:

Motion: a motion was made to reopen the filter rebate program and to be extended to the end of the Fiscal Year or until existing funding runs out on the same conditions that were previously detailed.

Seconded: the motion was seconded, and the motion carried by unanimous vote.

We will update the website in the morning to reflect the change to the rebate program.

c) Rate Structure Discussion. The Rate committee has been a great process. Dave Fox from Raftelis is here to present to the board on a recommendation that does not need to be voted on tonight and will be presented at next week's public workshop. At the workshop, Superintendent Scenna wants to address the state of the District and use the opportunity to talk about various capital projects, preventative maintenance needs of the district and the new rates. The consultant looked at taxes versus rates and what is the appropriate split of revenue. The scope of work looked at prior years actual water years usage and the assessed property values of every property in the system to calculate new water rates to fully recover all necessary revenue requirements. Two-thirds of our revenue is currently from taxes. The value of a property is not a good indication of how much demand of water is placed on the system. Potentially restructuring the mechanism is a key driver to promote equity in the customer base and to maintain adequate revenue stability and reduce revenue reliance on the tax base for long term financial planning. We want to ensure we don't undercut ourselves with funding the water system by reinvesting in the system and ensuring customers have good safe water. First assumption is moving to quarterly billing (this is in line with most utilities in New England). The new rate structure will be 3 tiers instead of the current 10 tiers. There will be a fixed charge per quarter. We also want to recognize an increase cost to service non-residential customers with a slightly larger increased fixed cost per quarter. We want to reduce reliance on taxes that is currently at 70% to 30% water rates and flipping to 30% from taxes and 70% water consumption. The rate committee felt this was the opportunity to rip the band-aid and propose the rates correctly. Raftelis presented the model to the board with the proposed new rates: 0 to 24,000 gallons at \$6.45 per thousand, 24,000 to 36,000 gallons at \$16.13 per thousand, and anything greater than 36,000 gallons will be at \$19.35 per thousand gallons. These tiers are quarterly and will turn over every quarter. The vast majority of customers will never get out of Tier 1. Customers using above that are primarily using water for outside irrigation purposes. This is not an apple to apples comparison with the current rates because of the taxes. We are assuming the tax rate may drop to around \$0.46 per thousand. Fixed charges will be \$25/quarter and Other class (non-residential customer) will be \$50/quarter. Municipal customers will pay \$2.10 per thousand gallons and \$25 per quarter. Customers with higher assessed property value and low water consumption will mostly benefit. Customers with relatively lower assessed value property and higher consumption will see a shift and rightfully so

for equity as they aren't adequately charged for water and aligns cost recovery with cost causation. We will be able to put a little revenue into reserves for rainy day funds and capital improvements. Distribution of impacts shows 17% of customers will receive a change between 0-10% increase in their bill. The district is remedying an inequity in customers bills. The majority of customers will not see a change from **both** sources of revenue. The tiers were set based on national standards of 65 gallons per person per day for a family of four. When approved, the new rates will be effective on March 1, 2020.

Clerk Taschner mentioned the district could do a mid-year decrease in the tax levy and Superintendent Scenna will confirm with our auditor if this is possible. The Rate Setting workshop will be next Monday night on February 3, 2020 at the Al Merritt Center at 7 PM.

d) FY21 Budget Discussion: Structure, Budget v. Articles, Goals. FY21 budget discussion: Superintendent Scenna had 3 separate individual discussions with the commissioners. Some current articles should be in the operating budget. At the February 10th meeting, Superintendent Scenna will present a proposed FY21 operational budget where direct expenses can be visualized. Some numbers will be high placeholders. A draft revised handbook will be available to review during executive session that will drive the salaries. We are looking at insurance and where it will land; MIIA says to anticipate an 8% increase for health insurance. Commissioner Almy feels capital and maintenance should be remain in articles and acts as a reserve-like pot of money for that use. Chairman Maney did some analysis on last year's budget. The operator's salary is tracking over budget and we are on track to spend the same amount as last fiscal year. Lab fees are concerning and will need adjusting at the Annual Meeting. Health insurance line item has a surplus. Dick Hingston won't let us process payroll if it goes over and we will need to fund with free cash at a Special District Meeting the same night as the Annual Meeting. This has to happen in March to move the money around to fund expenses for the budget.

Agenda Item 2. Old business. No old business to discuss.

Agenda Item 3. Public Comment for any Topics not Listed on this Agenda. District Clerk Taschner had circulated for tonight's meeting a calendar to prepare for the annual joint selectman and board meeting to vote for the annual compensation for the tax collector and assessors. Superintendent Scenna responded the board does not have to do this at tonight's meeting since we don't meet with the selectman until February 24th.

Agenda Item 4. Review and Approve Minutes of Prior Meetings. At present time, there are no minutes ready to approve.

Agenda Item 5. Board Review and approval of payroll, A/P Warrant(s) and Rebates. The Board approved payroll and A/P Warrant(s).

Agenda Item 6. Board may go into executive session for labor related issues. The board did not go into executive session at this time.

Chairman Maney made a motion to adjourn the meeting at 9:24 PM.

Respectfully submitted,