



LYNNFIELD CENTER WATER DISTRICT WARRANT
The Commonwealth of Massachusetts
Regular Board Meeting
7:00 pm February 24, 2021

Date, time, place: The regular meeting of the Board was held on Wednesday February 24, 2021 at 7:00 PM via Virtual Zoom Meeting.

Present via Virtual: Commissioners Anders Youngren, Joseph Maney, Jack Adelson, Superintendent John Scenna, and Clerk of the Board, Christine Smallenberger

Absent: Treasurer James Alexander

Also attending virtual: Margaret Waugh, Dan Tomasello, Peter Recka, Joseph Conway from Wakefield DPW, Dave Fox from Raftelis

Additional attachments: Agenda, incorporated into the minutes hereto.

Next Regular Meeting: Monday, March 1, 2021 at 7:00 PM – Virtual

Adjourn: 8:41 PM

The meeting was called to order at 7:03 pm and is being recorded for the purpose of taking notes.

Chairman Maney read the following statement:

Pursuant to Governor Baker's March 12, 2020 Order Suspending Certain Provisions of the Open Meeting Law, G.L. c.30A, §18, and the Governor's March 15, 2020 Order imposing strict limitation on the number of people that may gather in one place, this meeting of the LCWD Board of Commissioners will be conducted via remote participation. Specific information and the general guidelines for remote participation by members of the public and/or parties with a right and/or requirement to attend this meeting can be found within this posting below. No in-person attendance of members of the public will be permitted, but every effort will be made to ensure that the public can adequately access the proceedings in

real time, via technological means. In the event that we are unable to do so, despite best efforts, we will post minutes of proceedings as soon as possible after the meeting.

Superintendent Scenna requested going out of order and asked to move to **Agenda 4i: water systems on private ways**. This is a continuation of a discussion prior to Superintendent Scenna's arrival in August 2019. There was a water leak off Crescent Avenue which according to the town engineer is private. There were questions of ownership of the water system and the 5 residents hired their own contractor, Conway and Sons, to do the repair. Peter Recka at 78 Crescent Ave is in attendance tonight and has exchanged documentation which Superintendent Scenna has shared with the board that contains easement language on the stub of property between the homeowners and LCWD that was executed in June 1955. Superintendent Scenna attached a copy of an excerpt from an annual report of 1959 that while it isn't pertinent to this location, it is close to the location, and it shows that the district appropriated funds to expand the system. We couldn't find documentation pertaining to this particular case. These 5 properties are active paying accounts within LCWD. The easement provided shows the district has authority and responsibility to maintain and repair in this area. We have reviewed with our legal team and they concur. The only open issue is who installed the pipe and we don't have a record of that. If it was paid by us it is clearly on us but if it was installed by a contractor for the property owners, there has to be a contract handing it over to the district but this doesn't exist. It is Superintendent Scenna's recommendation that the homeowners be reimbursed what they paid and Superintendent Scenna will reach out and send communication to the accounts and issue a credit to these accounts.

Motion: a motion was made that the LCWD refund each owner that contributed towards the repair with a credit on their account the account shall be issued immediately upon proof of payment provided to the district from the homeowner.

Seconded: the motion was seconded, and the motion was passed with all saying aye by a unanimous vote.

Motion: a motion was made that going forward the LCWD will abide by the easement documentation in place for the Crescent right-of-way and perform maintenance of said system of right-of-way. It will not provide maintenance out of this easement for any single service that provides water for any individual home.

Seconded: the motion was seconded, and the motion was passed with all saying aye by a unanimous vote.

Motion: a motion was made that the LCWD will make repairs to a water main defined as any pipe which serves multiple homes and will maintain the water service to individual homes within the limits of the established right-of-way and to a curb stop where applicable. Water main is defined as any pipe that provides water to multiple existing LCWD accounts.

Seconded: the motion was seconded, and the motion was passed with all saying aye by a unanimous vote.

Superintendent Scenna forwarded the operator's list of private ways of similar issues to the board with the intent to see if we can find easements/records to see where things are. If we have a general guidance that a pipe services more than 1 pipe, we will fix it.

1. Superintendent's Update

- a. n/a: will provide an update at the March 1st meeting

2. Supplemental Water Program Study

- a. Presentation of Capital Costs and Rates from Wakefield Intermunicipal Agreement

Wakefield's DPW Director, Joe Conway was in attendance to give an update on the work we have been doing. The area being studied is by Baystate Road by Main Street. There are 3 phases to the project. Phase 1 is to install a new main to the Wakefield/Lynnfield line near the Elks. Lynnfield would then turn over the existing pipe to Wakefield. Phase 2 involves taking the LCWD pipe, lining it and Wakefield assumes responsibility of the pipe making it part of their system. Phase 3 would install the pipe through a culvert drainage structure and connect to Vernon Street in Wakefield. The costs to date that have been negotiated is at \$1,108,900 (see the attached presentation costs in the minutes). Working together we were able to revise the scope and get the price down. The way the agreement works is all the capital upfront costs are the district's initiation cost and then the capital costs would be married to a markup to wheeling the water through Wakefield called a "wheeling rate". The second component would be a fixed markup to the wholesale rate that MWRA sets each year. Right now, we are negotiating a markup rate at a 25% proposed fix fee. Chairman Maney asked if 25% is high and if we need to do more research. Both Superintendent Scenna and our consultant Dave Fox have had several discussions where a fixed markup is common. The more water running

through a system brings more wear and tear and maintenance to their system. Wakefield has built their system out and we owe them the markup. Interconnections are common: Wakefield has one with Stoneham and Melrose; Melrose has one with Malden and Melrose pays straight MRWA to Malden. We are spending money to help their system create a loop and some of our expenses we are undergoing should be taken into consideration and that is something Wakefield is considering. Joe Conway has done his due diligence and knows what the Wakefield requirements will be. Wakefield's contractor has already discussed the water main and culvert crossing, and Joe Conway has checked the variables and that is how we've been able to negotiate the number as low as possible. We are scheduled to discuss at the March 15th board meeting and hope to present something palatable. If the board votes on the 15th, we will work on how to craft the agreement to put to vote on May 10th. If we get a favorable vote on May 10th, we will begin to make payments on July 1st to begin work. The water main work can happen as early as this fall. LCWD would end this piece of the work with the interconnection of the system. Once the 3 phases are complete, we can come in and interconnect the system in the late spring of 2022. Mass DOT might have a different opinion with pavement if it goes beyond Thanksgiving; Wakefield and LCWD wouldn't be opposed to continuing through the winter.

2. New Business

- a. Presentation of FY22 Rate Structure & Options, Dave Fox, Raftellis
- b. Presentation of Impacts from Proposed Capital Program & Rate Preparation Strategies, Dave Fox, Raftellis

Dave Fox is here to present on his analysis of the past year's data. The rates you vote on will go into effect on March 1st and will first appear in the June bills, similar to last year. Throughout the process we have worked with Raftellis who is one of the leaders in municipal advisors to utilities (see the presentation attached to the minutes). We are in a much better place from 15 months ago. We created a stabilization fund. Historically we have always raised revenue from 2 sources: the volumetric and the tax levy (real estate bill). In 2019 we flipped the percentage, 77% of the revenue was generated came from tax levy on the value of homes and 23% was based on volumetric (water consumed). Through the work of this board, we have flipped the revenue to 70/30 in 2020 and 2021 with the majority coming through the volumetric. In terms of performance, we billed about 215 million gallons of water, with 86% in tier 1, 8% in tier 2, and 6% in tier 3. We looked at where people are consuming the water. The rate structure put in place today is working. Dave Fox doesn't see a strong need to make structural changes but has heard from the board and customers with concerns regarding tier 2 and 3 consumption is more expensive. Is there something we can do to mitigate and

incentivize conservation as well as needing additional revenues to keep up with capital investment. It costs money to maintain the infrastructure. We are not in a position where increases are yet required rather. We will be looking at increases over the next 3 to 5 years. Increasing rates slowly over time rather than a significant increase allows customers to plan for them and are more palatable to handle. One structural change is to combine tier 2 and tier 3 together. There is an impact associated with that where a small subset in this customer base will see a reduction in their bill. All customers will see an increase in their bill to compensate for the impact of the change in the tiers. Or we could do level funding and let things ride. Another option is an inflationary increase at a 2% cost of living. The alternative is to have an inflationary increase but having an increase to support future capital needs that will occur in the future. We will probably add about \$600,000 to \$650,000 of debt service once the capital programs are built out. (see attached presentation to the minutes for the options and rate structure).

For the next few years, assuming the projects have passed, and we need to fund these projects through debt, the typical customer will pay \$200 more to fund all the capital improvements. There will have to be an increase to cover this cost but there is too much uncertainty to make recommendations at this time which is not included in these rate increase recommendations. Commissioner Adelson is concerned if we build in the \$200 increase with the next rate increase, even though we don't have a vote, there may be a perception problem on being presumptuous. Dave Fox said it is possible and you have some options. Dave Fox doesn't think it will make much of a difference to wait a year or 9 months after the approval to start increasing the rates. We can justify the revenue over time. Dave Fox does not recommend level funding and recommends an inflationary increase. Commissioner Youngren asked about the pros and cons to collapsing the tiers to 2. A customer using more will see their bill go down. The one pro with a third tier is you are putting more of an expectation on the revenue base and this consumption of revenue will be the first to decrease. We don't want to rely on the 3rd tier to recover more of your revenue. A 2-tier structure is cleaner. The first tier is specifically defined for 24,000 gallons of water quarterly consumed for a family for 4. Superintendent Scenna looks at this change as a modification of the structure. Chairman Maney asked Dave Fox if 25% is a reasonable markup rate for Wakefield wheeling rate. Dave Fox said we were far off a week ago as it wasn't based on industry standards of a wholesale rate. The cost should be for Wakefield to recover local costs that includes pumping as well as to recover a little above and beyond their operating costs for taking a risk to their lines for transmission of water to our district. A \$1 markup per thousand gallons is not unreasonable; there is due diligence to be done but the rate is reasonable for 25%. Superintendent Scenna recommends a structural change of 2 tiers with an inflationary increase of

2% and to revisit an increase to support future capital needs after a vote at our Annual District Meeting. Chairman Maney asked if these projects pass at the Annual Meeting, when will we have to give Wakefield the money. Superintendent Scenna said we would borrow in July and dependent on the agreement the first payment would be sometime in August. We won't absorb any new costs for the next fiscal year; these costs will start to appear in fiscal 2023. There are trends that indicate costs will be increasing; we are going to see increases in insurance and liability, gas, etc. Covid has had an impact. The rate changes will go into effect March 1, 2021. The board would like to revisit option 2c after the Annual District Meeting vote in May of 2021.

Motion: a motion was made to structurally change from 3 tiers to 2 tiers and specifically with option 2b of an inflationary increase of 2% built into that.

Seconded: the motion was seconded, and the motion was passed with all saying aye by a unanimous vote.

4. Continued Business

- i. Water System on Private Ways (see above, taken out of order)

5. Other Board Items:

- a. Approve Prior Meeting Minutes
- b. Approve A/P and Payroll and Payment Plans, if applicable. No payment plans at this time. A/P and Payroll signed at the office by the commissioners.
- c. Approve Abatements as Recommended by the Abatement Committee. N/A
- d. Approve and Discuss Filter Rebate Program as Required: N/A
- e. Any other unanticipated items by the Board
- f. Executive Session for legal and personnel purposes if required

A motion was made to adjourn at 8:41 pm.

Respectfully submitted,