



**LYNNFIELD CENTER WATER DISTRICT WARRANT**  
**The Commonwealth of Massachusetts**  
**Regular Board Meeting**  
**7:00 pm November 23, 2020**

**Date, time, place:** The regular meeting of the Board was held on Monday November 23, 2020 at 7:00 PM via Virtual Zoom Meeting.

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

**Absent:** none

**Also attending virtual:** Dick Hingston, Dave Fox

**Additional attachments:** Agenda, incorporated into the minutes hereto.

**Next Regular Meeting:** November 30, 2020 at 7:00 PM - Virtual

**Adjourn:** 8:33 PM

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.*

The meeting was called to order at 7:05 pm and being recorded for keeping minutes.

The board moved to take Agenda Item 3 out of order and discuss first.

## **1. Superintendent's Update**

- a. General Update on ongoing Operations:
  - i. Discussion on the hiring of a new backflow vendor, Foreman Couris and Superintendent Scenna have a meeting with a prospective vendor tomorrow. The existing vendor abruptly retired and we have another round of inspections we need to make this calendar year. We hope to have a recommendation next Monday.
  - ii. Superintendent Scenna had copied Chairman Maney on 2 memos to the planning board; we were asked to comment on 2 possible housing developments. The first one at 217 Main Street by Village Row. They are subdividing the property for 2 houses (existing plus one additional) and from our perspective is very direct. Superintendent Scenna referenced our new service installation policy and that if the fire department required a new fire hydrant, that LCWD have the ability to review and comment to make sure that the proposal is in accordance with our specifications and standards. The other development is more complex, at 109 Lowell Street which is located between Smith Farm and Mohawk. This is currently a single family lot right now and they are looking to put a road and subdivide into 7 lots, one being the existing house. This subdivision backs up to Sagamore (on the rear property line). They are proposing to install a new water main with 7 connections. This development is before planning board in the preliminary stage. Superintendent Scenna is recommending a desire to loop the proposed main into an existing water main on either Smith Farm or elsewhere in order to increase flow. The memo makes reference to an initiation fee being put in place by LCWD prior to the development connecting the proposed water main into Lowell street. This amount may be assess based on assessed value or peak demand. Superintendent Scenna also brought up that he received a call on the Richardson's parcel off Main Street before Bostik with access through an existing development in process (Janet Way). There is a group of people trying to buy this property through Chapter 61. The developer wants to build 16 houses in addition to the 5 or 6 that they are currently working on. The developer may request to

speak to the board next Monday; we will set an agenda item for 7pm to have him speak before the board. Superintendent Scenna reminded that Board that he has already met with the Sagamore developers about the possibility of their own development possibly connecting into our system. These developments could technically build out our system in an area where we don't currently exist. We could approach these developments to find partners in paying for some of the Wakefield connection or Glen Drive filter project that will net more flow out of Glen Drive. These developments would take approximately 3 years which is approximately the time these projects would also take to put in play. The more water we sell the more fiscally responsible we are to the district and we gain the opportunity to spread the costs further of our own improvements. We have to be very careful and analytical in defining and confirming any potential impacts from their proposal and that they mitigate that impact and more before they join. The costs of the build out of the system would be the responsibility of each developer. Commissioner Youngren asked what is the procedure to admitting new ratepayers. Superintendent Scenna believes it is a vote at the district meeting to accept new ratepayers into the district. Commissioner Youngren remarked it will take a sales pitch for those who can't water. It will take 2-3 years for these new homes to be built and likely 3 years for our projects. Superintendent Scenna said if we can subsidize the projects with these new developments it will be less money the district has to pay for these projects. When asked, Superintendent Scenna commented that he feels the Main Street Station is maxed out for water production but that it may be possible we can get another 10-15% yield out of Glen Drive, perhaps another 75-100 gpm; we are working on running models with all of the above taking place with CDM this week. We have to approach the Richardson parcel cautiously because there is already a group involved in protecting the watershed. There is a group preparing to possibly campaign to buy the land to protect the watershed amongst other environmental concerns. We have an obligation to listen as we are a public utility. The developer has the right to build.

- iii. Covid statistics are the highest we have seen in quite some time. The fire department has been extremely busy responding to COVID-19 cases and transports. Lynnfield lost a resident to COVID-19 recently. Superintendent Scenna stated that "It is real and it is back". He feels that as a staff there is area for improvement when it comes to COVID best practices and safety precautions. He feels that the quarantine impact is just as impactful to families and could impact our operation as well. Not going into homes is an issue and is starting to show with a back log of maintenance items for meters that need addressing but we are maintaining logs and we know where

our problems are. We have had to estimate some of our accounts. Where some of these customers feel we are wrong and off base, Superintendent Scenna is waiving late fees until we can get into homes and verify readings and existing conditions. The asymptomatic spread is a game changer. He feels that it is very important that we make every attempt to get through the holidays safely, even if it is exchange for lower production in some areas. Commissioner Youngren asked if the entire operations team would need to quarantine if they are exposed. Superintendent Scenna responded that it depends on the situation but it could be a slippery slope. We need to follow procedures to protect us. Our backup plan is Weston and Sampson in the event we enter into a situation where no operators are available. The radio project is complete, and we went all last week without an issue and no issues, even today with heavy rain at times. We have to review and compare the invoice to the original scope that was submitted prior to Superintendent Scenna's arrival in the summer of 2019. We will likely have to make some adjustments.

- b. FY Update on Expenditures to Date including Salary & Overtime and Budget Overview: The office manager checked in with the Department of Unemployment Assistance (DUA) regarding a check that was mailed at the onset of COVID-19. During the bank transition, we noticed the check was not cashed. The DUA said they don't have receipt of it. The first option is to cancel the check which will allow us to close the Savings Bank account and reissue a check. The board is fine with us canceling the check and reissuing the check. Documentation of these transactions will be placed on file. Superintendent Scenna then went on to inform the Board that Casey and Lundregan (former legal counsel to the Board) has sent over 3 invoices that total \$4500 that they claim the District did not pay. These invoices go back to last year for services rendered last year. At the time we parted ways with their services, Chairman Maney sent them a letter asking what we owed them. We did not receive anything until most recently when these invoices recently arrived in September of 2020. Superintendent Scenna doesn't plan on paying them. The fiscal year when these services were provided has been closed. There are also several inconsistencies with the bills. For instance they attached a bill they issued in 2020 that is dated 2019. We have consistently paid them and we don't know where these invoices are coming from. Christine ran a report and audited our files to make sure that was in fact the case. Commissioner Youngren asked if there is any legal procedure to follow when not paying them. Chairman Maney wants to find a way to get this settled without getting KP Law involved. We need to ask for justification and backup. The invoices reference specific hours, emails, and

phone calls which trace back to the lease agreements. There is some stuff from the unemployment issue as well. Superintendent Scenna will issue correspondence as a first step and determine how this could be resolved.

Superintendent Scenna sent the board a new budget worksheet file and put the expenditures to date on each line item. The spreadsheet compares the initial appropriation in each line of the operating budget to the amount expended to date. So far we are 41% through the fiscal year. The last column to the right is the percentage of each line we spent to date. Some of our expenditures are linear and others are based on the season. Some of lines trend above 40% but a lot of work is done in the summer. In the winter, the crews work pretty much only on leaks so those items will likely recover. We are spot on with salary line items and our benefits are tracking under budget due to retiree benefits submitted quarterly and for the month of July we were only billed 50% of healthcare insurance.

Overtime is tracking above average in the administrative group; there was a lot of transition with the new billing and impacts with the billing rate. With Keira here we anticipate that line item to go back to normal in the 3<sup>rd</sup> quarter and will be back on track with overtime really only expected to staff board meetings. For overtime on the maintenance section, it is trending higher than usual. The overtime reports start in July. For Glen Drive there is 200 hours for overtime issues and needs to be addressed with the close of the radio upgrade project. In August we had 14 callouts. Our SCADA consultant then came up with a temporary solution that worked to some extent and reduced some calls. If you take that issue out of the mix, it would have kept us close to being on budget. It was a huge issue we faced so far. Superintendent Scenna will keep doing this monthly and needs to watch this carefully. The good news is the grouping is right on. We are at 43% instead of 41% and 49% and 41% and we can balance this from other line items to supplement. The office has a payroll book for every week on file. Every overtime event has a detailed sheet for the board to review for callouts. Everything else has prior approval. We typically stay on the same page. The Glen Drive issue is the radio system. We couldn't ignore these radio calls and we had to come in the middle of the night. We kept pushing and pushing to move forward with this project. It was a terrible contract with no milestone dates and no penalty for finishing late or finishing early. We rely heavily on Mr. Sullivan for the SCADA system for bacteria issues. These reports are placed on file with these minutes.

## **2. Supplemental Water Program Study**

- a. Ongoing Discussion regarding CDM Recommendation on Supplemental Sources: We had a good meeting with Wakefield. We are looking at 3 options to make this cost effective. Wakefield has an idea and is pricing it out. We are doing a few things on our end to revisit scope and cost. The disconnect with Wakefield is we want to give them our pipe but they want a new pipe; there is a cost differential. There is another meeting next Monday at 10 am. We will continue to meet until we get a resolution. Although not official, the DPW director has eluded to the fact that Wakefield won't require an initiation fee outside of the costs associated with construction of the system and connections. As long as we pay for the cost of looping the systems and making the connection, everything going forward will be the rate they mark up for the MWRA water. In terms of the project, Wakefield wants to design and build and allow CDM to review it. We would pay Wakefield a mutually agreed amount and they would do the work. Wakefield wants to do the work next summer if this passes as they see a benefit right away from the loop, even though we can't draw water from them until the MWRA has permitted us. They know we have a meeting to present in December. Wakefield has been cooperative. The DPW director is leaning our way; he wants to make this deal though their town engineer is continuing to advocate for new pipe in order to protect their asset. CDM is revisiting the Glen Drive treatment plant to see how far along the design was, see where they left off and to bring it forward to see what we would have to do to connect Main Street to Glen Drive through our property.

### **3. New Business**

- a. Discussion and Vote on Issuance of FY20 Liens to Town of Lynnfield

There is a list of accounts that have to go to lien. These are accounts that did not respond to the courtesy letter sent by the District. We will require a signature from the board on this list and wanted to show the list to the board in advance. There should be 2 accounts taken off the list tomorrow: 3 Saunders Road and 2 Ashley Court; a check for payment will be delivered tomorrow. We will lien just under \$28,000.

Motion: a motion was made to forward this list to the town.

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



- b. 2021 Tax Levy Presentation and Discussion with CPA Dick Hingston & Raftellis
  - i. Public Hearing and Vote scheduled for Monday, November 30, 2020 @ 8:00 p.m.

Superintendent Scenna opened the subject discussion by stating that this is the most important agenda item for next week. A public hearing for the matter has been scheduled for next Monday, November 30, 2020. Tomorrow morning, we will take these notes and create a press release to notify residents of the hearing and what the Board is intending to do to the tax levy. It is an important year. Last year we had to raise the tax to historical levels due to our finances. A year ago we had issues with forecasted budget shortfalls and the revenue shortfall from rates that were set and then lowered and which now couldn't sustain the budgets passed. We also had very little free cash and reserves. We made it and turned the corner. We owe Mr. Hingston and Mr. Fox a huge debt of gratitude for guiding us in the right direction. The board deserves credit for making these difficult decisions last year to "set the ship straight". We are now in a position to vote to make a decision in such a manner to keep us in line with what we intended to do with the tax rate and what we have been informing customers about since last February when we introduced a new rate structure. Through the rate setting process, we emphasized a shift towards collecting revenue mainly from the volumetric rates rather than the tax levy. It collected revenue from water used rather than the value of homes and property. Our revenue was traditionally 85% tax and 15% volumetric and now we are shifting to 70% volumetric. Mr. Hingston ran the numbers and worked with the treasurer through the statements to make sure we have our "I's dotted and T's crossed". The recommendation this evening from Superintendent Scenna is to cut the tax levy 50% from last year to \$0.46/\$1,000 valuation. Mr. Fox has taken that recommendation and vetted it out against how he feels the rates have performed to date. There are other things that have come into play this year with Covid and it's impact on consumption (especially earlier in the year when most were home) being a big one. With this year, consumption had increased by 20% at times during the year, which is not typical. Consumption in the summer months was just as high as last year in part due to people not realizing the rates have changed; the increase in consumption may not be realized and sustainable in the future

which is why both Superintendent Scenna and Mr. Fox do not recommend a higher reduction.

Mr. Hingston walked the board through the spreadsheets. The Superintendent's opinion is to see a 50% reduction in the tax levy though he feels we could go a little less, but we don't see data to support this just yet. Superintendent Scenna agrees that 46 cents per thousand for the tax levy is the right place to land. Mr. Fox agrees. As the auditor, Mr. Hingston cannot recommend what we should do but he ran the numbers for this recap sheet and that amount does work from an auditing perspective and can be defended with the DOW due to the rate shift and the performance of the new rates to date.

Mr. Hingston then walked the Board through the accounting. In regards to the recap sheets, page 1 is just the math page and takes everything from the inside pages and shows how much money is needed to be raised through taxation based on the model they ran. Page 2 of the recap is the summary page of page 3 and 4. Page 3 is the estimated receipts page. 1 column tells the DOR what we have collected in revenues last year and makes an estimate as to what we may collect this year. Page 4 is our votes from the Annual Meeting and Special District Meetings since the last recap sheet was prepared. In the total column we have approximately \$2,634,581 million. The columns to the right are where you are going to fund, either from estimated receipts or taxation. On page 3 of the estimated receipts, you have several revenue categories; last year it was \$1.375 million. When we estimate, we typically estimate less/lower to generate free cash. Even though the estimate is high, we will still generate free cash. The leases took in \$192,000 and we are estimating \$125,000 to make sure we generate free cash. Page 3 and 4 are a carryover from page 2 with the top part of the page is the total amounts voted at \$2,634,000 and what is going to be spent. There is an appropriation for \$14,000 for estimated abatements with the total we need to fund at \$2,638,000. The bottom part of page 2 is where are going to get it. \$1,514,000 is the estimated receipts amount. The \$206,000 is from free cash and \$1,600 is from system development. This brings us to \$926,000. Mr. Hingston wants the board to keep in mind that the 2 estimated tax bills are based on last year's tax rate and when the 1<sup>st</sup> bill goes out in January the people that have already paid the 2 estimated tax bills and paid 50% of last year's rate, if you reduce the rate, you might have to issue refunds to a large number of people prior to the end of the fiscal year. Those



customers will have to be issued checks. This is something he wanted the Board to know. At the end of all of this, Mr. Hingston stated that even if you don't vote on this, the DOR could require this and trump you. In this instance, if we couldn't defend \$1,375,000 they would say to cut your budget or increase your tax rate. How much do we want the tax levy to increase?

Superintendent Scenna then spoke a bit about Free Cash from FY20. A month ago, we looked at free cash and coming off this past fiscal year our free cash is approximately \$403,000. Most of that was created during the last 2 months (March and June billing periods) with the shifting of the rate from the March bill and a piece of the June billing to create the \$403,000. If we proceed with this decision, we will likely (based on consumption trends and financial projections) create that much free cash next year once again. Mr. Hingston said it's a tough year and revenues will come in really high but you can't count on it for next year. Mr. Fox agreed with Mr. Hingston. Mr. Fox is seeing impacts across the country and most utilities are seeing additional revenue on heavy residential customer base, the commercial side is seeing worse revenue. There is a lot more water consumption on the residential side and they call this an anomalous year. Reducing the tax rate to 46 cents would probably result in additional free cash of about \$420k yet there is a lot that can change between now and then. We are looking at new data this year, consumption can change drastically, and the District is planning for significant capital improvement plans and does not have a significant and surplus rainy day fund. The user charge is based on volume and there will be periods of time when usage is up. Mr. Fox wholeheartedly supports going down to 46 cents, with the high probability you will have some free cash and with the other uncertainties he does not recommend going any lower than 46 cents. Mr. Maney asked if we are typically at 66 cents, would we ever go back to 35 cents and how many years of history would we need to be at to go there. Mr. Fox reminded the Board that based on discussions we had earlier in the year, it is an eventual goal to get close to 100% at the user charge, the system charges are working, and we are moving in that direction for sure. This is just not the year to create the significant of a cut but in future years that could be realized. Mr. Hingston said in order to get there to cut 12 cents from the tax levy you would have to get substantial more revenue out of the water revenue. The tax levy also depends on the valuations of homes, if the valuations went up then the tax rate goes down.

Sometimes you don't make it to go down, it does based on the Town's valuations. Mr. Maney remarked that the district needs to be politically astute; people got whacked twice in 2020 with the tax levy and then the volumetric rates changing and perhaps a third time with Covid. If Covid wasn't an issue, the tax rate and volumetric rate went way up alone because we needed to make the change. Commissioner Youngren asked how our capital improvements fits into this discussion with the possibility of \$10 million in work being planned for a filter plant and tying into another water source. Superintendent Scenna said these improvements are not funded within the tax levy presented that will be voted on Monday night or within the existing volumetric tax rates. Mr. Fox will be back in the next few months to discuss the potential impact to next year's tax levy and the impact to FY23 volumetric rates from these proposed improvements. Superintendent Scenna asked the treasurer for amortization schedules to start working on that answer. The schedules will define potential debt and interest yearly payments that a borrowing of that magnitude would create. We owe that to ourselves and the district on defining the yearly costs and how those yearly payback amounts will impact the rates. Commissioner Youngren asked if we want to drop the levy to raise it back again for capital projects and have a little cushion. \$10 million over 40 years is \$250,000 per year and if we borrow soon, we will get a good interest rate. Superintendent Scenna believes there is still more to cut in the tax levy but does not feel comfortable right now doing so not does he feel comfortable proposing a manner in which to payback the borrowing without fully analyzing all options. He also feels the payback on a municipal borrowing is typically 20 or 25 years and/or linked to the life span of the end product. Mr. Hingston mentioned instead of cutting something, take the money and put into it into a capital stabilization fund to reduce the amount to borrow for the future. Similar to what Mr. Scenna started last year with the vote at the June 2020 annual meeting. Mr. Fox said that is exactly why you do not want to reduce the tax levy lower than 46 cents. In tandem with significant capital improvement, that is 4 to 5 times your revenue stream that you can put that money away to offset future capital improvements or rate increases. The rate increases will continue to go up. Things will only get more expensive and raising additional funds now isn't a bad thing to offset capital improvement projects for the future. We are doing the right thing to reduce tax levy. Mr. Hingston said his job is to

look at the financial health of the entity and the board is to look at the financial health of the ratepayers.

There will be a public hearing next Monday, November 30<sup>th</sup> at 8pm on zoom. We will do everything to get a press release out tomorrow night. Superintendent Scenna will discuss within the press release where we are headed with the discussion in hopes of getting feedback from customers. At the public hearing, we will be joined by the town assessor. The town is doing their own real estate tax rate setting prior to our meeting. Once we take the vote, we can finalize the paperwork and at that point, we will be done with the tax levy for the year. The newspaper will be covering the meeting and the Lynn Item will try to run it at the next available time. We will work to get it out there on social media.

#### **4. Continued Business**

- a. Discussion on possible Summer Water Restriction Changes
  - i. Survey: We are working with Guilfoil to do a google survey, we will launch after the holidays.
  - ii. Meter Replacement Project: We spoke with a Ti Sales salesman, to create a spreadsheet on what we can data log and what we can't data log. Ti Sales will be able to extract the information and what it would cost to upgrade. We should have information after the holidays.
- b. Update on Leases: no updates on the leases. We have not received the T-Mobile leases yet and have not heard from AT&T or Sprint. AT&T said it is highly unlikely to get executed this year and it is usually a 4 week turnaround. Verizon is continuing to work up at Knoll Road with no issues.

Superintendent Scenna is contracting with a company to remove asbestos from the floor in the bathroom. The tile needs to be excavated and a vent pipe needs to be addressed properly. The pricing was very high at \$1,000 to remove asbestos. He will keep shopping around for the best price. We want to get this done; the plumber is ready to move forward and needs clearance on the abatement. The building inspector came down and Superintendent Scenna will sign on behalf of the district so the inspector can allow us to pull the permit. The plumber and electrician will get their own permits.

We own the property on right side of 1 Ivanhoe. There are a few dead trees that are leaning towards this property and a 3<sup>rd</sup> tree is decaying. It will cost \$1,900 to remove but we don't see a way around it. The homeowner had emailed the town and his concern is on record. We need to do the neighborly

thing; Iron Tree has been procured by the town and is applicable to us. We will give a noticed to proceed tomorrow. We priced them against another tree service. Other companies don't want to give wage rates from public to private. We need to take a tree down at Glen Drive inside the fenced area of the well and was flagged during the DEP sanitary survey; the cost is \$1,500. We have until the end of the year to have this tree removed. There is some overgrowth that will be trimmed. In total we will have \$4,000 of tree work to be completed.

**5. Other Board Items:**

- a. Approve Water Filter Applications: none
- b. Approve Prior Meeting Minutes: Minutes from the November 9<sup>th</sup> meeting have been completed with Superintendent Scenna reviewing and editing. These will be done and distributed tomorrow morning for review and approval at the next board meeting.
- c. Approve A/P and Payroll: The commissioners will approve in-person.
- d. Approve Abatements as Recommended by the Abatement Committee: none at this time.
- e. Any other unanticipated items by the Board: none.
- f. Executive Session for legal and personnel purposes if required.

A Motion was made to adjourn at 8:33 pm.

Respectfully submitted,