



LYNNFIELD CENTER WATER DISTRICT WARRANT
The Commonwealth of Massachusetts
Regular Board Meeting
7:00 pm February 27, 2023

Date, time, place: The regular meeting of the Board was held on Monday, February 27, 2023 at 7:00 PM.

Present: Commissioners Anders Youngren, Joseph Maney, Steven Walsh (via Zoom), Superintendent John Scenna, and Clerk of the Board Christine Smallenberger

Absent: Treasurer Kevin Sullivan

Others attending: Matthew Johnson, Shawn Meunier, John Marcin from Veolia, via Zoom: Jay Sperling, Veolia and Dave Fox, Raftelis

Additional attachments: Agenda, incorporated into the minutes hereto.

Next Regular Meeting: March 20, 2023

Adjourn: 8:25 PM

The meeting was called to order at 7:03 pm.

Superintendent Scenna asked Veolia North America to attend tonight's meeting as he likes to create layers and resources with our vendors and Veolia can provide backup resources and assist with projects. Mr. Sperling from Veolia North America presented on what they can offer the district and to talk about why water districts outsource their operations and maintenance of their system. (See attached presentation incorporated into the minutes). Mr. Sperling also spoke how Veolia's benefits can positively impact the district, the employees, and the community should we outsource to Veolia. Chairman Maney said there are a lot of questions, and we are at a huge crossroad. This is time to look at our operations and how we do business. Superintendent Scenna said it is important to let the board know there are water systems close by, Lynn and Gloucester, that are operated by Veolia. Sean Meunier (from Veolia) has been in operations for 26 year and works in Lynn. Shawn Meunier went to Gloucester the other day, where they needed equipment and people. The pool of resources is a big benefit to water districts. From the operations side, it's a network.

Superintendent Scenna has been working with Dave Fox from Raftelis to establish rates for FY24 that will be effective March 1, 2023. The model takes the tax levy that was voted in November and looks at consumption trends for the past 3 fiscal years and actual data and looks at our budget needs which includes debt and interest for projects and the money we will need to borrow this coming fiscal year.

Dave Fox presented 2 options: Option 1: proceed with the \$9.8 million authorization at market rates or Option 2: borrow \$15 million through the SRF with no interest. Superintendent Scenna's recommendation is to proceed with the 2nd option at \$15 million at 0%. We will have to decide on where we set the rate and took a typical customer and the impact and how much more will this cost to a ratepayer. (see slides regarding FY24 revenue requirement incorporated into these minutes provided by Raftelis.) We will have significant debt service in FY25 so it makes sense to start rolling it in FY24. If you weren't to have a rate increase in FY24, you would be looking at almost 30-40% rate increase for FY25. Option 2 is \$15 million going towards projects you can spend rather than \$4 million towards interest. Over the life of the loan, you will incur more costs in option 2, it would require about \$18 more per year per customer over the life of the loan but would likely be offset with \$5.2 million more in project funds. Given that additional capital improvements will be required in the future, this option will likely save rate payers money over time. A typical residential customer (50% of customers) in option 1 that customer bills will increase by \$115 or 12.1% increase, with option 2 it is about a \$94 increase at 9%.

Dave Fox' recommendation would be to implement option 2. Authorization from the district of the \$15 million would give us an additional \$5 million for capital projects. It's a benefit for customers. The volumetric rate would have to go up to 17.1% where the typical customer will only see a total bill increase of 9.9% between the volumetric and tax levy. Dave Fox wouldn't increase the fixed charge or the tiers but would potentially revisit if we go for a greater recovery of rates rather than through tax. We utilized conservative assumptions for customer usage in the past few years as customer usage characteristics have shown some volatility.

Pilot program for Partridge Lane: The cumulative reduction through three quarters is \$4,026. Dave Fox thinks it make sense to see how the remainder of the year plays out and to re-evaluate at that time.

Chairman Maney agrees option 2 is the way to go. We need to generate \$3.2 million to support our budget. Option 2 is \$3.349 million (\$2.6 million in operating, \$350,000 for existing debt and \$375,000 in anticipation of \$750,000 in new debt hitting in FY25).

Insurance is set to go up 5% and the union CBA is expected to be settled. In the superintendent's opinion it could be a conservative approach.

13.6% increase in rates for 3% increase (it's about \$20 less per year for typical residential customer). Chairman Maney wants to see if we can make a 3% increase in budget work. The next process to back-fill is the unknown of the COLA salaries, insurance, and overtime with the CBA. Health insurance is trending positively.

Commissioner Walsh likes Option 2. Commissioner Walsh said our ratepayers are seeing inflationary numbers everywhere and needs to see where we can be prudent and frugal.

If we do option 2, what % are we looking at for FY25. If we do everything the same, we will possibly do the same at a 9.9% increase. We just got certified with almost a million dollars in free cash. Our stabilization funds are in place.

The rate increases would be \$10.37 for tier 1 and \$25.94 for tier 2. This equates to a 13.6% rate increase. If we don't do this increase this year, we are looking at a 26% rate increase next year. This is an 8% increase overall for volumetric and tax combined.

Motion: a motion was made to increase the tier rates for Tier 1 from \$9.13 to \$10.37 per thousand gallons and increase Tier 2 from \$22.84 to \$25.94 per thousand gallons.

Seconded: the motion was seconded, and the motion was passed with Commissioner Youngren, Commissioner Maney and Commissioner Walsh saying aye by a unanimous vote.

2: capital projects update: The water main on Wakefield is ready to start. They were going to start early but decided with the pending storm, they will reassess next week.

There is a meeting on Wednesday with MWRA to discuss accelerating admission. We will use the water management act grant for the ENF.

Intermunicipal agreement may be discussed with Lynnfield and Wakefield as both towns share the same counsel, Attorney Tom Mullen. It needs to be authorized in a public meeting for Attorney Mullen to work for all of us. It is a tri-party agreement that needs public vote.

e. kick-off meeting, we have schedules coming up with full presentation that will be recorded.

F: we need to look at an OPM and get it out to bid after the annual meeting. Veolia offers a lot of services, they have seen a lot of systems and that's why the superintendent feels it's important to bring on an OPM earlier.

We have a signed agreement with Weston & Sampson (W&S) regarding the caustic rinse for the vessels at station 2. We will pull samples and hope to have station 2 up and running by Wednesday or Thursday.

Motion: a motion was made to approve all outstanding minutes.

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

A motion was made to adjourn the regular meeting at 8:25 pm for the board to go into executive session.

Respectfully submitted,