



LYNNFIELD CENTER WATER DISTRICT WARRANT
The Commonwealth of Massachusetts
Regular Board Meeting
7:00 pm February 26, 2024

Date, time, place: The regular meeting of the LCWD Board of Water Commissioners was held on February, January 26, 2024 at 7:00 PM.

In attendance: Commissioners Joe Maney, Anders Youngren, Steven Walsh, Superintendent John Scenna, and Clerk of the Board Christine Smallenberger

Absent: Treasurer Kevin Sullivan

Others attending: Dave Fox from Raftelis, Patricia Campbell

Additional attachments: Agenda, incorporated into the minutes hereto.

Next Regular Meeting: March 18, 2024

Adjourn: 8:30 PM

The meeting was called to order at 7:06 pm.

Fiscal Year 2025 Volumetric Rates: Tonight is the public hearing on the volumetric rates. There are 2 main discussion points with a decision to be made this evening. At the end of the day the rates have to raise enough revenue to match the expenses and bottom line of the budget. Dave Fox from Raftelis will present 2 rate increase options: a budget increase of 5% and a budget increase of 8.5%. Last year the budget increased 5.5% and the prior year was 12.1%, with the average of the 2 years at 8.5%. There will be a separate meeting in March/April to speak on budget items. Superintendent Scenna recommends an 8.5% increase. The rates that are voted on this evening will go into effect March 1, 2024.

Mr. Fox presented an overview of the rates. The district revenue has 3 core components: tax rate, volumetric rate, and fixed quarterly charge. We need to determine how much revenue we need and what the water rates will collect. The operating budget and debt service were factored in. The bulk of the rate revenue is volumetric based on how much water customers use, though we do have a fixed charge. The rates presented are based on actual consumption over the last few years. FY24 consumption is 11% lower (by volume) than

FY23; some of that has to do with year-to-year fluctuations in terms of customers and some customers with wells for irrigation and may sustain into the future. We took in consideration the small miscellaneous revenue to make sure it offset the operating budget to not generate more revenue than needed.

Mr. Fox ran 4 different rate increase rate options and showed historical rates and taxes. The fixed charge has not changed in the last several years though the volumetric rates have changed. He showed how a typical customer's bill changed over the last 3 years. There are 2 core budget options to increase by 8.5% or 5% that includes budgeted for \$90,000 annual payment for debt service and fully funding \$17 million loan. Option A: Increase only tier 1 rate; Option B: increase only tier 1 rate and increase fixed charge and leave tier 2 alone; Option C: increase tier 1 and tier 2 rate and no increase to the fixed charge and Option D: increase all rate components: tier 1, 2, and fixed charge. Option E: increase fixed charges by \$10 per quarter and increase tier 1 only.

Mrs. Campbell asked what is the fixed charge. The fixed charge is \$25 per quarter and is a common fee found across water utilities.

Mr. Fox feels a 5% increase is too skinny. All his clients have significant increases in operating expenses and inflation. With regards to historical rates, Option 1B is increasing the fixed charge and tier 1 but not tier 2. We are concerned with customers installing private wells. If we lose the consumption, we have a loss in revenue. Given that the magnitude of increases/impacts of customers don't vary greatly, the option is to go up on tier 1 rate and not tier 2. From 2022 to 2025, this equates to a cumulative increase in a typical residential customer bill of \$319. The district communicated to customers last year there would be no more than a \$315 impact due to the \$17 million project. This \$319 increase (from 2022 to 2025) is inclusive of this project as well as other projects and operating expenses. We are fully funding this \$17 million project in FY2025 and is less than what we communicated. Mrs. Campbell asked what is a typical residential bill. A typical customer falls into Tier 1; the vast majority of customer bills are in tier 1 with a small customer base in tier 2. We looked at all bills with the median total bill at \$1,165.00 and falling in tier 1. These customers may see spikes in their bills during the summer period/high demand months. This data is taken from actual bills of our district.

We were able to sustain a significantly lower level of the tax rate. Several years ago, the tax rate was \$0.93 per thousand valuation. The value of property is not a good indicator of how much water a customer is using. This brought more equity to the system by charging customers based on the water they are using rather than on the value of the property.

Commissioner Walsh asked if we could fall between the 5% and 8.5% increase and change the fixed charge instead of touching the rates.

For every percent we go up in the budget it increases a typical residents customer's bill by approximately \$12.30. We could make up the difference by raising the cost of the fixed charge as opposed to raising the rate. Theoretically you could do it but is punitive on those customers that use less water.

8.5% is the average increase in the budget for the last 2 years. With some cuts and level funding this is a goal we should be able to deliver on. If we go with a 5% increase, we will have to see some significant cuts in line items of the budget that we cannot sustain. Commissioner Youngren asked if we can make the budget cycle work at 8.5%. Superintendent Scenna believes we can, but we do not have numbers in the budget for health insurance, upcoming DPW work, and electricity rates. Commissioner Walsh asked the superintendent if you would be concerned with less than an 8.5% increase to which the response was yes.

Chairman Maney likes Option b and increasing the fixed charge by \$10 per quarter. Commissioner Walsh asked if increasing the fixed charge would move people to a well. Tier 2 drives people to drill for a well. The fixed charge is the cost for operating the district. There is little risk increasing the fixed charge. We haven't increased the fixed charge in 3 years and costs for operating the district have increased. Chairman Maney emphasized this is a 1-year commitment to see where we land. Nothing would make Mr. Fox happier than communicating to residents that the rates don't need to increase or may increase slightly by a percent. We are close to knowing what the rate needs to be and at that point it is maintaining and making sure the district is staying in a strong financial position. Retained earnings aren't being used in Raftelis calculations; we take these funds and put them into stabilization accounts to create revenue funds to help our interest rates for borrowing.

Commissioner Youngren asked why the rates aren't being discussed for the town. The rates for the town are driven by the IMA. Mr. Fox recommends reviewing town rates in the future and especially with the interconnection that will change the cost structure and making sure we charge the town appropriately. The IMA expires by next year and will be evaluated after FY25. This will have no effect on FY25 and will be discussed for FY26.

Motion: a motion was made to increase the rate by 8.5%.

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

Commissioner Walsh said it would be helpful to take the amount of \$319 and break it into operating increase instead of special project increase. This would be option F and the service fee would increase \$10 per quarter with everything else being made up in the tier 1 rate and non-residents at \$20 per quarter for the fixed charge.

The board moved forward with the agenda so Mr. Fox could run numbers the board requested with respect to the water rates.

Recreational Path: We are still waiting for the town decision for license with a possibility of increasing in the future by a full vote of the district.

Grant submissions were supposed to be released on February 14th, but no announcements have yet been made.

Sagamore Legacy development is moving forward. Toll Brothers will pay us directly for the CDM task order peer review. We will sign the agreement once we receive payment. Sagamore will be present at a March board meeting to discuss their plans and CDM will be in attendance to answer any questions. A permit will be issued similar to Vallis Way.

Capital Project Update: we are waiting for comments on the permit and for Glen Drive from the DEP. The sub-trade bids were opened today with 5 of the 8 being under budget; 1 bid was a good amount over budget. Griffin Electric was under budget. HVAC was high and is a concern.

There is a final piece of borrowing that needs to happen. Superintendent Scenna and Treasurer Sullivan have a meeting with S&P next week.

AT&T is upgrading equipment at Wing Road. All information regarding the upgrade has been documented in email correspondence sent to the board. T-Mobile is coming forward with a similar process and will be at the next meeting and will go through the neighborhood process.

We will work with the DPW to get ahead of the road program. Details will be provided at the next board meeting.

Superintendent role:

Motion: a motion was made to accept the revised job description dated February 26, 2024 to appoint John Scenna in the role as Executive Director of the LCWD to perform all the duties as documented in the attached job description. Commissioner Walsh wants to note this is consistent with the IMA with the Town of Lynnfield with no additional compensation or benefits to the superintendent.

Mrs. Campbell asked if the IMA is taking time from Mr. Scenna's duties at the LCWD. The commissioners answered yes, and the job description explains it. We will hire a new superintendent for the water district and John will job share between the Town of Lynnfield and the water district. Once approved, Commissioner Walsh and John will work on backfilling the parts of what someone else needs to pick up. This will be the next budget process. Mrs. Campbell asked if we are actively searching. We are getting ready to search but are not actively searching at this time.

Seconded: the motion was seconded, and discussion proceeded.

Commissioner Youngren asked if we are asking for current licensure as far as operator is concerned. Commissioner Walsh clarified the job description before them is for the executive director position. The additional position is a discussion for another day.

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

Motion: Commissioner Walsh made a motion that the executive director work with the board personnel liaison and present an organizational plan on how best to move forward to backfill responsibilities that he will no longer have in the capacity to perform and to Commissioner Youngren's point the new position would require a license.

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

Mrs. Campbell inquired if the board reviewed the article she sent regarding PFAS in the astro-turf at the high school field. Executive Director Scenna responded that the turf is not affecting the district. The end of the lifespan of the field is approaching. A lot of communities are discussing this issue and replacing astro-turf with cork. The water doesn't drain towards the field that contains the higher levels of PFAS (Station 2). If there was a contaminant in the fields, it wouldn't drain to our source. Exec. Director Scenna will talk to

the DPW. Our PFS levels are low and if they were elevated, we would look at it. Chairman Maney doesn't believe PFAS is in the small pieces of crumb rubber.

Fiscal Year 2025 Volumetric Rates:

Mr. Fox updated the spreadsheet and reviewed the changes as requested by the board. Tier 2 is not increasing. The Residential fixed charge increases by \$40 a year or \$10 per quarter, the Other category fixed charge increases to \$80 a year or \$20 per quarter. That brings a typical bill to \$1,273 which is \$5 less than Option 1b. This increase is lower than what we communicated to customers over a 3-year period.

Motion: a motion was made to move forward with the option presented. This option is raising Tier 1 to \$11.30 per thousand and the fixed cost from \$25 to \$35 per quarter.

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

Motion: a motion was made to adjourn at 8:15 pm for executive session.

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

Per notes from the Executive Director, the board adjourned the executive session at 8:30 pm and made a motion to enter into regular session to approve meeting minutes where a motion was made to approve minute meetings from the January 22, 2024 meeting. The motion was seconded, and the motion was passed with Commissioner Youngren, and Commissioner Maney and Commissioner Walsh saying aye by a unanimous vote.

A motion was made to adjourn the regular meeting at 8:30 pm.

Respectfully submitted,