

## **Water Commissioners' Meeting October 23, 2013**

Members present were: Dana Blais, Chris Stewart

Employees present were: John Driscoll, Ron Davan

The meeting was called to order at 6:00 p.m. by Dana.

The agenda was approved on a motion by Chris, seconded by Dana, 2-0 in favor.

### **Old Business:**

The Manager discussed with the Board the water rate proposals suggested by Tighe & Bond as part of their 2013 Water Rate Study, specifically the one they had designated as "Scenario #2". This increase of existing water rates would change the average quarterly water bill to \$170 in FY14, up from \$138 in FY13, all based on FY13 gallons sold. The Manager had reinforced the need to bring in more revenue to the Water Plant to fund its bond payments, payroll, station maintenance, tank maintenance, vehicle maintenance and future capital infrastructure improvements.

The Manager stated that it had been 6 years since a water rate increase and 5 years since a customer charge increase. Operational costs had gone up substantially since then while at the same time the Water Plant was losing water customers. The Manager could not responsibly authorize any needed expenses to come unless he knew how much water revenue to reasonably expect. The Manager told the Board that in FY13 they had brought in \$1.2M in water sales revenue and \$60K in miscellaneous revenue but had been operating under a \$1.4M budget, of which a third was project debt. He felt that the only reason the Water Plant had been able to stay in a positive cash position since 2008 was by paying its bills very late (6 months in some instances).

Dana seemed to be in agreement with the Manager in the sense that the Water Plant needed to at least bring enough water sales revenue to operate the plant in the best fashion under the existing regulations put forth by the MA DEP. The Manager added that in most cities and towns where water departments are under a general fund, most times rates go up about 2.5% annually to account for inflation/CIP. He added that a potential 24% increase in water rates across the board would be a shock to most water customers, but it only represented 4.4% average annual increase over a 5.5-year period. Had the Water Plant increased its water rates annually to account for inflation/CIP over the last 5.5 years, the 24% increase would have likely been more like 9%. The Manager added that the damage that was done to the Water Plant both financially and structurally during the 1980s and 1990s was impossible to recover from now, because no reasonable rate increase would allow the Water Plant to do \$40M worth of capital improvement projects in 20 years. This is why the Manager said that he would not entertain the "Scenario #3"

developed by Tighe & Bond; the increases were too extreme especially with the local economy in the shape it is in.

Chris asked the Manager how he thought Gregg (absent) would feel on this proposed water rate increase of 24%. The Manager stated that he felt Gregg had been given just as much information on the financial shape of the Water Plant as Dana and Chris had been given thus far. He felt that if Gregg had objections to water rate increases of any kind that the Manager would have known at this point.

On a motion by Dana, seconded by Chris, 2-0 in favor the Board voted to adopt the suggested "Scenario #2" water rate structure developed by Tighe & Bond. The manager said that he would prepare a letter to be mailed to all water customers in advance of the December billing period so that people may prepare.

### **New Business:**

The Manager and Superintendent presented the Board with copies of a revised truck estimate from MHQ as a replacement for the Water Plant's Truck #32. The previous quote had listed the V-8 engine as a \$7,500 option which should have been included in the vehicle's base price. Also, there was a manual roll-out cover option included that was wrong since this truck had no dump body to hold materials in. The cost estimate now was for \$46,111 for the new water utility truck which would mean four annual lease payments of \$12,917 by the Water Plant to Ford Motor Credit.

Dana asked about the possibility of any extended warranty for the new truck; the Manager said that it had been eliminated in a cost savings effort since the gasoline engine would not create as many headaches as the diesel engine had. Dana asked if we could get it back onto the cost estimate, and the Manager said that he would do that, thinking that the price would increase to \$49K but not go over.

On a motion by Chris, seconded by Dana, 2-0 in favor the Board voted to have the Water plant purchase the new truck as long as the new MQH quote didn't exceed \$49K. The manager stated that he would order the vehicle ASAP.

There being no other Open Session business to discuss, on a motion by Chris, seconded by Dana, 2-0 in favor the Open Session Water Meeting adjourned at 6:50 p.m.

Respectfully Submitted,

John M. Driscoll  
General Manager