



WATER DIVISION

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John M. Driscoll, *General Manager*

**Water Commissioners' Meeting
March 6, 2018**

Members present were: Chairman Dana Blais
Clerk/Secretary Chris Stewart
Member Gregg Edwards

Employees present were: General Manager John Driscoll
Water Superintendent Ron Davan
Business Manager Jennifer Belliveau

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

The agenda was approved on a motion by Chris seconded by Gregg, 3-0 in favor.

The minutes of December 13, 2017 were approved on a motion by Gregg, seconded by Chris, 3-0 in favor.

The minutes of January 24, 2018 could only be approved by Dana and Chris since Gregg did not attend that meeting, 2-0 in favor.

Old Business:

The GM discussed the establishment of a Water Plant OPEB Trust with the Board. The GM stated that the Town was going to set up an OPEB Trust with a requirement of \$250,000 to start, and they were seeking \$25,000 in contributions from the Water Plant. The GM said the Water Plant has completed its fourth actuarial study in 10 years (FY2009, FY2012, FY2015, FY2018) but is behind in the actual funding of the UAAL. At present the accounting practices and standards only require an annual declaration of the department's UAAL and do not require funding to be set aside for it. The GM drew a comparison to the Light Plant's OPEB Trust Fund held at MMWEC but light was operating under a different set of statutes than water was. The GM had previously looked at the possibility of setting up an OPEB Trust for the Water Plant thru MMWEC but it was not legal.

Only the Town Treasurer could set up an actual bank account to be designated as a Town OPEB Trust, of which at least \$25,000 (possibly \$50,000 later) would be allocated as Water Plant funds. The Water Plant would be losing 5 of its 6 employees to retirement within the next 10 years, and the GM's prediction was that our OPEB costs will increase as a result. He added that our actuarial results are somewhat misleading in the sense that the one water retiree/spouse who are get health insurance thru the Water Plant only cost us a third of what it will with the aforementioned 5 water employees who'll retire in the future. The Town's Medex Plan switch did save them and the Water Plant money but these were only the Medex costs based on today's actuarial figures.

The GM explained to the Board that a vote was necessary to establish an OPEB Trust for the Water Plant. The Town Treasurer would establish such a trust with \$250,000 of which \$25,000 would come from us.

Once established the Water Plant would (hopefully) receive copies of monthly statements on trust gains and losses. Dana wanted to make sure that we reconcile with the Town on a practical basis. The GM suggested contributing \$25,000 now and another \$25,000 later in 2018. At this time a vote took place as follows:

"On a motion by Chris, seconded by Gregg, 3-0 in favor the Board voted to establish an OPEB Trust for the Water Plant with a \$25,000 contribution toward the total \$250,000 that the Town required."

Dana – Aye

Gregg – Aye

Chris – Aye

New Business:

The GM talked about the newly available 2016 Tighe & Bond Water Rate Survey with the Board. The survey is usually done every 2 years, with the last done in 2014, however everyone waited an additional year this time. The GM is still not content with this survey's results because Tighe & Bond insists on using 90,000 GPY as the baseline average for all the water departments in MA. He said that this figure might be accurate for an Acton, Concord or Littleton but WAS NOT accurate for Templeton. The GM had the average annual water consumption for a Templeton resident at 50,000 gallons, NOT 90,000. Because of this survey characteristic the appearance is that municipal water here was \$996 per year when in actuality, based on our customer base, it is \$596 per year.

The GM added that several surrounding communities had increased their rates, some multiple times, since the last 2014 rate survey was done. The survey stated that the average cost of municipal water had increased by 12% over the past 3 years.

The GM provided the Board with a handout referencing town health insurance premium increases possible for FY2019. The Insurance Advisory Committee (IAC) met recently and voted on their recommendation to the Selectmen, but ultimately it is the Town's decision via Selectmen vote on our health plan options. Last year's increase was 11%, and the Town Administrator had said at the beginning of our discussions with MIIA that 13% was this fiscal year's increase. The GM said that the most recent update from him on this was a 5.69% increase for the Water Plant for FY2019, with changes made to mail-order RX, high-tech imaging and specialist co-pays. Dana asked if the Town had looked at a GIC plan option like some other municipalities are on; the GM said that the Town had briefly explored that option last year but were quickly overwhelmed with concerns from active and retired town employees. (The GM had previously stated that some other MA MLPs had gone from a traditional provider like MIIA to a GIC plan for lower premiums only to return to the traditional provider a few years later with increased GIC premium costs.)

The GM provided the Board with a handout on proposed FY2019 Water Usage Rates that he had developed. The rate proposal included:

Increasing Quarterly Customer Charge from	\$59.29	to	\$60.00 per Bill
Increasing Tier I Water Usage Rate from	\$7.74	to	\$8.60 per KGAL
Increasing Tier II Water Usage Rate from	\$8.59	to	\$9.10 per KGAL
Decreasing Tier III Water Usage Rate from	\$9.62	to	\$9.60 per KGAL

Altogether, based on FY2018 customer water usage thus far, these new proposed charge and rates represented a 5.1% water rate increase. The GM said that such rates would increase the average quarterly water bill from \$168 to \$177, an annual increase of \$36. Such an increase would represent additional revenue totaling \$76,000, which was what the Water Plant would need to set aside each fiscal year to fund its OPEB Trust and remain on a 30-year fully-funded actuarial track. The GM did cite this new OPEB Trust expense as the sole reason for this 5.1% proposed water rate increase.

The GM offered a few points on his suggested charge and rates (above). His idea to go from \$59.29 to \$60.00 even was strictly one of ease; it was difficult to remember \$59.29 as a quarterly charge and it never divided evenly as a monthly charge. The GM felt that he could justify the additional \$0.71 quarterly cost just on increased operating expenses after the brand-new water storage tank on Johnson Ave was completed. By design, he did not increase the irrigation rate (Tier III) as to not discourage additional customer water usage for irrigation. The GM calculated appropriate increases instead for Tier I and II water usage to achieve the desired additional \$76,000 in water revenue for OPEB expense.

The GM told the Board that he certainly did not expect a vote on this tonight, and that he wanted them to have time to look over his rate proposal and get any questions answered or concerns addressed that they may have about them. He added that the last water rate increase was for 9% in November 2015 to cover the costs of one new full-time employee AND another bond payment for the water tank. The Board and the GM will table this till the April meeting; there was time since this proposed increase would not take effect till the September 2018 billing cycle in Q1 of FY2019.

The GM distributed copies to the Board of the 2017 Annual Statistical Report (ASR) summary page for discussion. The GM and WS were both satisfied with the 6.18% Unaccounted for Water (UAFW) loss for 2017, as it was well within the Mass DEP's threshold of 10%. The WS said there were not too many water main breaks; only 4 in 2017. Also, the hydrant flushing gallons lost represented the largest percentage share of water loss, and changes made to the method we calculated these gallons produced more accurate results. Dana asked about the progress of our water meter replacement program. The WS told him that most of the older radio readers (ARB) had already failed or were about to. He added that some of the newer R900i readers are now starting to fail due to battery age; the WS said the Water Plant no longer replace these batteries since the meters they're connected to are now 15-20 years old.

All meters removed from service are tested at the Willow St Well Site and then shelved. The WS told the Board that all customers who received new meters are told to expect a slight increase in their bills since in our experience water meters only ever get slower, not faster, due to chemical buildup and corrosion. Even the Sawyer St source meters get very built up with Iron and Manganese to the point where they still require annual calibration. For 2017 this buildup slowed down one source meter by 4.5%, which may be an indication that a well cleaning may be in order soon.

Other Business:

Chris asked if the issue with a water customer at #66 Victoria Ln had been rectified or not. The GM told him that it had not been yet. Our plan is to send him a final notice threatening a discontinuation of water service plus a \$50 reconnection charge unless the \$1,000 connection fee was paid for this new multi-dwelling apartment add-on. This is a property which is owned, not rented, so a municipal lien is also an option. The GM could not imagine this getting to the point where water was turned off.

There being no other Open Session business to discuss, on a motion by Dana, seconded by Gregg, 3-0 favor the Water Commissioners' Meeting adjourned at 6:45 p.m.

Respectfully Submitted,



John M. Driscoll
General Manager