

October 10, 2019

A meeting of the Board of Sewer & Water Commissioners was held on Thursday, October 10, 2019 at 7:00 p.m., at the Edward J. Delaney Water Treatment Plant, 1303 Washington St.

Present: William Abbott, John Spillane, John Hasenjaeger, Patrick Fasanello and Glenn Maffei. Also, Bernie Marshall, Supt. of Sewer and Water, Scott Gustafson, Asst. Supt. of Sewer and Water, and Rick Mattson, DPW Director.

All abatements submitted tonight is reviewed and signed.

7:00 ABRAHAM'S GROUP – RATE STUDY UPDATE

Matt Abraham is present and provides the Board members with a spreadsheet showing the actual and projected financial analysis. It is also on the screen so he can show the flexibility of the file that has been created. This screen shows the baseline analysis which is if there is not any rate related changes. It is typically referred to as the doing nothing theory. He feels they have done a decent amount of work and will update on the financial analysis and also the data analysis although he is not as far along as he had hoped and will explain why. He has worked with various town staff and they provided him with a lot of data and information. Going with expenses first Mr. Abraham goes line by line on his spread sheet. He starts with the expenditures and goes through them. These expenses will not affect retained earnings as they have already been allocated unless there were turn backs and then this money would go to retained earnings. He then talks on the long term debt which shows a big drop off by 2024. The next item he speaks of is his projections based on the capital plan. Also related to the capital plan is the short term debt. Mr. Abraham then talks about revenues and says this is hard to predict and therefore relies on historical data. They have the actuals for fiscal years 17, 18 and 19 and then relied on a 3 year average for the future. He says the user charges are the hardest to predict because there are a lot of factors that affect it such as the weather. Mr. Hasenjaeger asks if the budgeted figure was an aberration and Mr. Abraham answers not necessarily although they did seem a little high to him based on the recent past and knowing the usage is down a bit. He then refers to the section of his sheet known as the retained earnings summary table. The \$2.776 m is the most recent certification of retained earnings and then based on his analysis and projections they are projecting what the retained earnings might be and it is based on a lot of assumptions. Based on a lot of assumptions he expects retained earnings to dwindle over the next few years and be out by 2022 or 2023. Mr. Fasanello speaks of the indirect costs that go up 4.5% yearly and the town budget only goes up 2.5%. He would like to know why. Mr. Abraham says the actuals of the indirect costs in the previous years he felt 2.5% was low. However this is for now, when he talks to the Town Accountant this may be adjusted. Mr. Fasanello feels the percentage should be in sync with the Town budget. Mr. Abraham says he cannot answer that. Mr. Abbott says it goes up 2.5% plus new growth which adds on top of the 2.5% without an override. Mr. Abbott asks Mr. Abraham when he feels he would complete this part of the project. Mr. Abraham responds that the financial part should be complete once he gets the blessing from the Town Accountant which should be in about a week. Mr. Abraham shows another screen on the overhead and tells that it shows the capital plan that was provided by the Water Department and they are numbered with the name of the project and the cost. He has built this sheet with a lot of flexibility and explains how and why it can include things and not include certain expenditures. Mr. Abbott asks if it has the ability to postpone for a year or two and Mr. Abraham shows how this can be done. He then asks if this is something the Town would get ownership of and be used and Mr. Abraham says yes. He just wants the Board to know that this sheet can be adjusted accordingly. The other thing that he wanted to show the Board is the first shot at the impact of rate changes and the ability to play around with rate changes. He shows a sheet showing the baseline in table format and graph format and it shows the surplus or deficit in a certain year, another row shows the retained earnings as the percent of budget. There is also a tab to show the results of the rate changes. These numbers are based on a lot of assumptions. The update on the billing is when they met previously they talked about how they have the ability to work with the Munis system and extract data out of the system. He worked with Judy in the Water Dept. and learned that the report that he had planned on using was not possible for the Town of Walpole.

because the data system was just too large. The history of the accounts goes back 20 to 25 years and considering how many accounts there are; this is an inefficient way as you search through everything before you can ask for specific dates. So they had to come up with a different way and this was to look at the actual commitments. They were able to go into Munis and print PDF's of the commitments but there were over 100 of them. Then to get the PDF's into Excel is a tedious process however he is at the point now that he has it working and has loaded 5 in so far. He is hopeful he will have a full billing file within a week or week and half have some numbers for tiers by the next time we meet. Mr. Abbott asks when he would expect to meet with the Board again and be able to change the blocks, and show what the ranges are and rates, etc. Mr. Abraham says he believes he is on the agenda for the next meeting. Mr. Abbott says one of the concerns is because they are not taking in as much revenue as expected due to the fact they are not pumping as much water, so they will probably have to have a midyear rate adjustment. He feels the sooner he can provide the information the better as it would have less impact. Mr. Maffei says he is more interested in the billing analysis and wants to make sure when Mr. Abraham comes back he addresses answers to the issue of the multi units and incorporate this as well as the block rate which should be part of the analysis. Mr. Fasanello says although we have to reach a certain goal with the rates, there is more than one way to get to the number and he would like to see different scenarios. Also we are not mandated to have block rates, we could come up with something else and he would like to see alternatives. Mr. Abraham will return on October 28th.

ARTICLE 12 FALL ANNUAL TOWN MEETING

Mr. Hasenjaeger recuses himself from Article 12 and leaves the meeting and never returns. Present for this discussion is Darren and Bryar Hasenjaeger. Mr. Abbott gives the background and tells of the meeting that he and Mr. Maffei had previously with Mr. and Ms. Hasenjaeger regarding the purpose of attempting to sell property at the end of Darwin La. that is owned by them. Mr. Abbott says he knows they prepared a paper that was titled Article 12 Protection Opportunity and he got his copy at the FinCom. Mr. Hasenjaeger says he inherited the land off of his father who is looking to retire. He hasn't done much with it; he looked into putting some houses back there but didn't go too far with it. They were approached about a year ago for someone to do a large scale development 40B on the land. He thought before taking this offer he would go before the Town to see if they had any interest for well protection as it abuts Well #5 and the aquifer and this is when the back and forth started with Administration and some of the Board members. He says the Town Administrator had an appraisal done that he is not privy to. He says he is aware of the market value and in the meantime another offer has come to him significantly higher than what he has proposed to the Town and within the last week there was another offer. He is very aware of the market value and provides numbers of the State standards which put a value on this property upwards of \$1 million. The offers he received have been in this range. He says he would rather see the Town have it for well protection and to keep abutters, neighbors and townspeople happy. Mr. Abbott says the parcel itself is a land locked parcel and this would have a value of \$40,000 and with access \$400,000. Mr. Hasenjaeger says they have the front piece so access is not an issue. Mrs. Hasenjaeger says there is a 35 foot easement in the deed and it is not land locked. There is some discussion on access, appraised value and assessed value. Mrs. Hasenjaeger says she got her hands on the IEP Aquifer Study and cites a portion of it and then says this land protects 6 wells and for \$379,000 it's protected forever. As a former RTM member she looks back on the money spent for different projects. She feels this seems extremely logical and realistic over some of the other projects that money was spent on. Mr. Fasanello remembers the study and their consultants suggested the purchase of certain lands, one was Jarvis Farm and another was this piece of land. He believes we already have an encumbrance on it. This is a piece of property that is fairly important for aquifer protection. That being said, he does not know how much it is worth. Mr. Abbott says if we acquire it then we wouldn't care about access. Mr. Fasanello says he is not interested in paying what was offered he believes it is excessive, we should think about taking it by eminent domain and let the judge decide. Mr. Abbott says then these would be market value. Mr. Spillane would like the property but is concerned on the price. Mr. Maffei wonders what the value of water protection is and keeping it from being built upon, he would be in support of obtaining the land but we need to keep it affordable. He would be open to improving the number if others were open to it. Mr. Abbott says we all would like the land but cost is the issue and we should keep in mind how much protection we would be getting as we have 3 houses on Washington St. and houses at the end of Darwin La., and 1 or 2 at the end of Eleanor Rd. The main concern is the price. Mrs. Hasenjaeger speaks about the

amount spent on Jarvis Farm and how the IEP Report rated it #3 and their property #1. Mr. David Vliach from 31 Darwin Lane says he does not care what is paid, he does not want a 40B there and the biggest issue would be concern over contamination. **Motion Made** by William Abbott to act with favorable action so there can be some discussion. Mr. Abbott then withdraws his motion. **Motion Made** by Glenn Maffei to reiterate our offer of \$150,000. Second by William Abbott. Vote 2-2-0, Spillane and Fasanello against. There is no vote. Mr. and Mrs. Hasenjaeger leave the meeting.

ARTICLE 18 FALL ANNUAL TOWN MEETING

Mr. Abbott and Mr. Moraski discuss what transpired with this article at the Finance Committee. Mr. Moraski tells of the opinion from Town Counsel and his counter to this opinion and the Counsel's response to his counter. He says he basically summarized the Town Charter and Mass General Laws which would give town meeting the power to create bylaws and to do what's in the article. Town Counsel cited a portion of the Mass General Laws that allows the Board of Selectmen to enter into an intermunicipal agreement. The Finance Committee voted to remand the article back to him because he is still in the middle of researching with a representative a legislature. He is asking this Board to also remand the article back to him. He says if it is illegal then the article will just go away on its own. Mr. Abbott points out that the Town Charter says that this Board has exclusive charge and control so he wonders if the Town Charter would need to be changed. Mr. Spillane says he appreciates what Mr. Moraski is doing however he does not want Town Meeting involved in who we can sell water to. He feels we have experts here and he does not feel town meeting knows enough about the water supply. There is some discussion on this. Mr. Fasanello says under Mass General Laws these Boards were set up to protect the people. This Board makes policy and watches the money, among other things. He adds that they try to provide the Walpole residents with the best water they can at the cheapest price. Mr. Moraski says the bottom line is that he does not believe he would be done with his research by town meeting. He is respectfully asking the board to remand the article back to him. **Motion Made** by William Abbott to recommend that Article 18 of the FATM be referred back to committee. Additionally, the Board would like to state that this Board has concern of the Town Charter stating that this Board has exclusive charge and control over the Water Department and the system. Second by Patrick Fasanello. Vote 4-0-0.

Mr. Mattson asks that the Board be clearer on their position on Article 12. **Motion Made** by William Abbott based on the earlier vote this Board recommends to the Finance Committee that the Sewer & Water Commission takes no action on Article 12 of the FATM. Second by John Spillane. Vote 3-1-0, Maffei against.

Motion Made by Patrick Fasanello to adjourn. Second by Glenn Maffei. Vote 4-0-0. Meeting adjourned at 8:15 p.m.

Accepted November 25, 2019