

December 16, 2019

A meeting of the Board of Sewer & Water Commissioners was held on Monday, December 16, 2019, at 7:00 p.m. at the Edward J. Delaney Water Treatment Plant, 1303 Washington Street.

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

Remotely present: John Hasenjaeger

Chairman Abbott announces that Commissioner John Hasenjaeger will be participating in the meeting remotely due to a family emergency.

All abatements submitted tonight are reviewed and signed.

Motion Made by John Spillane to accept the minutes of November 25, 2019. Second by Glenn Maffei. Roll Call Vote: Glenn Maffei – Aye, John Spillane – Aye, William Abbott – Aye, Patrick Fasanello – Aye, John Hasenjaeger – Aye. Vote 5-0-0.

Motion Made by John Spillane to accept the Executive Session Minutes of December 2, 2019 and not yet release these minutes. Second by Glenn Maffei. Roll Call Vote: Glenn Maffei – Aye, John Spillane – Aye, William Abbott – Aye, Patrick Fasanello – Abstain, John Hasenjaeger – Abstain. Vote 3-0-2.

SUPERINTENDENT’S STATUS REPORT

Mr. Marshall reports that D.L. Maher is their well cleaner and rehabilitator and has been cleaning some of the Washington Wells and is now at the Mine Brook Wells. There is an issue with the Texaco Booster, one pump was in failure and the repair for that is being scheduled. There was a large leak in the South area in late November that was due to a circle crack at a hydrant where they lost over 1 mg. A contractor was hired to find it and did so very promptly. So far this month there has been one service leak on Carpenter Road, one main break at Raymond Ave. and Bruce Rd. At 2000 Main St. there was a sprinkler leak which was originally thought to have been a main break but was found to be a private sprinkler that has been shut off and to be repaired by the owner. He is working with Wright Pierce to try to retrofit the waste basins at the Delaney Plant. There were 3 different scenarios that they could have used and have decided to go with what they saw done at the Town of Wellesley. Mr. Abbott asks if it will fit into the budget and the answer is yes. Mr. Marshall then says the Baker Street main has been laid, placed, sampled and passed by P.J. Hayes. He is now changing over services and there are 3 remaining streets that need to be tied in and they are Carriage La., Alton St. and the easement at the very end of Baker St. If the weather holds up they should be able to finish. The water distribution crew has been working on maintenance. There are numerous capital projects out there that they are relying on their engineers to help with. There was just an RFQ for the Robbins Rd. Septage Facility and it appears this will be done under budget. He is waiting for the generator to come in on Washington St. and this is ahead of schedule.

CONSERVATION COMMISSION – ANRAD – 55 SUMMER ST.

Mr. Abbott says this is the proposed 40B property and they are asking Conservation to identify the wetlands. There is no action required by this Board.

OPEN AND CLOSE SATM – ARTICLE DISCUSSION

Mr. Abbott asks Mr. Marshall what articles are needed. He responds there should be an article to use retained earnings. He is also asking for borrowing for the Asset Management Grant even though the list has not come out yet he has been reassured by Wright Pierce that DEP is reviewing and we should be on the list. Mr. Marshall also says there should be a water article and sewer article to support the budgets. Mr. Abbott speaks about the capital plan on the Fall Town Meeting Warrant and would like to know if it is okay to hold on these. Mr. Marshall responds that they are not asking for any capital items this spring. Cliff Snuffer is in the audience and requests to ask a question. Mr. Abbott allows this. Mr. Snuffer would like to know if the Board has their retained earnings estimated at this time and Mr. Abbott responds that he believes that it is currently at \$2.7 million and this is not an exact number. Mr. Maffei asks that the Asset Management Grant be explained and Mr. Marshall answers how it will be for GPS's to locate all valves, gate boxes, pipe size, hydrants etc. Mr. Maffei asks if the \$70,000 will cover the cost and Mr. Marshall says it is a matching grant and the engineers told him to go for the \$70,000 but he expects it to come in between \$24,000 and \$26,000.

WATER AND SEWER SHORTFALL EXPLANATION TO DOR

This is an explanation from the DPW Director to the Department of Revenue. Mr. Abbott says the Water Department met the revenue requirements however not the way we had planned to. We had more entrance fees that offset the revenue from flow. Mr. Abbott asks if there are any questions and there are none.

UPDATE WATER AND SEWER RATE REVENUE – FY 2020 SHORTFALL

Mr. Abbott says this is the memo that he has been providing every month showing the water and sewer shortfalls. This will be addressed at the rate hearing.

UPDATE – REVENUE SHORTFALL – PUMPING LESS WATER

Mr. Abbott says this too is something he has been providing every meeting that just shows the amount of water that was pumped and comparing that to corresponding months, the average of the last 3 years. He says for November we actually exceeded the average however for the prior 18 months we were always below. This is a good indication of why we did not meet our revenue from rates in FY 19 and why we have an issue for this year. Mr. Mattson says there were 9 water main leaks in November and one went on for days and this is the reason November exceeded.

LOW INCOME RATE ASSISTANCE PROGRAM

Mr. Fasanella says he would like to find out if this Commission has a will to devise a policy for rate assistance. He does not want to go through the whole procedure only to find out that the Board is not interested in doing this. Mr. Maffei gives an overview of his proposal and says in the MWRA community there are already 24 towns that have either a senior rate or low income rate, or both. He says this is actually tied to a potential action the Board might take at the public hearing which is to add an administrative charge, minimum based charge regardless of water usage. Going by Mr. Abbott's figures, Mr. Maffei says the practical impact of a low water user which would correlate with a low income water user at 500 cubic feet would be 105% increase on their bill. Mr. Maffei is concerned about implementing an administrative charge that may be necessary but would have a significant impact on certain people. The 105% increase for a lower water user would also result in a decrease in the higher water users. Basically Mr. Maffei is talking about a 34% credit, depending on what the administrative charge would be, would really only amount to about \$11.00 per quarterly bill. He adds that he did some research on how many would actually qualify for this and spoke with other towns that are already doing it. He explains how Dedham/Westwood Water does this and feels we could probably do it the same way. Eversource has already screened people and they could bring their electric bill in to prove that they have been screened. Dedham/Westwood has about 150 accounts that qualify and we are about the same size. He then spoke

with Eversource and Walpole currently has 433 households that qualify for assistance in Walpole however this includes renters who would not qualify for this program. Mr. Fasanello says again he wants to see how many Board members have interest in this. Mr. Abbott says he believes it would be good to look at it but for tonight's rate hearing he would like to focus on the revenue shortfall and put this into our June rate hearing instead of mid-year. Mr. Maffei would like to state that tying it to the administrative charge is important. All Board members are interested in exploring this.

Town Administrator, Finance Director and Town Accountant arrive at this time for the public rate hearing.

7:30 PUBLIC RATE HEARING

Mr. Abbott explains that the purpose of the public hearing is to discuss the water shortfall and the possibility of changing the water rate effective January 1, 2020 to catch up. **Motion Made** by Glenn Maffei to open the public hearing. Second by Patrick Fasanello. Roll Call Vote: Glenn Maffei – Aye, John Spillane – Aye, William Abbott – Aye, John Hasenjaeger – Aye, Patrick Fasanello – Aye. Vote 5-0-0. Mr. Snuffer says although the Board may know what is going on; the audience would like to know what the issue is. Mr. Abbott explains that when the Board established the rates for FY 2020 which is what they are in now, they anticipated raising \$5,313,479 from rates. At this point we are close to \$1 million behind and the water and sewer departments function totally on revenue raised. He adds that in FY 19 they were able to raise the revenue due to the large amount of construction which is not being seen in FY20. Due to the fact that we are falling behind we are having a rate hearing tonight. Mr. Abbott then goes over the 4 options to raise the rates that were provided by Town Administration. He summarizes and tells Option #1 would use a per bill charge which would raise \$740,000 plus a 5% increase on the current rate; Options 2, 3, and 4 would depend on what percent that the rate would be raised and how much would be taken from retained earnings. Administration is recommending Option 3 which is no per bill charge, increasing the current rates by 5% which would raise \$37,654 and taking \$739,879 from retained earnings. Mr. Abbott calculates and tells that the tier 1 rate which is now \$49.45 would then be \$51.92. Mr. Johnson provides a spreadsheet that shows the increases on each of tiers. He then reviews the sheet to show what the impact would be by these changes. He has added FY 21 to the sheet and says he is mentioning this as he does not want the Board to be in shock. The budget needs to be balanced one way or another. Mr. Johnson continues that the 5% will only bring in about \$37,000 but it establishes a base. Then there would be \$700,000 from retained earnings which he is anticipating that it is not an exact amount as there are 6 more months until town meeting. Mr. Abbott reminds that the Board can go with any of the options however if retained earnings are used it does require a town meeting vote. Mr. Johnson says the current retained earnings balance is \$2,776,000 so there is money in there. We don't like using it but it will dig us out of the hole and the Board just needs to decide what they want to do. Mr. Abbott says had we stayed with the flat rate for this year the cost would have been \$60.38 so even with the 5% increase the tier 1 cost would be about \$9 less. Mr. Maffei asks if the rate is raised by 5% will it only affect ¼ of the bills because of the lag in billing. Mr. Johnson replies that we are really only going to collect the bills that go out on January 1st which will be collected and due in by mid-April and the April bills won't be due until late June or early July. Mr. Maffei then asks to confirm that 3 months of revenue at 89% collection rate will bring in about \$37,000 and Mr. Johnson says yes. Mr. Maffei then asks what he has looking forward and Mr. Johnson replies that looking at the work that our study consultant Matt did and all the data, this is what they are comfortable proposing. Mr. Maffei responds that a 5% increase is a permanent thing and would like to know what it does to us going forward next fiscal year and the year after that. He wonders if this is just a band aid fix. Mr. Johnson refers to his spreadsheet and says if we raise by 5% this year we would have to raise 13.75% next year. Mr. Abbott says the tier 1 rate would still be lower than the \$60.38 and the philosophy of essential water being less expensive than non-essential would still be in place. He adds that people are adhering to the more you use the more it costs, so they are using less based on our pumpage. Mr. Johnson says the impact is minimal this year but we have to start somewhere. He says he knows there

are other issues that the Board wants to address like low income and multi units but he wants to focus on balancing the budget tonight. He understands but he would like one problem at a time as we are going into a deficit for FY21 also. Mr. Abbott feels our regular rate hearing in June is the time to address these other problems that were mentioned. Mr. Duffy of Royal Crest asks to speak. He says he understands that the rates have to be raised but an 8 unit building is paying the premium based on the formula. There is some discussion on the multi units and when it will be addressed. Denise Maleiko of 894 East St. speaks of her ongoing request to remedy her 6 units with one bill. Mr. Abbott explains to Mr. Duffy and Ms. Maleiko that this will not be addressed until our annual June rate hearing. Mr. Spillane says although he voted for it he is not happy with the block rate and feels it has caused a lot of problems. Mr. Fasanello says there has been a flat rate since he has been on the Board and it seems there was never a problem with getting enough revenue and the minute we tried to make it better we got ourselves into a little bit of trouble. Mr. Hasenjaeger says that he feels Option 3 would be benefactor and he supports what Mr. Johnson proposes at this point. Ms. Thompson says for verification there was a shortfall in FY 17 and FY 18 as well as FY 19, and 17 and 18 had flat rates. Mr. Abbott asks how it was made up in 17 and 18 as he does not recall a town meeting article for it and Mr. Fasanello agrees with Mr. Abbott. Ms. Thompson says it is because there was enough revenue in miscellaneous fees to make up the difference. Mr. Abbott asks Ms. Cuneo why there was no issue with the DOR and she responds that they have been asking since 17 and between herself, Ms. Thompson and Mr. Mattson they have been able to respond. Ms. Cuneo explains that we are headed in the right direction with the review of the rates and the study being done. Mr. Johnson says the reason for his recommendation is because it seems to have the least impact on the rate payers and needed to find a startup for next year going forward. Mr. Abbott feels his thought is to go with Option 3 to address the immediate problem. Mr. Maffei says he does favor using retained earnings however he does not favor a 5% increase. It seems like a temporary fix to him and he would like to see a forward looking plan that improves our rate structure in a permanent way. Mr. Abbott responds that the plan is not to use retained earnings next year as a way to get around things. Mr. Maffei understands that the main priority is to fix the deficit but also feels we can address multiple priorities at the same time. He would like to ask our consultants what we should do with our block rates, what about our commercial rates as he has heard they are too low, are the tiers the right numbers, look at the 11% of bills that are going unpaid, look at the 88 million cubic feet that we estimate will be consumed and billed every year as he believes it is the wrong number, look at the multi units that are billed in the highest tier. He wants to get it right the first time and address all the issues at once. Mr. Abbott confirms what he believes are Mr. Maffei's wishes which is to go with an Option 5 where retained earnings are used with no rate increase and increase the impact on retained earnings by another \$15,000. Mr. Maffei says he is open to looking at the rates but to him it seems that 5% increase is a guess. Mr. Snuffer asks to speak. He says he came here with an open mind and conclusion however what he is seeing is very troubling. He is listening to those he has listened to before but he is more troubled that we did not know what was taking place in the last two fiscal years. He heard the shortfall was due to the heavy rains and additional conservation. He feels those who are conserving should not be punished. He feels the rate payers need the opportunity and proof to see why there is a shortfall. Mr. Moraski asks to speak. He mentions that the people who were overcharged due to the overlap in fiscal years and asks if this is being included in the shortfall or being ignored. Mr. Abbott responds that he has been working on this and there is a mechanism to do batch abatements for these accounts. It is not being ignored, it is being worked on. Mr. Moraski then speaks on the 11% delinquencies and asks if there is a figure and Ms. Thompson responds that \$325,000 was unpaid and was lienied for FY 19. Mr. Moraski wishes to express concern over indirect charges which continue to grow and asks if it contributes to the shortfall. Mr. Abbott explains that these costs are part of operating the water system. Mr. Moraski asks at what point in the fiscal year the Board is made aware of the total indirect charges and how it affects the rate. Mr. Mattson says when the Town Administrator does his budget message this is included. Mr. Abbott explains the line items. Mr. Moraski says we are making a value judgement and tells the Board any option can be used including the Board's own options. Mr.

Johnson says they are figuring the indirect costs for FY21 right now and it's about \$17,000 increase this year which is minimal. As far as taking his recommended option Mr. Johnson says the Board asked for options and he supplied them, he understands that this is not ideal however he feels he tried to give the best option. There is discussion on why the option decision needs to be made before January 1st. Mr. Abbott asks Matt Abrahams, our rate consultant, to step up and answer some questions. Mr. Abrahams says the Town Administrator is aware of the budgets for FY 20 and 21 and wants the Board to be cautious on FY 21. Mr. Abbott asks about the blocks and if they are correct and Mr. Abraham says his focus has been on raising the revenue and not looking at the blocks but is willing to do this in the future. Mr. Spillane says for years we have used retained earnings to keep the rates down and he believes this is the same situation. He would like to go back to a flat rate and he feels this would also solve the problem with the multi units. Mr. Maffei says the fact that we do not have an answer on what we do with the block rates is the reason he does not want to raise the rate by 5%. The 5% would raise each of the 4 blocks and we don't even know if they are the right 4 blocks or even if 4 blocks is the right amount. He is okay with using retained earnings to address the shortfall however if he is going to vote to raise rates he wants to know why he is raising them. Mr. Abraham says he can definitely say there is a deficit for FY 20 and he does not see any changes to revenue for FY 20. He adds if the Board wants to raise revenue the only options are to raise the rates or add a service charge. Mr. Maffei says he would like to hear if playing with the numbers in the blocks would work. Mr. Abrahams says he is planning to look at this but does not have the answer tonight and Mr. Maffei responds that this is the reason he does not want to raise the rates tonight. Mr. Maffei believes that if commercial rates were raised that this too would raise revenue. Mr. Abraham says he looked at several communities to compare bills for similar properties and Walpole was on the lower side. He also looked at the same communities to see if they had a fixed charge or meter charges and Walpole was the only one that did not. Mr. Abbott says we have over 8,400 accounts and approximately 400 are commercial with some of them being lawyer's offices and such which uses a small amount of water and he does not see increasing the commercial rate raising a lot of revenue. Mr. Maffei says the focus is on the deficit but he believes we can do more than one thing to focus on and would like to speak on the multi-unit problem. He understands that there is some type of program with the Munis system that can tackle this problem. Mr. Abraham says he does have ways to solve this and has sent some information to the chairman and there is something in the Munis program that is called the multi-unit or condo factor and calculates the math based on the number of units. Another way is to create a certain rate for each building based on the number of units. Mr. Abbott speaks on his thoughts for multi-units. Mr. Maffei thinks it makes sense to analyze the four blocks and look at the multi-units at the same time as this is going to affect the revenue and that would be the perfect time to figure it out. The revenue needs to be \$5.3 million so if we start charging multi-units at a lower rate the revenue needs to come from somewhere. Mr. Abbott says we won't get all this done by January 1st and Ms. Thompson agrees. Mr. Maffei says he doesn't mean do it tonight. There is discussion on the number of new units in FY21. Mr. Hasenjaeger says he agrees with much of what Mr. Abbott has presented. He feels others are missing the fact that the cost structure for water is predominantly fixed so all the conversation about multi-families and all can be worked out to an equitable rate across household users, multi-units, commercial and the rest. It cannot be worked out tonight. He says Mr. Johnson has proposed a short term fix and we have the luxury of reserve funds which gives us the ability to fix this short term while we continue to work with the consultant to come up with their system to deal with this long term. He believes option 3 is the way to go tonight with the commitment to continue with the consultant to deal with an analysis that will work for all and long term remedy. Mr. Maffei says he would like to follow up with the 88 million cf and would like to know the relevance as he has seen the 76 million cf. Mr. Abbott explains that we billed the 76 million cf and he proceeds to explain how the 88 million cf number is used as it is what is proposed to be pumped. Mr. Abraham says it is the first time he has heard the 76 number and this should be focused on. Mr. Fasanella says every condo unit should have their own meter and there is discussion on this. He says his preference is for either option 4 or 5. Ms. Maleiko says she does not feel anything is accomplished and she needs an

ETA to tell the people she is representing its being worked on. Mr. Abbott says his expectation is that he will be able to do something at the June rate hearing as they are under the gun right now. He is making a commitment and has made a proposal and asked the consultant, his intention is to address in June. Ms. Maleiko says she is disheartened and will keep coming until it is addressed. Mr. Maffei says it looks like Mr. Abraham has an idea on how to address this and he expects that a report will be supplied. Mr. Maffei would like to know if the report could be shared with Ms. Maleiko before the meeting as a public document. Mr. Mattson says it will come in draft form first for the Board to review before it is released. Mr. Abbott says eventually it will be public. Mr. Duffy suggests telling the condo people that it will be addressed in June but the Board will abate any overpayment for the last six or nine months. Mr. Abbott does not believe we could do that. **Motion Made** by John Spillane to go back to a flat rate and then set the rate accordingly. Mr. Abbott asks if he means now or in June. Mr. Maffei asks if this rate would be \$60.38 and Mr. Abbott responds that is why he hesitates and would not vote to do it in the middle of the year. Mr. Johnson says he gets a sense of where Mr. Spillane is going, the Town Administrator moved to balance the budget and collect the monies from incoming projects and use retained earnings for FY20 and believes Mr. Spillane is talking about FY 21. Second by Patrick Fasanello with the addition that there is a residential and non-residential rate to which Mr. Spillane agrees. Mr. Maffei asks at what rate and Mr. Fasanello responds to be determined so it is enough to cover our deficit. Mr. Maffei asks effective when and Mr. Spillane responds as soon as possible. Mr. Abbott confirms the motion to say to address the immediate problem going forward. Mr. Abbott is speaking against it as he feels it would be a huge problem in the middle of the year. Mr. Johnson says he is getting a sense from the Board to go back to the old way of billing, figure out a residential, commercial and seasonal rate and go from there. For the record Mr. Maffei says he is not prepared to go back to the old way. Mr. Johnson wants to clarify that this would change the whole rate structure. Ms. Thompson says it would have to be phased in. Roll Call Vote: Glenn Maffei – No, John Spillane – Aye, William Abbott – No, John Hasenjaeger – Has lost connection with the meeting, Patrick Fasanello – Aye. Vote 2-2-0 Motion fails. **Motion Made** by William Abbott to go with option 3. There is no second. **Motion Made** by Glenn Maffei to create option 5 which is to use 100% retained earnings to cover the deficit and wait for the Abraham Study to guide us further. Second by William Abbott. Mr. Abbott attempts to bring Mr. Hasenjaeger back to the meeting. He said he could hear everything but we could not hear him. Mr. Maffei withdraws his motion. **Motion Made** by John Spillane to go back to a flat rate and then set the rate accordingly. Second by Patrick Fasanello. Mr. Fasanello says he wants to make sure there is a residential, non-residential rate and seasonal rate. Mr. Spillane agrees. Mr. Abbott says based on the previous conversation with Mr. Johnson and Ms. Thompson this would not happen until July 1 and Mr. Spillane again agrees. Mr. Maffei has a problem with voting this without any rate mentioned. Mr. Abbott asks Mr. Spillane and Mr. Fasanello if they would use all retained earnings to solve the immediate problem and they both answer yes. Roll Call Vote: Glenn Maffei – No, John Spillane – Aye, William Abbott – No, John Hasenjaeger – No, Patrick Fasanello – Aye. Vote 2-3-0, Maffei, Abbott and Hasenjaeger against. Motion fails. **Motion Made** by William Abbott to go with option 3 which is a 5% increase and the rest from retained earnings. Second by John Hasenjaeger. Roll Call Vote: Glenn Maffei – No, John Spillane – No, William Abbott – Aye, John Hasenjaeger – Aye, Patrick Fasanello – No. Vote 2-3-0, Maffei, Spillane and Fasanello against. Motion fails **Motion Made** by Glenn Maffei to instruct the Town Administrator to cover our immediate deficit by using 100% retained earnings. Second by William Abbott. Roll Call Vote: Glenn Maffei – Aye, John Spillane – Aye, William Abbott – Aye, John Hasenjaeger – Aye, Patrick Fasanello – Aye. Vote 5-0-0. **Motion Made** by Glenn Maffei to adjourn. Second by Patrick Fasanello. Roll Call Vote: Glenn Maffei – Aye, John Spillane – Aye, William Abbott – Aye, John Hasenjaeger – Aye, Patrick Fasanello – Aye. Vote 5-0-0. Meeting adjourned at 9:05 p.m.

Accepted January 13, 2020