



PSC MEETING MINUTES OF May 23, 2018

In attendance: John Struzziery

Commissioners: Rick Mattila
Richard Booth
Peter Pyclik
Lou Collins
Andrew Grosso

Financial Assistant: Carol O'Connor

Meeting called to order @ 4:30 pm by Rick Mattila

Accept Minutes of April 18, 2018

Richard Booth made the motion to accept the minutes seconded by Peter Pyclik

Approved by Richard Booth, Rick Mattila, Peter Pyclik

Lou Collins and Andrew Grosso abstained as they were not present at the meeting

Accept Minutes of May 2, 2018

Richard Booth made the motion to accept the minutes seconded by Lou Collins

Approved by Richard Booth, Rick Mattila, Lou Collins

Peter Pyclik and Andrew Grosso abstained as they were not present at the meeting

Introductions:

The Commissioners welcomed Andrew Grosso to the Permanent Sewer Commission. Each commissioner briefly discussed their backgrounds. Andrew Grosso recently moved from Hingham to Hull. He is a civil engineer for PJ Keating and has been involved in infrastructure projects.

Director's Notes:

John informed the commission that Town Meeting approved all of the bond articles totaling \$17,000,000 for interceptor renewal, Gunrock/Atlantic Avenue projects, Force Mains #1 and #3, critical replacements, resiliency, and sewer system improvements. The design for the Gunrock area and the Interceptor are underway. Peter noted his concern about the Town's and Woodard's capacity to deal with this number of projects.

Pump Station #3 and #1 Force Main Assessment: Bay State Subsurface Investigations engineering (BSIE) completed the testing. This work located the layout of each main and included 5 test pits to verify the thickness compared to the original thickness of each Main. Initial field results show that FM#3 appears to be in good condition with most of its original wall thickness. FM#1 is severely corroded for the first few feet at the discharge manhole. The other test pit opposite the basketball court on Atlantic Avenue showed that the main has deteriorated to about half for the original wall thickness.

Funding:

We did not receive the FEMA Hazard Mitigation Assistance Grant for the HVAC/Electrical upgrade. It appears that most of the funding was directed to planning projects versus construction projects. It was

also noted that due to the size of the Hull population that this \$6.3M project did not meet cost/benefit criteria. An appeal has been submitted to FEMA.

Underground Storage Tank:

The bids for the removal of the UST came in under budget and work is being coordinated with geotechnical and structural work.

March Storms:

Woodard has submitted a request for reimbursement of the additional costs incurred during the events of approximately \$47,000. The Sewer Department will review and meet with the Woodard staff to review the documentation and determine the final value.

Woodard & Curran: (reports attached to permanent record minutes)

The Commission reviewed the report and didn't have any questions on the report.

Financial Reports: (report attached to permanent record minutes):

Carol reviewed the year to date financials for fiscal year 2018. Cohasset has diverted additional flow back to their plant and this will result in a revenue shortfall of approximately \$50,000. An assumption for a cash decrease due to uncollected invoices of \$125,000 has been incorporated into the yearend projection.

A portion of the Woodard operations contract includes approximately \$410,000 for asset management and now it appears that they will require additional funds for maintenance and repairs. The Sewer Department employees reviewed the costs and projected costs and have moved the masonry work, the D Box, the Concrete and Sluice Gate frame repair and the Plant Water pump costs from the operating account to the recovery bond. The work on structural repairs at the pump stations and remote video camera viewing of the plant and pump stations will be done in the next contract year. In addition, the Sewer Department is incurring costs for design engineering for the interceptor project and the force main project to meet the requirements of obtaining SRF funding (low interest loans). These costs will be covered by some savings in the energy costs and not utilizing the capital line item.

Sewer Rate Policy: (report attached to permanent record minutes):

The Commission reviewed the updated Sewer Rate Policy. This update of the April 28, 2008 policy revised by discontinuing the 5 unit usage minimum, incorporating a monthly fee on each dwelling unit, identifying how residential dwellings and commercial entities will be determined, and updating the procedure for calculating estimated flows.. The implementation of a monthly base fee will create a stable revenue stream.

Motion to accept the updated Sewer Rate Policy made by Peter Pyclik, seconded by Richard Booth. Unanimous vote

FY 2019 Budget: The Commission reviewed the 2019 budget assumptions. The new initiatives currently included in the assumptions are:

- The new SRF debt to fund the Interceptor Project, the Gunrock Rehabilitation, the Rehabilitation of Force Main 3, the Sewer System Evaluation Survey (SSES), work on the clarifier, critical spare parts, resiliency planning and Reliability Centered Maintenance.
- The new traditional debt to fund an Inflow and Infiltration (I&I) study, a Vector/TV truck, the auxiliary pump, the town portion of the cost of the HVAC system (if we receive the MEMA grant) and the design engineering for future applications for projects to be funded by SRF
- Funding for Regionalization Study
- The costs associated with changing to quarterly billing versus semi-annual billing
- An increase to the W&C contract for chemicals and the asset management accounts.
- The addition of staff for engineering and inspectional needs.

Rate Setting:

The Sewer Department has been working with the consultants on a rate analysis. This analysis has been completed and the recommendation is that the methodology be changed to incorporate a \$15.00-per month base charge and a rate of \$13.00 per 100 cubic foot unit. For fiscal years 2020-2023, the financial model assumes that the usage rate will increase 7.5% each year with the base fee of \$15.00 per month and for fiscal years 2024-2027 that the usage rate will increase by 4% each year with a base fee of \$20.00 per month.

Peter recommended that the Commission consider implementing the base fee of \$20.00 per month and keeping the usage rate at \$12.00 per 100 cubic foot unit as that would create a higher stable revenue stream and eliminate the need to increase the base fee in FY 2024. He noted that the average invoice would increase at approximately the same level as the consultant's proposal.

It was noted that the \$15.00 base fee number was printed in the Hull Time's article and the public presentations were utilizing the consultant's proposal. John Struzziery suggested voting on both scenarios and that he would speak to Phil Lemnios about the impacts of changing the base fee to \$20.00 per month. The Commission determined that they would only vote on one rate scenario. The Commission requested that the Sewer Department review what the future volumetric increases would need to be to obtain the goals identified in the Financial Model and requested that the consultant provide their rationale for the current rate and base fee assumptions. Once this data is supplied the Commissioners would determine if there is a need to reconsider the rate.

Base Fee:

Richard Booth made the motion to implement a base fee of \$20.00 per month, seconded by Peter Pyclik. Unanimous vote

Usage Rate:

Peter Pyclik made the motion to continue using the usage rate of \$12.00 per 100 cubic foot unit, seconded by Richard Booth
Unanimous vote

Meeting adjourned at 6:20 pm – motion by Lou Collins seconded by Peter Pyclik –
Unanimous vote