

Town of Millbury  
Minutes of  
**Sewer Commission Meeting**  
**January 10, 2017**

RECEIVED  
TOWN CLERK  
7 FEB 14 PM 5:21  
MILLBURY, MASS.

**ITEM ONE – CALL TO ORDER**

Chairman Nelson called the meeting to order at 5:05 p.m.  
Present: Gary Nelson, Happy Erickson, Rob McNeil, Andrea Paquette  
Absent: Lisa Allain

**ITEM TWO – APPROVAL OF MINUTES**

Happy Erickson motioned to approve the minutes of the December 13, 2016 meeting as submitted; Gary Nelson seconded; a unanimous vote of approval was obtained.

**ITEM THREE – OPERATIONS**

The Commission had a rate study discussion. Ron explained how he spoke to Raftelis Financial Consultants (RFC) about doing a rate study and based on information he provided RFC, they quoted a proposal price of \$21,120.00 to perform a study for the Town of Millbury. Commission members were given a copy of the letter RFC provided with a thorough overview of the process and basis for their cost proposal. Rob stated he hopes to vote in a rate adjustment which would support the budget prior to Town Meeting. Chairman Nelson asked if this would be contracted through the Sewer Dept., to which Rob answered, no, it would be through the Finance Director and Town Manager.

**ITEM FOUR – ABATEMENTS REQUESTS**

- 25 Rogers St.  
Following the previous meeting of December 13, 2016, the abatement amount approved and voted upon by the Sewer Commission was amended on 12/13/2016 because Treasurer Denise Marlborough advised that the Sewer Commissioners cannot abate a previous FY sewer usage bill and the overdue amount had already been added as lien to his property tax bill as per Treasurer/Collector Dept. procedure. Thus, a new vote with regards to this matter was taken this evening as follows: Happy Erickson made a motion to approve to abate current bill in the amount of \$254.98; seconded by Gary Nelson; a unanimous vote of approval was obtained. By so doing the amount of the bill was reduced to \$46.32 plus interest and demands.
- 2 Cronin Brook Way  
Peter George of 2 Cronin Brook Way had called the office, said he would be in this evening but he did not come.
- Gene Ryan of 7 Maplewood Road submitted documents to support a pool fill in March 2016 and requested a sewer use charge abatement, however, his most recent sewer bill was paid and his account has no balance due at this time. The Commission discussed and agreed that because there is no mechanism to apply a credit to an account with a zero balance, the matter will be held over until his next bill, at which time an abated amount can be considered and voted upon.

**ITEM FIVE – SEWER CONNECTIONS**

Rob McNeil recommended the Sewer Commission approve the sewer connection permit before the Commission this evening, per his review.

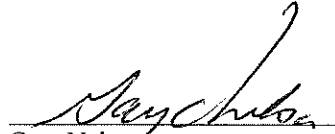
- 1 Weldon Dr.  
Happy Erickson motioned to approve permit for Mid State Sewerage Inc. for sewer connection 1 Weldon Dr.; seconded by Gary Nelson; a unanimous vote of approval was obtained.
- 28 Hilltop Dr.  
Happy Erickson motioned to approve permit for Affordable Services for sewer connection 28 Hilltop Dr.; seconded by Gary Nelson; a unanimous vote of approval was obtained.


**ITEM SIX – FUTURE MEETING DATE**

1/24/17, 2/14/17, 2/28/17


**ITEM SEVEN – ADJOURNMENT**

At 5:30 p.m. Happy Erickson motioned to adjourn the meeting, Gary Nelson seconded. Meeting adjourned.

  
Gary Nelson

  
Happy Erickson

Respectfully submitted,

  
Andrea Paquette  
Head Clerk

TOWN OF MILLBURY  
MEETING NOTICE/ AGENDA TOPICS



**Sewer Commission**

**Date of Meeting:** January 10, 2017  
**Time of Meeting:** 5:00 PM  
**Meeting Location:** Small Conference Room

Regular Meeting  
**AGENDA**

1. Minutes:  
December 13, 2016 Meeting
2. Invoices:
3. Operations :  
Rate Study Discussion
4. Abatement Requests:  
Record motion for amended abatement - David Perkins 25 Rogers St.  
Peter George, 2 Cronin Brook Way - called 12/30/16, said he will attend this meeting to discuss matter
5. Betterments:
6. Sewer Extensions/Connections:  
Application: 1 Weldon Dr. – Mid State Sewerage Inc.  
28 Hilltop Dr. – Affordable Services
7. Upcoming Meeting Dates:  
1/24/17, 2/14/17, 2/28/17
8. Adjournment

Any and all business not reasonably anticipated to be discussed

Signature of Chair Person or Clerk: \_\_\_\_\_

This notice is in accordance with the Open Meeting Law effective July 1, 2010.



November 17, 2016

Mr. Robert D. McNeil III  
Director of Public Works  
Town of Millbury  
127 Elm Street  
Millbury, MA 01527

**Sent Via Electronic Mail**

Dear Mr. McNeil,

Raftelis Financial Consultants, Inc. (RFC) and Woodcock & Associates, Inc (W-A), together RFC/W-A, are pleased to submit this proposal to the Town of Millbury for a Sewer Financial Planning & Rate Study. This document will serve to provide you with an overview of our two firms, our approach to this project as well as a scope of work, and finally a proposed price and work plan.

### **Firm Overviews**

Raftelis Financial Consultants, Inc. (RFC) has the largest consulting practice in the nation focusing on financial/rate consulting for water and wastewater utilities. In 1993, RFC was founded to provide services that help utilities function as sustainable organizations while providing the public with clean water at an affordable price. With this goal in mind, RFC has grown to become the largest and one of the most respected utility financial and management consulting practices in the nation. RFC has experience providing these services to hundreds of utilities across the country and abroad, allowing us to provide our clients with innovative and insightful recommendations that are founded on industry best practices. Throughout our history, we have maintained a strict focus on the financial and management aspects of utilities, building a staff with knowledge and skills that are extremely specialized to the services that we provide, and thus allowing us to provide our clients with independent and objective advice.

Woodcock & Associates, Inc. (W-A) is one of the most experienced financial/rate consulting firms serving New England water and wastewater utilities. Recognizing the need for individually tailored, innovative solutions to each water and wastewater utility's unique rate and financial issues, Chris Woodcock formed W-A in 1994. Since that time, W-A has completed approximately 500 water, wastewater, and stormwater rate, financial and management studies for all types of utilities. W-A's clients have spanned North America from Maine to Florida to California to Alberta, and include international locations such as Albania, Egypt, Russia, and South Africa, with

particular focus on utilities in the New England area. RFC and W-A have worked together on numerous similar past projects, and have a formal alliance that allows each firm to utilize the resources of the other to better address our respective clients' needs.

The founders of the two firms, George Raftelis and Chris Woodcock, started working together decades ago when they worked for other firms. And, when they each started their own companies, in 1993 and 1994 respectively, they continued this collaborative working relationship, with the two firms consistently working together on financial/rate projects throughout New England. Recently, RFC opened an office in Worcester, MA to further solidify this partnership and now bring the depth and national presence of RFC combined with the New England expertise of W-A to assist utilities in the region with their most challenging and complex issues.

### **Project Approach**

It is our belief that consultants should be used as consultants. We are not the ultimate decision makers, nor do we set policy or adopt rates for our clients. Rather, we view our role as first understanding our client's issues and needs, and then, using our experience, crafting proposals and recommendations that address your issues and meet your needs. We will provide you with the information necessary to make informed policy decisions; we will provide you with recommendations that have been successfully used and implemented elsewhere.

Our approach to this project will be to establish a close working relationship with the Town of Millbury to develop a firm understanding of the issues, concerns, and policy questions that need to be addressed during this study. We believe that this understanding is crucial to the development of solutions and recommendations that will best meet the Town's needs into the future.

To help control costs and make the best use of consultant time, we recommend that Town staff involvement be maximized without detracting from their other duties. That is, rather than us spending time to gather data that is available, we rely on the Town to provide us with much of the readily available information. After receiving this information, we can then concentrate on analysis of this data and the development of policies and recommendations related to the water and sewer rates that you consider critical. We understand that your staff is quite busy and thus constrained as to the amount of time you can provide. We expect that much of what we will look to you for is information or data that is already available and that we have obtained from you in the past; we will not be looking for you to create data that does not exist.

In developing our study, we will make full use of up-to-date computer spreadsheet programs. We do not use a canned rate model. We have found that no two communities are alike; they all have different accounting systems, billing systems, and rate goals and objectives. It is impossible to create a rate model that can reflect the unique characteristics of each client. Rather than forcing clients to fit into our rate model, we create new models for each assignment.

We have also found that lengthy project reports are often unread, costly to produce, and are set aside to accumulate dust. Rather than devoting time to thick reports, we propose to prepare project memoranda as we proceed with a final letter report on the specific issues we have analyzed. We have found that it is easier for officials to concentrate on more narrow issues, understand the policy implications, and put them into context of the broader goals of the community.

Our success is measured by our client's ongoing satisfaction with our work. We strongly believe in providing ongoing implementation assistance to all our clients, as needed. We hope that our services provide answers to all your concerns; however, we recognize that changing conditions can raise new questions or issues. In most cases we have had few or no questions; sometimes they come up years later. In other cases, clients ask us to provide ongoing assistance. RFC and W-A will provide ongoing implementation or follow-up services, as the Town's needs dictate.

### **Project Understanding**

The Town of Millbury is provided drinking water through a privately owned Water Company that provides some water use records to the Town for sewer billing. Some sewer customers do not have water service from the Water Company and their water usage must be either estimated or be provided through the use of privately installed water meters. Those customers with privately owned water meters own their meters. These customers also self-report their water use to the Town. Historically, there have been customers with sewer ejector pumps that were not billed for sewer service despite being users of the system. Finally, there are some customers that are metered by the Water Company, but have installed their own secondary meter so water that is used for irrigation can be deducted from the total water use for sewer billing. This mixture of water use data has caused problems in the past with the assessment of charges that are equitably applied to all of the sewer users in Millbury. The Town is seeking rate alternatives that can more standardize the method of charging for sewer use.

### **Proposed Scope of Services**

We have developed the following scope of services based on our initial understanding of the Town's needs. We can certainly adjust this as needed by the Town.

1. We propose to meet with the Sewer Commission (and if possible the Town's Finance Director and Town Manager) to discuss various sewer rate alternatives. The proposed discussion will revolve around different methods that can be used to charge for sewer service. The expectation is that we can agree on rate alternatives that will charge all customers equitably and remove or minimize the use of privately owned, customer read meters. It is also hoped that we can agree on a methodology that will make the use of secondary or deduct meters superfluous. In addition to different water use criteria, we will also discuss the adoption of some fixed charges to recover some of the Town's costs that do not vary with water or sewer use. These may include such expenses as billing, collection, and administrative costs.
2. Based on the direction received from the Commission, we will analyze the Town's customer base and water use data related to the sewer use customers. This data will be analyzed to determine the appropriate consumption or use to calculate new sewer rates. As part of this analysis, we will also examine the use by the Town of Sutton to ensure they are billed a proper proportionate share of costs.
3. We will look at the Town's historic and budgeted sewer expense to determine the amounts that should be recovered through the sewer rates and charges. While we will concentrate on the coming fiscal year (July 1, 2017 – June 30, 2018) we will also look at projections for future years if the Commission would like to plan for future rate changes.

4. Based on our analysis of the agreed upon billing methodology and the budgeted projected sewer expenses, we will prepare an Excel based model to help calculate new sewer rates for the Town. We will present a draft of our findings and recommendations to the Sewer Commission for review and discussion. The presentation will consist of a draft letter report as well as an oral presentation.
5. We will deliver a working version of the rate and financial planning model developed for the Town. This model will be developed to run sensitivity analyses over several years and monitor the impacts on financial performance and customer bill impacts with changes in operating expenses, capital expenditures, and overall funding mechanism assumptions. The model will also be developed with a customized dashboard for a user friendly interface.
6. Based on the review of the draft recommendations and the Commission's comments, we will present a final letter report that will outline our general discussions, the proposed methodology for sewer billings, and the resulting sewer rates.
7. To the extent necessary, we are willing to assist the Town with implementation of the new sewer rates. This most likely will involve public presentations or assistance with responses to citizens' questions.


As discussed above, we will create a spreadsheet model that will be delivered to the Town is at the conclusion of the project. While some clients have asked us to update their rates from year to year, others have asked for the spreadsheet so they can do this work themselves. Our spreadsheets are not overly complicated and can be used by most people familiar with Excel.

### **Time and Cost**

RFC /W-A are available to begin this project as soon as given approval from the Town. As the scope of work stands, we propose to complete this work for a not-to-exceed amount of \$21,120. Please see the work plan in Attachment A of this engagement letter as a reference for the level of effort required by hour and billing rates. We recognize that further discussions with the Town may be necessary to refine this scope of work to the exact needs of the Town.

Thank you for the opportunity to present the Town with this proposal for a Sewer Financial Planning and Rate Study. Should you have any questions regarding our proposal, please do not hesitate to contact Dave Fox at 845.551.7531. We look forward to the opportunity to provide assistance to you and the Town very soon.

Very truly yours,  
RAFTELIS FINANCIAL CONSULTANTS, INC.



Dave M. Fox  
Senior Consultant



Harold Smith  
Vice President  
*(person authorized to bind the firm)*

We accept the terms of this engagement letter:

Signature	Date
Title	Name of authorized agent



**Attachment A: Proposed Work Plan**

Task	Task Descriptions	Hours Requirements				
		CW	DF	WK	Admin	Total
<b>HOURLY RATES</b>		<b>\$225</b>	<b>\$195</b>	<b>\$170</b>	<b>\$75</b>	
<b>1</b>	<b>Project Initiation and Management</b>	4	4	2	1	11
<b>2</b>	<b>Customer Information and Current Revenue Analysis</b>	1	4	8	0	13
<b>3</b>	<b>Development of Financial Plans</b>	1	2	4	0	7
<b>4</b>	<b>Develop Conceptual Design</b>	4	8	2	0	14
<b>5</b>	<b>Cost of Service Analysis and Rate Calculation</b>	4	4	8	0	16
<b>6</b>	<b>Rate Model Development</b>	0	2	24	0	26
<b>7</b>	<b>Reports and Presentations</b>	8	8	4	1	21
<b>TOTAL ESTIMATED MEETINGS / HOURS</b>		<b>22</b>	<b>32</b>	<b>52</b>	<b>2</b>	<b>108</b>
<b>PROFESSIONAL FEES</b>		<b>\$4,950</b>	<b>\$6,240</b>	<b>\$8,840</b>	<b>\$150</b>	<b>\$20,180</b>
					<b>TOTAL FEES</b>	<b>\$20,180</b>
					<b>TOTAL EXPENSES</b>	<b>\$940</b>
					<b>TOTAL FEES &amp; EXPENSES</b>	<b>\$21,120</b>

Mr. Robert D. McNeil  
Town of Millbury

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MILLBURY DEPARTMENT OF PUBLIC WORKS  
SEWER COMMISSION  
127 ELM STREET  
MILLBURY, MA 01527  
(508) 865-9143  
FAX (508) 865-0853

## APPLICATION FOR ABATEMENT

Sewer Use Charge

Any application for abatement must be filed in writing with the Board of Sewer Commissioners within six months of the date of the Statement of Utility Charges

To the Board of Sewer Commissioners,  
NAME OF APPLICANT David Perkins  
MAILING ADDRESS 25 Rogers St.  
(Only if different from Service Address)

### REASON FOR ABATEMENT

new house / received occupancy 8/2016 / tied into sewer 9/2014

SUBSCRIBED THIS 13 day of Dec. UNDER THE  
PENALTIES OF PERJURY

David W Perkins  
Signatures of Applicant

Account Number (s) 9999107  
Service Address (es) 25 Rogers St.  
Amount of Bill 301.34  
Amount of Abatement 254.98 ✓  
Abated to 46.36 (plus interest + demands)

APPROVED BY:

GEN 1/14/17 May G. Silva  
HE 3/10/17 Alfred G. ...

SEWER COMMISSIONERS

#63,41 - he pd.  
12/16/16