

**WATER & SEWER COMMISSION  
MEETING MINUTES – JULY 23, 2019**

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5:30 PM – Conference Room B, 63 Main Street Northborough MA

**MEMBERS PRESENT:** John Meader  
Bryant Firmin  
David Pepe

**ALSO PRESENT:** Julianne Hirsh, Board of Selectmen Liaison  
Scott Charpentier, Public Works Director  
Tim Davison, Water & Sewer Supervisor  
Sarah Jean, Administrative Assistant  
Dave Fox, Raftelis Financial Consultants, Inc.

Commissioner Meader opened the meeting at 5:30 PM.

**1. CONSIDERATION OF MINUTES FROM THE MARCH 19, 2019 & APRIL 16, 2019 REGULAR MEETING**

Commissioner Firmin moved to approve the meeting minutes of the March 19, 2019 regular meeting as read, Commissioner Meader seconded the motion; the vote was two in favor, one abstaining due to absence.

Commissioner Pepe moved to approve the meeting minutes of the April 16, 2019 regular meeting as amended, Commissioner Meader seconded the motion; the vote was two in favor, one abstaining due to absence.

**2. REVIEW FY'20 WATER & SEWER RATE STUDY WITH RAFTELIS FINANCIAL CONSULTANTS, INC.**

Mr. Charpentier began by informing the Commission that this meeting is to discuss the different rate adjustment alternatives to be included in the FY' 20 Water & Sewer Rate Study. Mr. Charpentier informed the Commission that a minimum of 4% increase to water rates in Fiscal Year 2020 is needed to keep up with operational cost increases, reduced consumption, and future capital expenses. At this time there is no need to increase the sewer rates. Mr. Charpentier reports that water use is down and stated that the Enterprise Fund missed its revenue goal by approximately \$50,000.00. Mr. Charpentier referred the members to the FY 2020 Draft Water Rate Options which was prepared by Dave Fox of Raftelis Financial Consultants, Inc. The document provides four different rate adjustment alternatives for the Commission to consider:

- Option 1: Increase Residential Fixed Charge by \$1; Volumetric Charges by 3%
- Option 2: Increase Residential Fixed Charge by \$3; Volumetric Charges by 1%
- Option 3: Increase Residential Fixed Charge by \$5; No Volumetric Charge Increase
- Option 4: No Fixed Charge Increase; Increase Volumetric Charges by 4%

Mr. Fox discussed the percent of revenue by charge type and reports that the Town of Northborough is around 8% for fixed charges & 92% for volumetric charges, which in his opinion is a low fix charge percentage. He indicated that he would like to see his clients at 20-25% for fixed charges with 15% being the average. Mr. Fox described it as a balance and is recommending that the Commission consider raising the fixed charge amount as there is proven volatility in consumption. Mr. Meader indicated that there was pushback the first time the Commission tried to implement an administrative charge/fee, and speaking from a historical perspective he expects there to be some pushback associated with this. Mr. Fox believes that by raising the fixed charge amount it will help maintain adequate reserves and help with any shortfalls the Enterprise Fund may experience. Mr. Charpentier discussed the possibility of adding a service charge for meter size, similar to what is done by other communities. Mr. Meader discussed the possibility of adding a fire hydrant charge, looking at this from a strict business point of view a non-traditional approach. Mr. Fox indicated that this is not very common practice as it's a very methodical calculation, fees are usually recovered from the rates and it is very politically driven.

Mr. Fox and the Commission discussed each option in depth as well as the impact each will have on the customers. Mr. Meader indicated that he would like to see the Enterprise Fund move toward 15% revenue from fixed charges, just not at once. Mr. Fox agrees and thinks the Commission should set a goal and move towards it, heading in the right direction as quickly as possible. Mr. Charpentier discussed the need to plan for capital projects, reporting that revenue is dead-flat this quarter compared to last year as it was a very wet Spring. Mr. Fox reports that at this time the Enterprise Funds have adequate reserves. Mr. Fox stated that with regard to the reserve fund balance target, an annual reserve fund target of 75 days of total annual revenue requirements for each utility has been established. Mr. Pepe indicated that he would like to see Mr. Fox to expand on this in the rate study, letting the customers know why we do this and how exactly we use the reserve fund.

Mr. Fox indicated that he recommends the Commission go with option #3, increasing the base charge by \$5.00 with no volumetric charge increase on the water rates. Mr. Fox believes that it is a very palatable increase and indicated that he will be available for the public hearing to provide the rationale and knowledge. Mr. Fox reports that generally people are far more likely to accept the change when they understand the reason for it. Mr. Fox believes the Commission will most likely hear from a handful of people regarding the rate increase, stated that they are not doing anything arbitrary & capricious in fact they are being incredibly reasonable and responsible.

Mr. Charpentier indicated that he would like to see three alternatives put forward in the draft rate study, stating that he believes that the base charge needs to increase as volumetric only is not good for business. The Enterprise Fund is selling less water and facing a 2.5% increase in the operating budget. Mr. Charpentier likes option #2, believes that a \$3.00 increase is a step in the right direction. Mr. Fox states that option #3 comes out to approximately \$0.06 per day increase.

Mr. Meader indicated that he himself is in a quandary; option #2 or option #3. At this time he likes option #3, why increase the charge on volumetric if volumetric is going down? Mr. Charpentier stated that no decision was required tonight. Mr. Fox will make some modifications and complete the draft rate study, adding some discussion points that the commission suggested tonight. Mr. Fox believes that he will have the draft study completed by July 29, 2019 at the latest. Mr. Fox will formally present the FY 2020 Water & Sewer Draft Rate Study to the Commission on Tuesday, August 6, 2019 at 5:30PM. Mr. Pepe informed the Commission that he is unavailable this night and will provide written comment to the Commission if necessary. Mr. Fox stated that he is also available for both the informational meeting with the Board of Selectmen on Monday, August 19, 2019 and the public hearing to be held on Tuesday, August 20, 2019.

The Commission thanked Mr. Fox for his time.

### **OTHER BUSINESS:**

Mr. Charpentier informed the Commission that the survey is in for the Assabet Tank Rehabilitation Project. Moving forward this involves coating, mixing, sampling facility, and communication controls.

Mr. Charpentier informed the Commission that there will be a joint meeting at some point with regards to the Edmunds Hill Tank Study, as of right now the tank is operational and online and the recommendation is to keep it as is.

Mr. Charpentier reports that the Water/Sewer draft conceptual plan for the new building is underway. It began with a space study, and interviews with staff regarding operation need. Next step will be to update the plans, putting the building on a site plan for a permitting perspective. Mr. Charpentier is happy this project is moving forward on a reasonable timeline and reports that Assabet Valley Regional Technical High School (AVRTHS) is interested in helping us with this project and he is staying in contact with them.

Mr. Charpentier reports that there is one 4" meter left with regards to the meter replacement project. Mr. Davison anticipates that the meter will arrive sometime near the end of August, we will make sure there are enough adequate spare parts and then we will close out the capital project under budget.

Mr. Charpentier reports that the Inflow & Infiltration (I & I) work is now complete. Mr. Meader questioned what was done in the Cedar Hill Road area that would leave a strong solvent type smell? Mr. Charpentier reports that it was cured-in-place pipe repair done in that neighborhood. The Commission asked if residents were specifically notified of this work or what type of chemicals would be used? Mr. Charpentier stated that there is a notice placed directly on our website & the Police Dept. is notified that there will be crews out in the area working. Mr. Charpentier will pass this information along to Weston & Sampson for any future work to be scheduled.

Mr. Charpentier reported that there is no real change with regards to the Intermunicipal Agreement Negotiations with the City of Marlborough. Mr. Charpentier understands that Mr. Coderre was deposed last week and it is moving along slow.

**Next Meeting:** The next regular meeting is tentatively scheduled for August 6, 2019 at 5:30PM.

**Adjourn:** Commissioner Pepe moved the Board vote to adjourn at 6:25PM; Commissioner Meader seconded the motion; the vote was all in favor.

Respectfully submitted,

Sarah Jean  
Administrative Assistant

Documents used during meeting:

1. July 23, 2019 Meeting Agenda
2. March 19, 2019 Regular Meeting Minutes
3. April 16, 2019 Regular Meeting Minutes
4. FY'20 Draft Water Rate Options from Raftelis Financial Consultants