

Board of Water Commissioners and Finance Committee  
Meeting Minutes  
Acton Water District  
693 Massachusetts Avenue, Acton, MA  
Monday, December 5, 2022

**AGENDA**

- A. Comments from the public
- B. Approve minutes from the meeting of 11/14
- C. Appoint one Commissioner to approve warrants while conducting meetings virtually

**D. OLD BUSINESS:**

- 1. Land lease with Baldco on District property at 104 Powdermill Road-Rear
- 2. Update from meetings with the Massachusetts Water Resources Authority (MWRA)
- 3. Update on the Town of Acton's Open Space and Recreation Plan (OSRP)
- 4. Per- and Polyfluoroalkyl Substances (PFAS)
  - Current sample data, if available

**E. NEW BUSINESS:**

- 1. Review Draft Budget for FY '24 and proposed articles for 2023 Annual District Meeting Warrant
- 2. Proposal from Finance Committee to restructure AWD rates and fees
- 3. Approve Purchase and Sale agreement for 549 Main Street
- 4. Authorize the District Manager as certifying authority for the SRF application for PFAS filtration at the north Acton plant
- 5. District Manager's contract modification

**EXECUTIVE SESSION:** To consider the purchase, exchange, lease of real property as an open meeting may have a detrimental effect on the negotiating position of the District.

Due to the Covid-19 stay-at-home order by Governor Charles Baker, the Board of Water Commissioners meeting was not held at the Acton Water District Office; instead, the meeting was held via Zoom Webinar and was recorded. The meeting was called to order at 7:00 PM on Monday, December 5, 2022, by Mr. Stephen Stuntz.

Mr. Ron Parenti called to order the Finance Committee meeting at 7:05 PM on Monday, December 5, 2022.

**Present at Tonight's Meeting:**

Commissioners: Erika Amir-Lin, Barry Rosen, Stephen Stuntz (Chair)  
District Treasurer: Christine McCarthy  
District Counsel: Mary Bassett  
District Manager: Chris Allen  
Assistant District Manager: Matthew Mostoller  
Environmental Analyst: Alexandra Wahlstrom  
Finance Committee: Ron Parenti, Chuck Bradley and Bill Guthlein  
Commissioners Secretary: Lynn Protasowicki

**Public Present:**

Lucy Kirshner

**A. Comments from the Public**

No comments from public.

**B. Approve minutes from meeting of 11/14**

Mr. Stuntz motioned to approve the meeting minutes of 11/14/2022. Mr. Rosen seconded the motion, and it was unanimously approved by a roll call vote: Mr. Rosen, Ms. Amir-Lin, and Mr. Stuntz.

**C. Approve one Commissioner to approve warrants while conducting meetings virtually**

Mr. Rosen motioned to appoint Stephen Stuntz as the Commissioner to approve warrants while conducting meetings virtually until the next meeting of the Commissioners. Ms. Amir-Lin seconded the motion, and it was unanimously approved by a roll call vote: Mr. Rosen, Ms. Amir-Lin, and Mr. Stuntz.

**D. OLD BUSINESS:**

*1. Land Lease with Baldco on District Property at 104 Powdermill Road-Rear*

Mr. Allen provided the update stating that the current lease extension expires at the end of 2022 and there has been no settlement or compromise. There are still ongoing negotiations for District to purchase the parcel. Mr. Allen recommends extending the lease for another 90 days until March 30, 2023, at the same rate. Mr. Stuntz moved to accept Mr. Allen's recommendation, Mr. Rosen seconded, and it was unanimously approved by a roll call vote: Mr. Rosen, Ms. Amir-Lin, and Mr. Stuntz.

*2. Update from Meetings with the Massachusetts Water Resources Authority (MWRA)*

Mr. Allen provided an update from the meetings with MWRA. He stated that he has been having ongoing meetings with MWRA regarding water supply for MetroWest Coalition which encompasses Acton, Littleton, Boxborough, Concord, Maynard and Westford. We have been meeting every three weeks to discuss and review MWRA's study they are undertaking about how they can supply water to these areas. On behalf of MetroWest Alan Cathcart from Concord presented along with a mayor from the South Shore and a Senator from the North Shore. There is a large community investigation to connect to MWRA. The District is seeing this as a prudent exercise based on potential viability although based on past it is not doable based upon proximity. This is based on a 15-year timeline. The commitment would need to be made within 5 years to get the waiver. We have given them all our statistics including our master plan, hydraulic model, performance characteristics, etc. There has been large participation from the District along with the Acton Town Manager who has been attending these meetings.

*3. Update on the Town of Acton's Open Space and Recreation Plan (OSRP)*

Erika Amir-Lin spoke. The town is updating this plan and she is acting as the liaison to this plan. They sent an email about two weeks ago requesting input on the four draft goals. She will share with the Board members and would like to get comments back from them. Water did not get explicitly called out even though it was a high priority. We need to emphasize that water is a top goal.

*4. Per- and Polyfluoroalkyl Substances (PFAS)*

- Current sample data, if available

Mr. Allen stated that there isn't much to report this evening. South Acton and Acton Center are currently supplying water to customers. We did modify the Acton Center schedule and it is currently running from 6:30 AM to 8:30 PM on a timer. It has been operating well in that mode. We will wait to see what impact it has on PFAS concentrations. The South Acton pilot and should conclude around December 22<sup>nd</sup>. The pilot system will be relocated to Acton center at the beginning of the year. The Assabet 3 pumping test is complete. Day 1, 3 and 5 sampling took place. We have not received data yet on those samples.

## **E. NEW BUSINESS:**

*1. Review Draft Budget for FY 24 and Proposed Articles for 2023 Annual District Meeting Warrant*  
Finance Committee has reviewed the FY 24 budget.

Mr. Allen stated that there are items to highlight right now on the budget including:

- Lights Power and Fuel has a 71% increase
- Chemicals – escalation in chemical costs
- Long Term Debt – cost increase – due to Acton Center and permanent financing there

Bill Guthlein – the big eye opener is the debt amount of \$22 million. When we talk about debt we talk about how to fund the debt and that has been with the debt service fee. The alternative would be to fund via lease which gets funded through volume water rates. But overall, the budget looks ok.

Ron Parenti – The other issue of concern that Finance Committee discussed was the WR Grace fund and how that has dropped down to a level that we have not seen before.

Barry Rosen – do we anticipate in this early iteration of the budget the coming online of the second solar array? Christine confirmed that it is included.

No other comments on this first pass of the budget.

## *2. Proposal from Finance Committee to Restructure AWD Rates and Fees*

Ron Parenti presented to the Board members a proposal to restructure AWD rates and fees. This presentation can be found on the Acton Water District website.

There are two topics that the Finance Committee has discussed over the past few meetings includes water usage and debt service. He summarized the rationale for setting up the rate that we currently have, and the primary motivator was to encourage water conservation. The structure we have currently is like other surrounding towns. The current tiered structure is confusing and is not very progressive at all. It is like a flat rate.

Steve Stuntz: how much of the revenue comes from the average water usage? Ron Parenti stated that its most of it.

Two ways to simplify the District's rate structure:

1. two-tier rate
2. linear increase rate

Ron Parenti's recommendation would be to either make it a flat rate or make it much more progressive than it currently is. The rate can be modified but the Board needs to figure out what it is that needs to be accomplished. If you want to shift revenue it needs to be within the range of normal usage to make any real shift in revenue.

Bill Guthlein: the part of the bill that we are analyzing is the volume rate of the bill. We are not including the debt service piece. Our average cost per cubic foot is now \$.12 cents and we are charging \$.04 cents for the lowest user. Charging \$.12 cents is more of an incentive then \$.04 cents.

Ron Parenti stated that the Finance Committee did vote unanimously to recommend a volume-based debt service fee.

Bill Guthlein: stated that Acton has high fixed charge versus Middlesex County peers

Ron Parenti: if you include the debt service fee into the total bill and divide the amount of water used by total bill and you look at the effective water rate including the debt service fee what you find is the effective is much higher for low end user and lower for the high-end users. If you make everything volume based, you will have the opposite situation. If we are talking about having a progressive rate structure the best thing, we can do is to have a volume-based debt service fee.

Barry Rosen: Broward County in Florida and Hicksville Water District in New York add a fee to the real estate fees. They fund their infrastructure based on real estate values. In Broward County the municipality charges a fee that is a percent of the real estate fee. The water usage is totally separate. City of Sunrise (Broward County) uses a flat rate for their water. The District could consider levying a tax. Ron Parenti: the Finance Committee has not discussed that option, but the District does have access to that information if they want to consider this approach.

Erika Amir-Lin: the issue she sees with any of those options for the debt fee is none of them are fixed. What kind of accounting situation would this create for us? How do we guarantee that we are able to service our debt? Right now, we have consistency and transparency. It's easy to tell how much goes to debt service. When there is a change in that it's discussed and voted on in public meeting. She doesn't see any of these volume-based debt fee offering what we currently have now in terms of people understanding what they are being billed for their water and where it goes.

Ron Parenti: the District already has a budget and tries to balance cost and revenue and it's already doing that calculation for the water usage part of the bill. Erika: which is a small portion of what we are responsible for. Our debt is a different category of expenditure. Debt is something that we can't change over the years. We have to pay for the debt regardless of what is going on. We are not a business and we do not operate as a business. Barry Rosen: the financial institutions making the loans to us based their rates on the predictability that we are able to pay our debt because we fixed that debt as part of our bill, and it was consistent month to month. As we take on debt, we increase the debt and as we pay off debt we can drop the debt service fee. We are not a sales organization we are a service organization.

Ron and Erika stated that debt has to be voted on by the rate payers. We don't just increase the debt service fee when we take on more debt. We have to go through the process of getting that approved by the rate payers.

Barry Rosen: the District has seen large swings in water volume, and he doesn't think that there is a model that can predict year to year because there are so many variables involved. There are a lot of unknowns in water usage and therefore water usage translates to our water revenue, but the debt fee never changes.

Bill Guthlein: why don't we go to all fixed fees? Let's take our costs divided by the number of meters and we are done. That's the end point of your argument. When we talk about fixed versus volume – volume rates incent conservation and efficiency, and volume rates don't so the more we have fixed rates the less we are incenting water efficiency. Steve Stuntz: responded to Bill that we aren't going to do that. The issue we are talking about is how do we finance the infrastructure. We have substantial amount of infrastructure in the pipeline and how do we finance it. We want a progressive rate. How many steps to it. And how are we going to pay for our infrastructure. We have a serious issue of how to finance our

infrastructure. It's going to be very hard to fund within the 80% of the water users. There's not a lot of revenue for running the District and paying for the infrastructure.

Chuck Bradley: The volume based is transparent. If you use 1% of the water you pay 1% of the fee.

Erika Amir-Lin: there may be room for discussion, but she disagrees in terms of that there is nothing to be done for the 20% at the top. There is potential to leverage. Just because other towns are doing it differently doesn't mean we are doing it wrong. If only 6 out of 20 towns are doing volume only that is not even half, so we are not on the leading edge we are just doing it differently and it has worked well for us. She doesn't see a case for a change. Bill Guthlein: there is a trend (90% volume) and all but 3 or 4 are 80% volume related. We looked at other utility bills we are way off the far edge of volume versus fixed. Erika Amir-Lin: how do we compare nationally to towns like us not just in Middlesex County? What are the burdens of these other towns? Acton is unique in how we obtain, treat, and serve water. We are not facing the same things as our neighbors. We have a lot we have to do. Maybe this is the right size for us. And looking at our neighbors is maybe not the right way to think about us doing the right thing. Bill Guthlein: if you want to extend the analysis then you'd have to hire someone.

Chris Allen: we are looking at significantly more conservation restrictions placed upon us from a regulatory perspective. We are looking at taking on a lot of debt to fix PFAS. He can't recall ever a conversation with a customer who has complained about paying for water it's all about fixing PFAS.

Erika Amir-Lin: The Board had already agreed earlier in the year to look into expanding the number of ways that we offer assistance in terms of doing an analysis of every way that the Town offers assistance in terms of tax relief and seeing if there were ways we could incorporate those into what we do. Since we do have to charge are there ways to ease it without fundamentally changing the way we do business.

Ron Parenti: The main objection to volume-based debt fee is that you can't predict the revenue because the volume of water may change too much. Erika: not sure if FinComm did an accounting analysis but it would be a substantial change in our accounting practices. Ron Parenti: he doesn't understand why that would be that difficult to do. He can understand the concern about the fact that you can't predict how much water you're going to sell but he doesn't know there would be that difficult to perform the calculations required.

Steve: how different would a water bill be if we go this way? Since we know that there is a flat rate and a progressive rate. Let's drop the idea of 3,000 cubic feet, what happens to a water bill does it change that much? Bill Guthlein: for the small water users it goes from \$75 to \$15 per quarter.

Chris Allen: he recommended to the Finance Committee to ask the Board if they were interested in reviewing alternative volume-based solutions. He thought it was more of a general question and he didn't expect there to be an entire presentation this evening. Because the Finance Committee has spent an awful lot of time on this topic, he didn't want them to continue to waste their time if the Board isn't interested in entertaining that scenario. Erika Amir-Lin: this is the third time over the years that this topic has been brought up so it would be good for the Board to make the final decision.

Barry Rosen: he would love to see something done for those that have a difficult time paying their bills but the reality of what he is looking at in this presentation is that he doesn't know if it will help those particular people. He is not comfortable changing anything right now seeing how we have so much going on and what is to come down the road.

Steve Stuntz: We appreciate all the work of the Finance Committee, but the Board is not going to move forward with any changes to the debt service fee or the rate structure.

*3. Approve Purchase and Sale Agreement for 549 Main Street*

Counselor Bassett: The rider to the Purchase and Sale addresses the specifics of the transaction. The rider terms were taken directly from the offer. The Sellers are trying to make some changes and Mary Bassett has rejected those changes. As the District is paying quite a bit for this property we are deleting those provisions where the Seller is seeking long term control of the property. Counsel hopes that the Sellers will accept the purchase and sale agreement with her edits that she will be sending out tomorrow (Tuesday, 12/6). She is hoping to have it signed by December 14<sup>th</sup>.

Mr. Stuntz motioned to authorize Mary Bassett to send the P&S draft with edits tomorrow and the Board will plan on signing the agreement on December 14<sup>th</sup>. Mr. Rosen seconded, and it was unanimously approved by a roll call vote: Mr. Rosen, Ms. Amir-Lin, and Mr. Stuntz.

*4. Authorize the District Manager as Certifying Authority for the SRF Application for PFAS Filtration at the North Acton Plant*

Mr. Rosen motioned to authorize the District Manager Chris Allen or the Assistant District Manager or the Acting District Manager Matt Mostoller to act as the certifying authority for the SRF application for PFAS filtration at the North Acton Treatment plant. Ms. Amir-Lin seconded, and it was unanimously approved by a roll call vote; Mr. Rosen, Ms. Amir-Lin, and Mr. Stuntz.

*5. District Manager's Contract Modification*

Erika Amir-Lin would like the Board to formalize a transition plan.

Mr. Stuntz motioned to approve the District Manager's contract modification as circulated. Mr. Rosen seconded the motion. Erika's approval of this motion is going to be contingent upon having a more formalized transition plan. She has no issues with the contract modification, but the Board needs a vision of how we get there. Mr. Stuntz: All those in favor of the contract modification approved by a roll call vote: Mr. Rosen, Ms. Amir-Lin, and Mr. Stuntz.

Mr. Parenti motioned to adjourn the finance committee meeting. Mr. Bradley seconded, and it was approved by a roll call vote: Mr. Bradley and Mr. Parenti.

*Mr. Stuntz motioned to adjourn the open meeting and move into Executive Session at 9:00 PM to discuss the purchase, exchange, and lease of real property as an open meeting may have a detrimental effect on the negotiating position of the District. Mr. Rosen seconded the motion, and it was unanimously approved by a roll call vote: Ms. Amir-Lin, Mr. Rosen, Ms. Amir-Lin, and Mr. Stuntz.*

**Next Meeting: December 12, 2022**