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Town of Ayer

RATE REVIEW COMMITTEE

Meeting Minutes for January 22, 2020

Attendance: Jannice Livingston (Chair); Mark Smith (Fin Com Rep); Rick Skoczylas; Mark Wetzel (DPW Superintendent); Lisa Gabree (Finance Manager); Robert Pontbriand (Town Manager)

Absent: Mary Spinner; Pam Martin (DPW Business Manager)

Call to Order: The meeting was called to order in the First Floor Meeting Room of the Ayer Town Hall at 4:04pm by J. Livingston.

Approval of the October 2, 2019 Meeting Minutes:

The Committee reviewed the DRAFT October 2, 2019 Meeting Minutes making one stylistic edit.

Motion: A motion was made by R. Skoczylas and seconded by M. Smith to approve the meeting minutes from September 10, 2019. **Motion passed 6-0.**

Brief Overview of the FY 2021 Water and Sewer Capital Plan:

M. Wetzel presented an overview of the FY 2021 Water and Sewer Capital Plan as recently voted by the Capital Planning Committee.

The FY 2021 Water Capital Plan totals \$3,675,000 which will impact the water rates. Of this amount, \$2,630,000 is for the Spectacle Pond PFAS Plant.

R. Skoczylas asked if the Barnum Road water interconnection is working?

M. Wetzel stated that it is currently working for emergency purposes and we are working to get it fully operational.

L. Gabree stated that the challenge with establishing the rates is that they are largely capital driven. The Spectacle Pond PFAS Plant is a significant capital improvement with significant impacts on the water rates.

M. Wetzel stated that the Spectacle Pond PFAS Plant is currently under design with a plan to go out to bid this Spring. The engineer's estimated for the plant is \$6.2 million. We have \$3.75 million transferred from the Grove Pond PFAS Plant since the U.S. Army is now paying for the Grove Pond PFAS Plant. We have also applied for SRF Funding for the Spectacle Pond PFAS Plant.

L. Gabree stated that she will be using conservative estimates when developing the water rate model.

R. Pontbriand explained that as authorized by the Board of Selectmen, the Town has joined a national class-action lawsuit with other communities impacted by PFAS against the fire foam manufacturers. Additionally, M. Wetzel is working with an engineering consultant to "fingerprint"

the various PFAS compounds at Spectacle Pond as the first step in potentially finding responsible parties for the PFAS contamination.

J. Livingston stated that it is very important that we continue to clearly explain to the Public, everything we are doing to find the responsible parties for PFAS contamination and hold them accountable.

M. Wetzel provided an overview of the Spectacle Pond PFAS Plant explaining that some of the physical site locations and challenges make this plant more expensive than the Grove Pond plant. Specifically, Spectacle Pond will require a separate building structure for the PFAS Plant whereas at Grove Pond we could expand upon the existing building.

M. Wetzel provided an overview of the \$350,000 Spectacle Pond Water Media Replacement Project; the \$575,000 Groton Shirley Road Water Main Loop Project; and the \$250,000 Annual Water Main Replacement Project.

M. Wetzel then provided an overview presentation of the FY 2021 Wastewater Capital Plan as recently approved by the Capital Planning Committee which includes \$500,000 for I/I; \$500,000 for the Groton Shirley Road Low Pressure Sewer; and \$75,000 for a new 1-ton utility pick-up truck. The total of the FY 2021 Wastewater Capital Plan is \$1,075,000.

L. Gabree stated that one of her biggest concerns has to do with another ten million dollars in upgrades and improvements to the Wastewater Treatment Plant between the years of FY 2022 and FY 2025. This will have a significant impact on the wastewater rates.

J. Livingston stated that we will need more information in the rate recommendation presentation regarding not only the upgrades and improvements that we have done to date at the wastewater treatment plant but also regarding future needs.

Brief Overview of the FY 2021 Wastewater Related Budget Items:

M. Wetzel presented two new items in the FY 2021 Wastewater Budget which were \$15,000 to study contracting the operations of the wastewater treatment plant and \$15,000 for consulting services for the purposes of renegotiating the Devens Wastewater Agreement between Ayer and Devens which is set to expire on December 31, 2021.

R. Pontbriand stated that the Devens Agreement will most likely require both technical and legal consultant services.

J. Livingston stated that she is not in favor of forming another Committee to handle the Devens Agreement. The Rate Review Committee has been discussing this issue and is the Committee that should oversee this matter.

M. Wetzel stated that he would put together a preliminary work plan regarding the various steps needed.

R. Pontbriand stated that he would send a copy of the Devens Agreement to all Committee Members to review.

J. Livingston stated that she wanted to go on record that the next agreement cannot be a 20-year agreement with no re-opener.

M. Wetzel provided an overview of the challenges with staffing the wastewater treatment plant. There are 6.5 employees and within the next five years, four of the operators could retire. The Ayer Wastewater Treatment Plant is a Grade 6 Plant and finding qualified Grade 6 operators is a huge challenge.

R. Pontbriand concurred, stating that municipalities across the Commonwealth are having difficulty hiring qualified wastewater operators. Some communities have had to contract out the operations on a temporary basis and many are moving in the direction of a permanent contract. Besides the process to make this change there is a legal/bargaining component as well since the wastewater treatment plant operators are in a Union. The \$15,000 would be to research and develop the appropriate plan for the Town to consider.

R. Skoczylas stated that he had to leave the meeting at 5pm.

J. Livingston asked that the Committee set the next meeting date and time before R. Skoczylas leaves.

The Committee agreed to set the next meeting for Tuesday, February 4, 2020 at 4pm in the First Floor Meeting Room of the Ayer Town Hall.

[R. Skoczylas left the meeting at 4:58pm]

Initial Discussion/Review of Proposed FY 2021 Water and Sewer Rate Recommendations:

J. Livingston asked what the retained earnings were in the Water and Wastewater Enterprise Funds.

L. Gabree advised that there is \$2.7 million in water retained earnings and \$2.0 million in wastewater retained earnings.

R. Pontbriand asked L. Gabree what her initial thoughts were on the water and wastewater rates.

L. Gabree provided copies of the proposed/draft budgets of the Water and Wastewater Enterprise funds as of January 22, 2020. She advised that these are of course subject to change. In the wastewater budget she pointed out the main drivers as a \$55,000 increase in sludge removal; an increase of \$10,000 in reserves (which she needs to verify if affordable).

L. Gabree further advised that in the water enterprise budget the main drivers are a \$22,000 increase in utilities; \$8,000 increase in repair maintenance (which is based on a 3-year average); and \$15,000 in PFAS monitoring.

M. Wetzel advised that the U.S. Army is currently doing the PFAS monitoring for both Grove Pond and Spectacle Pond, but it is unclear if they will continue to do this, hence the request for \$15,000 in PFAS monitoring.

J. Livingston stated that for the next meeting she would like L. Gabree to do a "deep analysis" with retained earnings from both funds for each of the rate models. Provide an analysis using at least \$1

million dollars in retained earnings from each enterprise account and apply it to the rate model for each enterprise account.

L. Gabree agreed that she would prepare an analysis/rate scenario using \$1 million in retained earnings from each fund and apply it toward the respective rate model. She advised that of course we do not want to spend all the retained earnings.

J. Livingston agreed. She further advised that rate setting is a public perception. We need to clearly explain to the public not only what is driving a rate increase but the justifications for the rate increase and what the Town has done with the funds from the rate increase.

The Committee discussed the issue(s) of rates and explaining to the public in more detail the justification behind rate increases as well as the implications of not having a rate increase. The Committee agreed to further discuss this topic at the next meeting.

New Business:

There was no new business.

R. Pontbriand suggested that the agenda topics for the February 4, 2020 meeting be as follows:

1. Discussion/Review of the Proposed FY 2021 Water and Sewer Rate Recommendations
2. Review of the FY 2021 Solid Waste Enterprise Budget
3. Discussion on the content of the FY 2021 Water and Wastewater Rate Recommendation(s)
Presentation to the Board of Selectmen.

The Committee agreed with this proposed agenda for the next meeting.

Motion: A motion was made by M. Smith and seconded by M. Wetzel to adjourn the meeting at 5:34pm. **Motion passed 6-0.**

Minutes recorded and submitted by Robert A. Pontbriand, Town Manager

Minutes reviewed and approved by the Rate Review Committee on: February 4, 2020

Signed: Robert A. Pontbriand 2-4-2020
Robert A. Pontbriand, Town Manager