

Town of Ayer

******DRAFT**** Rate Review Committee Meeting Minutes For**

February 16, 2022, 4pm

Attendance: Jannice Livingston (Chair); Mark Smith (Finance Committee Rep); Rick Skoczylas; Lisa Gabree (Finance Manager); Dan Van Schalkwyk (DPW Director); Pam Martin (DPW Business Manager); Robert Pontbriand (Town Manager)

Call to Order: The meeting was called to order by J. Livingston at 4pm.

J. Livingston read the following statement into the record:

Due to the ongoing COVID-19 Pandemic, in accordance with Chapter 20 of the Acts of 2021, suspending certain provision of the Open Meeting Law (OML), public bodies otherwise governed by the OML are temporarily relived from the requirement that meetings be held in public places, open and physically accessible to the public, so long as measures are taken to ensure public access to the bodies' deliberations "through adequate, alternative means." This meeting will be live on Zoom. The public may participate remotely by joining Zoom (Meeting ID# 897 7861 2383) or by calling 929-205-6099. For additional information about remote participation, please contact Carly Antonellis, Assistant Town Manager at atm@ayer.ma.us or 978-772-8220 ext. 100 prior to the meeting.

Approval of Meeting Minutes:

The Committee reviewed the DRAFT meeting minutes from the December 14, 2021, meeting.

Motion: A motion was made by M. Smith and seconded by R. Skoczylas to approve the DRAFT October 12, 2021; meeting minutes as amended. **Motion passed (7-0) by Roll Call Vote:** J. Livingston, Y; M. Smith, Y; R. Skoczylas, Y; L. Gabree, Y; D. Van Schalkwyk, Y; P. Martin, Y; R. Pontbriand, Y

Review/Discussion/Vote on Recommendations for the FY 2023 Water and Sewer Rates:

R. Pontbriand provided an overview of the Water and Sewer rate process and thanked L. Gabree for all her hard work and expertise with the rate model in developing the rate recommendations. He asked L. Gabree to present an overview on the proposed recommendations for the FY 2023 water and sewer rates.

L. Gabree provided an overview of the methodology and factors used by the rate model to develop the rate recommendations. In terms of the water rates, she stated that starting in FY 2021 there was a lot of PFAS issues, and the Town received an SRF loan and the SRF loan program did forgive \$800,000 in interest.

L. Gabree further stated that there is a certified fund balance of \$3.9 million in the Water Enterprise Fund. In developing the FY 2023 water rate recommendation she is recommending using \$2.3 million of this fund balance toward the rates. It is important that the Town keep a balance in the Water Enterprise Fund in the event of unforeseen impacts.

L. Gabree advised that the recommendation for the water rates for FY 2023 would be a two percent (2%) increase.

M. Smith asked if the Town would keep pace for the future with inflation?

L. Gabree deferred to D. Van Schalkwyk.

D. Van Schalkwyk advised that the proposed FY 2023 Water and Wastewater Budgets are fairly level funded.

L. Gabree stated that everything is running within limits of the Water Budget and there is an operating reserve of \$30,000 built in. There will be cost escalations moving forward that we will need to continue to monitor and prepare for. This is only the FY 2023 water rate recommendation, and we can always adjust moving forward and that is why we want to keep a reserve in the Water Enterprise Fund.

R. Skoczylas asked if the development of the new well would come out of the Water Budget?

L. Gabree advised that it does.

R. Pontbriand presented a slide showing the proposed FY 2023 Water Rates at a 2% increase on July 1, 2022, as follows:

	<u>Current</u>	<u>Proposed</u>	<u>\$ Increase</u>
Step 1	\$2.95	\$3.01	\$0.06
Step 2	\$3.65	\$3.72	\$0.07
Step 3	\$4.33	\$4.42	\$0.09
Conservation Rate	\$4.33	\$4.42	\$0.09

L. Gabree proceeded to outline the FY 2023 Sewer Rate Recommendation. She stated that the sewer rate is driven more by capital costs than operating costs. She pointed out that from FY 2024 onward there will be significant increases in infrastructure needs for the wastewater system. There is currently a fund balance of \$1.9 million in the Wastewater Enterprise Fund. She is recommending using \$1.5 million of that fund balance toward the FY 2023 sewer rates. This would leave a reserve balance of \$500,000 in the Wastewater Enterprise Fund. She also advised that the new Federal Infrastructure Bill may help with some future infrastructure and the use of \$700,000 from the Town's ARPA Funds for the Westford Road Sewer Main Project helped in that this cost did not impact the sewer rates. She concluded by stating that this approach to the rates has worked well.

R. Skoczylas asked if there is anything factored in for the Devens Wastewater Agreement?

L. Gabree advised not at this time as we do not have a new negotiated agreement in place.

R. Pontbriand advised that the Devens Wastewater Agreement is now under review by MassDevelopment Legal and that they requested an extension until April 1, 2022, which the Select Board did agree to.

D. Van Schalkwyk advised that he anticipated that we may pay less for the flows, but it would need to check as well as check the capital cost portions of the agreement. He further advised that he would continue to pressure MassDevelopment to complete their legal review and advise on the Town's proposed changes.

L. Gabree advised that any money we raise or in excess would stay in retained earnings within the Wastewater Enterprise Fund.

R. Pontbriand presented a slide showing the proposed FY 2023 Sewer Rates at a 2% increase on July 1, 2022, as follows:

	<u>Current</u>	<u>Proposed</u>	<u>\$ Increase</u>
Step 1	\$8.57	\$8.78	\$0.21
Step 2	\$9.81	\$10.06	\$0.25
Step 3	\$11.16	\$11.44	\$0.28

R. Pontbriand then presented a slide showing the proposed rate recommendations for FY 2023 at a 2% increase for water and a 2% increase for sewer effective July 1, 2022, and their total quarterly and annual cost impacts on the average Ayer Residential Bill as follows:

	<u>Proposed Quarterly FY 2023</u>	<u>Quarterly FY 2022</u>	<u>Quarterly Increase</u>	<u>Annual Increase</u>
Water	\$30.01	\$29.50	\$0.51	\$2.04
Sewer	\$87.80	\$85.70	\$2.10	\$8.40
Total	\$117.81	\$115.20	\$2.61	\$10.44

J. Livingston stated that the recommendations of a 2% increase for water and 2% increase for sewer for FY 2023 look very reasonable.

Motion: A motion was made by R. Skoczylas and seconded by M. Smith to recommend that the Select Board increase the FY 2023 Water Rates and the FY 2023 Sewer Rates by two percent (2%) effective July 1, 2022. **Motion Passed (7-0) by Roll Call Vote:** J. Livingston, Y; M. Smith, Y; R. Skoczylas, Y; D. Van Schalkwyk, Y; L. Gabree, Y; P. Martin, Y; R. Pontbriand, Y.

R. Pontbriand recommended that the FY 2023 Water and Sewer Rate Hearing be scheduled for Tuesday, March 15, 2022, at 6:15pm as part of the Select Board Meeting. The Public Hearing Notice will be advertised in the Newspaper and on the Town's website and social media.

The Rate Review Committee concurred with setting the Public Hearing for Tuesday, March 15, 2022, at 6:15pm.

Motion: A motion was made by J. Livingston and seconded by R. Skoczylas to schedule the FY 2023 Water and Sewer Rate Public Hearing for Tuesday, March 15, 2022, at 6:15pm. **Motion passed (7-0) by Roll Call Vote:** J. Livingston, Y; M. Smith, Y; R. Skoczylas, Y; D. Van Schalkwyk, Y; L. Gabree, Y; P. Martin, Y; R. Pontbriand, Y.

New Business:

L. Gabree stated that the Town should have the consultant review the water and sewer flows for the purposes of developing the rates. This has not been done in a while and needs to be updated.

Scheduling of Next Meeting: May 10, 2022, at 4pm.

Adjournment:

Motion: A motion was made by R. Skoczylas and seconded by M. Smith to adjourn the meeting at 4:25pm. **Motion passed (7-0)** by Roll Call Vote: J. Livingston, Y; M. Smith, Y; R. Skoczylas, Y; L. Gabree, Y; D. Van Schalkwyk, Y; P. Martin, Y; R. Pontbriand, Y

The meeting adjourned at 4:40pm.

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

Minutes reviewed and approved by the Rate Review Committee on _____

Signed: _____
Robert A. Pontbriand, Town Manager