



Chair/James Gmeiner
Vice Chair/Thomas Orcutt
Clerk/Michael Bouchard

Town of Groton Sewer Department
173 Main Street
Groton MA 01450

Date: February 20, 2019

Time: 2:00 P.M.

Location: Town Hall/First Floor

Members Present: Chair/James Gmeiner
Vice Chair/Thomas Orcutt
Clerk/Michael Bouchard

Others Present: Ann Livezey/Water & Sewer Assistant, Lauren Crory/Business Manager and Judy Anderson

The Meeting was called to order by James Gmeiner at 2:00 P.M.

Rate Hearing

Mr. Bouchard opened the meeting reading the following “*Notice of Public Hearing*”

In accordance with Chapter 83 of the Massachusetts General Laws, and the Town of Groton Usage Fee Regulations, the Groton Sewer Commission will hold a Public Hearing, Wednesday, February 20th, 2019 at 2:00 P.M. at the Town Hall, 173 Main St., Groton, MA to consider amending the wastewater rates and fees for the Center Sewer District and the Four Corners Sewer District.

Ms. Crory provided the BOSC with a spreadsheet showing the budget for FY19 and the future budget of FY21. According to these budgets the BOSC is facing a shortfall of \$143K until FY26 and our current debt schedule for Pepperell Upgrade and Expansion (Phase I) is \$54K and then in FY21 we have new debt for \$75K for Pepperell (Phase II) Upgrade so that will be at total of \$127K. Mr. Gmeiner said that the BOSC has been running a short fall and they have been transferring money from reserves because there is not enough income from rates to cover. In FY19 we are transferring \$84,978.000 from reserves and for spring of FY20 there will be a transfer of \$72K from reserves to cover.

Mr. Gmeiner also mentioned that we have to consider we will be paying flow over flow with the new IMA Contract and that is based on the percentage of flow that is sent to the Pepperell Plant. In the past we have been slightly less than a 25%, but for the most recent bills we are at 25%. He stated when we began discussing the new IMA with Pepperell, we were at 23% now we are at 25% which is 2% higher. In those discussions Pepperell indicated we would paying slightly less, but that is not the case now because Groton flows have been going up since we had that discussion. Mr. Gmeiner is hoping that the I&I work that will be done in the spring

will give us some information. Looking at the most recent bills from Pepperell Mr. Gmeiner feels that the increase in flow could be due to I&I issues.

Mr. Orcutt asked Ms. Crory how many sewer customers we have and she replied 650. Mr. Bouchard asked how much of the \$140K is based on operations verse debt and Mr. Gmeiner replied maybe \$75K and Mr. Bouchard asked if that was for new debt and Mr. Gmeiner said yes. Mr. Gmeiner stated that six years from now the \$54K debt will drop off and looking at expenses, we generally run a lien shop and we cannot cut any costs to save money. Mr. Bouchard asked if it's the structure of finances is the issue and Mr. Gmeiner replied yes, debt services and maintaining the pipes and the fact that we do not have a lot of sewer customers. Mr. Gmeiner also added that eventually the manholes will need to be maintained and that will be another expense. Mr. Gmeiner also mentioned that beside raising rates and getting more revenue through rates with expanding the base with more customers coming online especially with the restaurants, we may generate more income there. The other thing we need to consider is the squeeze points from Environmental Partners that we may need to increase the pump station ability and change out pumps, which means the pipe on the force main will need to be addressed to handle the increase in flow. Mr. Gmeiner said it would be nice not to have to borrow money for these updates, but it may be necessary. We will also have capital projects coming up and we will need to figure out how to pay for those.

Mr. Gmeiner told the BOSC that we are just getting a feel for the last rate increase. It is coming closer to covering costs, but we still had to do a transfer from reserves. Mr. Gmeiner suggested one way of increasing revenue is to add a flat fee to each sewer bill for the Pepperell Upgrade expense and Mr. Bouchard asked if that would be quarterly and Mr. Gmeiner replied yes. Mr. Gmeiner explained that it is one method of raising revenue and you will get it every quarter. Mr. Gmeiner asked Ms. Crory if anything was new on the rate increase sheet by tier. Ms. Crory said she did add a column showing an increase of 15% on the last three tiers and leaving the first tier at its existing rate. Mr. Orcutt told the BOSC we have two things to look at one is operating revenue shortfall on general expenses and capital improvement upgrades that we will need funds for. Mr. Orcutt said we will have a total of (9) quarters to generate revenue, so if we did a \$10.00 flat fee that would give us just a small slice of debt payment and our new debt is going up \$75K, so he suggests we may need to increase that to \$12.00 or \$15.00 and that would give us a decent amount of capital, but we would then have to look at rates for expenses. Mr. Orcutt told the BOSC that he is leaning towards the 15% increase and leaving tier one alone, this would give rate payers the opportunity to stay under the usage of 0-15 units and that would generate the additional revenue we need. He also suggested that we just do rates this year and consider doing fees next year. He feels that would give us a jumpstart on our capital because rates take about 15-18 months to settle in. Mr. Gmeiner said if we look at the 15% increase leaving first tier alone the average family using 20 units that would be an increase of \$11.00 per quarter = \$44.00 plus the \$15.00 per quarter = \$45.00 capital charge would be a total increase of \$104.0 per year.

Mr. Gmeiner said we could also look at the current connection and capacity fees for the Center Sewer District. If there is an expansion in the district it is \$6,500.00 per residential dwelling regardless of bed count. If it's a hotel or dormitory each room counts per dwelling and would be \$6,500.00 per room. When we have an increase in the Center District now, they also pay for additional capacity of what's there so we may want to consider changing the connection fee for in district expansion. This would be a different way of getting additional revenue because we cannot rely on the income that is coming in. We would consider that bonus money to go directly into our reserves for use on capital projects. Mr. Gmeiner feels that connection fees are worth looking into and it would require rewriting the regulations. Mr. Orcutt agrees that the connection fees should be per dwelling unit and if someone were to come in

and be putting (5) units on one dwelling they should be charged for each unit at \$6,500.00 plus a capacity fee. Mr. Gmeiner feels this is something to think about and suggested that we have another public hearing for fees and regulations.

Reaffirm the Revocation of the Sewer Bank Regulations

Mr. Gmeiner informed the BOSC that the Sewer Bank Regulations 396-36 were revoked years ago and they are still floating around, so we need a vote to have these regulations removed.

Mr. Gmeiner made a motion to reaffirm the prior revocation of the Sewer Bank Regulations under Chapter 396-36 Sewer Mr. Bouchard seconded and the motion passed unanimously.

Pepperell IMA

Mr. Gmeiner told the BOSC there is no new update on the Pepperell IMA.

FY20 Budget

Nothing discussed at this meeting

Other Business:

Mr. Orcutt said he did speak with Mr. Rafferty regarding the pump replacements at GDRHS and he is looking into getting three quotes. Mr. Rafferty said he would get us a contract and it would be under \$25K and it would be direct billing to GDRHS. Work would be performed during April vacation.

Next Meeting – February 27th, 2019

BILLS SIGNED

One set of bills were signed at this meeting for FY19, Expense Warrant (EW-18)

MINUTES:

No minutes were approved at this meeting

ADJOURN –

Mr. Orcutt made a motion to adjourn at 3:39 P.M., Mr. Bouchard seconded, and the motion carried unanimously.

Respectfully submitted,

Ann Livezey
Water & Sewer Assistant

APPROVED:
