

Groton Water Commission
Regular Meeting
Of the
Board of Water Commissioners
Tuesday, November 19th, 2019
Lunch Room – 1st Floor
Minutes

Present are Chairman Jack McCaffrey, Vice Chairman Greg Fishbone, Member James Gmeiner, Superintendent Thomas Orcutt, and Business Manager Lauren Crory.

Mr. McCaffrey called the meeting to order at 7:03pm.

Open Public Discussion on Manganese

Mr. Orcutt said the PFAS results are not in yet. He emailed Bob Boswick from Mass DEP to make sure consent order will not be site specific. Mr. McCaffrey said the board will decide later on which route (3B or 3C) will be better, when we have more time to review financing options and after the pilot work is done. Mr. McCaffrey is leaning strongly towards 3C but we should keep 3B open as an option. Mr. Fishbone asked what we are waiting on to make our decision. Mr. McCaffrey said later on we will have a better idea of what a facility would look like and Michael Ohl of CEI could create a more detailed plan which will help us nail down the best option and debt schedule. We will have better idea of water quality in a few months. Mr. Orcutt and Mr. Fishbone asked why does quality matter and Mr. McCaffrey said because we will know if we need to accelerate the treatment or if we are able to wait a bit and possibly go with 3B, Whitney Treatment Plant. Mr. Fishbone asked if that changes piloting and Mr. McCaffrey said no, we still need to see what will work.

Mr. Fishbone asked for clarification as he thought the board took a vote in July, and decided 3C (treating at Baddacook), based on the information that we had at that time. However, he does agree we will wait for piloting, financials etc, to see which option will ultimately be the best. Mr. McCaffrey said that a plan was put together with Michael Ohl of CEI on what option should be shown to Mass DEP. Mr. Fishbone thought the board's previous vote was on which option to show Mass DEP. Mr. McCaffrey said yes but let's agree we didn't make a final decision yet because there are many factors and should keep it open. Mr. McCaffrey proposed we take a position that we are aiming at 3B or 3C based on the above criteria.

Mr. Gmeiner expressed concerns regarding the consent order based on the presentation. He is wondering if Mass DEP will make a site-specific consent order now. He won't sign if it says we should do "B" when we thought we were leaning towards and proposing option "C". He said we do know it's going to cost about \$7.5 million by a certain date regardless of the option chosen.

Mr. Orcutt said testing sites have been established and Cravens is the closest site to the well.

Mr. McCaffrey said that the Baddacook option (3C) could be a half a million dollars more over time. Mr. Fishbone said he is all for getting more information and feels right now the two options are comparable. Mr. McCaffrey questioned that since there could be a half a million difference and Mr. Fishbone said he knows that, but once you look at the O&M costs and other factors for a treatment plant at Whitney Well (3B), it may not seem as drastic. Mr. Fishbone will go with best decision with the information we have when we have to make a decision Mr. Gmeiner agreed that we need to decide later on once we see the piloting results, both are on the table for now.

Public Hearing – Water Rates & Fees

Mr. McCaffrey opened public Hearing 7:30

Mr. Fishbone read the Notice of Public Hearing: In accordance with Chapter 40, section 42-A to 42-I, of the Massachusetts General Laws and Town of Groton Usage Fee Regulations, the Board of Groton Water Commissioners will hold a Public Hearing, Tuesday, November 19, 2019 at 7:30pm in the first floor meeting room of the Town Hall, 173 Main St, Groton, MA in order to review and adjust accordingly the water rates, fees and miscellaneous charges per the Town of Groton Water regulations. -Board of Water Commissioners, John McCaffrey
11/8/19 & 11/15/19 A

To be continued later in the meeting.

Fiscal Year 2021 Operating Budget

Mr. Orcutt first reviewed the department's expense spreadsheet. Mr. McCaffrey noted that we would be tailing off on meters and Mr. Orcutt said yes for at least a few years while we build up reserves. We spent \$54,000 last year and that included a lot of larger meters that we get reimbursed for.

Mr. Orcutt added \$3,000 to electricity because we are pumping more.

Mr. Orcutt added \$15,000 to well cleaning because need to clean all wells again in FY21. Mr. Fishbone asked if that will be every year and Mr. Orcutt replied we will need to in most upcoming years. Mr. Gmeiner thought we were going to get rid of well cleaning and Mr. Orcutt said no we used to transfer when needed but now know we will need it so is making it part of the budget.

Mr. McCaffrey asked if our \$50,000 capital fund expense item will be swallowed up by our Capital Charges and Mr. Orcutt said it depends on how you word it and explain it. Mr. Gmeiner said that the Capital Charge expense line item was implemented with the idea it would be going to reserves.

Mr. Orcutt reviewed labor charges, could get rid of the summer employee in the amount of \$6,000 in wages. Mr. Gmeiner thinks it would be good to be able to have some summer help. Mr. Orcutt agreed and said cross training would be good.

Mr. Orcutt included our debt payment for FY21 from our debt schedule.

Mr. Orcutt then presented revenue projections. He projected connection fees at \$70,000, slightly more than last year's projection. Mr. McCaffrey asked if there is anything under Lost Lake in the pipeline to be connected and Mr. Orcutt replied two miscellaneous, there are 2 currently.

Mr. Orcutt then discussed projections for rate income in FY21. He reminded the board that in 2009 & 2010, we had wet summers and we were only bringing in about \$680,000 in rate income. Mr. McCaffrey said he typically likes a mid-range rate budget and that going back 10 years very conservative because there are more customers now and rates are different now. He thinks that a \$825,000 rate projection is better than \$800,000 which is too conservative. Mr. Fishbone wants to be a little conservative so likes the \$800,000. Mr. McCaffrey thinks that's too conservative, that's why we have reserves. However, Mr. Orcutt reminded the board that our reserves are very low because we took \$150,000 towards the Manganese engineering and design.

Mr. Gmeiner thinks we need to add a manganese line item to our expenses as manganese costs are going to be beginning.

Mr. Gmeiner asked what's going on with the possibly \$75,000 hydrant fee contribution from the town. Mr. Orcutt said that Mr. Haddad said to put it in the budget but if we do not get it then we will have to crunch. We will have our budget meeting with him on December 4th and will find out more. Mr. McCaffrey said that if we get the fire protection money, we will go easier on the capital charge, until then we need to keep the \$20 charge in place with hopes that we can recoup our \$150,000 withdrawal. Mr. Fishbone noted that we already have a fire protection charge on our quarterly bills. Mr. Orcutt explained current fire protection charges and that the amount we bring in is lower than what we used to, and he will check the formula to see how much we should be getting for fire protection. Mr. Fishbone said if we drop \$75,000 in for fire protection, I will wonder why I am paying \$5.21 per quarter for this. Mr. Gmeiner believes we could defend why fire protection is good for the entire town – not just residents. Mr. Orcutt said the town's actual fire protection amount could be closer to \$100,000 – there is a long formula to figure it out and he will check it.

Mrs. Crory made the needed revisions to the budget sheets and reviewed with the board for accuracy.

Continued: Public Hearing – Water Rates & Fees

Mr. Orcutt presented a spreadsheet with one manganese capital cost scenario which showed the debt schedule. Mr. Gmeiner said that either way its \$7.5 million, but either way need preliminary borrowing to get the engineering started. Mr. McCaffrey said this debt scenario doesn't show 3B. Mr. Orcutt said that we need to be completed by FY2024 so need to start by 2022 so need to

start borrowing early, with short term borrowing. He said that this could be 3B as a two-part project where we short term borrow and then bond the full amount. Mr. McCaffrey asked why it is a 5-6 year long project. Mr. Fishbone noted that we want to drag it out because can't fund it all right now until our current debt is paid off. Mr. Orcutt said that we could probably pay for the \$300,000 Engineering costs until construction start with our capital charge funds. Mr. McCaffrey asked that we look at a 3B scenario on this spreadsheet with needing \$7.5 Million in FY2023.

Mr. Gmeiner noted that 3C is less pain to the rate payer since a portion of the project (pipes) can be funded over 30 years and possibly could dwindle down the capital charge later on.

Mr. McCaffrey would like to see cumulative gains/losses on this spreadsheet to see if we can cover any "short" years with what we bring in with the capital charge.

Mr. Fishbone asked if we will want to use an SRF loan and Mr. Gmeiner explained why it can be difficult. It may have a low rate but then may have additional loan fees and restrictions so you need to be careful. Mr. Gmeiner said we are estimated 3.5% interest rate on a permanent bond. Mr. Orcutt said that we would want the SRF application in this summer by August 15th, 2020. He also noted that when borrowing with SRF Funding you need to use contractors from the bid-list which can be more expensive. Mr. Gmeiner would want our engineering firm to look at the SRF option in depth. Mr. Orcutt said that you also get locked into their schedule and can't rewrite loan.

Other Business

The board reviewed the next steps:

- 1) Send budget to Town Manager
- 2) Send revised sheets to the board
- 3) Extend rate hearing until Dec 10th
- 4) Possibly extend to Dec 17th
- 5) Post continued Hearing

Invoices for EW12 were signed.

Mr. Gmeiner made a motion to continue the rate hearing until Dec 10th at 7:30, Greg second, all in favor.

Mr. McCaffrey made motion to adjourn at 9:41, Mr. Fishbone seconded, and the motion carried unanimously.

Respectfully Submitted,

Lauren Crory

November 19th, 2019