

Board of Water Commissioners

June 22, 2020

Remote meeting via telephone conference call

Present:

- Board of Water Commissioners: Mr. Joe Fisher (Chair), and Mr. Bill Ramsey (Ms. Liz Klein was not in attendance.)
- Mr. Tom Mayo, Town Administrator
- Ms. Michelle Monsegur, Assistant Town Administrator
- Mr. Russell Tierney, Superintendent, Weir River Water System

Call to order: 7:00 pm

Mr. Fisher called the meeting to order and read the following statement:

“This meeting is being held remotely as an alternate means of public access pursuant to an Order issued by the Governor of Massachusetts dated March 12, 2020 Suspending Certain Provisions of the Open Meeting Law. You are hereby advised that this meeting and all communications during this meeting may be recorded by the Town of Hingham in accordance with the Open Meeting Law. If any participant wishes to record this meeting, please notify the chair at the start of the meeting in accordance with M.G.L. c. 30A, § 20(f) so that the chair may inform all other participants of said recording.”

Mr. Fisher announced that members of the Select Board participating remotely were himself and Mr. Ramsey. Ms. Liz Klein was unable to attend the meeting. He asked if any participants were recording the meeting. There were no responses.

Approval of Minutes

Vote: Mr. Ramsey made a motion to approve the minutes dated May 6, 2021. Mr. Fisher seconded

Roll Call Vote:

Mr. Ramsey: yes

Mr. Fisher: yes

To appoint Jon Asher as Historian to the Board of Water Commissioners for the purpose of preparing and filing a report regarding the Town of Hingham’s acquisition of the Hingham Water Company

Mr. Mayo explained that, back in 2018, former Select Board Chair, Paul Healy, recommended that the Town should document the water system acquisition process because it would be a historic process for the Town and one of the Town’s largest acquisitions. As the Chair of the Water Company Acquisition Committee, Mr. Asher began to document and keep track of all records associated with the acquisition. Mr. Fisher felt that this would be important for the Town and thanked Mr. Asher for his willingness to serve in this role. Mr. Asher commented that documenting the acquisition process would be very worthwhile to the Town and could serve as a model for addressing other complex decisions for the Town in the future. Mr. Mayo noted that this would be a temporary unpaid position. Mr. Ramsey thanked Mr. Asher for agreeing to serve in this role.

Vote: Mr. Ramsey made a motion to appoint Jon Asher as Historian to the Board of Water Commissioners in the capacity of a temporary and uncompensated employee under the provisions of M.G.L. c. 258, § 1 and to authorize and direct said Historian to prepare and file with the Board of Water Commissioners a report documenting the Town of Hingham's acquisition of the Hingham Water Company under the provisions of Chapter 139 of the Acts of 1879 and Article 10 of the 2019 Town of Hingham Annual Town Meeting and all other applicable laws. Mr. Fisher seconded.

Roll Call Vote:

Mr. Ramsey: yes

Mr. Fisher: yes

Weir River Water System Proposed FY22 Water Rates

Mr. Fisher provided some information regarding the proposed 10% rate increase and addressed some concerns raised when the notice was made public. Mr. Fisher said that, in the years leading up to the acquisition vote in 2019, the town consistently set the expectation that it would raise rates by 10% every three years. This assumption was built into the Town's financial modeling and remains part of recent ten-year financial projections. He added that a 10% increase would be lower and slower than Aquarion's historical increases. The last rate increase occurred in 2018, when Aquarion requested a 14% increase. The final rate increase at that time was 12% plus a 2% MRAM charge, which is a surcharge to cover main replacements and capital improvements. He reported that there were no rate increases in FY 20 and FY21 and that the Town held rates steady for the first year of ownership, which took place on July 30, 202. He added that the proposed 10% rate increase would hold rates steady for the next three years. He noted that the Select Board has received several comments about how confusing the rate structure is and the seven different charges on the water bills. He said that the Board shares that view and is currently undertaking a Cost of Service Study with the Abrahams Group. Mr. Fisher said that this study would result in a simplified rate structure. He also said that, because the WRWS is an enterprise fund, the proposed rate increase is part of the plan to keep the water system self-sufficient. He added that last May, Town Meeting approved the water system budget, which included this proposed rate increase. As part of the rules and regulations of the water system, the Board of Water Commissioners is now meeting to formally adopt the rates for the upcoming fiscal year. The Board of Water Commissioners did not commit to reducing rates in the early years of ownership of the water system because they made a commitment to keeping ratepayers dollars in the water system by aggressively investing in capital improvements. He noted that the Town's financial models include investing at least \$2.7 million each year in water system capital improvements, increasing that amount by 5% every three years. The Town is also working with an engineering firm to conduct a water system master plan that will evaluate their entire water system and inform the WRWS's capital improvement plan through the year 2035. Mr. Fisher explained that that the Board of Water Commissioners is taking a thoughtful and strategic approach to planning investments in the water system. This slower 10% proposed rate increase is based on extensive financial projections and is in line with what the community was told leading up to the acquisition and is necessary to support ongoing water system operations and capital improvements.

Town Administrator Tom Mayo, Assistant Town Administrator Michelle Monsegur, Jim Taylor, Chair of the Water Company Transition and Acquisition Committee, and Water Superintendent Russel Tierney explained the Town's analysis that resulted in the 10% water rate increase. Key highlights included:

- Expectations that had been set with the community:
 - Lower and slower rate increases
 - 10% rate increases every 3 years
 - Self-sufficiency of the water enterprise fund
 - Undertake a cost of service study and capital master plan
 - More transparent, public rate-setting process
 - Increased capital investment to address aging water infrastructure
 - Better coordination with road paving operations
 - Over time, reduce discolored water incidents and unaccounted for water

- History of the water company acquisition:
 - 2012-2019-Water system acquisition period - Based on a couple of recent high rate increases, the Town began to look into the feasibility of acquiring the water company. Aquarion instituted at 23.43% increase in 2009 and another 18.7% rate increase in 2012.
 - April 22, 2019 - Town Meeting votes in favor of acquisition
 - April 22, 2019-July 31, 2020 – “Good husbandry” period – During this period, the Town contracted with Suez, conducted a diligent RFP process, and hired a new Water Superintendent.
 - July 31, 2020 – The Town assumed ownership of the water system. Suez hired almost all the current employees of Aquarion and the water treatment plant. Because of the complexity of the billing process and customer service, there was a further transition period.
 - April 1, 2021 - The full billing and customer service transition from Aquarion to the Town of Hingham was complete.

- Ten-year financial model – A ten-year financial model was built to ensure that the system would continue to be self-sufficient and to keep rates as low as possible. The financial model included a rate increase of 10% every three years, although the Water Commissioners intend to look at rates each year. The financial model anticipates that there should be sufficient revenues for this 10% rate increase to happen every three years. The financial model also includes \$2.7 million in capital investment in the system each year. This is a much greater capital investment than previously implemented by Aquarion.

- Impact on the average ratepayer – Because of the proposed 10% rate increase the average residential ratepayer would see an increase of \$16.84 per quarter. The average commercial customer would see an increase of \$33.16 per quarter. It was noted that, during the Covid-19 pandemic, there was a much higher use of water amongst residential customers due to people spending more time at home. Conversely, there was a lower use of water by commercial customers during the same timeframe.

- FY22 Weir River Water System Budget:
 - Debt Service – 47% (includes \$2.7M in capital investments)
 - Contract Ops – 39%
 - PILOTs – 7%
 - Other Expenses – 5%
 - Salaries – 2%

- Key Initiatives:
 - Cost of Service Study (Fall 2021 completion)
 - Water Capital Master Plan Study (Fall 2021 completion)
 - Water Main Replacement Program (approximately 14,000 linear feet of water main in the next two years)
 - Hydraulic Model Calibration and GIS Improvements (will result in cleaner water)
 - New Water Storage Tank Siting and Design (will allow for the cleaning, repair and painting of the tank at Turkey Hill)
 - Source Water Evaluation and Report
 - Accord Pond Intake Replacement
 - Water Treatment Plant Filter Rehabilitation
 - Distribution System Analysis and Overall Maintenance
 - Fire Hydrant Replacement Program (to date, 41 hydrants have been replaced)

- Major Capital Improvement Projects for FY21 and FY22:
 - Bulow Road, Hingham - water main- \$565,000 – completed
 - Bulow Place, Hingham - water main - \$165,000 – completed
 - Forget-Me-Not Lane, Hingham - water main – 95,000 – completed
 - Atlantic Ave., Hull - water main- \$1,550,000 – Bid June 2021
 - Gunrock Ave., Hull - water main - \$305,000 – Bid June 2021
 - Wompatuck Rd., Hingham – water main – Bid June 2021
 - Downing St., Hingham – water main – Bid June 2021
 - Treatment Plant, WRWS – Rehab filters 4 & 4 - \$535,000 – Scheduled July 2021
 - Treatment Plant, WRWS – Rehab Filters 1 & 2 - \$535,000 – Bidding FY22
 - Accord Pond, WRWS – Replace Intake - \$475,000 – Bidding FY22

- Annual Rate Setting Process (from WRWS Rules & Regulations, page 19, section 19)
 - October – WRWS Annual Report sent to ratepayers
 - November – Town Administrator submits proposed water budget and rates to BWC and CAB
 - December/January – BWC and AdCom hold public meetings on rates and budget
 - March/April – BWC recommends WRWS budget to AdCom; AdCom recommends to Town Meeting
 - April – Town Meeting votes overall WRWS budget
 - May – BWC formally adopts rates for next fiscal year
 - July1 – Approved rates go into effect

Mr. Ramsey said that he has been asked by a resident how the ratepayers would benefit from the rate increase. Mr. Tierney felt that the biggest benefit they would see from all the capital improvements made possible by the rate increase would be improved water quality and safety for fire service. Mr. Ramsey also asked if Mr. Tierney if the MRAM surcharge could be eliminated going forward. Mr. Tierney could not commit to that until the Cost of Service Study is completed. He noted that the MRAM change is what had paid for Aquarion's annual \$1.5M in capital improvements and said that the Town has committed to being more aggressive in tackling capital improvement projects, with \$2.7M planned annually. Mr. Ramsey also asked if Mr. Tierney expected that rates would not rise over the next three years. Mr. Tierney felt that the completion of the Capital Improvement Study would give them a better

understanding of what could be expected in the future. Mr. Taylor said that part of the financial model is to build up some financial reserves, which would allow the system to account for issues in the future and to provide for more rate stabilization going forward. He noted that all of the financial models point to rates holding steady for the next three years, but said that there could be an unforeseen event that could preclude this from happening. Mr. Tierney highlighted the fact that the Town wants to be proactive in their planning because emergency repairs typically cost much more than planned repairs. Mr. Tierney also said that proactive planned repairs would help reduce the amount of unaccounted for water within the system.

Vote: Mr. Ramsey made a motion to adopt the Weir River Water System FY22 Water Rates as presented. Mr. Fisher seconded.

Roll Call Vote:

Mr. Ramsey: yes

Mr. Fisher: yes

Water Superintendent Report

Mr. Tierney shared the following information with the Board:

- Bidding is now open for the water main replacement projects for Atlantic Ave, Downing St., and Wompatuck Rd.
- Suez has reported that billing and collections are going very well.
- Hydrant maintenance is going well, with six more hydrants replaced in Hull since his last report.
- Mr. Tierney plans to meet with the new Deputy Fire Chief on June 23, 2021 to discuss the hydrant replacements for the Town of Hingham. He expects this to start right after July 1, 2021 and noted that there are 10-12 hydrants that are in need of replacement. The replacement of these hydrants will be paid for by the WRWS and the Fire Department.
- The flushing program went well, with the exception of a few complaints of dirty water, which was expected. He expects the flushing program to go smoother in the fall. Mr. Tierney hopes to move towards a unidirectional flushing program, possibly in FY22.
- Mr. Tierney addressed the topic of water restrictions. He said that right now water conservation is voluntary, with odd/even watering days, and expected the status to be the same through the end of the month. He said that he would continue to monitor Accord Pond water levels, levels of individual wells to see if any further restrictions would be imposed in July. He encouraged everyone to conserve as much water as possible.
- Mr. Tierney reported that the filter replacement project was delayed due to shipping of the media. The contractor is ready and the project should begin on July 9, 2021.

Mr. Jon Asher commented that he was very impressed with the large number of hydrants that have been replaced since the acquisition of the water system. Mr. Tierney reported that 41 hydrants have been replaced thus far. Mr. Tierney announced that the Town of Hull received a grant to replace some of the hydrants in Hull, which helped with the cost. Mr. Tierney said that he expects to look at some hydrants in Cohasset after July 1, 2021. Mr. Tierney said that customers should feel free to contact him with any issues.

Public Comment

There were no comments from the public.

Vote: Mr. Ramsey made a motion to adjourn. Mr. Fisher seconded.

Roll Call Vote:

Mr. Ramsey: yes

Mr. Fisher: yes

The meeting adjourned at 7:52 pm.

Documents: A complete meeting packet of supporting documentation is on file and available for public review in the Hingham Board of Selectmen's office.