

**BOARD OF SEWER COMMISSIONERS
MEETING MINUTES**

**August 18, 2022
Zoom Remote Participation**

The meeting was called to order at 9:03am by Chair, Frank MacPherson

Present:

Sewer Commission Members: Frank MacPherson (Chair), David Krumsiek and Diane Hayes

Environmental Partners Group: Ryan Paul

Staff Members: Brendan Ryan, Cindy Barenthaler, Pam Dukeman, Todd Korchin and Kerry Higgins

Minutes recorded by: Kerry Higgins

A. Sewer Rate Discussion with Pam Dukeman

Presentation-Summary of prior fiscal year and recommendations (see attachment):

In great strong financial shape and expenditures were on track in FY22. Revenue was a bit lower in FY23 because lower consumptions (down 4% from previous year) & connection fee lower than previous years. Recommending rates increase 2.5% (\$15/year increase to the average home).

FY22

The revenue was strong but slightly less than budgeted (about \$41,000 or 1%), most likely due to water ban/drought. The total revenue at town meeting was 4.8 million, the actual work was 4.81 million. FY21 revenue was 5.3 million (revenue down about \$500,000). Some of that is coming from the connection fee, FY21 was \$355,000 and FY22 was \$85,000. Target billing number was 4.83 million, what we actually billed net of any second meter and other abatements was 4.6 million. The actual amount we billed was under target by \$174,000 (always fluctuation with consumption i.e.: FY19 higher by \$200,00 and FY20 less by \$92,000). FY22 had \$218,000 in abatements and that was higher compared to \$94,000 (is more the average) in FY21. The final MWRA assessment was less than what we budgeted at town meeting by \$24,000. There were no emergency repairs in FY22 and fund balance/retained earnings at year end was \$3.9 million (after reserved/set aside \$700,000) and have a very low debt position.

FY23

\$4.89 million budgeted at town meeting (level to prior year with a minor \$47,000 increase) with spending of \$700,000 borrowed from the fund balance. FY21 utilized \$500,000, \$1.71 million with the MWRA in allocation, once complete the spending on \$500,000 can go back for the next round of work and access the additional money from the MWRA. The last MWRA allotment in 2016 was a five year grant we've completed paying for that in FY21. Have a \$1.5 million 10-year bond making the last payment of that in FY24. We started paying debt payments, \$12,500 for most recent MWRA now using 10-year payment (was 5-year, 10 year better with no interest loan) and final payments on \$1.5 million bond issued in 2014. We only lean if haven't paid their whole bill for a one-year period (some choose to pay their sewer bill with their real estate tax payments), took in \$22,000 in interest in FY22.

Dave Krumsiek moved to approve 2.5% rate increase, Diane Hayes seconded and Frank MacPherson approved.

Unanimous vote 3-0. D. Krumsiek, aye. D. Hayes, aye. F. MacPherson, aye.

B. Approval of June 1, 2022 Meeting Minutes:

Outstanding

June 1, 2022

Dave Krumsiek moved to approve. Diane Hayes seconded and Frank MacPherson approved.

Unanimous vote 3-0. D. Krumsiek, aye. D. Hayes, aye. F. MacPherson, aye.

C. I and I Construction Project Update (Ryan Paul):

Currently have lined 7000 linear feet of AC pipe (eight inch) mostly on Washington street/vicinity. A few spot repairs to help with some gushes from previous job carried over, will help with some of the I&I. We're expecting with substantial completion by the end of August, will go back in 60 days to do an inspection and that will finalize the project in the fall. As far as I&I goes for this project we're estimating 67,000 gallons/day reduction. Since 2018, approximately 160,000 gallons/day reduction (8%-10% overall flow reduction, which is very good). Westwood is way ahead of other communities for reduction & maintenance on pipes (usually other towns are more reactionary). After construction (major portion of work remaining is lines left in easements) we will move into investigations.

Pump Stations: Clapboardtree Street, if temperature is conducive for construction could be late fall, into the winter (depends on bid, lead time on pipe, etc.). Bid estimate is \$750,000 for all construction, pumps, electrical, instrumentation, force main, some gravity pipe as well, and an emergency sewer bypass connection (once have contract could take 3-4 months for completion). Next phase would be Arcadia Pump Station with minor repairs with wet well and valves. If monies left over, will focus on some older pumps like Farm Lane.

D. Sewer Admin. Opening:

B. Ryan discussed Paige Royce's departure, on going interviews as Cindy and Kerry cover the sewer department tasks in the interim.

E. Additional Business:

B. Ryan spoke to cleaning up the second meter reading process, discussions with the Dedham Westwood Water District to team up and clean up the system with the best cost benefit analysis as far as the billing goes (ongoing). Many, many calls come in regarding the second meter readings/process and water ban. The sewer department participated in the mandated outdoor water ban, website postings, message boards, shut down all town buildings, facilities, etc. that we could. Ball fields were giving an allowance to continue watering, but scaled back significantly (a few fields are on wells).

F. Future Communication:

Next meeting will be held virtually, Wednesday, December 14th at 9:00am.

Note: Last meeting originally planned for September 14th was changed and held on August 18, 2022 at 9:00am.

G. Adjournment:

F. MacPherson moved to adjourn the meeting at 10:34am, seconded by D. Hayes, third by D. Krumsiek, Unanimous vote 3-0. D. Krumsiek, aye. D. Hayes, aye. F. MacPherson aye.

Approved:

Date:



Sewer Commission, Chair

12/14/22

Date



Westwood Town Hall

580 High Street Westwood, MA 02090

To: Sewer Commission
 DPW Director Korchin, Assistant Director Ryan

From: Pam Dukeman, Assistant Town Administrator/Finance Director

Date: July 29, 2022

Re: Sewer Enterprise -- Financial Status
 FY22 Results and FY23 Rate Recommendation

Summary of FY22 Results and FY23 Rate Recommendation

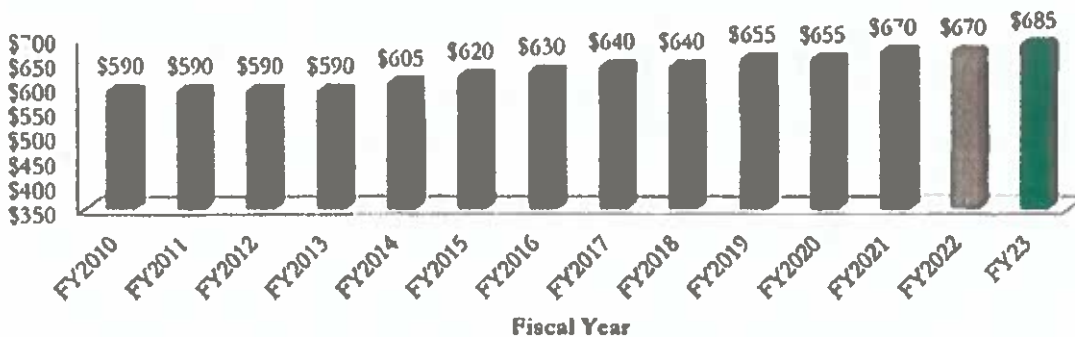
FY22 Results

- The Sewer Enterprise Fund remains in a strong financial position.
- Expenditures were on track in FY22.
- Revenue was lower in FY23 due to lower consumption and lower connection fee revenue.
- Consumption was approximately 4% less in FY22.

FY23 Rate Recommendation

- FY23 sewer rate recommendation is for a 2.5% increase in rates. This results in a \$15/year increase to the average home. The recommendation is based on the FY23 Town Meeting budget, and the updated FY22 consumption numbers.

Average Annual Sewer Bill



FY22 Year End Results - Expenditures

Expenditures:

- FY22 actual expenditures in line with budget – no issues.
- FY22 actual MWRA final assessment was less than final budget by \$24K.
- Emergency repairs (not funded in budget):
 - Occasionally there are unanticipated, unbudgeted expenditures needed for emergency repairs.
 - There were no emergency repairs in FY22, similar to FY21.
 - Emergency repairs totaled \$17k in FY20.
 - No emergency repairs in FY19 or FY18.
 - Emergency repairs totaled \$59k in FY17, and \$100k in FY16.

FY22 Year End Results – Fund Balance (Retained Earnings)

FY22 Final Fund Balance

- FY22 final unreserved fund balance (retained earnings) is \$3,914,710.
 - This is after reserve for May 2022 Town Meeting capital budget appropriation of \$700,000.
 - For comparison, FY21 unreserved fund balance was \$4,504,306.
- The Sewer Enterprise Fund is in a strong financial position, based on:
 - Strong billing and collections.
 - Strong budgetary control of expenditures.
 - Use of MWRA outside funding program for large I/I programs.
 - Low debt position.
- The fund balance is available for use in future years for:
 - Capital improvement projects
 - Rate stabilization

- **Final FY22 budget to actual report attached**

FY23 Rate Recommendation

The sewer rates are based on the budget as approved at Town Meeting and the consumption levels.

FY23 Town Meeting Budget

	<u>FY22 Budget</u>	<u>FY23 Budget</u>
Salary/Expense/Other	\$1,413,322	\$1,417,489
MWRA Assessment	\$3,271,442	\$3,305,428
Debt	\$164,688	\$174,088
Total	\$4,849,452	\$4,897,005
Change from Prior Year		+\$47,553 +.9%

- The FY23 Town Meeting budget is approximately level, a minor .9% increase over the FY22 budget.

FY23 Rates – Recommend a 2.5% Rate Increase

- The FY23 Town Meeting budget is an approximate level change, with a minor .9% increase over the prior year, normally requiring no increase in rates. However, the recommendation is to increase rates 2.5% based on decreased consumption in FY22.
- Base rates (which cover administrative costs) do not need to be increased in FY23.

Recommendation for Rates

	FY22 Rate	FY23 Rate	% Increase
Step 1	6.10	6.25	2.5%
Step 2	9.05	9.28	2.5%
Step 3	16.20	16.61	2.5%

- No change to quarterly base rates

Average Annual Bill

FY22	FY23	\$ Increase	% Increase
\$670	\$685	\$15	2.28%

- Detail and History of sewer rates attached.

Other Information – Capital/MWRA Programs/Debt Service

Sewer Capital Budget

- Capital has been funded by these methods:
 - Appropriation from retained earnings
 - MWRA program
 - Bond Issue
- Currently no capital built into sewer rates.

Appropriated Capital:

	FY19	FY20	FY21	FY22	FY23
Pump Station Program		\$500,000	\$500,000		\$500,000
Sewer Vehicle	\$95,000		\$70,000		
Storm Water Compliance	\$50,000	\$50,000	\$70,000	\$70,000	\$75,000
Easement Access Project	\$150,000				
Infiltration & Inflow Reduction	\$125,000	\$500,000	\$125,000		\$125,000
Total	\$420,000	\$1,050,000	\$765,000	\$70,000	\$700,000

MWRA I/I Program

The MWRA offers a program to help communities with Infiltration/Inflow capital project. The programs offer a mix of grants and no interest loans.

- Westwood latest project with MWRA – Approved as Borrowing at May 2021 Town Meeting \$500,000:
 - \$375,000 grant
 - \$125,000 10 year, no interest loan
- Westwood previous project with MWRA - Approved at May 2016 Town Meeting \$660,000:
 - \$432,000 grant
 - \$234,000 5 year, no interest loan
- The 2021 Town Meeting vote will utilize \$500k of the MWRA allotment for I/I.
 - After that project is completed, future remaining phases of \$1.71m available. (Phases I 1-13)

Debt Service

- The fund currently has a very low debt position.
- The last MWRA I/I payment for prior no interest loan was just completed in FY21.
- \$1.5m ten-year bond – last payment will be in FY24.
- The payments for 2021 MWRA no interest 10 year loan begin in FY23.
- **Current debt schedule attached.**

**Total Principal and Interest Payments
For Current Outstanding Debt**

Sewer Fund Debt

	Outstanding as of 30-Jun-22	FY22	FY23	FY24	FY25	FY26	FY27	Total
Principal and Interest payments for current Sewer Debt Outstanding								
								Total FY23-32
	Balance							\$0
M/WRA no interest loans - 2022 (FY32)	125,000	0	12,500	12,500	12,500	12,500	12,500	\$125,000
Sewer - \$1.5m bond 5/14 (ends FY24)	310,000	164,688	161,588	158,488	0	0	0	\$320,076
		0	0	0	0	0	0	\$0
Total Sewer Debt	435,000	164,688	174,088	170,988	12,500	12,500	12,500	445,076

All debt funded by sewer user fees

FY22 Year End Results - Revenue

Revenue Summary

- FY22 revenue was strong, but slightly less than budget, by approximately \$41k or 1% of budget.
- The FY22 Town Meeting total revenue budget was \$4,849,461.
- Total FY22 actual revenue was \$4.8m vs. FY21 revenue of \$5.34m.
- FY21 included \$355k of connection fees, as compared to only \$85k of connection revenue in FY22.

Billing:

- FY22 target billing was \$4,835,452
 - FY22 actual billing (net of 2nd meter and abatements) was \$4,660,886.
 - Actual billing was under target by \$174K.
 - Billing can fluctuate each year based on consumption.
 - For comparison - FY21 actual billing higher than target by \$144K
FY20 actual billing less than target by \$92K.
FY19 actual billing higher than target by \$200K
- Billings were lower in FY22 as consumption was decreased by approx. 4% over FY21.
- FY22 includes \$218k in abatements, as compared to \$94k in FY21.
- There was a 0% rate increase in FY22, following a 2% increase in FY21, and 0% change in FY20.

Connection Revenue:

Connection Revenue in FY22 was \$85k. This revenue is not built into the rates as it cannot be budgeted and planned.

Actual connection revenue received then flows into retained earnings and is used to fund capital improvements. This table shows the connection revenue for a several year period.

Sewer Connection Revenue (not built into rates)	
FY22	\$85K
FY21	\$355K
FY20	\$305K
FY19	\$237K
FY18	\$729K
FY17	\$318K
FY16	\$410K
FY15	\$1.2M
FY14	\$212K
FY13	\$137K
Total FY13-FY22	\$3,988,000

The large years of connection revenue reflect the University Station development period.