

# Board of Selectmen

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March 13, 2019

Regular Session to attend and participate in the Water Company Sub-Committee of the Advisory Committee meeting

## **Called to order - 8:02pm**

Present:

- Board of Selectmen: Paul Healey, Karen Johnson; Not present: Mary Power
- Water Company Sub-Committee of the Advisory Committee: Victor Baltera, Robert Curley, Eryn Kelley, Libby Claypoole, David Anderson
- Tom Mayo, Town Administrator; Michelle Monseguer, Assistant Town Administrator; Kerry Ryan, Town Counsel

Mr. Anderson walked the Sub-committee through his updated financial analysis. He noted that while Aquarion and the Town could argue about the accuracy of prevailing wage impacts and operations and maintenance costs, an extra \$1 million in expenses translates to about \$2.50 per connection per year, so there is some swing room when looking at cost estimates under Town ownership.

Mr. Haskell proposed putting the question of water system acquisition on the Town ballot for April 27 to increase citizen participation in this decision. He noted that only the Board of Selectmen could take action to put this question on the ballot at this late date. Attorney Ryan stated that the ballot question would be irrelevant and would have no effect on the acquisition of the water company since the statute sets up the method of purchase as a two-thirds Town Meeting vote.

Ms. Claypoole had an outstanding question about liability in the case of litigation by a ratepayer against the Town. Ms. Johnson commented that the contract operator would offer a layer of protection and would be responsible up to a certain limit. Mr. Curley stated that MGL Chapter 258 limits the circumstances under which governmental bodies can be sued and that the amount of damages that can be recovered is capped at \$100,000.

Ms. Claypoole asked about whether the acquisition of the water system would affect the Town's AAA bond rating. Mr. Anderson stated that Capital Markets Advisors (CMA) gave no indication in his conversation with them that this would impact ratings, especially since the Town has informed the rating agencies for years that it was considering this purchase. Mr. Asher noted that in calls with CMA and the rating agencies, the self-sufficiency of water rates gives the rating agencies comfort.

## **Article MM – Water Company Acquisition**

Mr. Baltera asked each of the Sub-Committee members to explain their thoughts on Article MM. Mr. Curley stated that he was impressed by the financial analyses, believes there will be significant savings for multiple generations of ratepayers, believes the Town is fully capable of running the water system, and noted that the system would be more reliable and transparent under Town ownership.

Ms. Kelley found the financial models brilliant but speculative and was voting in favor of the acquisition based more on environmental, philosophical, and logistical considerations. She wants to know who owns the land and the water supply and to make sure that it's protected. She does not believe a private company will protect her interest in the same way.

Mr. Anderson thanked everyone involved in this process and tried to look at the issue holistically. He noted that savings is one benefit of Town ownership but that others are apparent, such as increased capital investment, better coordination with the Town's road building program, and a governance structure that is more open and transparent.

Mr. Claypool stated that she spent a lot of time on the financials and believes there is value in a ballot referendum given that the Town's full faith and credit is on line for the debt issuance and that many ratepayers will be out of Town during Town Meeting.

Mr. Baltera stated that it is in the best interest of the Town to go ahead with the purchase of the water system. He commented that there are many intangible benefits to the Town owning its own water

supply, even if giving up some expertise in the short-term. He noted this has not been a quick decision and that much thought and work has gone into this issue since 2012. There have also been some changes in the proposal to reflect voices that have been heard and thinking that has evolved.

The Sub-Committee voted 4-1 to approve and recommend article MM to the full Advisory Committee, with Ms. Claypoole voting no.

#### **Article NN – Board of Water Commissioners**

Mr. Curley stated that there is no time to elect Water Commissioners before acquisition of the water system, so the Board of Selectmen would be the Water Commissioners by default. The article allows them to hire a Water Superintendent and enter into other contracts as necessary to run the water system. The comment and likely the recommended motion will include the establishment of a Transition and Evaluation Committee as well as a Citizens Advisory Board. Mr. Baltera suggested that the ultimate recommended motion include both of these committees.

Ms. Claypoole noted that because there are so many ratepayers outside of Hingham, in the future it may make more sense to have separate Water Commissioners that aren't also involved in the governance of the Town. This will be studied down the road by the Transition and Evaluation Committee.

The Sub-Committee voted 5-0 to approve and recommend article NN to the full Advisory Committee.

#### **Article OO – Water System Enterprise Fund**

Mr. Curley noted that the comment will identify how budget amounts were derived for the water system enterprise fund. All funds have to remain in the enterprise fund. The Board of Selectmen as Water Commissioners have a rate setting objective to make sure that there isn't an operating budget deficit. That scenario is highly unlikely with the early reserve of almost \$5 million from year 1 operations.

The Sub-Committee voted 5-0 to approve and recommend article OO to the full Advisory Committee

#### **Article PP – Water Company Acquisition Transition Costs**

Ms. Claypoole gave an explanation of the transition costs article.

The Sub-Committee voted 5-0 to approve and recommend article PP to the full Advisory Committee.

**Meeting adjourned - 10:10pm**  
**Approved April 2, 2019**

**Michelle Monsegur**