



Citizens Advisory Board Meeting

June 9, 2021

Board members present:

Chrissy Roberts, Hingham

Steven Weiss, Hingham

Sam Mullen, Hingham

Stephen Girardi, Cohasset

John Struzziery, Hull

Not present: Donna Pursel, Hull

7:00pm Call to order

Assistant Town Administrator Michelle Monsegur 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.”

Ms. Monsegur noted that the Citizens Advisory Board (CAB) was formed by Annual Town Meeting 2019 with five members and then updated through Annual Town Meeting 2020 to include a sixth member, for the purpose of assisting the ratepayers of the water system and advising and informing the Water Superintendent and the Town of Hingham Select Board of concerns or issues raised by ratepayers of the water system.

Introduction of Members

Mr. Mullen, Mr. Weiss, and Ms. Roberts of Hingham and Mr. Girardi of Cohasset introduced themselves and briefly explained their backgrounds. Mr. Struzziery of Hull joined the meeting and introduced himself. Water Superintendent Russell Tierney and Transition and Evaluation (T&E) Committee Chair Jim Taylor also introduced themselves.

Update from Water Transition & Evaluation Committee

Mr. Taylor explained the formation of the T&E Committee and its charge by the Hingham Selectmen to help the Town transition the water system to Town ownership. He walked through some of the work completed by his committee, including working on the water system business plan for the DEP, helping to develop the water system rules and regulations, assisting with the RFP process to select the new water system operator (Suez), assisting with the selection of the Water Superintendent (Mr. Tierney),

and naming of the water system and developing the WRWS logo. He noted that CAB might be providing feedback on potential changes and updates to the water system rules and regulations.

The T&E Committee was also heavily involved with the preparation and planning for the transition of the water system from Aquarion on July 31, 2020, including the financial aspects of the purchase such as monitoring revenue and the budget. Mr. Taylor explained that the one aspect of the water system that Suez did not take over on July 31, 2020 was customer service and billing. Aquarion maintained control over this aspect of the system until April 1, 2021 due to the complexity of transitioning customer and billing information and data over to the new operator. Suez opened up a local office on Lincoln Street in Hingham that is fully staffed by customer service employees to assist ratepayers with any questions and issues. He commented that no transition is perfect, but there was never an issue with the quality or delivery of water and all is going well. The WRWS received the Water Quality Award from the state last year.

Mr. Taylor discussed some of the planning efforts underway. In connection with Environment Partners, the Town is undertaking a water system master plan to provide a handbook for prioritizing capital investments in the water system. The master plan process will include hydraulic studies and sophisticated modeling to help drive the best investment of ratepayer dollars back into the water system.

Mr. Taylor talked about a second study, a cost of service study, to ensure that the water system generates enough revenue to cover costs since it is set up as an enterprise fund. He mentioned that, during the acquisition process, there were assurances made to ratepayers that rate increases would still be made under public ownership, but those increases would be slower and lower than under Aquarion. Aquarion's last rate increase was in 2019 and when Hingham took over the water system in 2020, the Town kept rates flat for the first year. Mr. Taylor said the cost of service study would provide the Town with a lot more information about rate setting going forward. The study, conducted by the Abrahams Group, will also look at simplifying the rate structure and water bills.

Mr. Taylor mentioned that the CAB would take on customer communication responsibilities going forward. The T&E Committee will be focusing more on evaluation and looking at the governance structure of the water system, including assessing whether an elected board of water commissioners makes sense going forward or if responsibility should remain with the Selectmen.

Mr. Weiss asked if capital projects are also funded through rates. Mr. Taylor said yes and explained that the Town's budget includes \$2.7 million in capital for the next year, which will be borrowed and then repaid through rates.

David Von Loesecke, member of the T&E Committee, commented that a lot of time has been spent, as part of the cost of service study, examining collections to make sure that the system is self-sustaining during this first year of ownership. There was some concern a few months back that collections were lagging, but now he is confident that the system will cover its debt coverage target. He stated that the system is performing in accordance with the pre-acquisition modeling. Mr. Taylor added that because of the Town's AAA credit rating and low interest rates, the Town was able to finance the \$110 million needed to purchase the system at a lower interest rate than forecasted, which will result in significant cost savings to ratepayers over 30 years.

Mr. Taylor thanked the CAB members for serving on this new board and advocating for ratepayers.

Discussion of WRWS FY22 Budget and Proposed FY22 Water Rates, Capital Improvement Update from Water Superintendent

Mr. Tierney walked through the WRWS FY22 budget and the potential rate increase of 10%. He stated that the Town planned to do a potential rate increase of 10% every three years. With the increase, total water system revenue would be about \$14.2 million. He explained expense categories of salaries/personnel; operating expenses, the largest of which is the contract with Suez for \$4.8 million; property taxes/payments in lieu of tax; and debt service, of which \$5.6 million is for the long-term debt from the purchase. Mr. Tierney stated that the debt service coverage ratio target is 1.1 and the projection for FY22 is 1.3.

Mr. Tierney summarized some of the capital projects underway and planned for the water system. With the help of Mr. Struzziery, Mr. Tierney is planning a major main replacement project for Atlantic Avenue and Gunrock Avenue in Hull. Filter media replacement at the treatment plant, main replacement at Wompatuck Road and Downing Street in Hingham. Accord Pond intake repairs are also planned. Mains were replaced at Forget Me Not Lane, Bulow Road, and Bulow Place in Hingham this past year. Mr. Tierney confirmed that he also has plans for capital repairs in the water treatment plant.

Mr. Tierney stated that the Town is recommending a 10% rate increase for FY22 to mirror Aquarion's practice of increasing rates once every three years. He is working closely with Hingham, Hull, and Cohasset to aggressively replace fire hydrants, above what is required in Suez's contract. Mr. Tierney walked through the spreadsheet showing what the 10% rate increase looks like for each water bill charge. (Spreadsheet is available on the WRWS website.) Ms. Monsegur and Mr. Tierney stated that the Board of Water Commissioners would likely take up the water rates on June 22, 2021.

Mr. Taylor clarified that Aquarion had much higher rate increases in the past and that the Town's proposed 10% increase is below what we believe Aquarion would have come forward with in the rate setting process. There are many variables that go into setting utility rates, such as drought conditions and irrigation practices that affect residential use, and he believes the 10% rate increase is reasonable. The cost of service study will also help fine tune the rate setting process going forward.

Mr. Weiss asked if the CAB should take a formal vote tonight. Ms. Monsegur stated that the process would be more formal going forward, as outlined in the rules and regulations, and that this year was different because of the timing of the transition. Mr. Taylor commented that the Board of Water Commissioners would likely be looking for a general consensus from the CAB that the proposed increase seems reasonable and appropriate.

Members of the CAB, Mr. Taylor, and Mr. Tierney discussed questions about the rate study, the effect of water conservation measures on revenue, sufficiency of the water supply, new contaminants and PFAS, the water treatment process with carbon media, and testing and filtering of wells. Mr. Girardi expressed his support for the proposed rates. Mr. Struzziery said this all looked fine and asked about the basis for revenue projections and the 10% increase. Mr. Tierney said he would share water usage data in response. Mr. Taylor mentioned looking at Aquarion's revenue trends and coming up with a reasonable projection of what revenue would look like under Town ownership, keeping in mind that the Town had

only owned the system for 9 months. Mr. Taylor stated that the 10% increase covers costs, protects the system against some variability in water usage and drought restrictions, and would likely fully fund the system in the next year, according to the Town's analysis.

Mr. Struzziery cautioned that the capital study of the water system may lead to a lot more costs than expected, which is what happened with a recent sewer study in Hull, especially if some items like police details and engineering for capital projects are underestimated. Mr. Tierney clarified that a hydraulic study is part of the capital master plan. Mr. Struzziery also asked about unaccounted for water. Mr. Tierney stated that he is undertaking a second leak detection survey to help address the issue and that two surveys a year may be done until more progress is made. Mr. Tierney also clarified that the cost of service study will simplify and clarify the rate structure in the future so that it is easier to understand.

Mr. Tierney summarized the rate setting process going forward, which is available on page 19 of the current water rules and regulations. The process will begin each October with the annual report going out to customers. The Town Administrator will then present the proposed water budget and rates to the **Board of Water Commissioners and the CAB in November**. The Town's usual budget process and Town Meeting timeline would be followed each winter and spring, with Town Meeting ultimately voting on the water enterprise budget each April and the Board of Water Commissioners formally adopting water rates each May for implementation on July 1. Mr. Tierney confirmed that things were a little different this year because of the timing of the transition.

Discussion of Public Communication and Customer Engagement

Mr. Tierney noted that part of the CAB's charge is to be the eyes and ears with respect to the public and to communicate potential issues to him so they could be addressed. He noted that Ms. Roberts was already engaging in this way. Mr. Girardi commented on the role of social media and needing to explain clearly why rates were increasing. Mr. Tierney talked about the importance of communicating what is being done with the revenue and highlighted the budget and capital Improvements mentioned earlier. He said it has been helpful to have CAB members, and T&E members before, review some communications materials. Ms. Roberts emphasized the importance of proactive messaging related to the rate increase. Mr. Tierney and Mr. Taylor noted that Suez's communications team could help with messaging and graphics. Mr. Struzziery suggested demonstrating the problems and needs/condition of the system, especially through pictures and statistics, and relate that to capital plans and costs.

In response to a comment made by Mr. Von Loesecke, Mr. Tierney clarified that the drought is the main reason for water restrictions but that the system's water sources have been rehabilitated and are running well.

Organization of Board

Ms. Roberts volunteered to be chair. Mr. Mullen made a motion to appoint Ms. Roberts as the chair of the Citizens Advisory Board. Mr. Struzziery seconded. Roll call vote:

Mr. Weiss - yes
Mr. Struzziery - yes
Mr. Mullen - yes
Ms. Roberts - yes

Mr. Girardi - yes

Mr. Girardi asked if there should be a Vice Chair. Mr. Weiss volunteered. Mr. Girardi made a motion to appoint Mr. Weiss as Vice Chair of the Citizens Advisory Board. Mr. Struzziery seconded. Roll call vote:

Ms. Roberts - yes

Mr. Struzziery - yes

Mr. Girardi - yes

Mr. Mullen - yes

Mr. Weiss - yes

Public Comment

Mr. Struzziery asked if there were any updates about the customer service center since he had heard some concerns that it has slowed down. Mr. Tierney noted that Suez brought another person on, that the call volume and time is reducing, and that he would provide another update on Friday.

Jason Federico from the Town of Cohasset mentioned that they needed to straighten out the billing side with respect to Cohasset sewer bills. Mr. Tierney will follow up with Suez and Cohasset staff on that issue.

Ms. Roberts suggested that the CAB next meet on June 30, 2021 at 7pm following the Board of Water Commissioners meeting the week before. Mr. Weiss suggested starting to speak to Suez now about working on a communications plan.

8:45pm Motion to adjourn by Ms. Roberts. Multiple seconds.