

**Acton Water District
693 Massachusetts Avenue
Acton, MA 01720
Finance Committee Meeting Minutes**

December 17, 2020 at 1:00 PM via Zoom

Pursuant to Governor Baker's March 12, 2020 Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, §18, and the Governor's March 15, 2020 Order imposing strict limitation on the number of people that may gather in one place, this meeting was conducted via remote participation.

In attendance were Finance Committee Members Bill Guthlein, Chuck Bradley, David Butler and Bill Mullin. Also in attendance, Chris Allen, District Manager, and Mary J. Bates, District Treasurer. The meeting was called to order at 1:00 pm by Mr. Guthlein.

Approve Minutes

Mr. Bradley made a motion to approve the minutes of the October 15, 2020 meeting. Mr. Guthlein seconded the motion and it was unanimously approved by a roll call vote:

Mr. Bradley, yes, Mr. Butler, yes, Mr. Guthlein, yes.

Stabilization Fund

Mr. Guthlein indicated that he is in favor of creating a Stabilization Fund, but that funding it at this time would create more financial stress on ratepayers. Mr. Bradley agrees that a Stabilization Fund would be a good thing, with modest funding annually. Mr. Butler feels that further evaluation is needed. Mr. Mullin asked what the rationale is for a Stabilization Fund. As a 2/3 vote is needed at Annual Meeting to expend, does it just make it more difficult to get approval to spend the funds? What is the difference between Free Cash and a Stabilization Fund? He is not in favor of charging more to current ratepayers to build up a fund for future costs. No need for it at this time, as the Grace Fund is currently a Stabilization Fund as approved by District vote, and available for water treatment and protection. Mr. Guthlein indicated that an additional Stabilization Fund would allow the District to put money aside for future potential costs including pension, water pollution, PFAS, decreased water use due to COVID-19, drought impacts, etc. The total amount of Stabilization Fund balance should take into account the Grace Stabilization Fund. Mr. Bradley asked what would the Stabilization Fund be used for. Most risks associated with the District are around water quality and would be covered by the Grace Stabilization Fund. Ms. Bates indicated that other revenue sources could be used to fund the account, such as percentage of lease income, demand income or Free Cash. Mr. Bradley made a motion to defer making a recommendation to the Commissioners at this time. Mr. Guthlein asked if the Committee should draft a letter. Mr. Butler agrees that this is not the time but that we should keep it under review. Mr. Guthlein seconded the motion and it was unanimously approved by a roll call vote:

Mr. Bradley, yes, Mr. Butler, yes, Mr. Guthlein, yes.

Debt Service Fee

The debt service fee is projected to increase to \$78 per unit as of FY 22. It will drop after FY 22, as long as there is no additional debt. Mr. Guthlein believes that the debt fee should be variable, charged according to use rather than a set fee per unit. This would decrease the impact to low volume water users. Most water utilities in MA utilize a 100% variable rate. Mr. Bradley favors that approach as well. Mr. Allen indicated that in a year such as this one, with the impacts from COVID-19 and the irrigation ban due to drought, water usage is down 15%. Mr. Bradley is in favor of changing the rate quarterly to reflect the debt fee divided by usage to enable the District to collect the full amount due. Mr. Allen informed the Committee that the District is in the process of renewing the Water Management Act Permit, which could result in a decrease in allowed outdoor water use from 3 days per week to one day per week. This could have a significant negative effect on income. Mr. Butler prefers the current allocation of a fixed debt fee. It is easily explained when customers have questions, it rises when new debt is taken on, and is expected to fall starting in FY 23. Mr. Guthlein made a motion to recommend to the Commissioners to fund debt service costs with a variable rate. Mr. Allen suggested that a consultant may be needed to assist the District with implementation. Ms. Bates stated that there are currently very few complaints about the debt fee. When questions are asked, the current structure is easily explained and matches the expense line item in the budget. It is relative to the investments made into the system over the past years, which have increased and are typically financed over a 10-20 year period. Mr. Bradley made a motion that the Finance Committee recommend to the Commissioners that the debt fee be applied proportional to the amount of water used. Mr. Guthlein seconded the motion. Mr. Butler questioned the impact to the Town of Acton municipal accounts. Mr. Allen indicated that they would most likely see a significant increase as they are large volume users. The motion was approved by a 2 to 1 roll call vote:

Mr. Bradley, yes, Mr. Guthlein, yes, Mr. Butler, no.

FY 2022 Budget

Mr. Allen informed the Committee that he intends to recommend to the Commissioners the postponement of the Annual Meeting, based on the current COVID-19 guidance regarding gatherings. He is hopeful that the District could again hold the meeting outside, perhaps in May when the weather is better. Therefore, approval of the FY 22 Budget is not needed at this time.

Mr. Bradley made a motion to adjourn the meeting at 2:25 pm. It was seconded by Mr. Butler and unanimously approved by a roll call vote:

Mr. Butler, yes, Mr. Guthlein, yes, Mr. Bradley, yes.