

WMAC Meeting Minutes
September 20, 2013

Attendees: Ann Carney, David Hearne, Paul Lauenstein, Rory McGregor – Acting Chair and Secretary, Chris Pimental, Sarah Windman

Guest: David Ableman – Sharon resident

1. Minutes of the June 20 meeting were approved as amended.
2. David Ableman presented his general spreadsheet model using Excel to assess the impact of changes to the water rate structure. It is similar to the earlier model presented to the WMAC by Eric Hooper, superintendent of the DPW, with the addition of a 5th block that goes up to 30,000 gallons per quarter. It has an additional feature which allows an incentive/penalty program related to the increase in consumption by each residential account during the summer vs. the winter. In the specific example that he illustrated, the customer who increases less than 20% receives a reward in the form of a lower rate per gallon, customers who consume 20% to 50% more in summer remain neutral at the established summer rate per gallon, and those who consume more than 50% are penalized in the form of a higher water rate. David will provide his model to WMAC members as an attachment to these minutes for use by anyone who would like to use it.
3. Eric Hooper submitted a proposal to the selectmen earlier this month for a new water rate increase to become effective January 1st 2014. There is no change in the base rate. The break point for the 1st block moves downward from 7500 to 4500 gallons. The third block receives an increase in the summer water rate per gallon from \$9 to \$10. General consensus on the committee is that these changes may increase annual revenue by up to \$400,000, which is consistent with Eric Hooper's estimate of \$2.8 million in total revenue that would be generated by the rate proposal.

The selectmen have scheduled a public hearing for Tuesday October 1st at the Community Center to review this proposal.

4. The rate increase implemented in January of 2012 has been in effect throughout FY 2013 (July 2012 – June 2013). Total water revenue for FY 2013 was \$2.867 million. David Hearne reported that he had seen a spreadsheet earlier in the day summarizing the financials for a special program during last fiscal year which recovered revenue from overdue water bills. The amount recovered was \$409,000. If this figure is correct, the net revenue attributable to the water rates for last year would have been \$2.456 million, which indicates that the Water Department would have had a deficit for the year without this one-time special program.
5. The long term goal for the Water Department is to generate annual revenues between \$3.1 and 3.3 million in order to cover operating costs and finance capital projects in the town water master plan. Pipe replacement on Brook Road and Massapoag Avenue are

major projects that started earlier this calendar year and will cost over \$1 million to complete over a 2 year period.

6. WMAC has a general concern that the Water Department continues to generate insufficient revenue to cover costs. The above new proposal from Eric Hooper does not go far enough to address the revenue deficiency in the Water Department. WMAC passed the following motion 6-0.

WMAC is disappointed with the above proposal for a new water rate structure because it falls short of the goal to increase annual revenue for the Water Department to at least \$3 million. We ask the selectmen to reconsider the proposal by adding increases to the base rate and/or the summertime differential in rate per gallon compared to the winter rate.

7. WMAC will review the priority of capital projects in the town master plan at the next meeting.

8. Next meeting is Thursday October 17th at the Community Center at 7:30pm.

Respectfully submitted,

Rory McGregor