

BOARD OF SELECTMEN

TOWN HALL BUILDING  
8 PARK STREET

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Thursday, February 11, 2021, 6:00 p.m.

Meeting Minutes

**CALL TO ORDER:** On the above date the Board of Selectmen held a meeting on Zoom. The meeting was called to order at 6:00 p.m. by Board of Selectmen Chairman Hoyt. Present by video were Vice Chairman Blanchard and Member Nowak via phone. Also present were Town Administrator Green, DPW Director Robert Tober, Mike Schrader, Miles Moffatt and Chris Bone from Tighe & Bond. Wastewater Treatment Plant Superintendent Rumbolt joined the call at 6:37 p.m.

**Chairman Hoyt** advised that "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 limitations on the number of people that may gather in one place, this meeting of the Town of Adams Board of Selectmen is being conducted via remote participation. No in-person attendance of members of the public will be permitted, but every effort will be made to ensure that the public can adequately access the proceedings as provided for in the Order. A recording of this meeting is available for anyone who wishes. Rule of 10 in place according to Code Enforcement for the size of the room in accordance with the Governor's order.

**PUBLIC CALL-IN:**

**Join Zoom Meeting:** <https://zoom.us/j/97796059622?pwd=Si80bFlFiZ290LzZXS0tBdWdHbDMzd09>

Meeting ID: 977 9605 9622; Passcode: 197066;

One tap mobile: +19294362866,,97796059622#,,, \*197066# US (New York)

**Dial In:** 1 (929) 436-2866 US (New York); Meeting ID: 977 9605 9622; Passcode: 197066

**NEW BUSINESS**

**Presentation by Tighe & Bond on Wastewater Enterprise Fund:** *Town Administrator Green* noted that the Wastewater Treatment Plant is one of the largest parts of the Town budget. He explained that in 2019 the Town engaged Tighe & Bond to give an overview of operations, giving a capital context to include the life span of the components of the Plant, how to pay for it, and the capital improvement plan. Part of the work is to provide a study on the sewer rate to see if it is the right thing to do, and if so, how to do that. He noted that the Wastewater Treatment Plant is a positive aspect of the community, and neighboring communities don't have this benefit. He pointed out that the report provided significant data to be reviewed, and it will be revisited in another workshop after the Board had time to fully review the information. The Tighe & Bond team was introduced. Mr. Schrader of Tighe & Bond advised that the goal was to provide data to the Board to make an informed decision and know the considerations and ramifications. A brief review was done of the history of the Wastewater Treatment Plant, which was dedicated in 1971 and still operates with 1970's technology. The Plant is capital intensive and has been underfunded. The Town currently recoups the sewer costs through property taxes. It was pointed out that Adams has the 9<sup>th</sup> highest tax rate in the Commonwealth, and Adams is one of the last towns that manages sewer rates in this fashion. It was explained that there were benefits identified in going to an enterprise fund. The scope and approach were reviewed, both usage-based and non-usage based, to determine customer costs under the current system and with both rate alternatives.

The process done was to compare and evaluate rate alternatives, and to provide a summary for next steps. It was noted that the intent was to recover the full cost of service, being fully staffed, and provide proactive repair and maintenance in order to maintain a dependable level of service. The intent was also to distribute costs equitably for residential and non-residential, large and small households, and high strength versus normal strength use. Usage trends, revenue sufficiency and permit limits were investigated to provide revenue stability and resource protection. A brief review was done of revenue needs, operating expenses, the existing debt, and the capital improvement plan. The Plant is under permit to control what can and cannot be discharged, and when the permit changes it increases capacity. It was noted that a 10-year span was looked at to provide and prepare a better plan. The Capital Improvement Plan and new debt was shown to reflect the current budget. The evaluation identified repairs and upgrades needed and summarized them by priority, but infiltration and inflow were not part of the evaluation. Assumptions were made on how it will be funded, and a graph was viewed that projected out to FY30. It was noted that though not a big increase, it creeps up over time. It was explained that FY22 has an additional \$10K budgeted and the purpose is to have rates to recover costs in proportion to the customer impact to provide equity under the current rate structure. It was explained that under the property tax system, the customer bill has a specific amount calculated due to wastewater. It is based on the property valuation and as that goes up, the cost goes up. It was detailed that high strength waste is specialized for industry and has an impact on the Plant due to the biological process that pumps more, requires more energy, and costs more money. The intent was noted as balancing cost against impact. Alternative rate structures reviewed. The next option reviewed was a usage-based flat rate, where every gallon costs the same and there is a base charge that is the same for everyone. The benefit was noted as having a high equity because it is self-regulating. Those that use a lot of water have a big bill. This option requires water use data and the ability to generate bills, which has more administrative burden. The third choice is a non-usage based equivalent dwelling unit (EDU) with low administrative costs, and can address high strength or grease waste with a surcharge. It was pointed out that achieving equity is difficult. There currently is no customer list because it is on the taxes, as the Town doesn't need to know currently who is using sewer. It was explained that information was gathered on sewers and the assessor cards also had information on sewers to capture a rough database that requires some vetting. It is also based on address mapping through the Water Department. The rate design process would merge results based on water use data of over three thousand customers. Usage indicated 251 million gallons on a quarterly basis, and the rate design would start with usage-based information. There would be a base charge then a usage charge to achieve 30% of the revenue on the base charge to be applied equally and billed quarterly. Once adjusted, rates would be set to maintain a fund balance of at least 20% but without the enterprise fund the Town does not have a fund balance. The enterprise fund would be part of the Town and is an accounting best practice. It would recover the cost from users in proportion to usage and does not change control. It was noted that the parcel in North Adams that contributes to the sewer is not part of the revenue bills. It was explained that revenue in the first year is higher than the expenses and will require no adjustments because it is a standard expense pro forma. It is necessary to charge more because it will guard against unanticipated expenses. The first two years will build up the fund balance, which will spend down and stabilize rates. The second is equivalent dwelling units, looking at zoning to predict flow coming from them and to convert customers numbers to the dwelling. A dwelling unit is a single-family home and the rate is based on average usage and divided so people pay in proportion. Non-usage can be developed but has to be estimated. Non-residential users, if they don't have flow numbers, can be checked once every year or two. It was noted that billing frequency assigning the EDU for residential customers and non-residential or multiple residential users could be tricky and are not exactly the same.

It was pointed out that the first three years show a slower buildup of funds, and an estimated bill of \$355 per year was noted as a starting point. Rate increases were expected to be minor to keep up with cost indexes. It would be balanced by having the right rate initially and not generating too much revenue. At 6:37 p.m. *Wastewater Treatment Plant Superintendent Rumbolt joined the meeting.* A brief overview was given of Residential, Commercial, Industrial and estimated usage. A breakout was given of what portion of tax is sewer, and the calculations to determine how much is applied to the tax rate. It was noted that approximately \$2 goes to sewer, amounting to about \$293 a year on average, which is estimated to go up to \$425 by FY25. It was noted that this would fund everything by the time it is needed and it is being calculated the same way in North Adams. *Town Administrator Green* reviewed the addition of Hardman Park, the industrial park in North Adams, to the systems when it was built in early 1980's, and there is an agreement in place by North Adams to bill the parcels of individual businesses using the wastewater system. It is not anticipated to have to renegotiate the agreement for those properties in North Adams, and there is no impact on the agreement between the two towns. Capacity of the plant was briefly discussed and it was pointed out that it is an asset with value and the Town should think about whether expand more with the capacity available to spread out costs. It was further explained that a four-person household was estimated at 50 gallons of use per person, and the state water use goal is 65 gallons per person. Affordability was discussed and it was noted that rates go up over time. It was explained that Adams owns the Wastewater Treatment Plant and does not have to truck it to another town, as sewer is more complex than water. It was pointed out that the plant has likely been underfunded because the cost is so low compared to water costs. It was noted that a strategy was needed to communicate and administer a sewer rate. Questions were posed, about lawn usage into the grass and not down the sewer, and how to handle irrigation. It was pointed out that some communities put in a second meter to reduce cost. It was explained that valuation is independent of sewer flow and the rate structure will be measuring affordability using an industry indicator. The household burden indicator methodology was used to take the total cost of water and sewer and divide it by the median household income. The metric used the rubric of the household burden and poverty prevalence indicators, showing how much of the community is under the 2% poverty level. It was explained that in Adams the median income is \$47,000 and the median quintile is \$19,000. The rate is designed to be sensitive to economically disadvantaged people, and in ten years is projected to be moderate to low financial burden on a typical user. It was pointed out that current sewer costs are artificially low. The debt service for the Plant is completing in approximately four years, and most improvements will continue to need to be debt funded. It was pointed out that the 2017 Mass Sewer Survey will put it in context. The Adams tax rate will go from the 9<sup>th</sup> to the 33<sup>rd</sup> on the residential rate and from the 44<sup>th</sup> to the 67<sup>th</sup> on commercial rate across the Commonwealth. It was explained that Munis is the best package to do billing and the Town would need to work with the Fire District to have them provide data to finalize a database. The next steps would be to decide on timing for the transition and public outreach. It was clarified that the residential tax rate would go from \$25.70 to \$23.00, and that a Proposition 2 ½ Override would be required if the rate is over \$25. It was pointed out that establishing a sewer rate will drop the tax rate approximately \$2 to \$2.50. It was explained the next budget would pay the costs from the enterprise fund and stabilize the tax rate. It would cover increased costs associated with the Plant, and the goal is to properly account for and raise funds for operations consistent with what Massachusetts accounting calls for. It was noted that the financial model is data driven, defensible, and explainable. It was pointed out that other communities have anomalies like an elderly discount. It was explained that the Town needs to look at timing, and under Massachusetts General Law in order to establish an enterprise fund Town Meeting has to adopt it. If the Board authorizes it and it passes Town Meeting in June it could be in effect July 1<sup>st</sup>, or be put in place FY23.

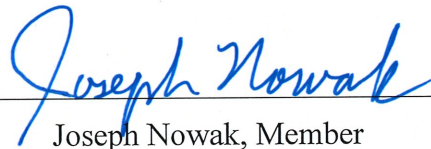


A decision needs to be made to determine when the first billing cycle will be, and on short term borrowing. Decisions will need to be made on what structure is wanted which impacts how it will be billed. It was explained that there have probably been upgrades that should have been done over the last seventeen years which will need to be looked at. There are grants to apply for to do some of the upgrades. It was pointed out that every year that goes on without doing them increases the risk and it is better to do them going forward. It was note that to try to do this for July would be ambitious and would take a concerted effort. *Mr. Moffett* from Tighe & Bond advised that the Town did apply for a low interest loan from the state, and a portion may be awarded as a grant if the stimulus package comes through. If the package is done later this year the loan process comes into effect. It was pointed out that there is no grant program for Wastewater Treatment Plant improvements, and the Town has to pay for it in some way. It was noted it is not unlike the 40R program, where the state is driving the enterprise fund for the sewer program and driving loan programs. It was clarified that Adams was awarded a draft intended use plan which is set up to receive funding of a 2% loan, and there is a loan forgiveness program depending on the economic need of the community. Adams qualifies for the maximum benefit of loan forgiveness, approximately 10%. If the Town elects to go forward with the SRF loan, there is a bond authorization appropriation needed by June 30<sup>th</sup> this year, and engineer design documents need to be submitted by October 15<sup>th</sup> of this year to maintain the funding. There was no further discussion.

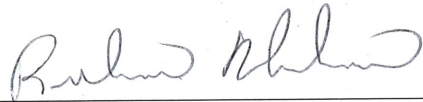
**ANNOUNCEMENTS AND GOOD OF THE ORDER:** *There were no announcements made at this meeting.*

**ADJOURNMENT:** *Motion made by Vice Chairman Blanchard to adjourn the meeting, second by Member Nowak. Vote: unanimous. Roll Call Vote: Chairman Hoyt, Vice Chairman Blanchard and Member Nowak. Motion passed. Meeting adjourned at 7:29 p.m.*

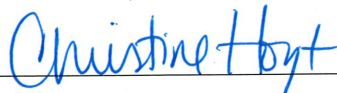
Respectfully Submitted by Deborah J. Dunlap,  
Recording Secretary



Joseph Nowak, Member



Richard Blanchard, Vice Chair



Christine Hoyt, Chairman