

**SELECT BOARD MEETING MINUTES
SEPTEMBER 28, 2021 at 6:00PM
SELECT BOARD CONFERENCE ROOM, TOWN HALL**

CALL TO ORDER/OPENING

Chair Antanavica called the meeting to order at 6:05pm. Chair Rick Antanavica, Vice-Chair John Shocik, Second Vice-Chair Herb Duggan Jr., Selectman Dianna Provencher, Selectman Allen Phillips, Town Administrator David Genereux and Assistant Town Administrator Kristen Forsberg were in attendance.

1. Weston & Sampson Report – Financial Discussion

The purpose of this meeting was to discuss the financial analysis of the districts. Representatives from Weston and Sampson summarized the findings of their analysis including:

- Dave Fox with Raftelis Financial Consultants Inc. discussed the rate setting process. A rate study is conducted which looks at financial goals and pricing objectives, evaluating the capital plan and analyzing cash flow, designing the rate to recoup the necessary funds to accomplish the goals and holding a public hearing to adopt the rate. Districts should strive to have a multi-year financial plan. It is understood the financials will never be perfectly accurate, but the goal is to try and get them as close to reality as possible. The water and sewer industry is extremely capital intensive and how to pay for these high costs is a challenge. There should be a stabilization account which save for emergencies. Rate design considerations include fixed charges by meter size, fire protection charges (infrastructure needed to respond to a fire event) and lifeline rates. Community and stakeholder engagement is key, and it is important to explain why rates need to be increased. Outside funding including loans, grants and state and federal stimulus funds should be explored.
- Mr. Fox discussed the annual water and sewer bills across the 3 districts. Leicester Water and Hillcrest are in line with other similar communities. Cherry Valley Rochdale Water District is higher than average.
- Leicester Water Supply District (LWSD) is generally in good financial shape. They have good reserve fund levels and metrics generally show customer bills are affordable. The typical annual bill is \$574. LWSD has some significant capital improvements needs. To finance these necessary improvements, average annual rate increase of approximately 6% are estimated over the next 10 years. On the sewer side is also generally in good financial shape and faces similar needs for significant future capital investment. The typical annual bill is \$551. Average annual rate increases of approximately 7% are estimated over the next 10 years.
- Hillcrest Water District is generally in good financial shape. They have good reserve fund levels and metrics generally show customer bills are affordable. The typical annual bill is \$480. In this district, relatively high fixed costs will limit the district's ability to control bills. Average annual rate increases of approximately 5% are estimated over the next 10 years. On the sewer side, the financial and capital situation is very similar. The typical annual bill is \$540. Average annual rate increases of approximately 4% are estimated over the next 10 years.
- Cherry Valley Rochdale Water District is in good financial shape with good reserve fund levels but they have a higher than annual water bill. The typical annual bill is \$998 and is on the board of unaffordable. Issues include the need to finance significant future capital investment and reliance on the City of Worcester. Average annual rate increases of approximately 5% are estimated over the next 10 years.
- Cherry Valley Sewer District is significantly burdened by debt service and wholesale obligations. Recently, USDA approved refinancing of their loans which will save \$160K per year, or an

approximate 18% annual reduction in revenue requirements. The typical annual bill is \$1,929. Annual rate increases of approximately 8% are estimated over the next 10 years.

- Oxford Rochdale Sewer District's rates are also driven by financing necessary capital investments. The typical annual bill is \$440 and average annual rates increases of approximately 5% are estimated over the next 10 years.
- Mr. Fox discussed the various consolidation options that are being explored and will be discussed at the final public meeting. Efficiencies as a result of consolidation could save 1/4 to 1/3 of current costs. Consolidation will raise bills for the other district customers and lower bills for Cherry Valley Rochdale Water District and Cherry Valley Sewer District customers. It would ultimately result in everyone in town who is on water and sewer being charged the same rates. This analysis does not take into account a significant increase in new customers, if that were to happen.
- CVRWD/CVSD Superintendent Ben Morris discussed the sewer debt service of \$310,028 which represents approximately 37% of the operating costs in the budget.

2. Public Discussion

Board members and the public discussed a possible State bailout, working with the City of Worcester to lower the rates, using local and/or State ARPA funding to pay off the Cherry Valley Sewer District debt which would result in rate reductions, the need for outside funding, difficulties with asking residents to pay more for the same service, options if the districts do not consolidate and paying down the debt for all districts with ARPA funding.

A motion to adjourn was made by Ms. Provencher and seconded by Mr. Duggan at 8:12pm. Motion carries: 5:0:0.