

Meeting Minutes  
Charlton Water and Sewer Commission  
Date: October 18, 2007

Time: 11:00 a.m. Location: Wastewater Treatment Plant

Attendees: Steve Alcott, Alcott Associates-rate consultant, Nazra Gagner, Robert Lemansky

<u>Members</u>	<u>Present</u>	<u>Members</u>	<u>Present</u>
Cheryl McKissick	Y	James McIntire	N
Sandra Dam	Y	Paul Gagner	Y
John Elliott, Sr.	Y		

<u>Item</u>	<u>Business</u>
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Chairman McKissick opened the meeting at 11:05 a.m.

Ms. Dam asked where the petty cash was put as we need batteries for the tape player. The envelope was located and contained all receipts and \$94.00.

Mr. McIntire sent the following email and requested it be entered into the public record as he was unable to be at the meeting:

*I would like it noted for public record that I believe having Paul Gagner on the rate study discussions is a conflict of interest and he should recuse himself from all rate study discussions at this time. I believe this because he currently owes over 20k in late payments. I further believe either Sandy or Cheryl should take his place at these discussions. I planned on bringing it up myself...but a conflict has arisen that will make it impossible for me to be at this October 18th meeting. Can you and the other Commissioners have a brief discussion and have a public vote to determine if Mr. Gagner should recuse himself from attending these meetings? I would appreciate it.*

Ms Dam motioned that today’s meeting be an informational meeting only so as to address the concerns of Mr. McIntire. In this way Mr. Gagner could participate in the discussion. No second.

Mr. Gagner stated that he would recuse himself as a commissioner and attend and speak as a resident only. Ms McKissick and Mr. Elliott stated that there are some users that feel that the rate does not accurately reflect use and we should make the rate more affordable. Ms. Dam stated for the record that almost all sewer users who have put on the meters have realized a savings with the new rates.

Mr. Alcott requested the number of customers who have meters – approximately 60 including those on Southbridge Water meters. Mr. Alcott continued and noted the base fee has been a concern for some of the users. Charlton is unique in that it does not have public water system operational so we do not know what their water usage is which made it difficult to establish a sewer rate based on a metered rate which was nonexistent. Mr. Alcott stated that he hadn't used this method in any other town, in fact, he invented it for Charlton. Mr. Alcott recognizes that the equivalent residential unit, or “ERU”, is a common measurement used in billing for sewer service, especially when metered water consumption data is not available, as was the case when the rates were proposed for Charlton in June 2006. At the same time, he is not aware of using ERUs to allocate the fixed portion of wastewater operating costs while using metered water consumption to allocate the variable portion of those costs in the same system of sewer user charges before this case.

The fee was established because we had a large risk factor in that we did not know what the consumption was and we had to insure a revenue stream that the Town could depend on. The Town could have a shortfall if it was all dependent on metered consumption.

We felt that we would have a couple of hundred meters installed and the meter installation lagged behind what we planned on. If we had a couple of hundred installed, then the revenue would have decreased.

There is always a cost even if a user is connected and does not have any consumption.

Mr. Elliott said that the whole Town should share in the cost and some of our operating costs should be borne by the Town and not just the users. Mr. Alcott replied that the Town does not realize savings when the homeowner is away. The contract operator still has to be paid to run the plant.

Ms. Dam stated that she knew of customers that were happy with the new rates because they have saved money. Mr. Elliott said that there were customers and one was sitting right here that is being charged 40 edu's that is not happy. This is still only one customer stated Ms. Dam. Mr. Elliott stated that there are other customers such as some restaurant owners that feel their rates are too high.

Ms. Gagner stated that her charge was about \$4000 even before she opened the door of the Laundromat. Mr. Elliott asked what can be done about their rate.

Mr. Gagner asked if we could change the rate just for the metered people only.

Mr. Lemansky stated that the reason why people haven't put on a meter was because a cost differential would not be realized as they had to pay the plumber and an inspection fee. The Town has required a licensed plumber and this is not necessary – the plumber's responsibility starts only after the meter. There has not been enough of an impact in the rates.

Ms. Dam stated that the previous board had spoken to the Plumbing Inspector and it did require a licensed plumber. Mr. Lemansky stated that other Towns have their Water Department or a Town Employee handle the installation and inspection. A commissioner stated that the difference is that we do not have a Town Water Department.

Ms. Dam stated an idea she had regarding purchasing the meters and letting it come from capital and then reimbursing the same amount to the people who have already paid up to \$250.00 so that all customers would be treated fairly and then maybe more customers would install the meter and we would be able to get to more of a flow charge and be able to lower the edu charge.

Mr. Alcott said that we could charge a cost to maintain the account of approx \$30-40 per quarter. He would recommend that we should have some amount of capacity charge as a fixed item and the balance as a flow charge.

Mr. Lemansky stated that the simpler a system could be the easier it is to understand. He understands the difficulty in establishing the rate to make us solvent. The key is to be solvent. There have been some users that have been identified for the weight of their wastewater. We should establish a different rate for residential users as opposed to the commercial and industrial users and the board should require a meter. Alcott said that this rate is doing that and it is being applied to the MTA. The reason for the fact of no other commercial user being charged in the same manner is that is that the Town is not sampling them yet. The distinction has been made in the proposed rate. The MTA was billed \$70,000 in a surcharge for one quarter because of the "weight" of their wastewater so the rate has actually done what it was designed to do. There was a need to come up with a rate for a one year period for the conversion to start. If we need to change the assumptions then we can come up with a different proposal.

Ms. McKissick stated that people are feeling that we are running at a profit with the establishment of these new rates.

Mr. Alcott went through Table 1. Two things could be done – the actual FY07 revenue could be used as we were using budget numbers for the establishment of a rate. There is a difference between cash receipts and receivables as some bills can be old bills paid in this fiscal year. The amount can be taken from the commitment sheets as to what we are billing. The revenues for 2007 would be what we would use for 2008. There is not a profit as there are no stockholders we must use that money for future operating or capital costs.

Ms. Dam brought up the receivables from the MTA. We have billed out approximately \$200,000 in two quarters. If we were to drop the capacity from our rate structure then what would happen to their receivables?

Mr. Alcott replied that if the \$100,000 was not realized from the MTA it would be assessed to all the other users.

Mr. Lemansky contends the agreement that was signed with the MTA was not a good one and that the Town was hoodwinked and that they tried to intentionally overcharge the system because of the weight of their wastewater. He feels that the agreement should be null and void because of that.

Mr. Alcott replied that there is some wrinkle with that. There is the cost to build the system (capital) and the cost to run and have they sufficiently paid for the capital cost because they bought the weighted amount.

Mr. Lemansky said the Town could willingly give back the money if we sold their capacity.

With regard to ammonia, the Town has to be prepared to take their peaks at holiday times and we have to be designed to handle that.

Mr. Alcott explained that he used an average household strength waste and then based the MTA strength of waste –the cost per pound -relative to that. Page 13/14. Ammonia is a limiting factor.

Mr. Alcott said that the rate consultant hired by McDonalds had found some problems with the rate structure and we would want to take their concerns into consideration. The concern was regarding the EDU charge and the MTA has that argument on a higher level than local business owners. The edu/capacity charge can be dealt with. The meter size could become a basis for measuring that capacity.

Mr. Lemansky said state law requires the rates to be fair and equitable. He suggests that we test the commercial accounts. Ms. Dam agreed but stated that we would have to test all commercial accounts for the surcharge and the board had considered a commercial permitting program.

Mr. Lemansky replied that maybe we could test some commercial but not the small ones.

Steve Alcott stated that there is a standard of 25000 gpd of equivalent domestic strength wastewater. This figure provides a threshold for which users should be looked at to see if they should be charged for excess strength. For instance, if a user's BOD discharges 12,500 gpd of wastewater which is 2 times normal domestic BOD, then that user should be monitored and a surcharge may be applied. The rates adopted in June 2006 by Charlton included a definition of domestic strength wastewater as follows: BOD- 250 mg/l; suspended solids-250 mg/l and ammonia – 40 mg/l Mr. Alcott believes the adopted surcharge system is the simplest way to bill the heavy users for their higher strength of waste.

Ms. McKissick mentioned the grease trap problem. Mr. Alcott said the grease was staying in solution. MTA installed the second grease trap. Most bylaws state that no grease is allowed into the system.

Mr. Elliott feels that they are discharging liquid grease at this time due to it being too close to the dishwasher.

Ms. Dam asked Mr. Alcott what he would need to begin to reevaluate the rates; Mr. Alcott said that a second look should be taken at the edu rate structure. Mr. Alcott suggests that we work with the new budget even if it is in draft form.

Ms. Dam asked Mr. Alcott what he would need to begin to reevaluate the rates. Mr. Alcott needs an updated budget FY08, actual FY07, actual FY 2008 approved and a working copy of FY2009 expenditures. He would also need the available meter data billed since January 2007.

Mr. Alcott stated that you need to build in a safety factor as the flows change relative to wet or dry weather if the majority of revenue is to come from the flow charge -15% is the recommended safe cushion.

Mr. Gagner began to discuss the Laundromat. He stated that the laundry will close January 1, 2008 if the rates do not change. In order to solve the problem for the Laundromat it needs to be a retroactive effect.

Ms. Dam expressed concern that it would have to be across the board and not for one business owner.

Mr. Gagner said that we are looking at too big a picture facing the 50 customers that are on a meter and that he is being overcharged and we should take a look at just them.

Ms. Dam stated that the Title V rate bill was higher than the metered rate bill that he received.

Mr. Alcott and Mr. Gagner had a discussion about the original rate. Mr. Gagner stated that his original bill was only \$1200 when he was a previous metered customer.

Ms. Dam stated that he was one of the original 11 customers that we realized were getting charged differently than all the others and our attorney advised us to correct it.

Ms. Dam stated her concerns of just one customer dealing only with his bill at this meeting.

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Mr. Alcott said that it would have to be up to our attorney to see if we could change the bill retroactively. Mr. Gagner feels that we should do it on an individual basis.

Mr. Lemansky said that from an accounting point of view that you would have to look at actual cost and revenue billed and subtracting the Turnpike and divide the cost into that number so that it is equitable to everyone.

Mr. Gagner said that he has been overpaying. If there is not an over amount then nobody will be paid back in an abatement.

Ms. Dam said what do we do would have to be done across the board including the MTA.

They have already hired a rate consultant and an attorney and we have already billed them for their extra weight – which is the surcharge – so if we changed the edu amount it would have to be for everybody.

Mr. Alcott said he did not try to marry the two systems – Title V and meters – if the 50 metered customers used more/less it would result in windfall/shortfall. If we changed the edu amount it will definitely change the .0046 per gallon.

Ms. Dam asked if the board were to get the information requested at this meeting to Mr. Alcott around November 16<sup>th</sup> then when would he be able to give us a draft report. He replied that he thinks we could have a presentation by mid December to hopefully have a new rate effective for January 1, 2008.

Ms. Dam motioned to have meters purchased by the department for sewer customers only and taken from the retained earnings for the FY2009 budget. This includes returning the amount to those who have already purchased them up to \$250.00. The amount would be \$140,000. Ms. McKissick second.

Discussion. – Mr. Elliott, Ms. McKissick, and Ms. Dam for – Unanimous.

Ms. Dam motioned to adjourn. Ms. McKissick second. Unanimous. – 1:30 p.m.

Minutes approved:

_____	_____	_____	_____
Cheryl McKissick	Date	John Elliott, Sr.	Date
_____	_____	_____	_____
Sandra Dam	Date	Paul Gagner	Date
_____	_____		
James McIntire	Date		