Chairman Hendrickson called the meeting to order at 9:00 AM.

1 **Discuss On-Call Stipend for the Water Superintendent** – Vote Expected **

Mr. Higgins determined that the best method of paying Superintendent Wiser for her extraordinary time on-call would be a fixed monthly stipend instead of overtime rates. Mr. Higgins noted that a monthly stipend would be in effect until Gary Tuck is fully trained and comfortable taking on-call hours. Mr. Sander stated that the role of Water Superintendent assumes some call-outs, but Superintendent Wiser responded that it’s not part of her role to be on-call for emergencies. Ms. Wiser added that 60-80 hours per month of overtime is normal right now. Commissioner Barnes made a motion to award Superintendent Wiser $7,000/month for her extraordinary time on-call in the months of December 2019, January, and February 2020, with plans to further review stipends at the Water Commissioners’ meeting in March. The motion was seconded by Commissioner Glass. Voted: All in favor.

2 **Discuss Water Rates and Fees**

Mr. Hutchinson asked for clarification on whether the $50,000 reserve fund allocation “below the line” was really needed considering that the budget included a $53,000 budget contingency “above the line”. If needed, he also questioned whether it could be moved “above the line” so that monies would definitely be available for that allocation. Ms. Wilkins responded that allocations to the reserve fund have traditionally been allocated from retained earnings (i.e. only if available), and if that practice was to be continued, they should not be moved “above the line”. Mr. Hutchinson suggested that if the Water Department accounts were utilized in a manner similar to Town accounts, it might be easier for all to understand and handle. He proposed that Water Department’s retained earnings corresponds to the Town’s Free Cash,
Reserve Fund is similar usage in both cases (i.e. for unexpected or emergency situations), and Water Department’s Capital Improvement Plan corresponds to the Town’s Stabilization Fund.

Chairman Hendrickson stated the Water Commissioners need to share their recommendation(s) with the public at the hearing on water rates. Mr. Neyland recommended one large rate increase vs. several small yearly increases for better customer satisfaction. Mr. Hutchinson countered that one rate increase is not enough to cover all capital improvements and projects that need to be completed.

Commissioner Barnes proceeded to share a presentation on the water rate structure, implications and trade-offs, four water rate scenarios, and rate comparisons with nearby towns. Ms. Barnes highlighted that water rate changes can be an opportunity to educate consumers about the true cost of water that includes both fixed and variable costs. Ms. Barnes labeled the meter fee as fixed revenue, and labeled Tiers 1-3 as variable revenue. Chairman Hendrickson recommended that we share with the public our definition of fixed and variable revenue for the Town of Lincoln. Ms. Barnes presented four scenarios for rate increases to reach an operating budget goal of $1,835,468 plus $50,000 reserve fund: 1) 24% increase in fixed and variable revenue, 2) 29% increase in variable revenue (fixed stays the same), 3) 136% increase in fixed revenue (variable stays the same), and 4) 30% increase in fixed and variable revenue based on scenario 1 to achieve a debt service coverage ratio of 1.5.

To better understand fixed revenue, Mr. Hutchinson asked Mrs. Wilkins to generate a yearly average for miscellaneous revenue over the last 5-10 years. Mr. Hutchinson noted that Lincoln has a steeper tiered rate structure than other surrounding towns, so that should be considered in any tier rate changes. Next Chairman Hendrickson reminded the group that last year, during the study of updating the rules and regulations, the Commissioners considered charging multi-family usage accounts per unit vs. per meter. Mr. Sander began compiling information on the number of units for each of the multi-family accounts to better project future revenue. Chairman Hendrickson noted that, although the Board had reached agreement on a draft of the new Rules and Regulations, the draft had never gone to final vote.

Mr. Hutchinson was in favor of the fourth scenario for better transparency. Mr. Neyland cautioned against only increasing the Tier 1 rate because it may look like a penalty to the most conservative water users. Commissioner Glass offered a hybrid scenario of increasing the meter charge (fixed revenue) from $35 to $50 and increasing the variable revenue by 30%. Mr. Sander added that the new charge by unit vs. meter would result in increased revenue and recommended adding the unit number information to the rate analysis. Commissioner Barnes agreed to present another set of scenarios at the next meeting that include with the goal of keeping the fixed charge at or below $200/yr., retained earnings projection of $150K, and the MWWA recommended dept ratio of 1.5. Mr. Hutchinson recommended no long-term water rate change announcements until the group has a better idea of how much rates will increase to reach the Water Department budget goals.

3 Other Business

Chairman Hendrickson shared her preliminary findings on composite farm agricultural water use based on information from MUNIS provided by Superintendent Wiser and feedback from her January 12th meeting with Agricultural Commission members Ari Kurtz and Louise Bergeron. She shared that the Agricultural Commission has no objection to a formal “farm” definition, annual application process, and using separate meters for agricultural use. The Agricultural Commission requested a one-year delay in a change of rates for farmers to allow them to make capital investments and properly respond to the new agricultural rate. Mrs. Hendrickson recommended putting the farmers back to Tier 1 and requiring users to verify their status as a farm according to the Chapter 40A Section 3 of Massachusetts General Laws and the Lincoln Right to Farm By-Law.

Mr. Hutchinson asked what the chance was of undercounting the number of farms. Superintendent Wiser responded that there are 18 accounts coded in MUNIS for agricultural use, but there are only eight farms on the town’s list of farms. Commissioner Barnes shared her concerns that if we don’t accommodate the farmers’ needs, we will potentially lose their business if a private well is a more cost-effective water option. She added that this would have a negative impact on water conservation. Mr. Lowry added that Codman Farm would switch to a private well within a year if farms were held to the same tiered rate structure as residential consumers. He added that the approximate cost of a well is $20,000. Ms. Osur
spoke as a representative of the Agricultural Commission and offered to draft a yearly application and maintain a database of current farms in Lincoln. She asked for a reprieve until the database is complete.

Commissioner Glass made a motion to authorize Superintendent Wiser to retroactively abate all accounts that were incorrectly charged under the agricultural account type for July-September 2019 billing quarter. The motion was seconded by Commissioner Barnes. Voted: All in favor

Commissioner Barnes removed herself from any motions regarding agricultural rates due to a potential appearance of a conflict of interest. Commissioner Glass made a motion to abate all agricultural accounts that were previously charged the Tier 1 rate for October-December 2019 billing quarter. Voted: Glass – yes; Hendrickson – yes.

Commissioner Glass made a motion to keep the Ag rates at Tier 1 until we finished studying the issue over the next year. The motion also included reviewing the draft farm policy and application at the February 4, 2020 meeting, and requiring all farms to apply by March 15, 2020. The motion was seconded by Chairman Hendrickson. Voted: Glass – yes; Hendrickson – yes.

The Agricultural Commission agreed to help draft a farm application, and Chairman Hendrickson and Superintendent Wiser agreed to work together in drafting a farm policy that describes the qualifications for farms in Lincoln. Commissioner Barnes suggested including a question in the farm application that asks about water conserving practices being used.

There being no further business, the meeting adjourned at 11:28 AM. The next meeting of the Water Commissioners is scheduled for Tuesday, February 4, 2020 at 9:00 AM in the Donaldson Room at Town Hall, 16 Lincoln Road.

Respectfully submitted,

Monica Kacprzyk, Administrative Assistant