Lincoln Water Commission
Special meeting
July 27, 2023

Members Present:	
Kenneth Booth, Chair	**Robert A Anderson Jr., P.E. Chief Eng./Superintendent**
Julie Labreche, Secretary	**Lewis A Prescott III, Assistant Superintendent - Absent**
Abigail Altabef - Absent	**Anna Nascimento, Administrative Assistant**
Edward Fox	**Stephen Antonucci, Representing Town Solicitor**
Louis Long - Absent	

Call to Order: Kenneth Booth called the meeting at 6:01 p.m.

1. Water Rate Study Consultant Update

Chairman Kenneth Booth relayed that the purpose of tonight meeting is to meet with their consultant Dave Bebyn and who is retain to go over the rate structure and to recommend the rate increase. Also only 3 Commissioner Members are present and the other 2 could not make it. It is the only item in the agenda and Dave Bebyn can tell them what he found.

Dave Bebyn explained that one thing that started this study and is how to maintain the Water Commission without raising the rate within the years.

- As far as the years part of the water consumption in earlier years as 5 years back the water consumption was a lot higher.
- Back in the day they gave them the availability and they were generating a lot of money for the rate that have not been raised.
- What he did found out from 2020 when COVID hit that they had a bumping sales consumption because people stayed home.
- Prior years, before the last years they had 150,000 gallons of consumption and they immediately did the study and nearly gave them a realistic consumption pattern.
- He tried those years they have not closed the consumption for the short falls and the surplus and the idea is to level. Hopefully the surplus hit each other out within the year.
- That was the main function he anticipated for the rate study with doing that they had to do is restructure the residential rate and the commercial rate. Which if they are going to do some adjustment of variable rate he will need to know where everybody sits as far as consumption wise.
- It could dramatically change with their revenue level will be a process to maintain a sizeable amount of $25 million in 2017about $10.9 million.
- Going back at their history they have been generating they profit each year they have excellent rules.
- But they have been some things that he has been noticing in the years they have been maintaining cash balance more around 5.25 million and around 6.9 million .

- A lot of that are set aside of capital need but they really have not done a lot of capital because in the same page going on the financial in 2017 to 2020 it has been pretty flat.
- They do do depreciation it has also been flat and what they had been putting with their capital it is about the same amount of depreciation it has also been flat.
- What they have been putting in their capital it is about the same amount of o depreciation somewhere about approximately of $400,000 a year of depreciation that shows at 3.1 million.
- The only one really adding their assets around that amount that is depreciation and they will need the system to do the work.
- They do have some reserve aside that they can tap into but more of range plan they do not roll over that level of capital.
- He did notice when they do the budget there was no line item for capital so for essential capital would be for reserve. And if they have a line item for capital her their reserves incorporated in that line item added to their capital fund budget for their utilities.
- For 1 year they can have $1,000,000 that line item can have up to $500,000 a year.
- The only way to cover that 2 years period they are gone have that line item that is at $550,000 to cover the two period.
- Currently they did have what they budgeted for depreciation so basically they have $351,000 for depreciation allocated to their budget. It was for their cash flow mainly to cover their debt services, to cover the principal and the interest under that service.
- However for 2024 making the adjustment some of this with Odd/Even watering it will make more pressure for the consumption within the year.
- What he was able to calculate without changing the rate they will probably short falls about $500,000 to $400,000 which it is about 12.9% between that and the revenue generated of what they would adjust.
- They would need to adjust their water rate to flat rate so essentially they would need a 12.9% increase for that year.
- This does not take into consideration with the Providence increase.
- Providence Water increase was plan this year but was postponed next year and his calculation was the cost from Providence Water and is factored also was captivated for the following year.
- They probably need a 5.7% increase for the following year to take the advantage of covering that increase is a potential of what is accounted for.
- For the current price increase, he believes they will need a 12.9% increase for the period they anticipated that they pay for their capital for the year hit model if he look at it in the future start ranking from this capital so in 2025 he is going to bring this capital budget.
- From engineering at the current year, that is probably drop at $100,000 next year and they will probably have some savings to use for some capital. But in the future each year and the year after in 2026 they will have probably.
- In 2028, they will have some capital reserve and the rate will go up probably somewhere around 5% for probably 2026, less than 3% for 2027, less than 3% for 2028 but they will need the consumption check.
- It is really the gap that need to be covered and in that he just wants to give them an idea of the average of the 12%. That snapshot of the residential customers and figure out the peak size for a large consumption per quarterly bill they probably a $3 increase.

- But for their larger residential that does a lot of watering the water bill increase will be about $65 and $258 per year.
- The commercial would see probably a $100 increase this is for that year 2024 to be anticipated. The year after, they definitely in the year 2025 a 5.5% to 12.9% previously implemented.
- For commercial user it will be an increase at $8 for approximately at 500,000 gallons that gives you an idea so obviously what they utilize since they kind of flat they typically hit. It will be $80 more than a year.

Chairman Kenneth Booth asks under that scenario if he looks at the homeowner the necessity of water looking at day to day so the person who is limited to resources and does not water their lawn. If they live frugally that class of customer will probably be at $12 year increase. Consultant Dave Bebyn replied it is correct.

Chairman Kenneth Booth stated they gone since 2014 without an increase and looking at 12.9% now seems a lot. But if they had raise their rate like Providence Water did which it would be obvious if some sells them a higher rate they would need to raise each time.

Chairman Kenneth Booth question about impact fees if they were able to remove it. Consultant Dave Bebyn replied yes, they would be able to but they would need to buffered it and slightly increase it to the residential. He does not see that often but the utilities that has seen have done it as wholesales. If they are going to do capital improvement they would need to charge everyone.

Chairman Kenneth Booth asks Consultant Dave Bebyn if the can take a look at it and if he could put a high level for high impact fees.
Consultant Dave Bebyn replied he will generated that at $160,000.
Chairman Kenneth Booth relayed if they can blend it together and have infrastructure fee and impact fee on the bill and it will be high or low for some customers.

A motion was made by Commissioner Julie LaBreche and was seconded by Commissioner Edward Fox to adjourn the meeting. The meeting was adjourned at 6:38p .m.