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Fwd: Sewer Billing Process and Quarterly Billing - In Advance of Public Forum

Lyn Simmons <lsimmons@longmeadow.org> Tue, Mar 23, 2021 at 12:52 PM
To: Admin Assistant <adminassistant@longmeadow.org>

----- Forwarded message -----

From: **Tom Shea** <tpshea3@gmail.com>

Date: Tue, Mar 23, 2021 at 12:03 PM

Subject: Sewer Billing Process and Quarterly Billing - In Advance of Public Forum

To: Thomas Lachiusa <tlachiusa@longmeadow.org>, Marc Strange <mstrange@longmeadow.org>, Steven Marantz <smarantz@longmeadow.org>, Mark Gold <mgold@longmeadow.org>, Richard Foster <rfoster@longmeadow.org>, Lyn Simmons <lsimmons@longmeadow.org>, Paul Pasterczyk <ppasterczyk@longmeadow.org>, <gmcaldmond@longmeadow.org>, Peter Thurber <pthurber@longmeadow.org>

Cc: mmadsen01 <Mmadsen01@comcast.net>, Curt Freedman <cmf.freedman@gmail.com>, Tom Shea <tpshea3@gmail.com>

To Select Board – March 23, 2021

Sewer and Billing Issues Issue – Post March 14, SB meeting

The purpose of this correspondence is to review the recent discussion of the Sewer Charge issue and to discuss items to be considered for the Public Forum to be held on March 29, 2021. I encourage you to read this document in detail as it discusses the way forward but also raises and considers issues that will potentially raised at the Public Forum or concern implementation. **Pay particular attention to item II - (B), Budget.**

I have spoken with both Mike Madsen and Curt Freedman and will note what I believe to be their positions as applicable but they can obviously correct me.

Most importantly, the agenda and focus at the Public Forum and of the Select Board ('SB') needs to be **only** the methodology of calculating sewage charges and quarterly billing.

I) Items Agreed

A) Base (Non-Peak) – The Base (non-peak) period needs to be decided. Sewer charges will not be charged on metered water usage above this Base level during the peak usage period. Mike, Curt and I are agreeable to a Base methodology subject to the appropriate period and methodology.

B) Quarterly Billing Water and Sewer ("W&S") billing needs to be quarterly. Many area communities have had this for years and Springfield is monthly and previous Longmeadow studies have recommended quarterly. The increased expenses of billing preparation and postage will be part of the W&S budget and Enterprise funds and paid by the consumer and not general taxes.

Electronic billing and more importantly on-line payments need to be investigated and encouraged. At a minimum when Town bills go out I suggest (1) a large focus on the Town Web Site for electronic payment and (2) encourage electronic payment in the comment box of bills. The Town has a good third-party system of on-line bill payments and bank account drafts cost \$0.25.

Quarterly billing will (1) reduce the burden of ever increasing bills (up 8% per year ongoing) and (2) cushion the impact of consumers whose bills will increase as they finally pay the appropriate amount for sewer charges.

C) Public Forum - March 29 was set as the date. Thank you Steve (suggestion), Mark and Tom for doing this as Tom's desire to get this going quickly (agreed) had to be tempered with notice and a chance for folks to review the presentation>

I am told the posting of the meeting and materials is in process. This needs to be advertised and the documents posted well in advance of the meeting for this to have the proper review and buy-in. If the forum has to be moved a few days fine but lets keep the momentum.

My original proposal to the SB on February 16, was for Base non peak and quarterly. I am optimistic this will be implemented.

II) Questions / Be Prepared for the Public Forum

A) Town Dept. Heads – My understanding is the “Sub-Committee” of Mr. Gold and Foster has had some contact with applicable Department Heads on their work and presentation. Hopefully this has been sufficient for all parties.

Town Dept. Heads need to be on the Public Forum, speak to the proposal(s), provide current input and a view of the implementing the Proposals.

B) 2022 Budget – How much will it cost for the Town to implement the new billing formula (Base) and quarterly billing? Answers to this will be expected next Monday.

Most importantly, **how does this get in the budget so that work can begin immediately** (specifications out to vendors or to Town employees)?

Is there a cushion or reserve in the current Water & Sewer (“W&S”) budget or can the W & S commissioners build this when setting the rates in June?

It is not acceptable for the implementation to wait until the fall town meeting for funding. This needs to be in the current budget and should have had an estimate before the four week “study”. This issue needs to be addressed in the Public Forum.

C) Presentation – trim it down etc.

Whatever is presented at the Public Forum needs to be trimmed down and concise so people can understand it. Some discussion of alternatives but not a full “road less travelled”

A recommendation or short list of alternatives should be offered - this has to be presented so people understand, I can not emphasize this

enough.

Be prepared to defend any recommendations that differ from a Base averaging of six months which I recommended in my email to the SB on March 10, 2021 and was also a viable option in 2017 from DPC Engineering that was the Town's paid for (\$\$\$) consultant.

The following from the New York Times is good reading, many Fortune 500 and even tech firms have taken heed regarding the over-use of PowerPoint.

We have Met the Enemy and He is PowerPoint

<https://www.nytimes.com/2010/04/27/world/27powerpoint.html>

II) Procedural

A) SB / W&S Commissioners - It is my opinion that the W&S commissioners can implement Base sewage billing policy and quarterly billing based on the enabling legislation for the W&S Enterprise Funds. This is based on my review and should be clarified. There should be an answer to this at the Public Forum.

This issue should be decided by the W&S Commissioners and not by any Town Meeting Warrant. However, there was a 2015 Warrant Item regarding sewer charges that was defeated at the Town Meeting. Folks on the SB are intimately familiar with this. I have no idea why this went to TM.

B) Implementation / Timing

The sewage Base billing process and quarterly W&S bills needs to **be implemented for the period ended September 30, 2021.**

There is ample time for (1) the W&S Commissioners to enact the changes, (2) the Base system to be programmed and (3) quarterly bills to be prepared and sent in October. There are six months to do the work. Let's get going on this and turn it over to the Town's professionals and/or consultants for implementation

Any implementation after the September billing period is not acceptable. This item should be addressed at the Town Forum.

C) Warrant Article

I am not in favor of issues like this being decided by Town Meeting. The W&S Commissioners have the responsibility.

My preference would be that if there is a successful Public Forum on March 29 that Mike Madsen and his merry men would withdraw the warrant article before the warrant is printed. There is a short period of time and this would entail a trust that the SB /W&S commissioners do the “right thing” after the Public Forum. I believe this could happen (it is Mike’s Call) but am told the current warrant article has to be printed and cannot be withdrawn.

I believe everyone involved would like the warrant not printed and go to the floor for a variety of reasons. Maybe the withdrawal can be looked at again.

Alternatively, if the Public Forum and subsequent SB/W&S Commission take appropriate actions, Mike Madsen will likely withdraw the warrant article at the Town Meeting.

D) Water & Sewer Commission Documentation

Documentation regarding the W&S Commission and its policies and procedures as well as historical information are all over the Town’s web site. The enabling legislation for each of the Water and Sewer Enterprise Funds are contained in the select Board Town Managers Policies Book.

However, there is no description of how rates are developed or when. What is the basis and computation for each of the (1) Water Distribution Charge, (2) Sewer Collection Fee and (3) the Stormwater Fee. The Stormwater Fee is basically a way around Proposition 2 1/2, allowed by the State and something I likely support. It has nothing or little to do with water and sewer utility funding or operations.

As time allows or assign someone to document how the W&S Commissioners set W&S rates, what is the enabling legislation, basis and expectations for “select charges” and overall the responsibility of the W&S Commissioners under Mass General Laws.

III) Clarification

The following are to clarify certain comments from the SB meeting of March 15.

A) Internet – Mr. Gold mentioned his frustration at folks that based their thinking or statements on quick Internet searches. I really hope that was not directed at, the Town’s previous Consultant (as his study was mentioned), Mr. Freedman or myself.

DPC Engineering – Town paid \$\$\$\$ for a consultant study in 2017, Lyn attached a draft (like to see the final) of a study on sewer fee billing to the Agenda of the SB meeting of February 16. You should review Figure 1 and the six month base (winter average) method. Mr. Prickett has the appropriate educational background and actual work experience in the field to have prepared the report.

Mr. Freedman – is a professional engineer, and holds a two masters degrees in engineering fields related to the topic. He also is a consultant and has extensive experience in utility rate development and implementation.

I am just a lowly accounting and finance person and as you might have gleaned extensive experience in the not so genteel world of workouts and bankruptcies . However, I am pretty conversant in enterprise funds. In addition, as a CPA and CFA with 38 years of experience in financial fields I am very familiar with multi-utility rate development and regulation for electric, gas and W&S utilities and project finance in various jurisdictions on four continents. When you are making single investments of \$25 - \$150 million over 29 years and your name is on it, you better know how the utility and project finance industries work.

So I am not sure who the “internet authorities” are but they will hopefully be educated on Monday, March 29. Let’s all keep in mind this is not multi-

variable calculus.

Monthly – At the last SB meeting Mr. Gold said the data prepared by him and Mr. Foster was the first analysis done with monthly data. I am completely sure what he meant by this. To be clear, the DPC Engineering consultant's report of 2017 paid for by Town \$\$\$ utilized and was based on monthly data.

III) The Disappointment

Process – the issue was originally brought up at a SB meeting in November of 2020 and has been discussed at six SB meetings. Tom made the correct call six weeks ago to form a Task Force which became a “sub-committee” of two for four weeks with no Task Force. After four months the subject of a task force was brought up at the SB of March 15 and then it was mentioned maybe after the Public Hearing. This is not even considering the contentious 20 year history of the issue.

This process has not been good and the Task Force issue has been done ass-backwards. Every other major issue, including this one (previously) has had a task force appointed and then findings presented. We are going backwards, especially in terms of transparency and preparation for implementation.

Mark's Email of March 10, 2021

You have a copy and my comments in writing and at the SB meeting of March 15. I stand by them since I had a conversation with Mark before sending the email to you and have not heard anything sense. I believe there is momentum to get something done and will not be referencing the email again unless prodded.

Note – if a task force was formed there would be transparency and no email of March 10 and no issue.

IV) Conclusion

I believe there is momentum to get something done on the sewer billing process and quarterly billing. The bulk of this correspondence is written with the goal of furthering the cause and its implementation and to provide

likely question for the March 29 meeting and ample time for folks to prepare for them.

If there are any questions, kindly contact me.

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