

November 2, 2019 Special Town Meeting
Water Commission Warrant Article:
Authorization to Fund Additional FY20 Capital and Operational Needs

The Water Department needs to address a number of immediate needs, and the Water Commission is seeking Town Meeting approval to 1) expend existing funds (“retained earnings”), and; 2) borrow additional capital through a bond. The specific projects and costs will be outlined in the Motion at the Special Town Meeting.

Background Information

Is the water safe to drink?

Yes. By state regulation, the water is constantly tested. The *Water Quality Reports* are on the Water Department’s page on the Town Website: <http://www.lincolntown.org/399/Water-Quality>.

One recent water quality issue has been the total level of trihalomethanes, or TTHMs. TTHMs are caused by organic matter in the water mixing with the chlorine we are required to add to prevent bacterial contamination. There has been an occasional, slight TTHM measurement above the allowable level, most recently this summer. The organic content in the pond water seems to be trending higher over the years, and it is now twice what it was when the Treatment Plant was designed in 2002. Short term, the colder weather will reduce the organic content and the recent cleaning of the Tower Road well will allow more organic-free well water to be put into the system. Long term, the Department is evaluating a number of options to address this problem.

While decades of exposure to TTHMs may cause health issues, short term exposure is not usually a cause for concern. For more information about TTHMs in drinking water, including the use of water filters, please refer to the website: <https://www.mass.gov/service-details/tthm-in-drinking-water-information-for-consumers>.

What is in the Warrant Article?

The Water Commission is asking the Town to approve additional funds to address critical capital and operational needs. These are items that cannot wait until the Annual Town Meeting in March 2020, and they include:

- Replacement of the filter banks that remove bacteria and viruses.
- Installation of a catwalk that is required for the safe maintenance of the filter banks.
- Remediation of a chemical release at the Tower Road well.
- Costs related to maintaining the filter banks until the replacement filters are received and installed.
- Part-time contractor to assist with plant operation until all staff positions are filled.

How did we get here?

Lincoln’s water treatment plant was built in 2002. Having funded a new plant, the Water Commission and Superintendent were sensitive to customer rates and were keeping capital expenditures regular, but low. Over the last 17 years, water treatment technology has changed, software technology has changed, our water profile has changed, and as of 2019, municipalities are subject to federal OSHA (Occupational Safety and Health Administration) regulations.

As our new Water Superintendent has brought her considerable technical knowledge to bear on Lincoln’s water treatment system, she has examined each aspect of the plant’s operations. It has become apparent that the modest level of capital spending has now resulted in a consequential amount of deferred maintenance.

The Water Commission, an independent 3-member elected body, has experienced significant turnover in the past year — two interim members were appointed last week. In addition, the Water Department has been short-staffed, resulting in the Superintendent having to serve in a dual role as Plant Operator.

In the Fall of 2018, increases to the operating budget were needed to evaluate capital investment needs and to support the extra maintenance and calibration activities that had not been done over the years. The Commission carefully reviewed every line item looking for ways to reduce the operating budget and to curtail and smooth the long-range capital budget. It decided to smooth the capital budget increase by delaying the installation of the new treatment plant filters.

The Commission created a model to project how much of a rate increase would be necessary to support the required investments, including the predicted debt service on a new \$1,010,000 bond, in late 2018. In January 2019, the new rates took effect, and the Commission believed that the projected revenue would support the budget, short- and long-term.

Several new factors are causing the Commission to come to the Town for amendments to the budget plan. These factors include: higher-than-estimate bids; unexpected expenses related to infrastructure failure; a meaningful shortfall in revenue; the lead time needed to order new filters; and the Massachusetts Department of Environmental Protection (Mass DEP) requirement to hire an independent contractor to provide part-time Treatment Plant staffing support. The amendments to the budget plan require a funding strategy that uses a mix of retained earnings and additional borrowing. This is ultimately backed by paying water customers.

Next Steps

Because of the extreme importance of safe drinking water, our Town Administrator, Assistant Town Administrator, Finance Director, and two members of the Finance Committee have been invited to collaborate with the Water Superintendent and the Commission to develop immediate, near-term, and long-term plans.

- Projects that were funded last March are underway to correct the deficiencies identified at that time.
- Studies are underway to understand if there are other immediate operating and/or capital priorities.
- The Commission will explore the long-term costs and benefits of other water treatment/delivery models, including membership in the MWRA.
- Acknowledging that every water system in the country is faced with an aging system of pipes, the Commission will investigate new monitoring technology and a replacement hierarchy.
- The Commission will seek grants and government programs to support its efforts.

Will all these expenses cause an increase in my property taxes? In water rates?

The Water Department operation is fully funded by user fees. The need for extra money will not impact property tax rates, however the Commission will need to raise the water rates and/or the fixed fee charge. The Commission and the Department pledge to find the most cost-effective path to ensure a continued supply of safe water to Lincoln.