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By City Clerks Office at 11:32 am, Apr 10, 2026

Water & Sewer Rate Committee

April 15, 2025

7:00PM

Attendees: Ken Truesdale – Chair and Resident Committee Member, Elena Proakis Ellis– Director of Public Works, Kathryn Armata – Treasurer/Collector, Kerriann Golden – Chief Financial Officer, Ward Hamilton – City Council Representative, Jim O’Loughlin – Resident Committee Member, Lisa Patterson – Water and Sewer Administrator, Jenn Rosa – Administrative Clerk

The meeting is called to order by Ken Truesdale at 7:05 PM

1. PUBLIC COMMENT

Elena makes a motion to open public comment, seconded by Jim O. All are in favor, so public comment is opened. Joe Pelrine, a resident of Howard St, asks the committee about the website and why the meeting minutes are not up to date. The last set of meeting minutes that were posted are from 2018. Jenn Rosa states that she needs to work on the website to get it up to date. She started in 2022, so she is not sure what happened between that time but is going to work on having the website updated. The resident then asks about the last meeting agenda which stated that there was going to be a discussion on free cash in the water department. He would like to know how we get free cash. Are we charging too much? Also, how much is currently in free cash? Elena states that free cash in water is very small. It is not on the agenda tonight, but she explains that we always have to do our budget with a little bit of contingency built in. The reason for this is that we have no idea how much water our residents are going to use every year. She states that the funds are supposed to be self-sustaining, but when we end up with free cash in water or sewer, some years we have used it to help with the rate for the next year and other years we used it for capital projects, but is required to stay within in the water and sewer enterprise funds. There is never a chance that we over collect on water and spend it on something else. We cannot even cross water free cash over to sewer free cash. This year we have a little bit of free cash in sewer, and we are proposing to use that for the design of a new pump station on Penney Rd.

Kerri states that the free cash for water in FY24 was \$45,886 and the free cash for sewer is \$325,979. The resident asks about the Penney Rd Pump Station design and asks if this is something that is going to be done right away given the state of the city’s financials or are we going to design it and then do it when we have the money. Elena states that we would do it with money out of the sewer fund, so it’s not impacted by the city financials, however it is something that we want to do in the next couple of years before the pump station fails because that would be a major problem. The resident then asks about the formula that we use to figure out the rate. Elena states that we use a model that was set up by a consultant and it is very detailed. It shows all the budgets that we have had since 2014, loans, discount programs, debt model, liens and all our customer data. It is very robust program. Once all the data is inputted into the model, it then provides us with the rate. She states that every year we update the previous year’s actual data and then we put in all the proposed budget and then the model

tells us what the rate should be. The resident also asks how we track money that is owed from year to year. Kathryn states that at the end of the year, the people that haven't paid their water bills, it gets lienied on their real estate bills, so we have a way of tracking that. She states that it is typically around \$200,000 to \$250,000. It doesn't really have an impact on the rate because it's consistent every year. Motion to close public comment is made by Elena, seconded by Jim O. All are in favor, so public comment is now closed.

2. APPROVAL OF PAST MINUTES

Ken states that we have one set of meeting minutes to approve. Motion to approve the 10/22/24 minutes is made by Jim O; seconded by Kathryn. All are in favor, so the meeting minutes are approved. The minutes that we still need to approve are from 03/06/25; 04/1/25; 04/09/24; and 04/30/24.

3. DISCUSS LOW INCOME AND SENIOR DISCOUNT RECOMMENDATIONS

Elena shows the memo on the screen that was distributed to the committee. She states that Jenn took everyone's edits and put them into the one document for review. Elena states that we can go through paragraph by paragraph and review everyone's comments and make edits as needed so that we all can agree on the wording before it goes to council.

Discussion is made by Ward as to why we are recommending these items for the Council. The options are very well described; however we need to be able to explain why we are making these recommendations as it's not clear. Is it because age based alone isn't enough? Is it because of money? We need to explain our reasoning to the council.

Some discussion takes place on needs based and if we need to do this for the water fund? If we don't need it financially, then why are we saying that we should do this. We have this senior discount program that you are a certain age, and you automatically get it. Now we are asking the council to either leave it alone, put an end to it so that it's just purely need based, or phase it out. The options are very well described, it's just the 'why' we need answered. Ward states that if we did the grandfathering option, it would be everyone that's in the program and everyone that joins the program under the existing criteria would get in, and then there would be a certain stop date. For the next five years everyone that was in would remain in, and going forward from day one, only people that are income-qualified would be added to the program. At the end of the five years, those that were still in would need to qualify or no longer be in. The new program would start in FY27 and give a year for education. Ward states that we know that certain people are getting a discount that they shouldn't, and we have other taxpayers funding this need. Jim O. states that we were asked to look at this and surveyed these other communities. What we found is that we are doing something that is unusual by giving discounts without it being need based. When we compare this to other communities, they aren't doing this. He states that maybe we should ask the council to consider whether we keep doing this, rather than recommending it to them.

Elena states that the enterprise fund can continue to accommodate this even if the program grows, because we put the offset in the model and include it in our rate setting. It just means the rate will be incrementally higher for everybody if the program grows and grows. It won't ever, in theory, reach a point where we can't afford it. It's just a philosophical question, does everybody else subsidize seniors just because they are seniors, or do we only want to subsidize people that have a high need. Elena

feels that a lot of seniors have paid their fair share and this is sort of a little perk for them and would have no problem as a resident paying a little bit more for them to receive the discount.

The committee decides to add bullet points for the council to review with an executive summary at the end.

4. DISCUSS RATE RECOMMENDATIONS

Elena states that the only change is an ordinance change regarding language as to adjusted gross vs. gross income levels for the discounts. There were some other minor ordinance changes, but they really weren't rate-related, so the committee doesn't need to address those.

A motion is made by Jim O. to approve the recommendation letter as we saw Elena editing it, with the understanding that there still may be some formatting tweaks to go, and it is seconded by Ward. All are in favor, so the motion is approved. Ken states that this was for the rate recommendation letter.

A motion is made by Jim O. to approve the low income and senior discount letter with the understanding that there may be future edits to be made. It is seconded by Ward. All are in favor; the discount letter is approved.

The memos to council are attached.

A motion to adjourn is made by Elena, seconded by Ward. All are in favor, so the meeting is adjourned at 8:31 PM.



CITY OF MELROSE

WATER AND SEWER RATE ADVISORY COMMITTEE

Ken Truesdale, Resident Representative, Chair
Kathryn Armata, Treasurer/Collector
Kerri Golden, CFO/Auditor
Ward Hamilton, City Council Representative
Jim O'Loughlin, Resident Representative
Elena Proakis Ellis, P.E., Director of Public Works
Vacant, City Engineer

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MEMORANDUM

To: Melrose City Council

From: Water and Sewer Rate Advisory Committee

cc. Mayor Jen Grigoraitis
James Troup, DPW
Donna Cardillo, DPW
Lisa Patterson, DPW

Date: April 17, 2025

Re: Summary of FY26 Water and Sewer Rate Orders (DRAFT FOR REVIEW)

The Water and Sewer Rate Advisory Committee, consisting of the members listed above, respectfully submits the following water and sewer rate recommendations for FY26. They are recommended by unanimous vote of the committee.

Based on a variety of factors, the FY26 revenue requirements for the water and sewer enterprise funds can be met using the FY25 water and sewer rates, with no increases to either volumetric rates or base fees. These factors most notably include reductions in the MWRA water and sewer assessments and lower debt repayment obligations in FY26 compared to FY25. The sewer assessment has decreased due to continued reductions in sewer flows resulting from the City's ongoing efforts to remove extraneous flows (groundwater infiltration and rainwater inflow) from the sanitary sewer system. These reductions offset any increases in costs in FY26, such as contractual increases to salaries.

As you may recall from prior years, we target reserve fund balances of 10% of annual operating expenses for each fund. Based on the budgeted revenue requirements for FY26, the reserve funds are presently at roughly 10% of each fund's operating budget, thus no transfers are recommended into the water and sewer reserve funds for FY26.

Thus far in FY25, water use has met or exceeded our projections in last year’s rate model. As a result, the water and sewer enterprise funds are projected to have sufficient revenue to cover expenses as we come to the close of FY25. Therefore, we are not recommending any retained earnings be used this year to cover revenue shortfalls.

With no proposed changes to the water and sewer rates for FY26, the recommended rates are shown below, matching FY25 rates.

Proposed FY26 Water and Sewer Rates

Proposed FY26 Volumetric Rates	Water (per 100 cf)	Sewer (per 100 cf)
Tier 1	\$8.32	\$12.25
Tier 2	\$11.15	\$15.43
Proposed FY26 Base Fees (meter size)	Water (per meter)	Sewer (per meter)
5/8"	\$20.33	\$26.38
3/4"	\$20.33	\$26.38
1"	\$20.33	\$26.38
1.5"	\$79.53	\$103.58
2"	\$123.93	\$161.48
3"	\$227.53	\$296.58
4"	\$375.53	\$489.58
6"	\$745.53	\$972.08
2 nd Meter Fee	\$20.33 (\$50.00 if not upgraded)	--

In addition to these rates, the Committee respectfully recommends the following:

1. Approval of the Department of Public Works’ Water Enterprise Operating Budget for Fiscal Year 2026 in the amount of \$6,441,569, as shown in the budget document submitted under separate cover to the City Council.
2. Approval of the Department of Public Works’ Sewer Enterprise Operating Budget for Fiscal Year 2026 in the amount of \$8,280,121, as shown in the budget document submitted under separate cover to the City Council.
3. No transfers to reserves from either water or sewer free cash for FY26, as noted above.
4. Updating Ordinance Section 228, Water, Sewer, and Drains, to reference “gross income” rather than “adjusted gross income” for discount programs, consistent with current and past practice.
5. A free cash allocation from the Sewer Enterprise Fund in the amount of \$200,000 to initiate the design of the Penney Road Sewer Pump Station replacement project.

Recommendations related to water and sewer discount programs are summarized in a separate memorandum.

We appreciate your consideration of these items and are happy to answer any questions you may have. We look forward to continuing the important work of our committee in FY26 to provide fiscally responsible and sustainable water and sewer rates for the Melrose community.