

Rate Hearing

Medfield Water and Sewerage Rates

Medfield Board of Water and Sewerage

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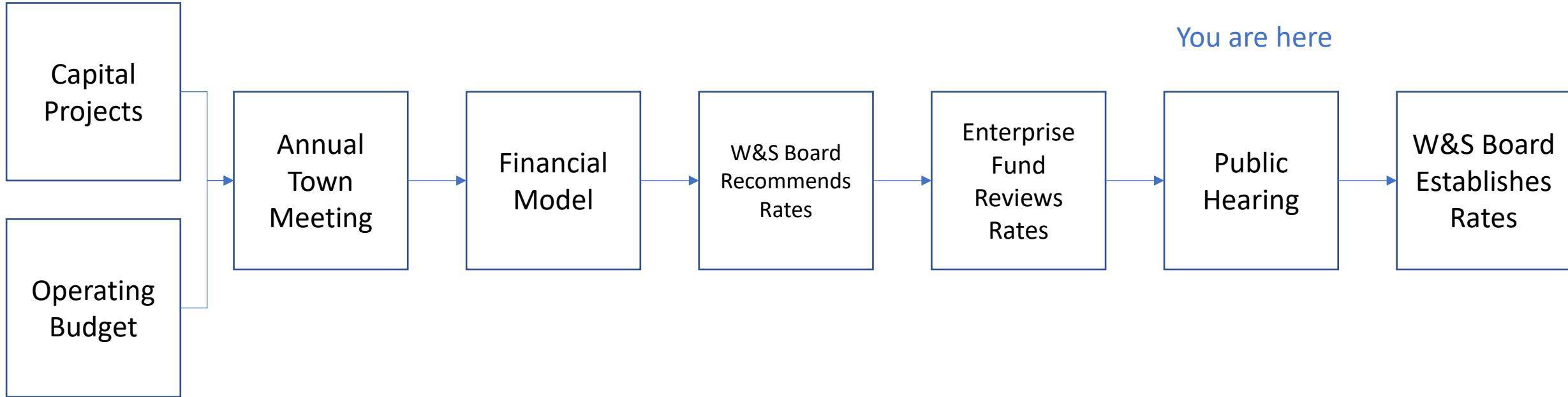
Agenda

- Overview of Services
- Rate Process
- Rate Objective
- Boundaries and Challenges
- Outlook
- Rate Models
- Historic Rate Changes
- Proposed Rates

Water and Sewerage Services

- Not all residents utilize public water and/or sewer services
 - About 4,100 individual customers
 - 75% both water & sewer, most of the remainder are water-only (very few sewer-only)
- W&S Enterprise Funds are not funded by the Town General Fund
- All costs/expenses paid out of segregated W&S Enterprise Funds
 - W&S staff are employed by Town
 - Staff costs are allocated to the Enterprise Funds
- Revenues sources:
 - Customer usage,
 - Interconnection fees
 - Grants from federal or state funds

Rate Setting Process



Rate Objectives

- Look at investment and operational needs for next FY and 5+ years out
- Generate revenue to cover fixed and variable costs
- Maintain reasonable Retained Earnings (aka free cash) to deal with uncertain water demand and potential for unanticipated costs
 - Target \$1 M Retained Earnings in each of Water and Sewerage Enterprise Funds

Boundaries and Challenges

- Water and sewerage services operate as independent accounts
 - Funding comes from customers of the services or from grants, not taxes
- Permit limits on how much water can be pumped
- Mostly fixed costs vs. mostly variable revenue
- Variation of water demand and unexpected costs
 - Drives the need for sufficient cash balance to cover high fixed costs
 - Literally, a “rainy day” fund
- Federal and state rules and guidelines drive many investments and operational methods
 - Treatment methods and efficiency, staff operations, water quality requirements
 - High reliability is important – drives higher operating and maintenance costs

Challenges Ahead - Water

- A consulting firm performed an in-depth review of the Town's water distribution system and identified pipe replacements that need to be planned over the next 20 years
 - Primarily due to lower flow rates or due to pipe material (cast iron)
 - Split into 30 smaller projects based primarily on geography
 - Replacements will be a multi-year effort due to scale and cost
 - Will require debt issue(s)
 - Need to start engineering work very soon
- It is possible that the Town will have to install new treatment systems for removal of PFAS from Town water
 - Federal (EPA) guidance from 2024 revised earlier this year
 - State (DEP) guidance conforming to (or exceeding) Federal requirements not yet issued

Challenges Ahead - Sewer

- A consulting firm is supporting the Town's effort to reduce infiltration and inflow (I&I) into the sewer system
 - I&I results in more wastewater requiring treatment, driving up operating costs
 - More common during rain events
 - Identifying significant contributors is very difficult and time consuming
 - Two significant areas have been identified for repairs – potential costs at each location approximately \$1.5 million. One ready to construct. The other requires engineering work to start now.
- The wastewater treatment facility (101 West St.) commenced operations in 1975. Much of the equipment is aged and needs to be replaced or upgraded to maintain reliability and improve operational efficiency. Estimates exceed \$11 million for all improvements.

Outlook

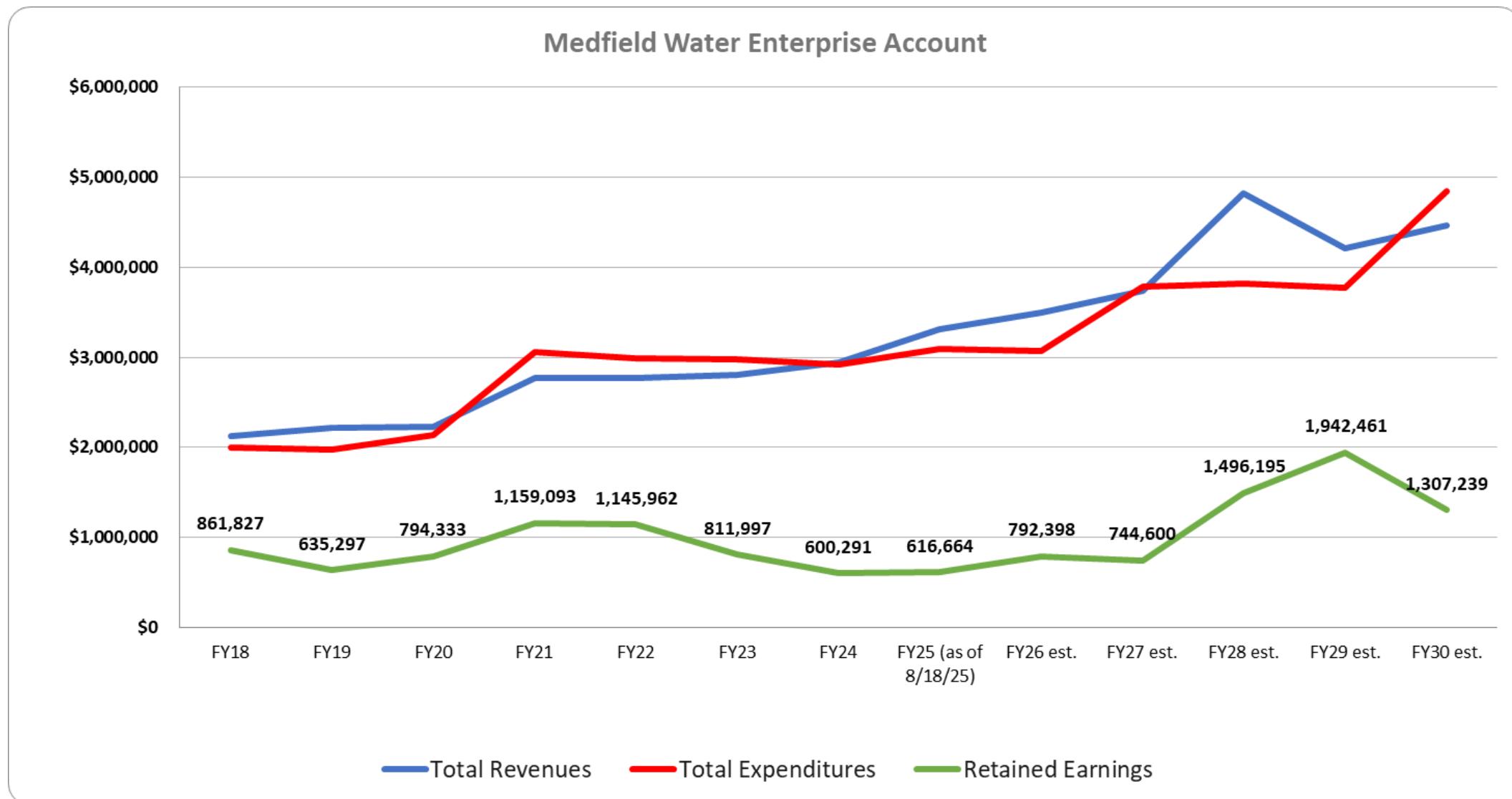
Water

- FY 2025 revenues slightly exceeded estimates
- Move to quarterly billing and customer portal
 - Customers will have real-time visibility of consumption, ability to set high use alarm
 - Town will have advanced leak detection within network
 - Timing uncertain – working with vendor. CY 2026 a possibility for initial rollout
- PFAS contaminant in wells currently below MA DEP action levels
 - Federal limits issued then changed, waiting for state limits to be updated
 - Extent of treatment, costs and schedule TBD
- Build up Enterprise Fund reserve in anticipation of higher capital costs (engineering, debt service)

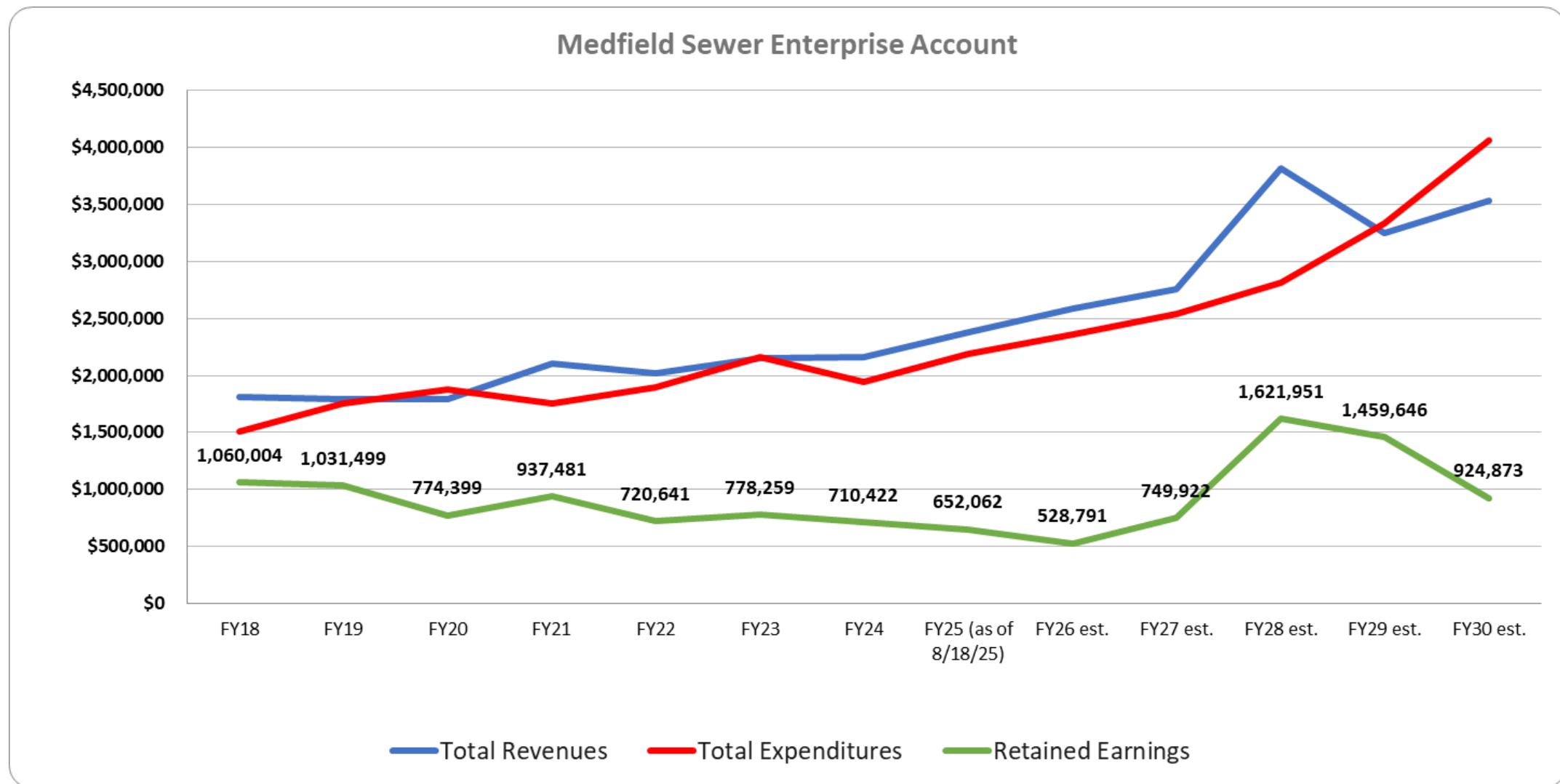
Sewer

- FY 2025 revenues slightly exceeded estimates
- Focus on reducing inflow and infiltration into underground sewerage lines
- One FY 2027 capital project to reduce I&I
 - Funding will come from unused proceeds from Water filtration project bond, and balance from short term lending facility
- Start engineering for wastewater treatment plant projects in FY 2028
- Build up Enterprise Fund reserve in anticipation of higher capital costs (engineering, debt service)

Water Rate Model



Sewerage Rate Model



Historic Rate Changes

HISTORIC RATE CHANGES (All Tiers)								
	2018	2019	2020	2021	2022	2023	2024	2025
WATER	4%	5%	10%	12%	10%	6%	4%	5%
SEWER	3%	4%	4%	8%	5%	3%	3%	4%

FY25 Rate Changes Approved by Enterprise Committee

Rate changes across all tiers effective 01 April 2025:

- Water +7%
- Sewerage +9%

Public Hearing Questions on Rates