DEDHAM-WESTWOOD WATER DISTRICT
Operating Budget Subcommittee
Meeting Minutes
Tuesday, November 05, 2023 | 6:30 PM
Via Zoom Virtual Platform

Announcement of the Audio and/or Video Recording
Mark Phillips called the meeting to order at 6:30 p.m. and announced the meeting would be audio- and/or video-recorded.

Attendance

Mark Phillips	Blake Lukis, Executive Director
Eric Merithew	Bob Marsh, Business Manager
Lou Kustwan	Steve Locke, Operations Manager
	Elissa Cohen, Accounting Supervisor

General Discussion
Mr. Lukis asked if the Subcommittee would like staff to walk them through the budget from policy, assumption and overview, or if they have had time to review and just want to review any specific questions they might have. Messrs. Merithew and Phillips shared that they have reviewed the budget and would like to discuss the driving factors for the increase in expenses from the 2024 to the 2025 budget. Mr. Lukis highlighted that the operating expenses have increased a total of 8.57% overall from 2024 to 2025, but that the additional carry of $250,000 for MWRA water purchase for the blending to combat THM production account for approximately 6.4% of the increase. If additional costs for MWRA were not included the operating expenses would only see an increase of 2.18% from 2024. Other increases include the transition of billing system software, which includes a 4 month overlap of expenses for 2025 only and an increase in IT storage and to change the backup vendor. Mr. Kustwan asked if we could put a limit on how long we store some information, and it was shared that some documents need to be retained forever.

Mr. Lukis shared that the amount of capital work that we have been performing is resulting in an increase in depreciation which is seeing a 16% increase from 2024 to 2025. Mr. Marsh added that some of the increase is due to the life expectancy of the work, and it is being depreciated over a shorter period of time, unlike water mains which is 70 years. Depreciation accounts for 2.8% of the required rate increase.

Mr. Lukis then shared the details about the personnel budget which is seeing an increase of 4.5% from 2024 to 2025, which accounts for only 1.8% of the required rate increase. The drivers in the personnel budget are a 3.5% average salary increase for all employees which is what the HR consulting firm shared is market increase. It was also mentioned that we are currently in negotiations and that the number could be different as we don't know where it will be settled. Benefits are the larger driver which are projected anywhere from 8-15%. Some discussion took

place around alternatives to keep health insurance rates lower for employees, such as joining a group insurance consortium, but nothing that can be implemented for 2025.

Mr. Marsh took an opportunity to walk the Board through the rate setting policy and that over the past 27 years the District has averaged a 1.7% increase while inflation was an average of 2.5% and the MWRA at 4%. Mr. Marsh went further to share the list of cost reductions the District has implemented to aid in keeping any rate increase as low as possible. A few questions were asked, and responses provided, but overall, the members did not have any recommended changes or require additional information prior to the next subcommittee meeting.

The subcommittee moved to recommend the proposed 2025 operating budget of $13,052,879 be brought forward to the full Board of Water Commissioners for approval on a motion by Mr. Phillips and seconded by Mr. Merithew. By roll call vote, the motion passed unanimously.

At 7:30 p.m. the meeting was adjourned on a motion by Mr. Merithew and seconded by Mr. Kustwan. By roll call vote, the meeting adjournment was unanimous.