

# MILFORD SELECT BOARD

Room 11, Town Hall, 52 Main St. (Route 16), Milford, Massachusetts 01757-2679

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Michael K. Walsh, Chairman  
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Town Administrator

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July 14, 2021

Town Meeting Member,

Nearly four years ago, the Town Meeting voted to approve a stock purchase to acquire Milford Water Company (MWC) for \$63 million. However, negotiations reached an impasse over specific terms of the sale, so we were unable to reach an agreement at that time. We are pleased to update you on the Town's efforts to purchase the water system from Milford Water Company.

As you know, our exploration of this purchase began in the aftermath of a Boil Water Order due to a water contamination crisis and a series of sharp, 33% and 50%, rate increases. The reasons for purchasing the water system today are the same as they were in 2017, when the Town determined that we should own and control the water system: clean water is a fundamental necessity that our families depend on, and we need to ensure the quality of our water supply and its affordability by managing the water system ourselves.

We are back in negotiations to reach an agreement to purchase the water system from MWC. This comes after a lengthy legal process in which we exercised the Town's right to have the value of the assets determined by the Massachusetts Department of Public Utilities. In the meantime, MWC has made, and is continuing to make, capital improvements to ensure that the water system is in good condition when we close the purchase. After reviewing the updated financial implications of purchasing the water system, we are confident that owning and controlling the water system is still the right choice for our community, and we are asking Town Meeting to approve the purchase at a proposed price not to exceed \$79 million. This amount represents the valuation as determined by the Department, \$66,395,908 plus an amount which will reflect all prudent capital expenditures by the Company since December 31, 2018, adjusted for any applicable depreciation through Closing.

The Select Board invites you to join us for a public information meeting on this topic on Monday, July 19 at 7:00 PM, Upper Town Hall, Milford Town Hall. We will provide additional materials at the meeting summarizing the results of the financial and legal due diligence to date. The materials will also be available at [www.milfordma.gov](http://www.milfordma.gov).

Our finance team and their consultants will explain how we arrived at the proposed purchase price, how we plan to finance the purchase, how the water department will finance needed capital improvements, and how Town ownership and control will affect rates. Our Town Treasurer, Christopher C. Pilla and Town Finance Director, Zach Taylor, will walk through how we concluded that the Town should buy MWC's assets.

We appreciate your participation in this momentous decision for the Town of Milford and look forward to having a frank discussion about what we are recommending. We believe strongly that purchasing the water system is the right thing to do. Ownership by the Town and control by local elected officials is the best way to ensure that water rates are stable, that important capital improvements are made to safeguard the quality of our water supply, and that management of the water system is transparent, responsive, and accountable to the residents of the Town of Milford.

Sincerely,



Michael K. Walsh, Select Board Chair



Thomas J. O'Loughlin, Esq., Member



Paul A. Mazzuchelli, Member