



WATER & SEWER COMMISSION

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Minutes of the Water & Sewer Commission meeting 10/13/2021

Meeting held at Police Station, Memorial Drive, East Freetown, MA
with the Board of Selectmen and Finance Committee

5:32PM Meeting called to order by Bob Parker
Members present: Bob Parker; Paul Sadeck; Lee Baumgartner
Staff present: None

Meeting being audio recorded by Paul Sadeck

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2022 FEB 15 PM 2:28

Indirect Costs

- Current Allocation
 - Bob Parker states the Freetown Water & Sewer Commission would like the costs reduced.
 - Gary Martin of the Finance Committee explains how the allocation of costs is applied.
 - Majority of the FW&SC budget is not costing the Town of Freetown anything because of the direct purchase and sale of services which makes up approximately \$950,000 of the budget.
 - They propose to exclude the portion of the budget that is used to pay for sewage disposal and water purchase from the calculation of indirect costs.
 - Calculation would be on the approximately \$200,000 instead of \$1.1 million which would take ID costs from almost \$100,000 to about \$75,000 for FY2022.
 - Paul Sadeck asks if it is a requirement to charge the Enterprise Fund indirect costs?
 - Kim Fales, Town Accountant, does not believe it is in the statute, but it is in the guidance from the Massachusetts Department of Revenue for Enterprise Funds.
- Future Allocation
 - Trevor Matthews of the Board of Selectmen states it would be a reduction of approximately \$25,000 overall and asks the FW&SC their thoughts on that.
 - Bob Parker says it's a good starting point and feels the FW&SC is being overcharged.
 - Paul Sadeck feels that the allocations Kim Fales and the Finance Committee is using is perfectly sound calculations.

- It's costing quite a bit of money each year, and this is passed on to the water customers. A concern of Paul's has been that very few of the customers who are connected to Town water had asked to be connected [they were forced to because of environmental reasons over the years]. It is an ongoing concern of Paul's and has been since he was a selectman.
- The new figure for indirect costs will now be \$74,654.
- At a prior meeting, Town Counsel has stated that if there is a deficit the Town has to pick up the costs; you can only increase water rates so much before customers push back. There have already been two increases this year. Increases from the City of New Bedford and City of Fall River has to be passed on the Freetown water customers.
- When the new contract for employees is signed and put into motion, the increase to salaries will also have to be passed on the customers.
- George Grunwald wants to clarify that charges to the Enterprise Fund for indirect costs are for non-water related costs such as insurance, pension, salaries, rent for office, etc. The water department is not really incurring additional expenses for the Town.
- Kim Fales states that the indirect costs are paid for by the Town general fund and charging the enterprise fund is a way to recoup these costs.
- Kim Fales feels the proposal presented by the Finance Committee and Board of Selectmen is creative.
- Gary Martin entertains a motion to recommend to the BOS that the indirect cost as a percentage of the fiscal budget exclude the costs of sewage disposal and water purchase front he calculations currently used. 2nd (could not hear). All in favor. Motion carried.
- Trevor Matthews entertains a motion to change the indirect cost calculation for the water and sewer enterprise fund based on the Finance Committee recommendation. Jared Zagar, motion made. George Grunwald 2nd. All in favor. Motion carried.
- Paul Sadeck makes a motion to go along with the Board of Selectmen and Finance Committee, at this time. Lee Baumgartner 2nd. All in favor. Motion carried.
- Kim Fales will update the plan and present the spreadsheet to all parties, and will create a separate form to be signed.

Paul Sadeck motion to adjourn at 6:07PM. Lee Baumgartner 2nd. All in favor. Meeting adjourned.

Respectfully submitted,



Steven Chandler
Senior Clerk
Freetown Water & Sewer Commission