



WATER & SEWER COMMISSION

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Minutes of the Water & Sewer Commission meeting 4/13/2021

Meeting held at Council On Aging, East Freetown, MA

9:00AM Meeting called to order by Bob Parker
Members present: Bob Parker; Paul Sadeck; Lee Baumgartner
Staff present: Steven Chandler; Keven Desmarais
Kim Fales, Town Accountant
Meeting being recorded by Chandler and Paul Sadeck

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Budget

- Kim Fales reviews the changes she recommends for the FY2022 budget.
 - Budget for the appropriations piece must be funded through the revenue piece.
 - Kim is concerned about the level of revenue needed to generate to cover the budget so she reviewed the [proposed] budget to see if there are any [line] items that could be modified.
 - Kim reviewed ten items she recommends adjusting. These are all based on projected revenue to meet the expenses of the FY2022 budget:
 - Reserve fund: increase from \$50,000 to \$90,000 funded from unused retained earnings. This \$40,000 would allow FW&SC to have funds available if needed should anything come up that is unexpected operationally.
 - Money for permanent bleeders is in a capitol project line item separate from the FY2022 operational budget.
 - Paul Sadeck makes a motion to adopt Kim's recommendations for the FY2022 budget. Lee Baumgartner 2nd. All in favor. Motion carried.
 - Kim will revise the warrant article and submit to Board of Selectmen.

Water Rates

- New Bedford and Fall River will implement their annual rate increase on or after July 1, 2021.
- While our water suppliers increased their rates annually, Freetown had not increased customer rates for 7 years, from 2010-2017 and the Water & Sewer Enterprise Fund was not sustainable.
- Kim Fales presents information on rates needed to cover expenses:

- Based on proposed FY2022 budget, the existing water rates are not going to generate adequate revenue.
- Using the information from the rate study conducted in 2020 and the proposed FY2022 budget with projected income and expenses, Kim suggests increasing water and sewer rates, as well as the quarterly fee, to generate the revenue needed to operate the Water and Sewer Enterprise Fund.
- At minimum we want to be at a break-even position and not a deficit position.
- The upcoming year is a challenge and after FY2022 things should level off.
- Discussion of indirect costs and could they be modified:
 - The indirect costs will be \$93,128 for FY2022.
 - Being an enterprise fund, the Department of Revenues position is that the Freetown Water & Sewer Commission (FW&SC) is treated like a business and has the ability to raise rates and cover all costs. Part of operating, in a business sense, is covering [indirect] costs.
 - Paul Sadeck acknowledges that the FW&SC is treated like a business.
 - As a business you want to cover your expenses and [have a surplus].
 - We should not be an enterprise fund with 670 customers.
 - Lee Baumgartner states that what is needed is a master plan created by the Town [Board of Selectmen] and not the FW&SC.
 - Keven Desmarais states that there was never a master plan created because putting water lines in was mostly an emergency/crisis matter at the time.
 - Kim reminds board that the Indirect Cost Allocation Plan (ICAP) was agreed upon by the Board of Selectmen, Finance Committee, and the FW&SC. These three groups can get together to discuss modifying the ICAP.
 - Paul says he never saw the ICAP agreement. Kim said the ICAP was initially signed when the enterprise fund was created, and it was revised when Paul was a Selectman and Brad Paiva was on the Finance Committee. Kim will look for the most recent ICAP.
- Discussion of creating self-owned and operated water supply in Assonet:
 - Would save money by eliminating the need to purchase water from Fall River.
 - Paul Sadeck states the Town of Freetown would be responsible for the funding of this capital project because it can't be funded by the water and sewer enterprise fund.
 - There is an opportunity to educate the BOS and Finance Committee on how an enterprise fund works and what is involved operationally.
- Discussion of operations:
 - The Board of Selectmen do not understand how the FW&SC operates or what hardships are present.
 - Kim suggests having a meeting with BOS and Finance Committee to present and discuss all the operational functions and issues.

- Paul Sadeck makes a motion to adopt the recommendations Kim made. Increase the rates for this coming fiscal year and see if we can have a balanced budget at end of FY2022.
 - Rate for residential water will be \$7.59 per unit.
 - Rate for commercial water will be \$7.88 per unit.
 - Rate for quarterly fee will be \$15.00.

Lee Baumgartner 2nd. All in favor. Motion carried.

- Chandler will draft a letter to customers notifying them of the FY2022 increase will cost customers .01 cent per gallon.

Sewer and Residential Rate

- Chandler reached out to City of Fall River for some guidance on what Fall River requires. John Lincourt responded with requirements as per the Intermunicipal Agreement between Freetown and Fall River.
- For sewer, Freetown is charged one rate for Ashland, and one rate for Stop & Shop aka Freetown sewer line, which is the standard residential rate.
- For a Freetown residential sewer rate, we will be required to charge the same as Stop & Shop to cover the cost that Fall River is charging Freetown.
 - Industry standard is to charge 70% of the water consumption as sewer charges; 30% of consumption does not go down the drain.

Paul Sadeck motion to adjourn at 10:40AM. Lee Baumgartner 2nd. All in favor. Meeting adjourned.

Respectfully submitted,



Steven Chandler
Senior Clerk
Freetown Water & Sewer Commission