



TOWN OF MEDWAY COMMONWEALTH OF MASSACHUSETTS

Department of Public Works

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Director

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APPROVED 7/13/21

May 11, 2021

Pursuant to Governor Baker's March 12, 2020 Order Suspending Certain Provisions of the Open Meeting Law, and the Governor's March 15, 2020 Order imposing strict limitations on the number of people that may gather in one place, no in-person attendance of members of the public will be permitted at this meeting. Board members will be participating remotely. For public hearings, access via Zoom is provided for the required opportunity for public participation.

In attendance via Zoom: Michael Callahan, Advisory Member
Leo O'Rourke, Advisory Member
Steven Burke, Advisory Member

Also in attendance via Zoom: David D'Amico, DPW Director, Peter Pelletier, DPW Deputy Director, Barry Smith, Water & Sewer Superintendent, Carol Pratt, Finance Director, and Jill Karakeian, Administrative Assistant and Recording Secretary

Member Callahan called the Water & Sewer Advisory Board meeting to order at 6:11 P.M.

Consideration of Past Meeting Minutes

Tabled until next scheduled meeting.

Abatement Requests

6 Queens Way

Tabled until the next scheduled meeting due to more research needed.

Indirect Cost Rates – Carol Pratt

Carol Pratt, Finance Director shares her screen and reviews the Enterprise Funds - Indirect Cost Allocation. The format is a template that is used year to year with the numbers being adjusted accordingly. Addendum A – Administrative Service Salaries piece, component of the Town Administrator's Office, Town Accountant, Treasurer/Collector and Human Resources, which departments help support the enterprise funds and we come up with a methodology with helps us allocate the cost of salaries and benefits to the enterprise funds. Using the total amount of salaries and expenditures for Town wide and say what portion of that is related to each of the enterprise funds, then use that percentage to allocate the total cost of the Administrative Services. Addendum B – Administrative Service Expenses is configured the same

way as Addendum A. Addendum C – IT Support, using the same percentages and methodology as the prior Addendum's. Addendum D is the allocation portion for each of the enterprise funds using salary and benefit piece occurs. Each of the employees listed with health insurance, how that works is that the Health Insurance was estimated at 7% increase for this year, it was actually 8.4%. Based on what plan each employee has, then the percentage that they are allocated to that enterprise fund. Health Insurance is the biggest piece.

Member O'Rourke questioned the 30 employees listed and asked if the ones listed with 0 – are they providing their own health insurance or are they vacant spots.

Carol Pratt, Finance Director explains that there are actually 30 employees that have small portion of their salaries being allocated to the water enterprise fund. I do the same concept for sewer and solid waste as I did for water. When we closed FY 2020, I was able to go back and get actual costs and make adjustments for FY 2022.

Vice Chair Callahan makes a motion to recommend the FY22 Enterprise Funds – Indirect Cost Allocation presented by Carol Pratt, Finance Director, Member O'Rourke seconds the motion. The motion carries unanimously. A roll call vote was taken due to the nature of the remote Zoom meeting.

FY22 Water & Sewer Rates

Director D'Amico explains that the projected sales have been up this year 1.4 million cf. We've already collected 80% or more of our physical year revenue that was projected.

Chair Callahan recommends to go as conservative as possible. Feels some people will be going back to work and some people won't be going back.

Director D'Amico explains the scenarios he had forwarded to the Members. The collection rate this year has been good. I feel we should stay with the 94% collection rate. Our return on equity levels, typically you want to be around 15% +/-, building the plant puts a damper on that, tried to let it go down to around 10%. If you let the numbers go down to low and you lose a well, then you get into trouble. We had some complaints from residents that winter in Florida and are still paying \$100.00+ in water bills, minimum is \$46.14. Took a look at lowering the minimum use of 200cf with a cost of \$25.00. You get charged currently for 500cf. The net change in revenue would be very mild.

Member O'Rourke feels it should be kept the way it is.

Director D'Amico goes over the FY22 scenarios. Did not look at keeping the minimum, it won't impact much keeping the current minimum. We always have a 5-year projection. With the success we are having with leaks helps as well.

Member O'Rourke feels that people will be going back to work and will be using less water and less revenue. My concern would be with retained earnings with the project. I would say let's continue on with the rates escalating.

Carol Pratt, Finance Director feels that Case 2 scenario would be more reasonable. Case 1 scenario shows a jump in FY23 with 20%, that is substantial. If you are going to use the FY19 utilization, Case 2 scenario would be better. I also like Case 5 scenario being more optimistic with revenue. The climate in 2 & 5 of rates are more gradual.

Member Callahan asked if this has to be voted on tonight.

Director D'Amico said the Select Board meets on June 7th for the Rate Hearing. He will run the numbers again and we could meet prior to June 7th.

Member Callahan recommends meeting Wednesday, June 2nd as a special meeting to discuss the FY22 Water & Sewer Rates.

Review of Water/Sewer Regulations

Tabled to next scheduled meeting.

I&I Update

Superintendent Smith explains that Inland Waters will be in town with 2 crews this week to start repairs.

The next meeting was scheduled for June 2, 2021 @ 6:00 pm.

Member Burke made a motion to adjourn at 7:07pm, Member O'Rourke seconded the motion. The motion carries unanimously. A roll call vote was taken due to the nature of the remote Zoom meeting.