

Allan Kent  
Chairman



Dean D'Alessandro  
Kevin Rudden

## TOWN OF MENDON WATER COMMISSION

20 Main Street

Mendon, Massachusetts 01756

Phone: (508) 473-2547 Fax: (508) 478-8241

Email: [watercom@mendonma.gov](mailto:watercom@mendonma.gov)

DEP Public Water Supply (PWS) ID #217900

[mendonma.gov/water](http://mendonma.gov/water)

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**Meeting Date: 6/1/2018**

**Meeting Location:** Water Commission Office, Town Hall, 20 Main St. Mendon

**Minutes Approved:** 12/6/2018

**Members Present:** Kevin Rudden, Matt O'Brien

**Water Clerk:** Dan Byer

**Others:**

**Absent:** Allan Kent

*The meeting was called to order at 7:04pm with Kevin and Matt in attendance. Allan Kent is absent and Kevin agreed to act as chair.*

The commission discussed the fire hydrants. Dan stated 143 HAE is in progress and he sent White Water the signed contract for the Gasco hydrant. The commission discussed the 30 Cape Hydrant. Kevin feels it is very likely to be hit again and not worth fixing.

**Matt made a motion to cap the 30 Cape Hydrant and remove it from service. Kevin stepped down and seconded and all approved.**

The commission discussed the meter replacements. Kevin said Henry Papuga is willing to do the replacements for us. He will schedule a time to meet with Dan to work out the details. Kevin said Henry used to be the manager in Milford and worked on our system when Milford ran it.

Dan updated the commission on the price for the water tools. The cost will be \$311. All agree.

Kevin recommends Dan contact the metal detector store in Southbridge and they will be able to bill the town.

Dan discussed the purchase of some replacement service box covers. The cost is \$8 each.

**Matt made a motion to purchase 10 replacement covers for \$80, Kevin stepped down and seconded and all approved.**

Dan updated the commission on Dig Safe. He has the paperwork ready and we just have to approve the application.

**Matt made a motion to authorize Dan Byer to sign the Dig Safe agreement and paperwork and register the Mendon Water Commission with Dig Safe. Kevin stepped down and seconded and all approved.**

The commission discussed the search for water sources. Kevin discussed the possibility of getting water from Upton. He learned that there is a water main all the way to St Gabriel's and Upton has plenty of water capacity. This might be another possibility to look into. Matt stated he was concerned about betterment fees, he had discussed with a few people and they don't want to see more taxes. Kevin said we have to look but the pricing he got on water mains was \$350/ft which would be 304 million to get to Upton.

Kevin updated Matt on the meeting for the enterprise fund. The Town accountant wants us to postpone the acceptance to 2020. Kevin said we need to give them a budget by 7/1. The Town wants to review the direct and indirect costs. Kevin came up with a proposal based off of the water commission's percentage of the town's budget. **(Exhibit A)**. Kevin thinks we can support up to 10K of costs. Kevin suggests presenting this to Kim and Lisa and let them discuss. The advantage of the enterprise fund is the Commission will have to manage their finances. Matt asked if they have any authority to delay the creation of the fund, Kevin said it was voted to start in FY19.

Dan updated the commission on the replacement of the commercial meters. He met with our representative from Stiles and they inspected the 3 commercial meters. It turns out our records were incorrect and they have much smaller meters than we thought. Flatout (30 Cape) has a 2 inch compound meter. There is also an unmetered 6 inch fire line. Gasco (23 Cape) has an old 2 inch compound meter, and Hydrea (55 Cape) has a 2 inch compound meter. All 3 can be replaced with regular 1 inch meters. This will be much cheaper than initially thought. \$540.30 for 55 Cape, \$589 for 23 Cape, \$500 for 30 Cape.

**Matt made a motion to approve the replacement of these 3 meters. Kevin stepped down and seconded and all approved.**

Kevin explained that Riverdale Mills is not returning his calls and must not be interested in doing business with us. He has been trying to talk to Uxbridge and will ask about both water and sewer. Kevin also suggests we talk to Bellingham again as it would have been a really good deal.

*The meeting was adjourned at 8:45pm.*



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TO: Kim Newman, Lisa Kelly, Jenn Welch  
FROM: Board of Water Commissioners  
DATE: June 21, 2018  
SUBJECT: Indirect Costs for Water Department

As a follow-up to our meeting on May 22, the Board of Water Commissioners researched how other towns have set up policies for charging their enterprise funds for both direct and indirect costs.

Here is a brief summary of what we have learned:

- Milford: There is no specific written policy. Direct charges for personnel and benefits are included in the Sewer Department's annual budget. The town does not charge the department for indirect costs and the Sewer Department does not charge the town for providing service to municipal and school buildings. (Verbal conversation between Town Accountant Tom Rich and Kevin Rudden on May 24.)
- Upton: Upton charges only direct costs at this time, including pension and Medicare costs. Town Account Kenneth Costs, in e-mail to Town Manager Derek Brindisi, feels indirect costs are not sustainable yet. (E-mails forwarded to you by Dan Byer on June 1.)
- Hamilton: This community has a three-page section on indirect costs with its 88-page "Financial Policy Manual" prepared by the DOR's Division of Local Services (DLS) in March, 2018. Hamilton has an intermunicipal agreement with Wenham for water service, and that agreement includes specific provisions for allocating costs as well as options for calculating indirect costs. (Dan Byer sent e-copy to you on June 1.)
- Newburyport: This community has a 21-page "Indirect Cost Analysis" manual for its water and sewer enterprise funds that was prepared by the DLS in 2012. The manual contains detailed worksheets for breaking down costs of personnel and services as well as offset costs provided by the Water Department and Sewer Department. (Dan Byer sent e-copy to you on June 1.)
- DLS: The DLS published a 42-page "Costing Municipal Services" workbook in March, 2005 that provides examples of how to break down the costs of providing municipal services into a per-unit or per-task basis.
- Other: A Google search found that several other towns in Massachusetts calculate indirect costs by using a percentage of the municipal budget. (Kevin Rudden research on May 24)

### Water Board Recommendation

After reviewing the information cited above, and having a board meeting discussion on June 1, our consensus was that the Mendon water system is too small for the methodologies employed by Hamilton and Newburyport as well as detailed in the DLS's "Costing Municipal Services" workbook.

Instead, we recommend a simpler – and we believe more effective – way to capture the costs of running the Water Department: as a percentage of operating budget costs. Our calculations are below.

**Town of Mendon Water Department Enterprise Fund – Indirect and Direct Costs for FY2019**

Water Department FY2019 Budget (450-B) **\$149,700**

Town of Mendon FY 2019 Operating Budget \$17,828,673  
(less Debt Service [710-B, 751-B, 752-B]) -\$680,830  
(less Special Articles ) -\$119,000

**SUBTOTAL - OPERATING BUDGET \$17,028,843**

Water Department as % of Operating Budget  
149,700/17,028,843 **0.009**

**INDIRECT COSTS**

Town Accountant (Department 135-A,B)  
\$53,937 x 0.009 \$485.43

Board of Assessors (Department 141-A2)  
\$78,806 x 0.009 \$709.25

Town Treasurer/Collector (Department 145-A1, A2)  
\$110,569 x 0.009 \$995.12

Town Hall Services (Department 199-A2, E)  
\$223,442 x 0.009 \$2,010.98

**SUBTOTAL - INDIRECT EXPENSES \$4,200.78**

**DIRECT COSTS**

Daniel Byer - Salary @ 3.75 hours per week (75%/25%)\*\*  
(\$21.07/hour x 3.75 hours per week x 52 weeks) \$4,108.65

Daniel Byer - Retirement, Worker's Compensation,  
Health Insurance, Other Employee Benefits, Disability, ????  
Medicare - @3.75 hours per week times 52 weeks

**SUBTOTAL - DIRECT COSTS ????**

**TOTAL - INDIRECT AND DIRECT COSTS \$8,309.43**

\*\* Dan Byer estimates his 5 hours per week are split between hydrant service and public water supply – which are funded by the Town of Mendon – at 25% and the private water service – which is funded by users – at 75%. This works out to 3.75 hours per week (of the 5 hours) on the user-funded service.

We need the town's estimate for Dan Byer's insurance, etc. costs to complete this calculation, but feel the total Indirect Costs and Direct Costs will fall below \$10,000.

It is the water board's opinion that we can handle up to a \$10,000 charge within our approved Fiscal Year 2019 budget and not incur a deficit.