

**Enfield Board of Selectmen
Enfield, New Hampshire**

MINUTES of January 6, 2003

**~ PUBLIC HEARING ~
PROPOSED INCREASES TO THE
SEWER RATE & HOOK UP CHARGES**

**Whitney Hall Auditorium
7:00 PM**

Board of Selectmen: Ilene P. Reed; Keith Oppenneer
(Donald J. Crate, Sr., Chairman, absent due to business)

Administrative Staff: April Whittaker, Town Manager; Holly Sanders, Budget Committee Chair & Hearing Moderator; Ken Daniels, Director of Public Works; Alisa D. Bonnette, Secretary

Others: Larry Stone; John Carr; Jane Plumley; Kristina Eddy, Valley News; Dominic Albanese; Mary Murray, Connecticut Valley Spectator; Dwight Marchetti; Sharon Phinney; Gayle Hulva; Karen Taylor; Bruce Prior; Jess Flood; Edward Guay; Craig Daniels; Robert LaCroix; Carl Pellerin; Sophie Valerio; Greg Shickert; Tim Jennings; Rick & Leslie Barrow, Laundry Depot; Mike Dudley; Mitchell Leonard; R.G. & Dorothy Porter; Nancy and Connor Halpin

Handouts were provided to attendees: Public Hearing Notice, Proposed Sewer Rate Increase 2003, Enfield Wastewater Special Revenue Fund ~ Financial Overview, Sewer Rate Projections ~ Based on current gallon averages (5 Year Projection with 3.5% Inflation), Sewer Revenue Breakdown pie chart; Sewer and Water Hook-up Fee Schedule ~ Residential and Commercial, NH DES Residential Sewer User Charges [for all municipalities]

The hearing was called to order at 7:00 PM.

Mrs. Reed welcomed all attendees and introduced Holly Sanders, Ken Daniels, April Whittaker, Keith Oppenneer and herself. Holly Sanders volunteered to chair the meeting. Mrs. Reed read the notice of the public hearing and turned the meeting over to Ms. Sanders.

Ms. Sanders explained the rules for discussion at the hearing. She would entertain questions and allow one follow-up per person. She asked participants to keep comments to a few minutes. She announced that, for the purpose of having an accurate transcription of the meeting, the meeting was being recorded. She asked for comments or questions from ratepayers first, then residents, then non-residents. The purpose of the hearing was to partly to review the sewer system and partly to review the fee structure for hooking up to water and sewer. She notified attendees that handouts were available to them. Attendees were asked to sign the registry so there would be a record of who attended the hearing.

Ms. Sanders read the Preamble from page 1 of the Proposed Sewer Rate Increase 2003 Ms. Sanders informed attendees that when the town initially looked into putting a sewage treatment plant in, the State would not allow Enfield to put its own plant in because the downstream water supply could be affected in Lebanon.

Ms. Sanders read the sections on Lebanon Treatment Charges and Enfield's Sewer Fund Expenses from the Proposed Sewer Rate Increase 2003.

Holly Sanders: We have obviously, over the past 2-1/2 years, incurred a deficit because of increased charges by the City of Lebanon for our waste sewer. They go back every year and analyze their costs and then come up with a rate and then charge us for that. Unfortunately, over the past 2-1/2 years, we have not modified our rates to reflect the increased changes, which have caused the town to go into deficit spending. Our deficit spending by the end of the year 2002 results in a negative operating loss of \$235,944. This money has been paid to the City of Lebanon or will be paid through the calendar year just ended. Monies come from town reserve funds in order to handle this. This is money that is not charged to the ratepayer as a result of the expenditures involved.

Ms. Sanders explained that the pie chart in the handout shows percentiles of components of the new rate, where the money is. There was also a new hookup fee proposed. Ms. Sanders brought to the attention of the attendees that April Whittaker prepared overheads, and this information was also in the handouts.

Holly Sanders: The Selectmen, who are your Sewer & Water Commissioners, have determined that there is a need for a rate increase to compensate for the shortfall and for future expenditures that we have to account for in the 2003 budget which we are currently working on with the Budget Committee.

Ms. Sanders presented the 2003 Projected Rate from page 3 of the Proposed Sewer Rate Increase 2003. This is what has been put before the Budget Committee by Mrs. Whittaker and the Board of Selectmen.

Holly Sanders: If there are further rate increases that will be dependent upon the costs of Enfield, Lebanon and Capital & Reserve. As a result we have a new rate of \$11.53. This is a dramatic increase. There is no question about it. That's an understatement. Over the past three years the rates haven't gone up and they probably should have gone up. Then this rate would be much less of an increase and would be looked at possibly from a different vantage point. The issues relative to the rate increase, I would like to ask Ken to go over what we're expecting to do with the rate increase and how that rate increase is planned to be laid out over five years.

Mr. Daniels presented the Sewer Rate Projections ~ Based on current gallon averages.

Ken Daniels: The five-year projection was laid out, starting now and going through 2007. With what we're pumping to Lebanon now, it's probably just over 29,000,000 gallons a year, which is down from just over 30,000,000 [gallons per year]. The \$11.53 rate is an average rate based on that five-year period. So during 2003 & 2004, we'll be front loading the payback of the deficit. In 2005 we'll be pretty much breaking even and we'll have to revisit it to make sure we're on track after 2005. In 2008 there was a rate thrown in there that shows we've backed off without having to pay that 47,000 per year deficit.

Holly Sanders: How did we get here? Partially we got here because there seems to be a series of anomalies within our contract with the City of Lebanon in how they compute the rate and how we determine our flow. And without getting into terrible detail, because this is all under negotiations to a certain extent, and will be under contract negotiations and arbitration with the City of Lebanon and the State of New Hampshire over the next year. We got here partly because of their change of formula and

our way of determining it didn't suggest that. In the year 2000, we showed a small deficit and that didn't seem significant. By the year 2001 it was almost \$100,000. It was mentioned within the context of our audited report regarding this deficit and that it needed to be attended to. This year [2002] we would project with the rates that the City of Lebanon has that we are now looking at this \$235,000 figure as the deficit. When it became obvious to the town Sewer Department, that being Ken [Daniels], and April [Whittaker], and myself, we said that this has to be corrected and it has to be corrected now. And we tried to work out a formula to do this and that was presented to the Selectmen and they have proposed these rates in order to do that. I will say that there is currently discussion going on with the City of Lebanon to see if we can revise these figures. There will, if that is not successful, be discussion that will eventually end up with arbitration with the City of Lebanon, the State, ourselves and our attorneys, unfortunately. In that regard there is a figure that has been added into the Enfield expenditures for 2003 in the new budget of \$10,000 for engineering surveys that have to be done in order to go into contract negotiations. That's a prerequisite and has been recommended by our town attorney.

Ms. Sanders presented the examples of old and new rates on pages 3 and 4 of the Sewer Rate Increase 2003.

Holly Sanders: That basically covers the overview of the background of how we got to where we are. At this point, on this particular aspect of the hearing, I would like to open it to questions. If you have a question, please step forward to the microphone, state your name and ask your question of myself, the Board of Selectmen, or April. Are there questions?

Dwight Marchetti: In looking at this, if I understand the way that you're explaining it, the first indicator of a deficit in the sewer budget was in 2000 of \$5,490, is that correct? And then it went up to \$99,000, almost \$100,000, and then it doubled, more than doubled, up to \$235,000 in 2002.

Holly Sanders: The rate increase is cumulative. So we're, right now, showing a cumulative total of \$235,000.

Dwight Marchetti: And was Enfield notified by Lebanon of the new rate increases?

Holly Sanders: I'm certain they were. I'm certain it was notified through town government.

Dwight Marchetti: O.K. And, obviously it got lost somewhere along the way, and no adjustments were made?

Holly Sanders: I don't know the particulars of what the Board of Selectmen in other years did or didn't do. There were no recommendations, nor were the deficits brought to the Budget Committee at the time. I'm certain in the year 2000, a \$5,000 variance didn't seem very much, then a \$93,000 deficit was not referred to the Budget Committee for a change in the budget.

Dwight Marchetti: O.K. Did these deficits for 2000 till 2002 show up in the auditor's report?

Holly Sanders: Yes, they did.

Dwight Marchetti: Every year?

Holly Sanders: They show up every year in the auditor's report, the extended auditor's report.

Dwight Marchetti: And who did these auditor's reports go to?

Holly Sanders: The report goes to the Town Manager and the Selectmen.

Dwight Marchetti: O.K. And I understand that Mrs. Whittaker is the one that found this?

April Whittaker: I don't think, Dwight, that I should be given any pat on the back in finding that. That was public information that available in the auditor's report. It's my job, at this point, coming in new to this position, is to say you've got a problem here and we need to fix it. And I'm very sorry to have to be the bearer of bad news to you, but I do think it's important that we stop the bleeding now. Important for us to get around the table with the City of Lebanon and important for us to discuss our treatment charges with the City of Lebanon. (Unintelligible) Am I hopeful on the horizon? Yes I am. I'm hoping that maybe at this time next year we can come back to you and maybe propose a reduction in those rates. I have to bring this particular fund back into the black. And that's what I'm charged with by law, that's what I'm charged with by DRA, and that's what I'm charged with by the Board of Selectmen. So it's necessary. It's going to be a very rough year, I think. What my personal apology is here is that's the best I can give you at this point. But all I can say to you is to have faith in us to get around the table (unintelligible). I've made a couple of calls to Lebanon. We're in the process, now and we're trying to get a conceptual meeting together on the table to begin to discuss this seriously.

Dwight Marchetti: I guess, one of the things I'd like to do, first of all, is I have something to bring up. [Mr. Marchetti presented _____ to the Board of Selectmen.] I guess one of my concerns is, since 1996 we have paid on the average of, between \$50,000 and \$70,000 a year for management of this town. And, through MRI, which was a management consulting firm that we hired, and I guess my comment is, is twofold, is number one I find it kind of pleasing that we have somebody that came into town as a new town manager and in a short period of time, even though she was the bearer of bad news, you can't shoot the messenger. I think April did a fantastic job. I guess my question is, if the indicators have been back three years, I think that through the auditor's report, managers doing their jobs, they should have picked up on this so the sewer rate payers wouldn't have to be in the position that there in here tonight in this room. And one of the things that I did bring was a copy of the RSA's. And I guess my concern is obviously we've got the hole plugged now and the ratepayers are going to have to pay for the deficit. But under the RSA 37:6 Powers and Duties, in particular, and this refers to the Town Manager, the Town Manager shall have the power and it shall be his or her duties, and I've highlighted that to start with, and then it goes to the second page under roman numeral 7 (VII), to have charge, control and supervision and subject to the direction of the Selectmen, and to the by-laws of the town, in any of the following matters. And it lists a bunch of areas that the Town Manager's responsible for, and item (e) is the systems of sewers and drainage, if any. I guess what I'm saying is from what I've heard here tonight, and I'm not a lawyer, but obviously someone didn't do the job they were getting paid for. And the citizens of Enfield paid for management fees for MRI for 6 years, totaling pretty close to \$500,000. Now we have residents in this town who are on a sewer system are asking to bite the bullet of over \$200,000. I guess, as a suggestion, I would ask the Board of Selectmen, the Town Manager, and anybody else, to really have consideration of maybe getting some legal advice of possibly filing a suit for negligent management because obviously that's what it is if what you're saying is that these indicators were there and they were provided through data from Lebanon, they were provided through \$11,000 a year in an auditor's report and somebody ought to be held accountable for this. And I think it's a real travesty that these people have to, because I say these people because I'm fortunately I don't have a sewer system, but I am a water user, that they have to be put in this position. So I would offer that to this group right here for consideration. I think it's a pretty serious offense, given the amount of money we have spent and we spent it in good faith. And it wasn't on an individual, it was on a business administration to manage this town, manage our money, and from all indicators, and I think it needs further looking into of maybe a call to an attorney, but get some legal advice to see if we can't recoup some losses. Cause I think it's really negligent on

somebody's part and on its face right now it looks like by statute and by what you said here tonight, the management should have picked up on this and it didn't. Thank you.

Holly Sanders: The ultimate responsibility in the town for the setting of the rates, even under the review of that particular part of the State law is the Board of Selectmen's. Whether or not this information came from the Town Manager or not, I couldn't (unintelligible) on certain that those particular Boards of Selectmen would have to go back and analyze that. As to whether or not there is a legal recourse, if that is a consideration, would be up to a decision of the Board of Selectmen to pursue. But let me first suggest to you, one thing. The deficit that occurred here has been paid for by the town as a loan, an interest free loan, taken out of reserve funds. That deficit is only principle; it does not involve any interest. So the ratepayers, which have been paying for this service anyway, all (unintelligible) the part that comes up in this particular discussion is we have to add this \$1.7295 to each thousand gallons. We are now, if you look at the figures that we have put forth for 2003 that is the only portion of the bill, the only portion of the rate that has to do with the previous deficit. The rest of the rate has to do with the current, existing standards as presented to us by the City of Lebanon. So, we are pursuing the course of time correctness problem had we had proper information passed on to the town meeting and the Budget Committee we might have suggested an increase in the rate in those years. But again, what we are doing ostensibly is setting the course correct and not trying to lay blame on anyone. And I'm certain blame can be laid. This is not our responsibility right now; it's to set the budget correctly to recoup the loss that has been incurred and to pay that off as judiciously as possible. Are there any other questions?

Robert LaCroix: You gave out another sheet from Environmental Services. I guess this is rates yearly? Comparing rates.

Ken Daniels: Those are yearly rates.

Robert LaCroix: Those are yearly rates. In Lebanon they're at \$337.68, that's my understanding that's what Lebanon people pay for their own sewer in Lebanon.

April Whittaker: That's what they paid for 2001.

Robert LaCroix: 2001, I understand that. In Enfield, in 2001, which at a deficit was already going backwards, was almost 25% more. Now, is Lebanon charging Enfield the rate equivalent, and is the rest of that cost in what Enfield uses in their own handling of the sewer to get it to Lebanon? I mean, is that the 25% difference? And we're already going backwards at 25%. It looks like it's more like 35% or 40% difference.

Ken Daniels: It's a very complex formula. Lebanon gets to do some deducts and some add-ons. We're responsible for the main that runs from the Enfield line to the wastewater treatment facility in West Lebanon. We owe a percentage of the maintenance on the facilities in Lebanon. Lebanon gets to base their rates on their meter readings. Enfield doesn't. We base ours on what's pumped at our pump stations to Lebanon.

Robert LaCroix: But your charges to the individual people are based on their meter readings, correct?

Ken Daniels: Charges to the individuals are...

Robert LaCroix: Right, so if you're charging them the meter readings that are coming from Enfield, you shouldn't be pumping more, you should be pumping the same amount that you're getting on the meter readings correct? Where's the rest of it coming from.

April Whittaker: It's called I & I, Inflow & Infiltration, and it's usually caused from, shall we say, bad maintenance practice. You'll have cracks in the line; there may be storm water entering into manholes. This DPW has made every effort, as I understand it, in the last year, with our current employees, trying to find out where our I & I, inflow and infiltration, where it is (unintelligible). So we're working on that as well. We also need to work, to sit down with the City of Lebanon, to see how we can get some common ground with respect to how we set the user fees, how we set that rate. That's what we're asking for patience with you tonight. To give us the opportunity to sit down and let us try and go forward (unintelligible). We're not offering any guarantees because a contract is a contract is a contract. However, I think we've got a genuine case now (unintelligible) we need to see what we can do. I promise you, we'll do the best that we can. The attorney's have been alerted. Our engineers have been alerted. I'm asking for an extra \$10,000 in the sewer budget to try and cover some engineering fees. So that they can really sit down with Ken and I to look at this contract to see where there may be some inequity statements in there that we can then address. Our problems are that the inflow and infiltration is whacking us a little bit at the moment. Ken's going to (unintelligible).

Robert LaCroix: How old is the sewer system?

Ken Daniels: It began construction; the first phase was in the early 80's. They brought the line from Riverdale, up through.

Robert LaCroix: So anywhere in the town of Enfield or from here all the way into Lebanon, groundwater could be running into the sewer; from this point all the way forward.

Ken Daniels: Once it's beyond the pump station it's not metered.

Robert LaCroix: It's not metered from that point. So it's somewhere...

Ken Daniels: Anything that's getting into our system it's going through our meters.

Robert LaCroix: That's the pump station by Shaker Bridge?

Ken Daniels: It can either go through Lower Shaker Village pump station that's over on 4A, it can go through the Shaker Bridge pump station that's down by Shaker Bridge or in the Route 4A pump station.

Robert LaCroix: I mean, that's getting 20-30% of groundwater that we're paying for, that's a lot of money.

Ken Daniels: Just in the last year we reduced I & I by almost 800,000 gallons.

Robert LaCroix: That much. Is that common, I mean, for sewer to be, I mean that sewer system doesn't sound that old, it's 10 to 15 years old.

April Whittaker: Traditionally, when engineers (unintelligible) sewer plans they work on 20% for I & I.

Robert LaCroix: But where we're paying Lebanon, they're not taking that into effect, they're charging for it.

Holly Sanders: The problem is Lebanon in its own system only charges the meter readings. They leave out I & I out of their formula. They aren't. We get charged based on the contract that we have based on the gallonage as read at those meter stations.

Robert LaCroix: And that's the pumping stations.

Holly Sanders: And that's at the pumping stations. So there is a difference in interpretation on how the rate structures are based which is one of the issues under discussion and to try to resolve. Along with the elimination, as much as possible, of the incursions that are occurring in the system from groundwater and seepage. Those are the two areas we are working. Ken is working on the incursion of this intrusion and the contract re-discussion is based upon coming up with a similar formula for what the City of Lebanon does compared to what the Town of Enfield does. When Enfield went on the system, another aspect of the rate costs is we are responsible, and I don't know the exact percentage, but a certain percentage of cost overhead for the sewage treatment plant, beyond flowage. So we have to pay. When there is a required upgrade in Lebanon they in turn come back at us in their rate determination for what they're going to charge us for flow rate, they add that factor in. So it comes back as a flow rate, but it's added in as a factor. And of course we are a much smaller consumer compared to the numbers of people in the City of Lebanon.

Robert LaCroix: So we actually need more people on town sewer. That's what the bottom line is.

Holly Sanders: If we have more people on the system that obviously, that would have an effect on the rate overall. Unfortunately, the cost of new construction might not necessarily offset the rate in terms of what it would cost to put new construction in.

Robert LaCroix: But in the original negotiations the I & I coming in from groundwater, or whatever, 20% wasn't taken into consideration at all. It couldn't have been. And I can't help but believe that the other towns have a formula for that, that they've got, we aren't the only town that's got groundwater running into the sewer. I can't believe that.

Holly Sanders: We're not. Certainly other towns are having similar kind of problems. Without getting into naming the towns, which it's insignificant...

Robert LaCroix: Well if you look at some of these towns, Belmont sticks out, \$92. I mean, what are they doing right?

Holly Sanders: It's hard to judge how these other rates are computed, there's a whole (unintelligible) that could be involved.

Robert LaCroix: But they have to be handling their sewer right or the State would be on them.

Holly Sanders: Well, they're handling it. They may be handling it technically correct but in terms of (unintelligible) it's hard to determine what issues are involved. Are there other people that have any comments? Thank you.

Tim Jennings: Of the recent increase over what was sort of customary for probably the first 10 years of the bill we used to get from the City, what accounted for the bulk of their increased charges to us?

Ken Daniels: They're in the process of doing upgrades that we're exposed to. There are significant increases not only just in the plant upgrade portion of the bill but their daily operations portion.

Tim Jennings: How much would say the plant increases percent-wise would be? What I'm getting at is, probably there's nobody here in this audience that knows the mechanics of this better than I, Ken and April, now. I dealt with this stuff for 10 years before Ken, so I know where you're coming from. And there's a lot of complications as to why we're sitting here today. The biggest problem, of course is that we should have been sitting here three years ago and there is I think, a sufficient amount of blame to lay to that. Dwight, your suggestion might be well taken. But, I'm a little trouble in that, when the City of Lebanon, I'm not sure what their total capacity over there is, but it's so many millions of gallons a day that they can treat, and the Town of Enfield, we own a certain percentage of their plant. I think it's 300,000 gallons a day, right? So, if their plant does a 1,000,000, we own 300,000, so we own 30% of the plant, if you can just round numbers. Now we only pump currently about...

Ken Daniels: 80-82 thousand gallons per diem.

Tim Jennings: 80,000-90,000 gallons a day is all we've been sending to Lebanon since the system was put on line. So, when there's a large capital expenditure in Lebanon, capital meaning big, big bucks that they have to spend to upgrade the treatment plant, for which, remember we own a bit of, they turn to us, and I think rightly so, and say alright town of Enfield you've got to pay part of this. And, so we do. The trouble is, this whole plant, or this whole sewer system was built with the majority of tax funds from the general fund, your property taxes essentially paid for this. Everyone who's even not on the sewer system paid to have this thing built in the first place, to solve a lot of troubles, as... Before I got here, I'm sure those of you that lived here before knew what the problems were; the odors and everything, all the people told me it was horrendous. Well, anyway, what I'm getting at, I wonder in this new rate calculation, if any of this expenditure, capital expenditure, is being borne by the general fund? Proposed to be borne?

Ken Daniels: No.

Tim Jennings: O.K., then I stand up and say I have a big objection to that. I'm not willing to pay these kinds of monies here. This is actually at a level where it is bordering on ridiculously high. I mean we're talking, that family of four, what is that a year? I can't even find the number, \$800-\$900 a year for wastewater service. And that's just the wastewater service, you've also got another...water's another \$280 for the water service to get it into your house and then pay all that to get it out. I don't know what to do about this. I mean, I think the town is in a real pickle, they've got to assemble a team of experts and sort through all this. And in the mean time they're asking us to pay just a huge amount of money, for what? It doesn't cost that much money to operate this system, or to treat the wastewater on the other end. A lot of this is just purely administrative crap because of a poorly worded contract, 10-15 years ago. So, it's not like some of these towns when I know they probably actually do have that kind of cost tied up in paying for the wastewater. So, we're at a public hearing. The Selectmen are proposing this rate to correct the problem. I'm saying I recognize all the troubles that we're in, but I don't think your approach to paying for this thing is going to fly. I'll give you an example. If one of you has a toilet leak, water runs in the tank down into the bowl and on down the sewer system, and you don't know about it for a few months, can you imagine what this bill will do to you? I mean you can end up with, instead of \$1,000 a year, \$1,500-2,000 pretty darn quick. I know everyone should take care of their plumbing. But take an apartment building; I know all the tenants out there are the most conscientious people in the world about water usage; landlords are just going to be crippled by this thing. This just isn't going to work at this rate level. The town general fund needs to step in here and needs to be part of the budget this year, to pay for, essentially the capital costs that are being passed on to Lebanon. Because I don't want to sit here and pay for that extra, what is it, 230,000 gallons a year that we're not even using, just waiting for somebody to hook on later. I don't want to do that. It's important to the town to do that, but why it should be focused on the sewer ratepayers is just not a good way to do this. So, what am I saying in the end? Go back and

rethink this thing. I'd be happy to be a part of that process, but I think this is just... I know you didn't come here thinking this was going to be an easy thing to do, that you'd just tell us and we'd all go home, and write our checks. I don't think it's going to be that easy. These numbers are just too, too high.

Applause.

Holly Sanders: Any other comments?

Craig Daniels: I'd like to comment on two areas at this time. One, the Lebanon charges, and secondly what we're going to do about it long term. I didn't anticipate this many people coming, so I don't have enough handouts, but if Tim will spread those around... If you look at the numbers on page 2 of the pink handout their showing you what we paid 1999 through 2002 to Lebanon. What that doesn't show, and I think it's really critical to our understanding of this, is the volume that we pump to Lebanon in those same years. If you look at the handout that's coming around you'll notice that during that same period, the volume decreased. So while their charges to us went up a 127% between 1999 and 2002, the volume that we've sent them to process went down by 6%. So, that's part one. And Tim had asked, where did some of these things come from? And if you flip to the second page, these figures are also taken off the back page of the pink handout. All I've done is copy them over and put percentages next to them, to sort of bring the point home. For example, administrative overhead between 2000 & 2001 that we are charged for which is administrative overhead in Lebanon that they are billing back to Enfield, went up 206%. Now I find that very hard to believe. I understand that the contract specifies these things, on the other hand I know enough about accounting to know you can very easily shuffle numbers from one column to another column. For example, collection system O&M, that went up 364% in one year. I'm sure Ken has never seen any figure in his budget going up 300 and some odd percent. So, clearly negotiations with Lebanon are critical. ...a little bit of how do we get out of this box. We've got a lot of capacity that we're paying for and we don't have enough people on the sewer system. Admittedly, it's going to cost more to put people on initially, but it's environmentally logical and economically logical in the long run, because otherwise there's no other way out of this box. We do not have a critical number of people on the sewer at the moment. So no matter what Ken does, not matter how tight he makes the system, even if we develop a favorable contract with Lebanon, we're still going to be paying top dollar unless we get more people hooked up. And yet nowhere in the plan, and I commend April particularly for coming in and having identified this and taken action on it, but the plan does not address what I think is the key issue, namely expanding the sewer lines. Thank you.

Holly Sanders: Are there other comments?

Jane Plumley: I'm just addressing extending the sewer lines. That's how we got where we are now. Those lines have to have a lot of users to break even. So, if you want to see your costs reduced, you're going to have to maintain the lines you have and increase the users. When you increase the lines you're going to have to increase the users a lot, just to break even. I have never found anything getting bigger, getting cheaper. There tends to be a lot more waste, a lot more loopholes, and the net is always more expensive in my experience. What I'm most disappointed about is that the Selectmen didn't act on this three years ago. When I saw that \$79,000 I'd have been saying to myself, this budget's getting pretty darn close and I shouldn't be getting into my operating budget that I'm packing away for a rainy day. Now, I'm really disappointed that wasn't taken care of back then. Obviously a little late now. I'm wondering about what are we putting in place so this doesn't happen to us again? Obviously the auditor's report is not doing it. And, Town Managers come and go, Selectmen come and go, and my suggestion would be that if you're being billed quarterly, that there's a quarterly report that goes out to the users with our bill. You're already making the mailing and when I see that getting close I'm going to be down here, saying what's up, why is this happening? Anyhow are we going to solve that? That would be one way

that I think would be a preventative measure for the future and hopefully not terribly costly in terms of the accounting of it and the time in the office to produce it. I know you have to balance that off. I'm also worried about landlords. State law requires landlords can't up their rent more than a certain percentage. If this had happened three years ago and happened gradually you would allow them to preserve their investment. No you're really handicapping them. So I think we need to take a serious look, like Tim said, to, what are those capital expenses in Lebanon? And should all of us be absorbing them, rather than the 200 something users absorbing it all? I think we need to consider that. And then I just have a question, Ken. The meters are read at Lower Shaker Village, at Shaker Bridge and another place on 4A and those three figures are added together? O.K. So nothing from there on through Lebanon to the plant, no I & I is in there that we pay for, only up to that point.

Ken Daniels: (unintelligible)

Jane Plumley: My other question is, when I'm looking at our budget I see that our own labor costs have gone up a lot. And I'm not faulting anybody, because I know that can happen and I'd certainly like to get a raise like that. Could you maybe address that, where that's going, because I know I sat on a committee that set the current rates when Tim [Jennings] was here. And we looked at [pause] you're going to have to regularly increase the rates so you're preserving what you have put away for operation and maintenance if need be, and I was brought up that your infrastructure, you take care of it. Which I think we've tried to do. And that your operating expenses would get paid for by the users only. That you don't throw operating money in with your infrastructure money and say OK, here's your rate. Because it all gets confused and nobody can trace where it's coming or going. And, you should be saving regularly for the rainy day. I think the Budget Committee has been doing that. Making sure we're not paying high interest rates and making our tax dollars really work for us. And I was kind of floating along going, gee, it's kind of nice not having an increase, not a clue that this was going on. I would have probably crabbed, but I would have far preferred three years ago getting a little increase, then maybe another little increase and then when that happened, we might have all been squawking saying, we need to negotiate with Lebanon, two years ago even, what's going on here. So those are my comments. Thank you.

Holly Sanders: Are there any other questions?

Karen Taylor: I've only lived in my own home here in the town for a little over 3 years. In three year's time my tax rate has gone up 33%, now I'm looking at a water bill going up almost that much. I'm beginning to wonder what was the point of moving to Enfield. I really appreciate this gentleman's [Tim Jennings] comments about the capital responsibility. I think that that is a really valid and really important point. And, I'm all in, I'm right behind him on that. I think that's a great way to look at things. And I think, I'm in agreement that this isn't going to fly this way, simply because I can't afford this. And, when I look at these examples on this page of a single person, this rate of usage, number one, it's such a small amount that even as a single user this isn't realistic to what I pay on a quarter. I can only imagine what a family's going to be facing. And I do have a question, in the interim while all this is being negotiated and hopefully in our favor, I'd like to know if these rates are going to be put into effect right now, if we're going to be expected to pay this while we're fighting this out?

Holly Sanders: Unfortunately, because we get charged we have to pay our bills. And the issue of what the City of Lebanon is going to charge us, that has to be passed on appropriately and should have been passed on years ago and the rate increase, we may be at the same point, but the rate increase would have been a more gradual increase. We are obligated to do that. To address the issue about general funds being used for capital improvements, that is out of the City of Lebanon rate, a portion of their rate that represents capital. That is a legal question that our town council will have to respond to and the Selectmen and the people will have to address. Because of how sewer districts are set up and how they

are to operate and what we can and cannot do (unintelligible). Infrastructure within the town can be general town expenditure and overhead. So when we're making capital improvements in the town, like as extending the sewer line, there's no question the town can be responsible for assuming that. Whether we can, under the current law, actually break out the Lebanon rate is another question. We are currently in active involvement to try to renegotiate the contract. I think it would be safe to say that if we did and there was some reverse savings we have gone through this in the City of Lebanon public hearing and town government. One example I can give you is the Police Dispatch. When we went to the city of Lebanon saying what you're charging us is inappropriate and we finally got to the negotiated state they reduced the rate to a more appropriate rate. And we hope that would be the case. And if that's the case, then within the context of our expenditures the town is not making any extra money on these rates, the town is merely paying the bills. And I can assure you that from a Budget Committee point of view, now that we are totally aware of what's happened that these rates will be reflective of only the actual costs and if we can put expenditures into the general revenue, where appropriate and where it's properly legal, I'm sure the Budget Committee will take that under advisement, as will the Selectmen, as will the Town Manager.

Karen Taylor: O.K. And the other two, just for my own understanding, just so I know what I'm reading here, for example the new proposed rate example, the \$11.53, that includes the water?

Holly Sanders: No, that is the separate sewer charge only. The water rates are not being increased at this time and will remain the same.

Karen Taylor: O.K. That will go on top of this. And then the Lebanon costs listed there, is that these, from page 1, the electricity, the Lebanon Treatment charges, is that what that is?

Holly Sanders: That is correct. Are there other comments or questions?

Robert LaCroix: Just one quick comment. When negotiating with Lebanon, make sure they remember where their water comes from. (Unintelligible).

Holly Sanders: Thank you. And the State wouldn't let us put our outflow our sewage treatment plant above their water intake.

Dominic Albanese: Holly, there's short-term and the long-term problem, obviously as you've all talked about, in the short term is there a way for the general fund to continue to support this specific deficit, or a piece of this deficit by reducing the, by reducing this increase so it doesn't impact these people as much?

Holly Sanders: According to the auditor's that's not correct.

Dominic Albanese: What if it was a warrant article at Town Meeting, of the Selectmen?

Holly Sanders: We'd have to first review, research this with the attorney as to whether or not it could be. I'm certain that if it were a possibility, legally, to do that, that we could put together a warrant article that would put that onto the general taxpayers.

Dominic Albanese: And then you could deal with it, you could get the results of this renegotiations and then pass the real costs on. Because you don't know at this point what the real costs are going to be.

Holly Sanders: We don't know. And if it is legally possible, I'm certain that that's a course of action that would be taken under consideration, and try to do. There isn't anybody sitting up front here, and I can

speak, I think, for the entire Budget Committee, that wants to see rates at this number. We are, it is very depressing to have to face an increase like this and I think everyone here is trying to rectify the problem. Your input as the group that's here tonight is invaluable in giving us insight into how we can go forward and do that. And I think that's what our plan is. Unfortunately, as we know, we have to cover the expense. So, for right now, this is the rate that the Selectmen have decided to propose. And I guess they will vote on it. I'm not involved in that. I'm just here to manage this discussion. Is there any further discussion?

Nancy Halpin: There's been some discussion tonight about capital spending, and I was wondering if the capital spending that goes on in the treatment plant in Lebanon was voted upon by our Selectmen in Enfield? So we have no say in?

Holly Sanders: We have no say. Part of the contract that is written between Lebanon and ourselves, basically is saying we have to apply, as they come to modernization and improvements in the plant, we're obligated. It doesn't say how we're obligated. It doesn't say that we can choose not to be obligated. We are obligated. And most of the improvements that are usually made in a plant are made because of a need to meet water quality and water purification.

Nancy Halpin: Or a need to meet the needs of a town, which could be Lebanon as opposed to Enfield. But we end up...

Holly Sanders: Unfortunately, we are all in agreement this is one of the problems that we have.

Nancy Halpin: Well, I guess that begs the question, will that be part of the negotiation for a future contract? Will we have any say if we're paying these kinds of rates?

Holly Sanders: I'm sure as we get into contract negotiations with them, or we get into arbitration, the issues that will be brought up will be capital improvements, bonding of (unintelligible) or maybe possible buy-back and that buy-back may be over previous years. That will have to be determined in negotiations. It is impossible to say exactly where those negotiations will go. And beyond that would be improper for me to make any further comment. That all of those issues are under consideration and will be handled by our attorney or town counsel.

Nancy Halpin: So we have assurance that will be discussed as far as our Enfield Selectmen having something to say about capital spending levels?

Holly Sanders: I'm certain what will be discussed will be a renegotiation of the contract, making it more equitable for ourselves.

Nancy Halpin: In terms of the water that we send to Lebanon for treatment, versus the water they send to their treatment plant, or ours, we're a bedroom community out here and I know that there are larger industrial centers in Lebanon. My question is, does the cost to treat a gallon of water in Lebanon cost the same as a gallon of water in Enfield? I'm speaking to the water quality issue.

Holly Sanders: I understand what you're talking about. In terms of the effluents in industrial waste as opposed to residential waste, I don't know if that is in the contract, but that is certainly something to be considered. I believe that the City of Lebanon has different rates for different categories, example, residential versus industrial versus business. I believe they have different rates. Our rate is a single flat rate whether you happen to own a business here in town or you happen to own a house here in town; the rates are the same, currently. But those are all issues that will be taken up, I'm certain.

Nancy Halpin. Thank you.

Dominic Albanese: Can I just say one more thing? I just want, I didn't know (unintelligible) the more that I thought about it the more I think he's right.

Holly Sanders: Can you move to the microphone so we have a record?

Dominic Albanese: Can we ask April and you guys, some one should ask the attorneys about MRI's responsibility in this.

April Whittaker: I have a note to them, Dominic, to assure you that will be one of my questions.

Dominic Albanese: We [Budget Committee] never saw an audit report.

Holly Sanders: I know. It never came to the Budget Committee.

Dominic Albanese: It never came to the Budget Committee. And so we would have had no way to know. And I'm, I mean as a Selectmen, of course, I think you might. But on the other hand you've hired town managers to do that for you. So I think it's, you know we definitely should have. We should have as well, but we didn't think of it. And I do think they share some of it.

Holly Sanders: And just to clarify something, in the town warrant when it's published, the front page of the audit report is in the town warrant. The remainder of the report does not, which can be eight, ten, twelve, fifteen pages – specific items. Because the town has had adequate reserve funds, the audit report basically says we assume you'll take care this, in a sense. And that information, whether the Selectmen knew it or not I can't answer. But certainly from the Budget Committee point of view, it never came before our committee, whether by the manager at the time, or by the selectmen at the time. And ignorance is bliss, but it's also not an excuse. But we, we are now, I think it's proper to go and review what was done and what was not done. And to potentially to see if there's some legal recourse. But in the end result, we are here to take care of what we have to take care of today. And I think the point is well taken. Every point made here this evening is well taken and will certainly be taken under advisement.

Unknown: (Unintelligible) If you're looking into that, maybe if you hire any professional (unintelligible – not at microphone)

Holly Sanders: I can't answer that question, and at this point it would be rather, I think we had an attorney that dealt with the town and dealt with the Board of Selectmen at that time. We are now well into that contract, and it would be very futile for us to try to re-discuss that aspect of it at this point.

Tim Jennings: I don't want you to leave tonight without fully understanding when I said this is not going to work at this level I really mean that. This is way too high. Simply put, so you go vote on this rate, this is going to cause a lot, a lot of problems. And, number one, the City of Lebanon decides they want to upgrade their treatment plant, probably for very good reasons. It's a planning process that takes years to finally get to where you're putting shovel in the ground. Part of that is how are we going to raise the funds for this \$20,000,000 upgrade, or however it may be? It says well Enfield's responsible for 30% of that, or whatever the percent is, maybe it's only five, that's probably more accurate. Well, Enfield you're going to have to come up with this money in three or four years. So the town should have the opportunity to go to DES and another other grant writing grant-awarding agencies and plead our case along with

everyone else. And, a lot of that didn't happen. And I don't know exactly what effect this would have on this proposed rate if we did exclude that capital expenditure, but that contract is with the Town of Enfield, not with any particular sewer user here. Simply put, you don't have to do this. And I would advise you not to do this. I can't emphasize enough how much problem this is going to cause. I think everyone here would probably stand up right now as a show of hands or something, that don't think this is just an easy thing you walk away from, you're right and we're going to send our checks; 'cause we may not.
[Applause]

Jane Plumley: As I'm sitting here listening and we're talking about lawyers I get a little nervous, because they cost money. And there's only 200 something of us paying for this lawyer's fee and I'm thinking, wait a minute, why should we be paying that lawyer's fee? The Town entered into that contract. They did it as the whole, as the whole system was on board. And we voted as a town for that. Right?

April Whittaker: In the 2003 budget we have structured legal fees over the whole town. The only thing we put in the sewer budget is the engineering expertise that we're going to need to go into arbitration.

Jane Plumley: Which is the \$10,000?

April Whittaker: So legal fees are spread over the whole budget next year, I can assure you on that. May I take this opportunity to try to answer Tim (unintelligible). This is not going to be an implication to you at this point. I have a septic system and I have a well. Last summer I had the onerous experience of dealing with people in Hopkinton whose wells were going dry. They had no opportunity to hook into municipal water. These people were having to pay between \$4,000 to \$8,000 to have a well drilled, an artesian well. So when you're looking at your bills, please take that into consideration. I personally put between \$750 and \$1,000 away a year toward eventual replacement of my septic system on my own property. Because I know in 10 to 15 years that system's going to be pretty tired. So, you equate it that way. Those are the sort of costs you're getting into. We're also looking here (unintelligible) concern with respect to, say you have a leaky faucet or a leaky toilet, and it might be three months you've got before you find out you've got extra gallonage there. We're also looking seriously at billing once a month so if there are any of those excesses that occurred, then we can hit the problem directly on the head here without having to wait a quarter. So, there's things in here we are talking seriously about. Our greatest need at the moment, as you say, is to get back to the City of Lebanon and get back to the table. And put some serious effort into (unintelligible) whether we truly need that amount of gallonage and find out where Enfield is going in the future here. If we do need to expend, we need to encourage our Planning Board wherever there is a subdivision or what have you and this may sit well with you, but if there's an opportunity to get more users on the system we need to do that to generate the extra revenue. There's lots being talked about here but we do have to go into emergency mode here and it's hard, it's very hard. This is not something I wanted to do. I've only been here 8 weeks and I've had to devote all my time and attention not only to the budget, but to this. This is hard for me to come before you, my first couple months here and say folks I'm sorry, this is reality.

Holly Sanders: Are there other comments or questions?

Craig Daniels: Just a reaction to the possibility of billing monthly, before you consider that I would encourage you to really look at the costs, because by the time you pay postage, processing, you will add a huge amount to, you'll make it bigger.

Holly Sanders: There is a lot to take into consideration (unintelligible). This is, the discussion is just beginning. Nothing is happening in that regard other than discussion at this point.

Tim Jennings: Do we have, is there another portion to this hearing tonight, is there another issue?

Holly Sanders: Yes there is.

Tim Jennings: Which is?

Holly Sanders: Which is the hook up part of your...

Tim Jennings: O.K. And is there, is there another portion in dealing with this sewer district thing?

Holly Sanders: No. At this point there is no discussion as to how to change the structure of the existing sub-governmental level that we're dealing with. There has been talk in the community about possibly moving to another type of structure. But that has not come to the point where it's even been brought forth to the official capacity of this (unintelligible). Are there any questions on the actual rate please?

Carl Pellerin: I guess my question is where they came up with the 300 or 30% that we're paying versus the 200 some people that are on this line or hooked up. Was it originally that these 200 some people were going to use 300,000 gallons a year?

Holly Sanders: That was an engineering survey that was done at that time. It's hard for us to judge at this point, none of us were here at that time. It's hard to judge. That was the figure that might have been a negotiated figure by the Selectmen at that time and by the City of Lebanon at that time and by the (unintelligible). It would be impossible for us to determine. Part of what we're going to have to do is go back and say where did this come from, find out where that came from through research and how did we get there and what are we going to do about it with the City and try to find a solution to that problem. That is one of the myriad questions that we will have answered.

Carl Pellerin: I guess my thing is that Lebanon knows we've only been paying, using 20 some thousand gallons versus 300, we've been paying that extra every year, why don't they take that into consideration for once?

Holly Sanders: We have a contract.

Carl Pellerin: I understand that but contracts can be renegotiated though. But what you're asking is us 200 and some people to pay this whole bill.

Holly Sanders: I understand that. There is an arbitration procedure and we have to follow that procedure. And that may be what the arbitrators come with. We don't know that at this moment.

Carl Pellerin: So me as a taxpayer, I'm supposed to accept that, just saying their going to renegotiate it.

Holly Sanders: Unfortunately, at the moment we are bound by the contract that has been written and signed by this town and by the City of Lebanon. And until we can get an arbitrator to give us a different read on that we are obligated to live up to our contractual obligations.

Carl Pellerin: Well, I think I disagree with that. I'm a taxpayer and I'm a landlord and I'm going to have to renew that onto my tenants in order to...

Holly Sanders: I understand the problem and if there's a way to rebate, there will be. Are there other questions relative to the rate at this moment? That's it. (Unintelligible)

Mitch Leonard: I'm a building contractor. And my question is, there's some proposed subdivisions that are scheduled to slate this year has been entertained up in the area of Mr. Jennings. Is there going to be a flat impact fee to perhaps offset some of these and be passed on to developers?

Holly Sanders: I don't know what the Planning Board or what the, has decided. First of all, I don't know if any of those subdivisions is actually going to be connected to the system. That is something that needs to be determined. That is part of the second part of this hearing. If there are no other questions on the rates at this minute, I will try to answer your question. With that I would like to move forward. We have also at this public hearing in the section called Sewer and Water Hookup Fee Schedule.

Ms. Sanders explained which informational sheet was being discussed.

Holly Sanders: It [the informational sheet] shows you where we want to go in terms of the rates that will be increased. And these are new rates. Our current existing rates are very much lower and we want to see that that be corrected accordingly so that it can help pay for the infrastructure work that we have to do. Now, understand what happens to this money, if we charge a landowner to hookup to the sewer or the water, that money goes into the funding pool for the sewer or water departments, it does not go to the general fund. That is then used as offset against the rates in terms of what the rates are charged. So by increasing these particular rates there is also within the town of Enfield operational cost a reduction in the dollars that we have to fund out of rates. So understand that this money goes right back into the system. Are there any questions relative to sewer and water hookups?

Unknown: The non-refundable application fee is \$150 for water?

Holly Sanders: That's correct.

Unknown: And then hookup payment, does that actually hook it up?

Holly Sanders: Yes, that is actually hooking up.

Unknown: So to do your water and sewer, to build a new house in this town...

Holly Sanders: \$3,500.

Tim Jennings: You've got to clarify that though. O.K. Let's say I want to build a house on a vacant lot that has water and sewer. I pay you \$3,500. Does that actually buy me any pipe, any trench work, any fittings, anything like that?

Ken Daniels: A meter, the horn, (unintelligible).

Tim Jennings: The meter and the horn. O.K. So, \$3,500 I pay the town for the opportunity to hook up is really what that is. So now I have to go to my contractor and say, here's the town of Enfield's specifications. Go hook this up. And he may indeed charge me another, whatever it is, to cut the streets.

Unknown: Right, that's the line and the fitting to hook you up onto the sewer. You've got a 1000 feet to go to it, your paying for it.

Tim Jennings: Probably more realistically you've only got 30'-40' but you're still looking at \$2,500.

Holly Sanders: Are there other questions relative to the sewer and water hook up?

Tim Jennings: I think we should do this, by the way. That was unclear I think, you need to...

Holly Sanders: If there are no further questions at this point, I'm going to close the public hearing.

Thank you very much for your input and attention and for your appropriate discussion. At this point I turn the meeting back over to the Selectmen who are holding a regular scheduled Selectmen's meeting.

Thank you. The official time of the closing of the public hearing is 8:20pm. Thank you very much.

The Selectmen reconvened their regular meeting in the Whitney Hall conference room.