

MINUTES OF THE WATER & SEWER COMMISSION
WEDNESDAY, NOVEMBER 9, 2016-3PM
DRAFT

Members Present:

Walter Liff, Chair, David McGuckin, Ex-Officio Select Board, Normand Houle, Member, Richard White, Member, Chet Fessenden, Alternate, Reg Whitehouse, Alternate, Steve Tabbutt, Supervisor of Public Works

Also Present:

Deb Knowles, Accountant, Christiane McAllister, Accountant, Anne Miller, Secretary, Andy Schulte, guest, Clint Springer, guest

Members Absent:

John Ireland, Member

Mr. Walter Liff called the meeting to order at 3:00 and introduced attendees.

Ms. Deb Knowles introduced Ms. Christiane McAllister as the incoming Accountant.

1. Checks and Account Balances

Mr. Liff read the checks for the Commission's approval.

An invoice in the amount of \$157.50 from Avitar Associates of New England for a survey at Quarter Deck Pump Station in preparation for the by passes caused Mr. Normand Houle to ask whether a survey was also necessary for the River Road station. Mr. David McGuckin responded that Quarter Deck was the only piece of land in question. Mr. Steve Tabbutt described that they had all been surveyed; River Road was tight fitting but had been resolved, however this survey work addressed a remaining concern over the line at Quarter Deck.

Mr. Houle requested clarification about an invoice in the amount of \$26,082.47 from Underwood Engineers for professional engineering services for the River Street, Steamboat, and Boatswain Hill wastewater pumping stations per their contract of April 12, 2016 which was authorized on May 4, 2016. Ms. Knowles explained that the total reflects July and September invoices. There may be an additional invoice for approximately \$1800 to come. After consideration, Selectman, Bill Stewart approved the expense from the Sewer Operating Fund rather than the Trust Fund, likely due to the significantly higher account balance of the Sewer Operating Fund.

Mr. Houle observed that this appears to be separate from the sewer study that was done last year at an approximate cost of \$100,000 which, he recalled, was to be paid from the Enterprise Fund. Ms. Knowles has never seen the sewer study bill. Mr. McGuckin noted that the sewer study had been billed to and paid by the City of Portsmouth, but they only recently realized that they had

not billed the Town of New Castle. A letter from the city's attorney stated that their bill for about \$101,000 would be forthcoming. Neither Mr. McGuckin nor Ms. Knowles has seen that invoice yet.

Mr. Liff believes that the Underwood study and subsequent billing had been planned as a two-step process due to concern about the infrastructure. The first phase was the sewer study, at an estimated cost of \$100,000, to check the lines with cameras. The pump house survey was an additional study to look at bringing the antiquated pumps up to date.

After Ms. Knowles itemized the current Underwood costs as \$12,600-topo survey, \$10,700-bypass pumping test, \$4,600-boundary survey, Mr. Houle speculated that this may be the invoice for the 30 percent design work proposed by Underwood on March 25, 2016, as part of the larger, \$2,000,000 plus project cost, rather than an additional charge. He requested that Ms. Knowles prepare a detailed accounting of the Underwood Engineering costs. Mr. McGuckin confirmed with Ms. Knowles the need to have background information for the entire sewer study with explanations from Underwood by the next Commission meeting. In addition, Mr. Houle suggested that the Commission needs to determine whether the sewer study bill, when received from Portsmouth, should be paid from the Enterprise Fund or the Operating Fund.

Mr. Richard White made a motion to approve the checks as read. Mr. Chet Fessenden seconded. Motion carried unanimously.

Ms. Knowles reported balances as of October 31, 2016:

Water checking account: \$147,015.37

Sewer checking account: \$436,359.40

2. Approve meeting minutes from October 12, 2016

Draft minutes from October 12, 2016 meeting were presented. Mr. Houle submitted revisions to the draft. Mr. White motioned to accept minutes as revised. Mr. Whitehouse seconded. Motion passed unanimously.

3. Old Business

a. Underwood Engineering

1. Bypass plumbing for 3 pump stations

Mr. McGuckin described the status:

Underwood has sent out bids to candidate contractors. The project will take three to five days and is planned for completion the week after Thanksgiving, but no later than December 15, 2016, after which time all three systems will be in the ground and available for operation.

Responding to a question from Mr. White about the contractor process and timing of the project, Mr. McGuckin explained that the town has asked Underwood to work as agent so

Underwood will hire but Mr. Tabbutt is familiar with the contractors and will have input. The price is dependent upon the bids that come in. The project can't be delayed any longer. The value of this work will serve if the pumps break down, but is also a necessity when the pumps get replaced.

Mr. Liff asked for questions from the public.

Mr. Cliff Springer asked how much will have been spent on the three bypasses. Mr. Tabbutt answered, \$95,000. Although the cost had not been budgeted, Mr. Houle noted that the work comes as a result of the sewer study and the cost is part of, not in addition to, the \$2,000,000 plus total project cost.

2. Underwood Water Study Report

Mr. McGuckin reported that the Underwood report was delivered electronically on November 1, 2016, with hard copies available late in the day on November 2, 2016. Six copies are all in circulation and available to the public-- one copy with Supervisor of Public Works, one copy in library, one copy in office of Ms. Pam Cullen, Secretary to the Select Board, one copy to each of the three Select Board Members. Mr. McGuckin has loaned his to the Blue Ribbon Fire Study Committee. A link to the electronic version will be posted on the town's website.

Mr. White asked about next steps, possibly a work session for ideas to turn back to Underwood to assemble for the 2017 Town Meeting. Mr. McGuckin responded that the process is not yet in place, that he has not yet been able to read the report and noted that Selectman Stewart summarized at the Select Board meeting that the Selectmen still have homework to do before next steps are determined. One next step is a meeting with the town attorney about the conveyance of water and sewer to Portsmouth to discuss the impact of findings from the report as well as the cost of those findings.

One optional next step is to have the constituent groups of Water & Sewer Commission, Select Board, and Blue Ribbon Fire Study Committee get together to discuss next steps. Also, the public will need to weigh in on the report.

Mr. White stated that there should be a formal game plan because at Town Meeting the citizens will expect one on which to vote. He summarized his priorities:

- 1) The most advantageous water line for replacement is the City of Portsmouth-owned line from Wentworth Hotel to the corner of Main Street and Wentworth Road. Mr. McGuckin noted that the Select Board agrees.
- 2) The next advantageous piece is the line from Cranfield & Main Streets up to the top and just down over the hill toward the causeway which dates to 1963, is eight-inch, cast iron, and could possibly be the part of the lead problem because it has lead oakum joints.

- 3) The line that was run in the late 1960's to early 1970's from bottom of the hill on Portsmouth Avenue going down by the causeway and over should be considered because it's been a source of leaks over the last few years.

Mr. McGuckin commented that, in terms of where to go next, the three constituent groups need to decide what is in the best interest of the town, get public input, and go forward. Simultaneously, talks are continuing with the City of Portsmouth about the conveyance since much of the Underwood report was done in anticipation of augmenting the conveyance.

Mr. White cautioned that in the event of a conveyance, New Castle needs assurances and Mr. McGuckin concurred, stating that a top priority condition of conveyance must be that New Castle's water and sewer service needs be on par with those of Portsmouth. If the conveyance does not occur, the report provides the town with the background information to move forward without Portsmouth. However, even without the conveyance, what New Castle does will only be effective if the City of Portsmouth also does its work. In that event, the town would have no control over the Portsmouth work. The City of Portsmouth has to commit to the line on Pierce Island, described by Mr. Tabbutt as a choke point, and the line coming from the fire hydrant on Wentworth Road in order to result in increased flow.

Mr. Springer read the report and believes it to be a good report that set forth recommendations for a process. He suggested a records check to identify why and how the street main on Wentworth Road was conveyed to the City of Portsmouth rather than the Town of New Castle. Mr. White answered that Frank Jones brought it over for the Wentworth Hotel, then the U. S. government brought it down to the Coast Guard station to create the first water system in New Castle, with all others using well water. It is a guess that the lines were conveyed to the City of Portsmouth instead of New Castle because New Castle didn't have a water system, the water came from Portsmouth, and Frank Jones was connected to the City of Portsmouth. Further, the government ran lines to Odiorne Point in Rye then brought it over from there through the swamp and over Wentworth Road to get it down to the fort. Again, it was a Portsmouth water feed. While details are missing, the puzzle pieces make sense.

Mr. Tabbutt described that there are options and opportunities including tying something together from Rye, possibly doing the pipe bursting right across the harbor, to get water to New Castle.

4. New Business

a. Preliminary discussion for FY18

As Mr. Houle will be unable to attend the December meeting, he introduced a number of budget items for December discussion:

Remote Sensor Charge

As was addressed in October, \$1000 for remote sensor metering at the River Road station should be built into the service charge for sewer. Mr. White asked whether there was a change in the method of calculating sewer fees going from meter readings to a flow reading and Mr. Houle explained that this was a mandate from Portsmouth, and that after a first year charge of \$3050, there would be an annual sensing charge of \$1000. Mr. Tabbutt explained that the City of Portsmouth bill to New Castle was based on the water meter reading at the pump station.

Unbilled Usage

It is requested that Ms. Knowles be tasked to work out an estimate for the cost of water for which New Castle pays the City of Portsmouth but does not bill its customers nor receive revenue. Under zero based billing, the only way to capture that uncompensated cost is through the service charge. Transparency and accuracy require an analysis of either the gallon or unit difference between the amount for which the town has paid Portsmouth and the amount for which the town has received payment from its customers. This volume differential, at the going water rate, would become the the unbilled usage component of the service charge.

Ms. Knowles responded that while the number of units billed by Portsmouth should be clear, she will need to tease out the distortion caused by the 20 unit minimum. Mr. Houle indicated that Ms. Knowles should provide her best estimate for now. At the end of the first year, the numbers can be reconciled and adjusted for the following year.

This number would include water used for the skate rink, hydrant flushing, and fire fighting.

Depreciation/Infrastructure Fund

Regarding Ms. Knowles' conversation with the Seabrook CPA that she spoke to about a line item for aging infrastructure, Mr. Houles asked about the information she received. Ms. Knowles vouched for their experience and reliability based on the CPA's work for Seabrook. She explained that book depreciation is only intended to recapture the original cost of the system, which is significantly less than the cost of replacement or repairs in today's terms, and that it is just an accounting function, not a fund with which to pay for replacement infrastructure. A replacement fund is a separate budget item where a reasonable amount could be aside annually to support infrastructure replacement or repair. It is a cost of doing business. Mr. Houle requested that Ms. Knowles be certain about the purpose of depreciation. If depreciation is not meant to be available downstream, Mr. Houle asked whether an account may be created to set aside funds for infrastructure replacement, and if so, what the process would be for creating that account, what the amount would be, and on whom the task of calculating that amount falls.

Mr. McGuckin observed that this is not unlike big-ticket items like police vehicles and fire trucks which are all paid for by the Capital Improvement Plan (CIP) and the Vehicle Equipment Trust Fund. Maybe a fund should be started for infrastructure. Mr. Houle asked whether the CIP is an appropriate place to address the infrastructure needs and calculate an appropriate set-aside. There will inevitably be a debate over whether the cost is born by rate payers or tax payers. For

the December meeting, the question is whether to propose a line item for capital improvement/system replacement. Mr. Liff explained that in the past, the preference was to not add a budget item for potential breakdowns, but instead to deal with those events when they occur, and if necessary, through a bond issue.

While the idea of an infrastructure fund had received past consideration, Mr. McGuckin noted that it was tabled because of the potential conveyance to the City of Portsmouth. After there is a sense of whether the conveyance is going forward, the CIP can be brought in. Mr. Houle stated the need for a decision about how to progress for this year's budget. It may be difficult to justify the creation of an infrastructure fund with so many unknowns at this point, but that if it is deemed necessary, it appears it is allowed.

Mr. Houle summarized that both remote monitoring and unbilled water usage should be two additional line items for the FY '18 budget, and subsequently part of the service charge, especially with the onset of zero-based billing.

b. Proposed sewer manhole repairs/2017 road paving

Mr. White described that with road paving budgeted, repairs to sewer manholes need tie in. The Underwood sewer report does a good job of identifying the types manhole problems but does not estimate aggregate repair costs by street so that manhole repair costs can be plugged into an overall paving budget.

In addition to estimating the cost of \$2,040,000 to repair the sewer pump stations, Mr. Houle recalled that the Underwood report included other charges for manhole work. Underwood rated each manhole on a five-point scale from one being best to five being worse and specifically identified all of the 3+ rated manholes on Route 1B. While the report does include that information for Route 1B, Mr. White would like to see that same information street by street. This should be a matter of just resorting information that is already gathered.

Mr. Houle noted that any intended manhole work for FY '18 needs to be planned. He thinks that funds for this work would likely be drawn from the Enterprise Fund. Mr. Tabbutt described that, in the case of state route 1B, the state provides only one-week's notice before they pave which makes it difficult to find a manhole contractor on such short notice. Mr. Liff recalled that 1B paving was postponed last year in order to allow for the manhole work to be done. Knowing now that the paving will happen, groundwork should be laid with a contractor for this spring. Since repairs and raising the manhole levels are to be done simultaneously, there is a timing concern because it is undesirable to leave raised manholes unpaved. Mr. McGuckin recommends that the town stay in touch with Division Six to maximize prior notice. Mr. Houle and Mr. White recommended talking to contractors to give them some advance notice about the intent to do manhole work.

Mr. White inquired whether New Castle is paying for a larger volume of sewer than water. Mr. Tabbutt responded that the New Castle sewer system is more extensive than the New Castle water system because the sewer goes over to the Wentworth system on the Portsmouth side. While Ms. Knowles gets the readings from the City of Portsmouth, it is not New Castle water on that side. However, the flow at the Quarter Deck Lane meter is mostly from the Wentworth section. Mr. White followed that the water and sewer reading differential should provide a measure of the level of infiltration and consequently the cost of the infiltration in our sewer fees. Mr. Houle was surprised at the low infiltration levels reported by Underwood. Where they were able to check, they only found infiltration in Zone One (of three) and attributed the majority of that to sump pumps.

5. Other business- zero based billing

Mr. Houle created a two-page, explanatory bill stuffer, "Zero Based Billing: The Details" to let users know exactly how the rates were established. The bills will likely be sent in the beginning of December.

Members thanked Mr. Houle for that work.

Ms. Knowles noted that the prep work to the accounts is complete and ready for billing. Another billing change to note is the delineation of the main meter reading and the irrigation meter reading.

6. Adjourn

There being no further business, Mr. White moved to adjourn the meeting. Mr. Fessenden seconded. Motion carried unanimously.

Meeting adjourned at 4:27 pm.

.