

MINUTES OF THE WATER & SEWER COMMISSION MEETING
WEDNESDAY, DECEMBER 13, 2017
3:00 P.M.

Members Present: Walter Liff, Chair, Damon Frampton, Ex-Officio Select Board, Steve Tabbutt, Supervisor of Public Works, Normand Houle, Member, John Ireland, Member, Clint Springer, Alternate

Members Absent: Richard White, Chet Fessenden

Also Present: Christiane McAllister, Accountant, Anne Miller, Secretary, Ben Jankowski, Department of Public Works, Ken McDonald, Administrative Projects Coordinator for the Town of New Castle, NH

Public Present: none

Mr. Walter Liff opened the meeting at 3:00 p.m. and, noting the absence of Mr. Richard White, elevated Mr. Clint Springer to voting member. Members agreed to re-order the agenda to begin with a website discussion with Ken McDonald.

1. Town Website Upgrade

Mr. Normand Houle agreed to act as the Commission's point person to liaise with Mr. Ken McDonald in order to post relevant and up to date information on the Town's website.

2. Review, Approve and Sign Checks

City of Portsmouth water bill is \$5,199.20, sewer bill is \$31,893.80.

Mr. John Ireland moved to approve the checks as called out. Mr. Houle seconded. Motion carried, unanimously.

3. Bank Balances

Water

November Revenue:	\$1,211.30
November Expenditures:	\$10,406.53
Bank balance a/o November 31, 2017	\$133,186.77
Trust Balance a/o October 30, 2017	\$130,900.70

Sewer

November Revenue	\$625.26
November Expenditures	\$147,154.81*
Bank balance a/o November 31, 2017	\$278,370.91
Trust Balance a/o October 30, 2017	\$39,283.18

*includes first payment for sewer pumps, although the check is still being held pending final paperwork

Mr. Houle emphasized that a key budget tool is the two-year look back on usage history. As long as the usage increases over the two years ago baseline usage, revenue should be sufficient. If usage is less, then revenue may fall short. Thus, an ongoing comparison of current year unit usage to baseline year unit usage is a critical tool to measure and forecast revenue projections. Ms. Christianne McAllister indicated that she maintains data in her spreadsheet and will call out any major discrepancies if and when they occur. A full four years of usage history --including measured incoming water usage and outgoing sewer usage-- will be available at the end of the year.

4. Approve meeting minutes of November 8, 2017

Mr. Clint Springer moved to approve the minutes as amended. Mr. Houle seconded. The motion was unanimously approved.

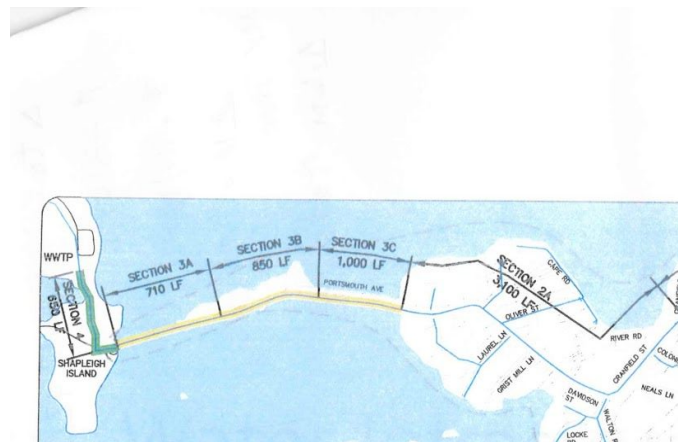
5. Update to Information from City of Portsmouth website

As follow-up to the November discussion about the publicly available Capital Improvement Plan for the City of Portsmouth, Mr. Houle motioned to enter into the minutes information that he found on the City of Portsmouth website during the week of December 6, 2017 as follows,

Reflected in the current City of Portsmouth CIP as "FY16 - New Castle Water Lines Improvement is a project for \$3,000,000 with 'no projection on project'".

Mr. Ireland seconded. Motion carried, unanimously.

Mr. Springer asked for clarification about the subject of a recent Portsmouth Herald article about approval of a supplemental water main replacement costing \$300,000- \$400,000. Mr. Steve Tabbutt described that when the City of Portsmouth needed to relocate a portion of the Pierce Island water main, Underwood Engineering, on behalf of the Town of New Castle, requested they upgrade to 12" pipe. This may have been the item that was referenced in the Herald. It is not, however, Section 4 (see map) of the planned New Castle water main upgrade project, whose cost may end up as a New Castle expense.



A water main upgrade to 12" in the section running back to Marcy Street is an additional component of the water main upgrade project. It is not expected to begin for at least four or five years, until the bridgework has concluded. Members discussed the advantage of beginning the New Castle work in spite of the long wait time for the final phases of the upgrade. Mr. Ireland recounted: there will be fewer breakdowns and today's cost will be lower than the cost several years in the future. Mr. Springer suggested the alternative of delaying the upgrade work until it can be fully executed while setting aside funds now in order to offset the future cost of the project.

Mr. Houle countered that an advantage to the upgrade timetable as proposed is that the vulnerable sections (3a, 3b, 3c on map) will be repaired first.

5. Old business: Update – Water & Sewer Ordinances

Mr. Houle presented the proposed Water & Sewer Ordinance rewrite, highlighting sections for the Commission's close examination:

- Members agreed to accept the language for the Billing and Payments section of the Elements Common to Water and Sewer as proposed:

The Town will bill for water and sewer based on meter readings done on a trimester schedule: usage between April 1 through July 31 will be billed in August; August 1 through November 30 usage in December; and December 1 through March 31 usage in April. A late fee (see Appendix B) will be assessed 30 days after the due date; an additional late fee will be assessed every 14 days thereafter until paid in full. When an account is past due 60 days, notice will be mailed "certified," stating the amount, including the late fees, owed. This certified notice will indicate that under New Hampshire law RSA 31:141, the Town has the authority to place a lien on the property as provided by RSA 38:22.

- Members discussed whether the Commission should levy a minimum fee for a zero water usage billing cycle. Ms. McAllister suggested that cost recovery can happen via the shut off and turn on fees that normally accompany zero usage situations. Members agreed to eliminate the zero usage charge and associated description in the new Ordinance.
- The Commission reviewed the process described in the Property Transfer section of the Elements Common to Water and Sewer and agree to include the language as proposed:

Final meter readings should be performed on the transfer of property to properly charge respective owners. The Town Accountant is to be notified a minimum three workdays in advance of the closing to insure a meter reading and timely issuance of a final bill. The seller or their agent shall provide the date that the final bill is needed, to whom and to what address the bill should be provided, as well as the new owner's name and billing address so that the meter can be transferred to the new owner's account. The fee assessed for this service is listed in Appendix B. If no meter reading occurs, it will be the responsibility of the buyer to pay all charges.

- The City of Portsmouth charges \$40 for the property transfer service that includes a mid-cycle meter reading, associated bill, and new account setup. Mr. Houle proposed that the Town of New Castle assess the same \$40 property transfer fee amount, rather than build a time-based fee as had been initially proposed.
- Members reviewed language from the town of Exeter's Water Ordinance and agreed to adopt same, added to the Size and Service of Meters subsection of the Water Utility section of the new Ordinance:

Upon request of a single-family residential customer, second meters are permissible for the purpose of metering irrigation water that will not be discharged to the

municipal sewer system in accordance with the following provisions:

- *Customer must make application and payment of a new service fee.*
- *No billing adjustments will be made for leaks or unwanted water usage.*

- Mr. Houle proposed that the Cross Connections subsection of the Water Utility section of the new Ordinance be modified to:
 - Add the sentence: *All backflow preventers are subject to inspection by the Superintendent of Public Works or his designated representative.*
 - Delete the remainder of the existing Ordinance paragraph that describes a New Castle Cross Connection Control Program.
 - Change the next sentence to: *“Backflow prevention devices shall be installed in the following high risk locations:”*
 - Add to the list of high risk locations: *f. Outside irrigation Systems: A backflow preventer, such as Febco 765, is required.*
- Members agreed to change fees for water turn on, turn off, and property transfer service fee to \$40 for simplicity.
- To prepare for the January ordinance discussion, Mr. Houle encouraged members to think about the balance between the glut of minutiae, especially pertaining to industrial waste, in the current Ordinance and the desire to simplify the level of detail in the rewrite.

6. New business:

a. Review for FY 2019 budget

Mr. Houle described the need for Members to think about what potential changes they propose for the FY19 budget.

Ms. McAllister distributed FY18 budget to date (approximately first 6 months) documents for review. The reports reflect the day’s payments and the recent customer invoicing for Authorities 1 and 4. The scope of each of the Authorities is:

Authority 1: (all water + sewer customers)

Authority 2: all sewer-only residences except WTBS Master Association

Authority 3: WBTS Master Association

Authority 4: only USCG

Ms. McAllister will redefine the revenue lines to match the established Authorities.

WATER

Revenues

With about 30% of revenues remaining to be collected for residential water accounts, this item is about on target, having collected for two of the three trimesters. Collected revenues from the USCG are currently 45% of budget (v. a target of 67%) and suggest an overprojection. Mr. Houle and Mr. Tabbutt thought that the winter USCG usage might exceed that of other cycles. At mid-year, Ms. McAllister is not worried

about being exact, but will use the information for next year's projections. UNH usage is billed with Authority 1, not Authority 4. Other revenues line items would be expected to have collected about 50% of their budgeted totals.

Expenses

At mid-year, each expense category should reflect approximately 50% of expenses remaining. Of note:

The unused "Select Board Administrator" budget will likely be needed for a Project Coordinator.

Ms. McAllister would like to return the Training Expense line item. Currently training expenses are being paid from the Miscellaneous Supplies & Expenses line which is consequently overspent.

Underwood Engineering invoices have been inadvertently posted to Professional Services instead of Engineering Fees. Ms. McAllister will correct the error before the next printout. The Engineering Fees budget may need to increase in FY19 due to the water main upgrade project. Mr. Houle asked that Mr. Damon Frampton report any information from the Select Board that might inform the budget process, especially as relates to engineering needs and costs.

Ms. McAllister added that there may be other appropriations necessary for the water upgrade project.

Currently water purchases from Portsmouth are posted to "Water Purchased from Portsmouth". However, this line item will be netted out to "Water Purchased but Not Billed.". At year end, these totals will be meaningful and can be used to determine the total unaccounted for usage. Mr. Tabbutt suggested that at around 15% of total usage, generally this number would be in line with other systems. At 20%, it may make sense to replace meters. He believed that leaks are under control. The budgeted amounts are based on a three to four year history. Going forward, the estimates will be more accurate because minimum billing is no longer skewing the data. The Water Purchased but Not Billed is built into the water rate.

SEWER

Category targets are 50% remaining (to be spent or collected) except for the trimester-related categories.

Revenue

Ms. McAllister suggested adding a revenue line for Final Read Fees to collect fees from sewer-only customers who are Portsmouth water customers but need mid-trimester sewer bills for real estate transfers. If agreed, the Ordinance would need to reflect this change as well. Mr. Houle asked whether the \$40 fee to water + sewer customers should be apportioned as a \$20 water account fee and a \$20 sewer account fee. Ms. McAllister stated that she posts the entire fee to the water account when the customer is a water + sewer customer, and the entire fee to the sewer account when paid by a sewer-only customer.

Trimester-related revenues are generally on-target. The WBTS Resort and WBTS Master Association reflect only one trimester of billing revenue.

Ms. McAllister would like to rename, redefine and add an additional revenue line to match the authority divisions. Currently the accounts included in the water Authority 1 are grouped with the sewer-only residential accounts (except those in the WTBS Master Association). This will allow for better tracking. Mr. Houle questioned the need for different Authorities. Ms. McAllister defended the need to track subcategories. The software program uses the term “authority.”

Ms. McAllister cautioned against too many changes to the structure of the budget for fear of losing the ability to compare historical data.

FY18 revenue items related to the sewer pump station project will need to be re-addressed for FY19. The “Long Term Note” in the amount of \$275,000 and the “Fund Balance for Capital Improvement” in the amount of \$125,745 are per the Warrant Article for the project. They will not appear in the FY19 budget.

Expenses

All categories should be approximately 50% spent. Ms. McAllister has no concerns about the sewer expenses.

FY18 expense items related to the sewer pump station project will need to be re-addressed for FY19.

Mr. Houle expressed concern about the overspent category for engineering fees. Msrs. Tabbutt and Frampton explained that the overage was due to the requirements from NH DES.

The pump station project appropriations reflected in the budget no longer match the new cost estimate, \$544,745. The budget reflects an initial (not yet released) 20% down payment of \$108,949. The balance is \$435,796. This balance less the Fund Balance of \$125,745 is \$310,051. Of this remaining cost, the note will cover only \$275,00, leaving \$35,051 in excess of the budget. Because the project got a late start, the funds set aside for the principal payment and interest on the note will be available and used to cover the overage.

Mr. Houle observed that the sewer pump project is approximately \$100,000 more costly than originally expected. Mr. Tabbutt believed that the issues resulting from the requirements, including accommodations for the 100 year floodplain, made by NH DES account for the overage. Mr. Houle countered that the original, more expensive pump station plan intended to build the pump stations up above the 100 year floodplain, but was abandoned due to its high cost, for this interim solution that presumably wouldn't be subject to the same expensive standards.

Additionally, Mr. Houle asked, and Ms. McAllister answered, that funds for capital improvements are shown in the FY18 budget as Capital Reserves(\$61,412 in the sewer budget and \$10,022 in the water budget) for the potential transfer to the Trust Fund, preferably at the end of the fiscal year. Ms. McAllister suggested the Commission may want to run a present value calculation to determine an annual set aside for capital improvements. Mr. Houle asked that the Commission consider how they want to handle this, especially for a planned sewer pump replacement approximately 30 years hence. Options would be to save for the entire anticipated project cost, or save for a portion of the cost, with the expectation that the

remainder be bonded. The latter addresses the concern of older residents who would be paying in to the set aside, but would not realize the ultimate benefit.

Ms. McAllister cautioned that the Commission doesn't have authority to dictate borrowing, but may make decisions involving the water and sewer funds. Currently the Commission has the stated policy that the Trust Fund maintain a minimum balance of \$50,000. Members observed that there has been no coordination between the Commission and the Capital Improvement Program (CIP) Committee. Mr. Houle wondered how rate-payer projects would be included in the CIP.

Mr. Springer described a past situation in which the Commission was asked to pay in invoice using rate-payer generated funds for the benefit of the entire taxpayer base. Mr. Houle expressed frustration that the Select Board has authority over the use of the Trust Funds. Ms. McAllister explained that the rate-payer revenues may never cross over into the general fund, but taxpayers can contribute to the utility funds.

b. Notice of Standard Maximum Contaminant Level Letter

A Notice of Standard Maximum Contaminant Level letter was sent to customers with the recent bills.

7. Adjourn

Mr. Houle moved, and Mr. Ireland seconded, that the meeting adjourn. Motion carried unanimously.

The meeting adjourned at 5:14 p.m.