

MINUTES OF THE WATER & SEWER COMMISSION MEETING
WEDNESDAY, JUNE 14, 2017
3:00 P.M.

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

Also Present: Christiane McAllister, Accountant, Anne Miller, Secretary, Ben Jankowski, Assistant Superintendent of Public Works

Public Present: Clint Springer

Mr. Walter Liff called the meeting to order at 3:00 p.m.

1. Review Checks and Balances

Ms. Christiane McAllister reported that while there was a recent deposit to the Sewer Checking Account from the Trust Fund, it is not reflected in these balances of May 31, 2017:

Water Checking balance	\$144,981.38
Sewer Checking balance	\$371,342.92

With the approach of the fiscal year end, Ms. McAllister reported on the current budget status. The Sewer account revenues currently lag expenses by \$95,000 and the Water Account revenues are \$1,951 behind expenses. These totals reflect all of the expenses for the month of June, but revenues are not fully posted; revenues will come in through the remainder of the month.

Sewer customer bills were recently mailed and revenue is currently being collected, however Ms. McAllister predicted that the year end Sewer Account balance will still be negative. Mr. Normand Houle noted that large customer accounts, including the Wentworth by the Sea Homeowners Association and the Wentworth by the Sea Hotel, are among those billed later in the cycle. Ms. McAllister agreed but was doubtful that their payments would offset the current \$95,000 negative balance.

Also pending are posted expenditures for depreciation.

Ms. McAllister responded to Mr. Houle's question about the implications of a negative year-end balance. The cost of sewer flow charges represents the biggest deficit line item. If the year ends with a negative balance, that amount is subtracted from the Fund Balance. At the time of the discussion about funding for the sewer pump upgrade project, it was anticipated that the Sewer Fund would end with a \$50,000 deficit and assumptions reflected that deficit. Ms. McAllister is

watching that budget closely to see where it nets out to determine whether there will be any impact on the funds that were fenced off for problems and emergencies.

Ms. McAllister reported that the City of Portsmouth's budget website indicates that they anticipate a sewer rate increase for FY18 from \$12.24/unit to \$12.73/unit. Mr. Houle commented that the Commission has been upfront about the intent to pass rate increases directly to the town's customers. Customer notice will be necessary.

Regarding the higher than anticipated sewer flow charges, Mr. Richard White asked how the increased sewer flows match the water flows. Mr. Houle noted the relationship is not direct since water use is unknown for many sewer customers, especially those in the Wentworth by the Sea Homeowners Association. Ms. McAllister believed the deficit to be primarily a function of inaccurate revenue projection, rather than unanticipated usage.

FY18 cost projections are believed to be more reliable than those for FY17 because they utilize full year actuals and a two-year look back. Further, Mr. Houle speculated that the way overhead is apportioned in the rate-based billing system provides a safeguard against a revenue shortfall for sewer flows in the event that actual usage exceeds projected usage.

Mr. Liff read the checks for approval, noting the City of Portsmouth sewer invoice in the amount of \$46,679.18.

An invoice from the City of Portsmouth for \$2,400 reflects the increase to \$200 per hydrant for the rental of twelve hydrants. Mr. Steve Tabbutt has not been able to identify which twelve hydrants are rented from the City of Portsmouth but will continue to seek that information.

Ms. McAllister clarified that an invoice from Underwood Engineers in the amount of \$4,258.30 was for a "letter of deficiency."

Mr. White motioned, and Mr. John Ireland seconded, to approve the checks as read. Motion carried unanimously.

2. Chair's Welcome to Mr. Damon Frampton

Mr. Liff recognized and welcomed Mr. Frampton as the incoming Ex Officio, Select Board representative to the Commission.

3. Approve Minutes of May 10, 2017 Meeting

Mr. White moved to approve the minutes of the May 10, 2017 meeting as amended. Mr. Houle seconded. Motion approved, unanimously.

4. New Business

a. Town Water/Sewer Customer Seeking Sewer Billing Relief

Mr. Houle described that the resident at 17 Walton Road is not tied into the sewer system but pays a sewer fee as compensation for the *availability* of sewer that passes the property, not being tied into the system. In the past, the charge was levied --and paid--according to the resident's water usage (which was the 20 unit minimum until the recent zero based billing change), apparently for decades. Ms. McAllister read off the history of these payments going back as far as the records are kept, to 2007, and explained that she'll continue to be charged according to her water usage in the future unless the Commission changes the policy.

Mr. White explained his understanding of the rationale for the non-user sewer charge: In 1975, in accordance with state law, when the sewer was installed, if sewer line ran within 150 feet of a home, that resident was required to pay regardless of whether they tied in, as a way to fund the installation of the town's sewer system.

With rate based billing on deck, Mr. Houle walked through the difference between this situation and a seasonal resident who is tied to the sewer system. In the case of the latter, no sewer usage during the vacancy period equates to no sewer bill. Members believed the situation at 17 Walton Road to be different. Ms. McAllister wondered whether any expiration was set on the policy, or, if it was intended for perpetuity, whether the obligation passes to future property owners. Mr. White believed that elapsed time and property turnover would likely result in the phasing out of the existing septic in favor of sewer tie-ins. Mr. Tabbutt believed the number of affected properties to be very low, but did not know whether there were any other residents that met the criteria for the non-user sewer charge.

Members mentioned that Kittery had "betterment fee" to connect to sewer, but that it had an expiration date. Other areas charge an "impact fee" to tie into a utility. These are different than a fee not to tie in.

Mr. Ireland believed the fee should expire once the initial installation is paid off, not continue to as payment for infrastructure upkeep, or, if not, then at least set a lower fee since the town isn't paying for water going into the sewer. Mr. White countered that homes along the sewer route still factor into the cost equation, whether for the initial outlay, or for upgrades like the current pump upgrade. Further, if the policy was to expire upon final payment for the installation--about 2005, then the question of a rebate is a problem as well. In this hypothetical case, Mr. Clint Springer suggested that possibly a rebate could be issued as a credit, or, Mr. White suggested, the town might tie in those customers to the sewer in lieu of a rebate.

Mr. Houle suggested that either Ms. McAllister or Mr. Tabbutt contact the state to determine whether the policy may or must continue as initially established. Ms. McAllister noted also the need to research any other potentially impacted properties.

Mr. White added that were the mandatory fee be rescinded, potential high sewer fees in the future might incent current users to leave the sewer system for in favor of septic and cautioned that any move to reduce or eliminate the non-user charge should also include a provision that requires sewer tie-in upon the sale of the affected properties.

Ms. McAllister asked whether there is a record of the billing policy.

Mr. Frampton noted that the resident is not looking for a rebate, but, if possible, would prefer not to pay for sewer going forward.

Ms. McAllister summarized that prior to the August billing cycle, she will research the origin and language of the policy and contact the state, but requested that Mr. Tabbutt provide a tally of all properties that meet the criteria of being situated within 150 feet of the sewer line, but not tied into the system.

Mr. Tabbutt clarified that the policy was applied to those who were within 150 feet of gravity sewer, but noted that the policy did not apply to residences where the sewer is forced main. Mr. Ireland noted the need for this clarification in the policy.

Mr. Houle suggested that if there is the possibility of imposing an impact fee, this would be the appropriate time to do so.

b. Notice of Standard Maximum Contaminant Level Violation

Mr. Tabbutt described that the recent test sample did not exceed the .080 mg/L Total Trihalomethanes (TTHM) threshold, but that the 12-month, rolling average, .085 mg/L, exceeded the threshold. The current reading is an increase over the previous reading and Mr. Tabbutt is concerned about the August reading because it is affected by temperature. On advice from the engineers, the DPW plans an aggressive flush one week prior to the next reading.

c. Annual Water Quality Report from Portsmouth

A six-page Annual Water Quality Report will be sent to all customers with the next bill.

6. Alternate Candidate -Clint Springer

Mr. Springer has volunteered to fill the vacant seat as an Alternate on the Water & Sewer Commission.

Mr. Liff motioned to approve the appointment of Mr. Springer to sit on the Water & Sewer Commission as an Alternate. Mr. Houle seconded the motion. Motion was unanimously approved.

Mr. Frampton will notify the Secretary to the Select Board, Ms. Pam Cullen, that Mr. Springer is to be sworn in as an Alternate.

7. Status of the Sewer Pump By-Pass Project

Mr. Tabbutt described that by-passes to both the River Road and Steamboat Lane stations are installed. A solution has been found to the problem encountered at the Quarterdeck Lane station, where the water line was found to be on top of the sewer line. Using offset boring, there appears to be enough separation between the two to avoid moving the pipes. Mr. Frampton added that the cost overrun of \$14,600, was approved by the Select Board and Mr. Tabbutt indicated that the work will be completed soon.

8. Status of the Pump Station Upgrade Project

Mr. Tabbutt has been conferring with the the contractor, Northeast Integration, LLC, (NEI) about challenges and costs and indicated that work would begin in August and go into the fall. Mr. Houle expressed concern that the costs should not be open-ended at this point, that NEI should have explored costs and options prior to presenting their estimate. Mr White asked that the town hold NEI to the scope of work in their proposal, rather than allow them to request added funds for work they represented in the scope because they had ample time to research the potential issues.

Ms. McAllister expects to see the finalized contract within a few weeks in order to start the paperwork for the loan. There is hope that \$14,000 can be cut from the original estimate in order to offset the overrun from the by-pass project, since that will cut directly into the Fund Balance that would be available for the Pump Station Upgrade project.

There being no further business, Mr. Ireland motioned to adjourn, and Mr. White seconded. Motion passed unanimously.

Meeting adjourned at 4:13 p.m.