

**MINUTES OF THE WATER & SEWER COMMISSION MEETING**  
**WEDNESDAY, APRIL 5, 2017**  
**4:00 P.M.**

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

**Also Present:** Thomas Maher, Select Board, Christiane McAllister, Accountant, Anne Miller, Secretary

**Public Present:** none

Mr. Walter Liff called the meeting to order at 4:00 p.m.

**1. Checks and Account Balances**

Mr. Liff read the checks for approval. Because the meeting was early in the month, Mr. Liff noted the likelihood that new invoices will require prompt payment prior to the next meeting date; the process will be for the Accountant to ask Mr. Liff for his signature on these new checks, provided they match expected expenditures. No objections were stated.

Responding to a \$3,534.35 water account invoice from the law practice of Donahue, Tucker & Ciandella, PLLC, Mr. Richard White recalled that the revised time table for the conveyance is now “further down the road,” possibly even 8 years, and subsequently expressed concern over the apparent ongoing legal discussions (and associated costs) for the project. Mr. Normand Houle echoed those concerns and, noting agreement from other members, offered a statement:

*The Water & Sewer Commission does not endorse the use of either water funds or sewer funds for any discussions with the City of Portsmouth.*

If further legal discussions are necessary, Mr. Houle proposed that they be paid from the general fund. Mr. John Ireland added that the Water & Sewer Commission were opposed from the start to legal representation for the purpose of conveyance.

Mr. David McGuckin responded to the criticism, describing that the process will be much longer than anticipated, and that the Select Board members are not equipped to enter into the negotiations without legal counsel, given that the City of Portsmouth is represented by counsel. Countering Mr. Houle’s assertion that the costs then be born by the general fund based on the lack of progress and the unsustainability of paying legal bills of \$1500-\$3000/month for the next

two-eight years, Mr. McGuckin noted that the matter pertains to water and sewer and the process is ongoing. Mr. Houle requested, and Mr. McGuckin agreed, to share the Commission's frustration with the other Select Board members.

Mr. White noted the disconnect between the Commission's responsibility to approve payments and their lack of involvement and understanding of the content of the legal discussions for which the water and sewer departments are being billed.

Mr. McGuckin corrected the estimated time frame for conveyance, suggesting that four years is possibly a better estimate.

Mr. Ireland expressed concern about the lack of public feedback in the process, noting that even if all the work leads to a proposed conveyance agreement, it could be undone by failure to be approved at Town Meeting. Mr. McGuckin responded that a straw vote this May would confuse the issue with the more pressing issue of upgrading the water infrastructure. The attorney's fees also cover the negotiations with the City of Portsmouth with regard to the infrastructure upgrade.

Mr. Steve Tabbutt noted that the Ti-Sales invoice in the amount of \$1,480.70 was for the town purchase of ten meters.

Ms. Christiane McAllister read the checking account balances:

Water- \$141,565.10

Sewer- \$391,641.95

Mr. Ireland made a motion to accept the checks as written. Mr. White seconded the motion. Motion carried unanimously.

## **2. Approve Minutes from the March 8, 2017 Water & Sewer Commission Meeting**

Draft minutes from the March 8, 2017 meeting were reviewed.

Mr. White motioned to approve the minutes of the March 8, 2017 meeting as amended. Mr. Houle seconded. Motion carried, unanimously.

## **3. Final cost of repairs to sewer pumping stations**

The Commission hoped to review and approve the final cost of the Northeast Integration (NEI) sewer pump repair estimate ahead of the end-of-week budget deadline, however the revised estimate was not available.

Mr. Houle confirmed these sewer fund amounts to be off-limits for pump station repair costs: \$250,000 of the checking account balance, \$50,000 of the trust account balance, and approximately \$132,000 for the P.K. Brown Construction-estimated cost of the sewer pump station bypass work. In an earlier discussion, Ms. McAllister confirmed with Select Board member, Bill Stewart, that the bypass project will be completed in the current fiscal year and can be paid from the sewer trust with the approval of a transfer.

Absent the revised NEI estimate, members reviewed funding options for the pump station repairs based on an approximated \$400,000 estimate, which would generate an entire annual appropriation of \$906,078 for the fiscal year. The associated rate increase would begin with August billing.

The trust fund's \$120,000 starting balance and an additional \$100,000 in revenues by the end of September totals an initial \$220,000 available for project funds. However, amounts in excess of \$220,00 would require either borrowing or utilizing a portion of the "off-limits" set asides.

Mr. Houle believed the \$400,000 estimate to be low, indicating that his calculations reflect a minimum cost of \$438,440 which includes the lease of the SCADA equipment.

Ms. McAllister reviewed the customer cost impact for various rate and usage level scenarios along with their commensurate debt implications, including financing the project over five years. \$14.54/unit was the initially calculated rate to cover the FY 2018 budget without the project. The current rate structure is \$12.24/unit plus a service fee per customer of \$66.77 per cycle. The new system, rate based billing, builds the overhead costs into the per unit cost therefore comparisons between new and old rates are dependent on the usage level. Working backwards, Ms. McAllister suggested the Commission consider a "threshold maximum" rate increase.

Ideally, Mr. White would like to see a spreadsheet comparison of the options for a two year or three year note versus paying it off in one year.

Mr. Ireland asked and Ms. McAllister answered that if the Commission budgeted for a high-side project cost estimate and actual expenses were lower, the fiscal year end rates could be adjusted downward to reflect the lower than expected annual appropriation, however with only three billing periods, it may be difficult to adjust.

Ms. McAllister described the range of possible FY 2018 sewer rates with a low of \$14.54 which covers \$0 for the project, and a high of \$20.54 which covers the (estimated) entire \$400,000 cost of the project.

Mr. McGuckin, speaking for himself, preferred to keep rate increases to a minimum given the recent water rate jump, and finance the project over multiple years. Mr. Thomas Maher asked, and Ms. McAllister confirmed, that the contemplated rates include continued set-aside funds for maintenance. He stated his concern that funds to improve elements of the town's system in preparation for conveyance to City of Portsmouth may be needed in the near future. Mr. Maher agreed with Mr. McGuckin's preference to spread out financing to reduce rate shock, as well as build up reserves.

After working through various options, members determined to increase the FY 2018 sewer rates to \$16.04, \$1.50 above the low range end of \$14.54. Mr. Liff polled members. Five indicated their support for the \$16.04 rate, one member abstained.

Mr. Houle explained that absent a cost estimate, the exercise is just a guess and indicated that his preference would be to pay for the project in a single year to avoid the added cost of interest. Ms. McAllister calculated that, at the full pay rate level of \$20.54, a 20 unit user would pay \$90 more per billing cycle compared to the low end \$14.54 rate. Having paid for the project, the rate will decrease after one year.

For comparison, Mr. Houle cited a newspaper report that described a planned 223% sewer cost increase in Exeter, NH.

Members noted that by paying for the sewer project in FY 2108, payment will be complete prior to the onset of the water infrastructure upgrade costs. Further rationale for the single year payment is the savings of up to five years of interest payments.

*Upon the benefit of further discussion, Mr. Liff re-polled members. All six members indicated their preference to pay off the project in one year.*

Accordingly, Ms. McAllister noted that the \$20.54 sewer rate will take effect in August. Mr. McGuckin noted that there is time to strategize about the best way to communicate the increase.

Mr. McGuckin restated the unanimous decision: *Effective with the first FY18 invoice, the sewer rate will be \$20.54 to pay for the three pumping station projects in one year. The Commission requests that Ms. McAllister adjust the number down accordingly based on the estimate but not to exceed the rate of \$20.54.*

Mr. Maher asked, and Mr. Houle clarified, that should the City of Portsmouth increase the sewer rate to the town, the customer rate will be adjusted accordingly, maintaining the general overhead income as well as that for the pump station repair project.

Mr. Ireland clarified that if the NEI estimate differs from the estimated \$400,000 cost, Ms. McAllister has leeway to adjust the new rate in order to cover the project cost within the one-year time frame. Ms. McAllister will communicate any possible reduction to the rate that may result upon receipt of the revised NEI bid.

#### **4. Steamboat Lane pump station**

Mr. Houle restated that Mr. Tabbutt is authorized to spend \$5,000 to get it fixed without Commission approval. Mr. McGuckin stated that the expected start for the bypass work is April 1st and that the priority is to start with Steamboat Lane. While, it was noted that the bypass work won't solve the problem, Mr. McGuckin noted that the bypass will be critical if the station goes down.

#### **5. Adjourn**

Hearing no further discussion, Mr. White moved to adjourn and Mr. Ireland seconded the motion. Motion approved unanimously.

Meeting adjourned at 5:42 p.m.