

WATER & SEWER ADVISORY COMMITTEE

DRAFT MINUTES

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July 11, 2012

1. **Call to Order**

Chairman Bob Kelly called the Water and Sewer Advisory Committee to order at 6:30 pm in the Nowak Room of the Town Office. Members of the Committee present were, Selectman Representative Frank Ferraro, Eugene Lambert, Boyd Allen, and Jim Tanis. Absent was Paul Scafidi. One committee position is still open.

2. **Review and Approve Draft Minutes of June 13 meeting**

The minutes of the June 13, 2012 meeting were not available to the committee so this agenda item was rescheduled for the next meeting. Russ Dean, Town Manager, identified that he will investigate the missing minute issue.

3. **Water/Sewer Bill Abatement Requests and/or Discussions with Customers**

There are no requests for this evening.

4. **Regular Business**

a. **Discuss Reserves Funding and allocation strategy**

The discussion on reserves funding was started by Russ Dean, Town Manager. Mr. Dean reported on the current status of the reserves as of May 31, 2012. The water fund was at \$917K and the Sewer Fund was at \$1,440K.

Mr. Dean identified that the Water Department debt payments need to be included in next year's rates, which may cause a future rate increase. There may not be a need for a sewer rate increase next year even with the anticipated \$375K increase in debt service.

Mr. Dean identified that no monies are being spent on the WTP study except for the required legal and the permit process costs.

Chairman Kelly identified that Reserves should take into account;

- 1st – Operation & Maintenance costs
- 2nd – future debt payments

Mr. Dean suggests that we need to keep in mind the variability of the water usage which also drives the sewer charges. These variations include wet years and water conservation practices implemented by the Department's fixed water user base. It was acknowledged all these issues drive the reserve and rates policy issue.

Mr. Dean is working with the Finance Department to provide a Reserve Funding recommendation by this Fall. He will include reviewing the projected Reserve Funds identified by Mr. Tanis and the anticipated future debt service.

Mr. Tanis identified that the original rate structure which follows the Missouri formula included a 4% increases in rates each year to cover costs and other expenses. This constant rate increase was identified to minimize radical rate variations and reserve balances each year.

Mr. Tanis is to work with Mr. Dean to look at the future rate plans and include Reserves in the rate equation.

Mr. Tanis informed the Committee, based on the Missouri formula that the Reserves should range between 30 – 60 percent of the O&M costs. AWWA studies also have recommendations for specific percentages. Fitch Moody and S & P in their rating formulas, each measure days of cash on hand. These rating organizations indicated that an "AA" rating only requires 266 days of cash on hand. Currently the calculations show that the Water Department has 155 days of cash on hand and the Sewer Department has 375 days of cash on hand.

The EPA has a 2006 water system survey report on how to plan financial substantiality for a water system. This

report provides information on reserves funding.

Mr. Tanis is to review all this data and provide the committee with additional summary information of his findings at the next meeting.

b. Discuss policy on aging Accounts Receivable

Mr. Dean and Mr. Jeffers reviewed how the Water and Sewer Department handles overdue Accounts. The Town of Exeter's Ordinance provides the direction for handling late payment accounts. The Sewer bills late payments methodology follows the Water bills procedure.

It was noted that past financial reports by the Town Manager to the Committee consistently identified a significant amount of money that is overdue in each account. Although the Town has become more aggressive in working out collection and payment plans with accounts that are past due, the number of accounts that are past due is still high.

The Town's Ordinance identifies that after an account is overdue for 90 days, services can be shut off to the account in ten days following notification. The account is turned on only after payment of the past due and all fees. The Town Manager can wave the shutoff if a partial payment plan is worked out with the Town. Notices are sent out after an account is past due for 90 days.

Mr. Lambert made the following motion:

The Water and Sewer Advisory Committee is suggesting to the Selectmen that the issuance of the proper collection notice and potential water disconnection letter per the Town of Exeter's Ordinance is to be sent after an account is past due on or just after the 60 day point of time and not after the 90 day point of time. Mr. Boyd Allen seconded the motion.

The discussion identified that the act of moving up the sending of the disconnect letter at 60 days vs. at the current 90 day time should reduce the average number of Account Payable late days. This suggestion does not change the Ordinance but only issues the Disconnection notice earlier which should result in either a reduction of aging days or an earlier discussion by the account with the Town Manager. This motion does not change the Town Manger's handling of the partial payment plan methods.

The vote result was all in favor. No negative votes. The motion passed.

c. Projects update: Mike Jeffers

Mr. Jeffers used the June-July 2012 Water and Sewer Engineer's Report as the basis of his update report. His report consisted of;

- i. The Postal Service is currently in the budget process to disconnect their source of infiltration and inflow (I/I) into the Town's sanitary sewer. The Philips Exeter Academy is almost complete with the removal of all of their known point sources of I/I.
- ii. The W&S street crew has completed jet cleaning of approximately 4.5 miles of the sewage collection system and has CCTV'd another 2 miles. The plan is to complete an additional 5.5 miles of cleaning and 8 miles of CCTV by September. This is one fifth of the town's system and must be repeated on a 5 year cycle. The two 18" lines under the Exeter Housing Authority on Water Street were cleaned and CCTV for the first time in 30 years. They were found to be in good condition.
- iii. The potassium permanganate oxidizer feed system is being upgraded to a dual system and is expected to be installed in two weeks.
- iv. The new ventilation systems for the grit building and lagoon buildings at the Wastewater Treatment Plant have been installed. The new doors purchased last year are now installed replacing the corroded doors.
- v. The USEPA has approved the lowering of the effluent pH from 6.5 to 6.0. This allows the lagoons to experience some warm seasonal nitrification and still maintain a legal discharge to the Squamscott River.
- vi. The Jady Hill Project - Water work progress of Phase I is 63% complete. Phase II began June 11th. Many of the "dead ends" loops are in the process of being eliminated and converted into functioning "loops". This should improve flow pressure and water quality in that area.
- vii. The Jady Hill Project - Sewer progress - Substantial completion of both Phases is planned for March

- 2013.
- viii. All SRF applications have been completed and submitted to NHDES. The Town is reviewing the loan agreement documents. It is planned that on August 8th, the Governor and Executive Council will conduct the final review and sign off the loans. The Governor's signing consists of a loan forgiveness of 20%. RFQs for the GWTP and the WWTP Facilities projects are substantially completed and will be advertised shortly after the signing.
 - ix. The Water Recirculation project is ready to go once the funding is approved. This will reduce the volume of water discharged to the Wastewater treatment system.
 - x. The discharge dredging project is complete and went very well.

5. Old Business

None

6. Other business to be brought before the Committee

In a response to a question by Jim Tanis, Mr. Paul Roy, the Water Treatment Plant Operations Supervisor, identified that the Carbon Powder Activated test is in progress. The river water normally has a trihalomethane (THM) value of 10 and after the filtration he expected to see a value of around 2.8 but the testing is showing 3.2. This higher value was unexpected. There are seasonal and other changes that may have affected the testing results. He will not know the results of the test until after a full 3 month cycle.

Russ Dean, Town Manager, joined the Committee's discussion regarding the need to fill the vacant member's slot. Mr. Dean suggesting that the need for the member can be highlighted on the Town of Exeter's Web site. He also can utilize channel 22's future Bulletin Board feature which is to be installed soon. The Committee identified that there are some significant Water and Sewer projects in process and some very important Wastewater Treatment issues coming up. A full committee is needed. The Committee is looking for volunteers.

7. Committee Calendar

Mr. Kelly confirmed the next meeting will be Wednesday, August 8, 2012, 6:30 pm

8. Adjourn

Mr. Lambert moved to adjourn, Mr. Allen Seconded.

The Committee Chairman adjourned the meeting.