

Exeter (NH) Water & Sewer Advisory Committee

Meeting Minutes

January 13, 2016

Chairman Bob Kelly called the meeting to order at 6:30 pm in the Wheelwright Room of the Exeter Town Offices building. Other members present were David Michelsen, Gene Lambert, Paul Scafidi, Jim Tanis, and John Gilbert.

1. Funding Options for WWTP. Joint meeting with Exeter Selectboard

Mr. Kelly introduced an alternative for funding the debt service of the proposed \$50 million Wastewater Treatment Plant that the WSAC had discussed at their November 10, 2015 meeting. In general, concerns over a large sewer rate increase impacting economic development in the downtown and new TIF district initiated a discussion of having the general tax base pay for the facility as opposed to just the sewer users.

Mr. Kelly noted that initial calculations by the Town Finance Dept. showed that the Tier 1 sewer rate would triple if those users shouldered the entire debt burden. The tax base is roughly twice that of the sewer base so the overall impact would be significantly less.

Meeting attendee Frank Ferraro disagreed with this approach and outlined several arguments with varying nitrogen values from the recent W.I.S.E. report and potential septic system regulations as reasons that the service area users should pay for the entire facility. Mr. Ferraro thought that the sewer users would probably not be asked to pay for septic system upgrades when those regulations were instituted.

In addition, Mr. Ferraro noted that there were several large sewer users in town who were tax exempt. In this case, he said many larger funding sources may be eliminated should the overall tax base pay for the WWTP.

Members of the Selectboard also weighed in on the issue. Mr. Don Clement noted that there were updated Nitrogen (N) loading data from a December 2015 WISE report that indicated the Exeter sewer outfall is a primary contributor of N to the Bay, as opposed to previous draft data indicating it was only about a quarter of the N as compared to other sources. He also said that new MS-4 stormwater regulations would require significant N reductions, and these improvements would be paid for by the entire tax base. Mr. Dan Chartrand and Ms. Julie Gilman felt that the importance of this vote and its impact on the AOC the Town is under was too great to bring forth such a potentially divisive issue at this time. Mr. Kelly countered that we don't have to fund the project this month; instead we could vote on the WWTP bond now with a discussion of who pays for it delayed until the end of the year while we analyze and discuss our options.

Mr. Gilbert suggested a Payment In Lieu of Taxes, or PILOT fee, that would be a hybrid of the sewer and general tax base. Mr. Michelson posed an option whereby only a portion of the

facility would be paid for by the overall general tax base, thus providing everyone who benefits from the facility some portion of the debt repayment while not burdening any one party.

After lengthy discussion of the varying nitrogen deposition data, the WSAC members present reaffirmed their 5-0 vote in November to ask the Exeter Selectboard to consider having the entire town tax base pay for the debt service on the new WWTP. The Selectboard voted 5-0 not to consider having the tax base pay for it, and continue our standard procedures of having the sewer users pay for improvements to the system.

2. Approve meeting minutes

Mr. Kelly presented the draft November 10, 2015 meeting minutes for review. Mr. Lambert moved and Mr. Scafidi seconded a motion to approve the November minutes as written. The minutes were approved 5-0 with Mr. Gilbert abstaining.

3. Abatements

There were no abatement requests for this meeting.

4. Regular Business

a. Projects Update

i. TTHM feedback

Mr. Kelly briefed the Committee on a meeting on December 2, 2015 with DPW and NHDES regarding disinfection byproducts in our drinking water. We have had several instances where these contaminants have been above state regulations in the past two years, due primarily to the difficulty of balancing four water sources. The Department is giving Exeter until the end of 2016 to figure out a solution, at which time they may look into issuing an Administrative Order of Consent similar to our wastewater AOC. To this end, Mr. Kelly noted that in his capacity of chair of the Water and Sewer Budget subcommittee, he recommended that \$25,000 be added to the DPW budget to deal with this issue.

ii. Groundwater Treatment Plant opening

The new GWTP was officially opened in December 2015 with a ribbon cutting ceremony held at the facility on December 2.

iii. Discussion on Wastewater Treatment Plant Preliminary Design

Mr. Kelly noted that a Value Engineering (VE) process to investigate cost savings and efficiencies for the finished WWTP design was conducted in the first week of December. Results of this effort will be published at a later time.

By all accounts, the VE effort helped reduce some cost areas as well as provide a more efficient facility layout. In general, the design phase is still slightly behind schedule due to continued efforts to balance plant effectiveness and cost to the community. The USEPA and NHDES are aware of our efforts and their impact on the AOC schedule.

b. Financial Reports

November 2015 financial reports were previously distributed to the committee via email from Laura Zogopolous of the Finance Department. General discussion ensued on the reports. Note was made that the fund balances have continued a downward slope begun in late summer due to projected revenues for 2015 slightly behind budgeted expenses. Expenses due to project debt service and added testing requirements also increased dramatically over the past two years.

No significant questions were posed. Year end reports should be available at the next meeting.

c. Interim Rate Adjustment

Mr. Kelly reviewed the Committee's discussion in November 2015 of a proposed interim rate increase on the Water side to offset increase projects and regulatory directives relating to disinfection by products (TTHMs) and general increases in the 2016 budget. This was in advance of our rate consultant conducting a more in depth review of our current rates.

Based on an analysis by the Finance Dept and the Town Manager, it was estimated that a roughly 20% increase of the water rate (\$1.14 per 1,000 gallons) would provide this buffer funding. Mr. Kelly noted that the Sewer Rate would remain at its current rate for now based on the proposed 2016 budget. Based on the Committee's recommendation, Mr. Kelly attended the Selectboard meeting of November 30, and they voted to implement such an water rate increase beginning in the second quarter of 2016.

5. Other Business

There was no other business brought before the Committee.

6. Committee Calendar

The next regular meeting is scheduled for Wednesday, March 9, 2016 at 6:30 pm in the Nowak Room at the Town Offices. Mr. Kelly adjourned the meeting at 7:30 pm.

Respectively submitted,

Robert Kelly
Recording Secretary pro tem