

Exeter Water & Sewer Advisory Committee

Meeting Minutes

February 12, 2014

Call Meeting to Order

Chairman Bob Kelly called the meeting to order at 6:30 pm in the Nowak Room of the Exeter Town Offices building. Other members present were Vice Chairman Gene Lambert, Selectman Frank Ferraro, Boyd Allen, and Paul Scafidi. Jim Tanis and John Gilbert were absent.

1. Review and approve draft Minutes of 1/8/14 meeting

A Motion was made by Mr. Lambert and seconded by Mr. Allen to approve the minutes as written. Motion carried – all in favor.

2. Water/Sewer Bill Abatement Requests and/or discussions with customers

No abatement requests.

3. Regular Business

a. Projects Update: Mike Jeffers

Mr. Jeffers was not at the meeting, but he had previously distributed the January operations report to the committee via email. Projects noted over the past several months are ongoing. The meter replacements are due to be completed this Spring.

b. Financial Reports

Year end 2013 financial reports were previously distributed to the committee via email from Laura Hill of the Finance Department. General discussion ensued on specific aspects of the report. Note was made that the fund balances appear in good shape and projected revenues for 2014 are on track with budgeted expenses.

4. Old Business

a. 2014 budget deliberations

Mr. Kelly said the 2014 budget, as discussed at the Water and Sewer Committee in November and approved by the Board of Selectmen in January, has been approved for inclusion on the Town Warrant for March vote by the Town Deliberative Session on February 1. He noted that the Committee's recommendation in December to take money out of the reserves in order to zero out the small projected budget increases for 2014 and retire some sewer project debt was described to the

Deliberative Session attendees. Based on the lack of questions and comments on the combined \$4.5M utility budgets, it appears this was met with a positive reaction.

b. Rate and Impact Fee Analysis

Impact Fees

Mr. Kelly floated the idea that since Impact Fees account for about 1% of our utility fund revenues, with the bulk being generated by user rates, it might be worth considering eliminating the Fees and relying exclusively on rates to simplify the development process and possibly attract more businesses to town. Mr. Ferraro disagreed and noted several upcoming/planned residential and commercial projects being discussed around town that could significantly increase revenues over those seen in the past few years. Mr. Allen agreed with Mr. Ferraro and thought that, while the revenue base was small, the fee concept of directly recovering capital costs from improvement projects from future users who have not been previously paying for those improvements was a good one.

Some discussion ensued regarding the intent of the NH RSA 674:21 V that describes how Impact Fees are developed and applied. In general, it was agreed that portions of projects, water and sewer, that provided additional capacity for future users should be allocated accordingly. Thus, the Groundwater Treatment Plant, Water Tank, and wastestream reduction project along with all the pipeline improvements on the Water side, and the Jady Hill work, WWTP project, and all the pipeline projects on the sewer side, at a minimum, would be included. Mr. Kelly noted that the Town had previously hired a consultant in the late 1980s who had originally worked up the basis for the current fee structure. Mr. Ferraro asked if it might be worthwhile doing the same now so that we, 1) appropriately comply with the RSAs, and 2) capture an appropriate percentage of all the projects we have completed in the past 15 or so years since fees were last updated? All agreed this was a reasonable approach.

Town resident Brian Griset noted that he had done some work with the committee in 2006 regarding updating the Impact Fees and a lot of the basis for projects from 1998 to that time had been completed; it just needed to be brought forward to 2014. He also noted that his interpretation of the RSAs at that time was that the Impact Fees should be calculated on any surplus capacity provided by a project, including planning efforts if it brought about operational changes that provided such surplus. The key to the entire analysis was what was the actual percentage applicable to future users? Mr. Kelly noted that in the late 1980s, we were embarking on a \$5.6M improvement to the WWTP and that 2/3 of that was for future capacity. The percentage would probably be much lower this time due to significant town development in the past 25 years.

It was also agreed by the committee that it would be interesting to see how much money had built up in the Impact Fee “accounts” over the past 25 years. Mr. Kelly said he would follow up with the Finance Department to see if this number could be calculated.

User Rates

As noted in earlier discussions, the 2014 budget for the Water and Sewer utilities as presented at this time is not projected to go up over the 2013 levels based on accepted balancing using reserve fund allocations. Based on this, the Town Manager has indicated to Mr. Kelly that rates do not need to increase at this time to cover the 2014 projected expenses based on consumption and revenue

projections. The Committee reached a unanimous consensus of attendees that they agreed that user rates do not need to increase at this time. Mr. Kelly said he would notify the Selectmen and Town Manager of our recommendation.

5. Other Business to be brought before the Committee

Town resident Don Woodward of the Exeter Cooperative MHP thanked the committee for taking the time to review the utility user rates and determine that no increase was necessary at this time based on their budget analysis.

6. Committee Calendar

The next regular meeting is scheduled for Wednesday, March 12, 2014 at 6:30 pm in the Nowak Room at the Town Offices.

Chairman Kelly adjourned the meeting at 7:35 pm.

Respectively submitted,

Robert Kelly
Recording Secretary pro tem

Minutes approved as written at March 12, 2014 W&S Committee meeting