

Exeter (NH) Water & Sewer Advisory Committee

Meeting Minutes

September 14, 2016

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 Chair Gene Lambert, David Michelsen, and Jim Tanis. Portions of the meeting were a joint discussion with the Selectboard, attendees of which included Chair Dan Chartrand, Anne Surman, and Nancy Belanger. Other meeting attendees included Director of Public Works, Jennifer Perry, DPW Managing Engineer Mike Jeffers, Town Manager Russ Dean, and resident Brian Griset.

1. Approve meeting minutes

Mr. Kelly presented the draft July 20, 2016 meeting minutes for review. Mr. Lambert moved and Mr. Michelsen seconded a motion to approve the July minutes as written. The minutes were approved 4-0 with Mr. Tanis abstaining as he was not present at the July 20th meeting.

2. Abatements

There were no abatement requests for this meeting.

3. Regular Business

a. Discussion of on-going Water and Sewer Rate Study

As a follow up to an August 24 workshop meeting with the Selectboard to discuss the general parameters of the study being conducted by Municipal Financial Services Group (MFSG), the Committee and Selectboard, along with MFSG on conference call, reviewed a first draft of the rate model.

- i. Tier Structure. MFSG noted that the rates are made up of two components: a Service Charge that covers our Administration costs, and the User Rates that cover the operational and debt service costs. The town has not adjusted their Service Charge from \$28/quarter since 2005. However, current projections show that a charge of at least \$32-38/quarter would cover our current expenses. MFSG thought an escalating scale to change this charge based on actual costs might be of interest. The Committee and Selectboard generally liked a fixed charge that would be reviewed every 3-5 years.

After discussion, the Committee and Selectboard decided they liked the current 3 tier system that reasonably delineates residential (Tier 1), light commercial (Tier 2) and heavy commercial and industrial (Tier 3).

- ii. Model levels and revenue balancing. Attendees discussed a graph from the August 24 presentation (page 22) that shows the current Tier 1 break at approximately 30,000 gallons per quarter water usage as providing approximately 55% of the revenue streams. Mr. Kelly noted that the original goal of the Committee in 2005 when the current rate model was adopted was to generally balance revenue apportionment between the residential and commercial/institutional/industrial sectors. MFSG calculated that a Tier 1 break of 21,000 gallons per quarter would get close to a 50/50 revenue split.

Other discussion revolved around a minimum charge of around 10,000 gallons per quarter, a concept that had been discussed during previous rate setting exercises. Mr. Griset argued that, although this idea was supposed to assist elderly and single adult families, it may also give an unwarranted subsidy to affluent couples who ate out or travelled a lot.

- iii. Impact Fees. MFSG looked at impact fees from two perspectives. The first involved a graduated service charge based on the size of the meter, in accordance with AWWA recommendations. The second was traditional impact, or assessment, fees that are charged to incoming businesses or residents who are building or renovating structures, the use of which would *impact* our existing facilities that were implemented and paid for by others.

The Selectboard and Committee determined that they would have MFSG fine tune the rate model to include updated financial numbers for the 2017 proposed budget and look at three basic options: 1. Using current tier system and Service Charge, 2. Using a graduated Service Charge based on meter size, and 3. Keeping the current Service Charge but revising the Tier structure such that the Tier 1/2 break would be 21,000 gallons per quarter and the Tier 2/3 break would be 175,000 gallons per quarter. Impact fees would be reviewed at a later date after and full accounting of town facilities was conducted later this year. It was anticipated that the Committee would hold a Public Hearing on a recommended rate structure at their regular meeting to be held November 9.

b. Financial Reports

Financial reports from Ms. Laura Zogopoulos of the Finance Dept. were distributed by email to the Committee members at an earlier date. Due to the Selectboard meeting with MFSG, discussion of the reports was tabled until the November Committee meeting.

4. Other or On-Going Business

None discussed at this meeting.

5. Committee Calendar

The next regular meeting is scheduled for Wednesday, November 9, 2016 at 6:30 pm in the Nowak Room at the Town Offices. This meeting will be a Public Hearing with the primary purpose of reviewing updated findings of our water rate consultant and recommending a rate adjustment to the Selectboard in anticipation of both the 2017

Mr. Kelly adjourned the meeting at 8:15 pm.

Respectively submitted,

Robert Kelly
Recording Secretary pro tem