

Exeter (NH) Water & Sewer Advisory Committee

Final Minutes

November 9, 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, Jim Tanis, Peter Lennon and Selectboard representative Nancy Belanger. Portions of the meeting were a Public Hearing on Water and Sewer rate adjustments; other meeting attendees included Director of Public Works, Jennifer Perry Town Manager Russ Dean, and Selectboard member Julie Gilman.

1. Approve meeting minutes

Mr. Kelly presented the draft September 14, 2016 meeting minutes for review. Ms. Belanger moved and Mr. Michelsen seconded a motion to approve the September minutes as written. The minutes were approved 5-0 with Mr. Lennon abstaining as he was not present at the September meeting.

2. Abatements

There were no abatement requests for this meeting.

3. Regular Business

a. Public Hearing on Water and Sewer rates

As a follow up to an August 24 workshop meeting with the Selectboard and a joint Committee/Selectboard meeting on September 14 to discuss the general parameters of the study being conducted by Municipal Financial Services Group (MFSG), the Committee held a Public Hearing to present their final conclusions and recommendations for the utility rate model.

- i. Tier Structure. At the September joint meeting, the Committee and Selectboard decided they liked the current 3 tier rate system that reasonably delineates residential (Tier 1), light commercial (Tier 2) and heavy commercial and industrial (Tier 3). The Committee wanted 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 between Tiers 1 and Tiers 2/3.

The Committee accepted this new tier break structure.

- ii. Rate levels. Although the MFSG rate report recommended a graduated Service Charge from the current \$28/quarter to the low \$40s within five years, the

Committee discussed, for the slight incremental cost, making a flat \$40/quarter service charge beginning immediately, to be reviewed every 3-5 years.

The MGS&G report outlined a Tier 1 Water rate recommendation from the current \$6.86/1000 gallons to \$7.27/1000 gallons, which will pay for current debt obligations and return the Water Reserve Fund to a Plus \$500,000 minimum level, a Committee goal for over 20 years. In order to phase in sewer obligations due to the construction of a new WWTP on Newfields Road beginning in 2017, MFS&G and the Committee recommend a Sewer Rate from the current \$4.44/1000 gallons to \$5.27/1000. This will allow cash flow to build up so the Town does not have to borrow short term to pay for on-going construction costs. While we will be reimbursed by the State and a long term bond at some point, we will still have short term obligations, and this increase will mitigate the impact on rate payers during that term.

- iii. Implementation Schedule. Because of the current shortfall in the Water Fund and the prospective initiation of WWTP construction in early to mid 2017, the Committee recommended to implement the adjustments noted below with the January 1, 2017 (Quarter 1) bill to users.

Water and Sewer Service Charge:	\$40/quarter per utility
Proposed Water Rate:	\$7.27/1000 gallons
Proposed Sewer Rate:	\$5.31/1000 gallons

Bob Kelly moved and Gene Lambert seconded a motion to recommend the above rate adjustments to the Exeter Selectboard for immediate implementation. This motion carried unanimously.

The Public Hearing was closed after this vote.

b. Financial Reports

Financial reports from Laura Zogopoulos of the Finance Dept. were distributed by email to the Committee members at an earlier date. Note was made of the revenue requirements in both funds to return to recommended levels between \$500K and \$1M.

4. Other or On-Going Business

Mr. Tanis asked how the new groundwater wells and facility performed during the summer drought. Ms. Perry noted there had been some reduction in groundwater levels but they are now starting to recover.

Ms. Perry also noted that the plans for the new WWTP are scheduled to be put out to bid by early January.

5. Committee Calendar

The next regular meeting is scheduled for Wednesday, January 11, 2017 at 6:30 pm in the Nowak Room at the Town Offices.

Mr. Kelly adjourned the meeting at 7:40 pm.

Respectively submitted,

Robert Kelly
Recording Secretary pro tem