

MINUTES OF THE WATER & SEWER COMMISSION MEETING
WEDNESDAY, JANUARY 11, 2017
3:00 P.M.

Members Present: Walter Liff, Chair, David McGuckin, Ex-Officio Select Board, John Ireland, Member, Normand Houle, Member, Richard White, Member, Steve Tabutt, Supervisor of Public Works, Reg Whitehouse, Alternate, Chet Fessenden, Alternate

Also Present: Deb Knowles, Accountant, Christiane McAllister, Accountant, Anne Miller Secretary

Members Absent: none

Mr. Walter Liff called the meeting to order 3:00 p.m. and asked the public to sign in.

1. David J. Brillhart, 6 Steamboat Lane, Request to Waive Sewer Charge due to Leak

Mr. Walter Liff described the request from David Brillhart , 6 Steamboat Lane, that the Commission waive charges for sewer usage associated with 77 units of metered water use reflected on his December, 2016 bill, contending that the water usage resulted from a leak in the water line and therefore did not translate to sewer usage. The leak was first noted by Mr. Brillhart upon receipt of his August bill, but that an additional 77 units of water leaked during the recent billing cycle before the leak was fixed. The Commission forgave the August bill sewer usage fees associated with the initial 131 leaked gallons. Upon receipt of the request, Ms. Deb Knowles visited the site and verified that no water was currently being used.

Members unanimously agreed to forgive the sewer usage cost associated with the 77 units of water usage, but not the sewer service fee, water service fee, or water usage cost.

Mr. Liff asked Ms. Knowles to call Mr. Brillhart to inform him of the decision and the revised invoice amount.

2. Checks and Account Balances

Mr. Liff read the checks for the Commission's approval.

Mr. John Ireland made a motion to approve the checks as read. Mr. Normand Houle seconded. The motion carried, unanimously.

Mr. Liff noted the absence of the water bill from the City of Portsmouth and proposed that he approve the invoice for payment upon its arrival. No disagreement was noted.

Ms. Christiane McAllister read the account balances as of December 31, 2016.

Water Checking Account: \$150,075.31

Sewer Checking Account: \$369,566.79

3. Approve Minutes from the December 14, 2016 Water & Sewer Commission Meeting

Draft minutes from the December 14, 2016 meeting were distributed.

Mr. Normand Houle requested clarification of issues from the December meeting.

Mr. Steve Tabbutt explained the December finding of “a little grease” at the Boatswain Hill pumping station likely originating from the Wentworth by the Sea Resort. Since then, it appears to have cleared up, possibly because they cleaned the trap. Cleaning often stirs up a quick discharge of grease. Mr. McGuckin noted that the town should be spot checking the traps at the Wentworth by the Sea Resort. Mr. Houle requested more frequent spot checks in the winter because colder ground temperatures cause more coagulation.

Members discussed the TTHM readings for water arriving from Portsmouth at the Shapleigh Island meter. Mr. McGuckin noted that only in one instance over the last eight quarters was the reading over the .080 mg/L threshold. The most recent reading was .070 mg/L.

Mr. Reg Whitehouse made a motion to approve the minutes as amended. Mr. David McGuckin seconded. Motion carried unanimously.

At 3:30 p.m., Mr. Liff, noting a prior commitment, departed the meeting and appointed Mr. John Ireland as Acting Chair.

4. Old Business- Underwood Engineering Trihalomethane (TTHM) Mitigation Update

Mr. David McGuckin reported the status of the water violation resolution plan required by NH Department of Environmental Services (NH DES). January 17, 2017 is the deadline for submission of the Underwood plan to mitigate the TTHM problem. Underwood is still developing the plan, therefore the January 17, 2017 letter will request an extension. NH DES is fully aware of and in verbal agreement with the extension request.

Mr. McGuckin will forward a copy of Underwood Engineering’s \$8,000 (reduced from \$11,000) TTHM mitigation proposal to Commission Members.

Mr. Richard White asked, and Mr. Tabbutt answered, that the town does not have water quality sampling from any site other than the school. Mr. White asserted that additional test site readings could help to pinpoint the issue and suggested that a reading across the street from the school could help eliminate the new school line as the source of the problem. Mr. Tabbutt noted that the mains have been flushed on a few occasions. Most recently the reading was lower, but not under the threshold.

Mr. White contended that knowing the scope of the problem, whether town-wide or only at a specific site(s), would influence the mitigation plan. Mr. Houle asked about sampling locations and Mr. Tabbutt confirmed the presence of an ejection at the Shapleigh meter that enables sampling of the water entering the town. It is unknown whether there is an ability to sample at the corner of Wentworth Road and Main Street. Mr. McGuckin noted the larger issue is that the City of Portsmouth does the sampling and they, along with NH DES, have chosen the two monitoring locations, the school and Shapleigh. The town has not requested other samples. Other readings won't affect the NH DES rulings or impact the town's obligation to improve the water quality readings in the near term, prior to Portsmouth's aerator coming online in Newington, likely sometime in 2018.

5. New Business

a. Zero Based Billing

Ms. Knowles reported that feedback has mostly been from unhappy customers whose bills have increased. Some customers identified leaks in their system because they they can now see actual usage. An estimated 50-60 customers fell under the threshold at which the old 20 unit minimum charge exceeded the new service fee + actual usage cost. Complaints to compliments ratio is estimated to be 10:1.

b. Hold Work Meeting on Water Study

Mr. White proposed that the Water & Sewer Commission, Select Board, Fire Department and the Fire Safety Committee review the Underwood options and arrive at a joint recommendation to the town. Mr. Houle proposed that each of the groups hold separate work sessions to establish a consensus position statement from each individual group, Water & Sewer Commission, Fire Safety Committee, Fire Department, and Select Board. Mr. McGuckin indicated that the Fire Safety Committee had weighed in with their support for alternative 1D and the Select Board presentation for January 17, 2017 will focus on recommended alternative 1D. Public comment will inform whether any shift in direction is indicated. He will secure the position of the Fire Department.

Mr. Ireland called for a vote to determine whether the Commission should develop its consensus position on the proposed water infrastructure plan.

Mr. Houle moved that the Water & Sewer Commission have a meeting to discuss the conclusions that are presented in the Underwood Water Study that was finalized in November, 2016. Mr. White seconded. Motion carried, unanimously.

Members agreed to convene on Tuesday, January 24, 2017 at 3 p.m. to discuss the Underwood conclusions.

All regular business being concluded at 4:20 p.m., the Commission resumed its budget work session from January 10, 2107.

6. Work Session for FY 2018 Budget Continued

Review of outstanding issues from January 10, 2017

Support Staff (Water & Sewer)

Ms. Knowles proposed reducing the allocation of Select Board Secretary's (Pam Cullen) compensation and commensurate employee costs to 2.5% for Water and 2.5% to Sewer, based her conversation with Pam Cullen. 120 hours total (60 for each Water and Sewer) are estimated for Minutes Secretary staff (Anne Miller).

Water Equipment Maintenance (Water)

Mr. Tabbutt responded to the question raised on January 10, 2017, explaining that the "Equipment Maintenance" category is for the hardware for water services, including meters and shut-off rods. Mr. Houle observed that meter purchase expenses will be offset by meter sales revenues thus should not be a factor in the service fee calculation. Mr. White suggested that items, like meters, that are resold to customers, be shown as a separate line item in order to easily eliminate those expenses from the service fee total. The aggregate estimate for Equipment Maintenance was split into two line items: \$1600 for meters which will be offset by future sales, and \$1100 for other equipment that will roll into the service fee calculation.

Water Purchased but Not Billed (Water)

Ms. McAllister revisited Water Purchased but Not Billed, reflecting that the cost is not an additional cost to the town, as its cost is already included in the line item, "Water Purchased from Portsmouth".

Mr. White proposed, and members agreed, to account for the issue on the expenditures side by replacing "Water Purchased from Portsmouth" with two new line items:

- 1) 23% of the Portsmouth water purchase to represent the portion for which the town does not anticipate recovering the expense through usage billing. Of the \$94,000 estimate, this would amount to \$21,620.
- 2) 77% of the total Portsmouth water purchase to represent the portion for which the town anticipates recovering the expense through usage billing. Of the \$94,000 estimate, this would amount to \$72,380

The result is a full accounting of the total water purchase from Portsmouth *and* a clearly separate line item to be used in the service fee calculation and to call out the issue.

Remote Sensing of River Road Station (Sewer)

Ms. Knowles suggested including the remote sensing fee with the category, “Telephone & Alarms Systems” and renaming it “Telephone, Alarms, Remote Sensing” to capture all costs of managing the pump stations. The revised FY 2018 estimate for the category would be \$4300.

Municipal Water Use (Water)

For the purpose of arriving at an appropriate charge to the town for municipal water use, Members attempted to substantiate legitimate town usage costs. Mr. Houle reiterated that fire training is conducted at the Town Common with City of Portsmouth water with no impact on town water, and Mr. White contended that flushing costs should be borne by rate payers because it benefits the water customers. The remaining, significant usage is for the purpose of fire fighting. New Castle’s fire fighting equipment does not calculate usage and, Mr. White explained, there is no easy way to add the capability, making it a challenge to substantiate a number.

Mr. Houle proposed that of the current \$21,600 in Water Purchased but Not Billed, some number of units or dollars --which can be adjusted in the future based on experience, i.e. whether there has been a fire, whether the water income exceeds expenses--can be earmarked for municipal use. This item would become municipal water revenue to the Water Budget which, Ms. Knowles speculated, would most appropriately come from the the Select Board’s General Fund, Executive. Mr. Houle asked that the budget be revised to add a revenue category for “Municipal Water Usage” in the amount of \$1000.

The Commission asked Ms. McAllister and Ms. Knowles to manage the logistics of the transfer from the General Fund to the Water Budget as appropriate. Ms. McAllister noted that this arrangement is predicated on Select Board agreement and the addition of a reciprocal expense in the Select Board budget.

Having resolved outstanding issues from January 10, 2017 meeting, Mr. Houle continued to guide members through the remainder of the budget.

Revenues

Mr. Houle noted income for items not directly correlated to expenses, including permit fees and shut off, that will reduce the service fees.

Hydrant Maintenance (Water)

The budget reflects the fee paid by Wentworth by the Sea Master Association (WWTBS MA) to winterize their hydrants, which Mr. Tabbutt typically determines to be \$500. Members believed the cost to the town to be higher. Estimating that the job takes two people a day to a day-and-a-half (plus prep time), at a rough billing rate of \$50/hour (salary and overhead), in addition to the cost of non-toxic antifreeze, the Commission asked Ms. Knowles to speak to Mr. Tabbutt about increasing the fee. Mr. White suggested there is a further cost for owning the liability. Mr. Houle asked that the category be changed to Hydrant Maintenance WBTS MA and that Mr. Tabbutt revise the estimate for the FY 2018 budget.

Residential Sales (Water)

Budgets should reflect a 5% estimated increase.

Gains or Losses on Investments (Water)

Because this accrues to the Trust Fund and doesn't impact the Operating Budget, Mr. Houle asked that, for clarity, the category be changed "Gains or Losses on Investments in Trust Fund."

Interest on Investments (Water & Sewer)

Only a small amount of bank interest accrues to the Operating Fund. Because the majority of the interest accrues to the Trust Fund, Mr. Houle indicated he will disregard this line item in the Service Fee calculation.

Sales of New Meters (Water)

Should match the expense-side category.

Residential Sales (Sewer)

Budgets should reflect a 5% estimated increase, including the categories for NC North and South, Wentworth by the Sea Resort, and WWBTS MA. Separate accounting for WWBTS MA is a vestige of a prior, single invoice to the association. Now that homes are invoiced individually, Mr. Houle suggested they be rolled into a aggregate residential sales category. Similarly, the Wentworth by the Sea Resort is paying residential rates and can be aggregated under residential sales as well. Mr. White proposed that the Wentworth by the Sea Resort and

WWBTS MA be kept as separate budget entities because they are not town water customers. Ms. McAllister suggested that retaining the separated sewer customer entities, and possibly even splitting out New Castle North (water & sewer customers) from New Castle South (sewer only customers), might provide a better set of diagnostic tools for future analyses. Mr. Houle asked that Ms. McAllister decide how the sewer sales categories should be separately shown in the budget.

Mr. White asked, and Ms. Knowles answered, that the University of New Hampshire (UNH) is a metered customer for both water and sewer.

The US Coast Guard (USCG) is shown separately as a vestige of a previous arrangement when it was a sewer-only customer, and is charged a flat trimester fee for 632 units, which is thought to be high. In the interest of fairness and transparency, the Commission proposed revisiting the USCG sewer fee. As a first step, Mr. Houle proposed eliminating the discrepancy between the USCG flat sewer unit fee of 1896 annually and their typical, lower water usage of roughly 500 annually, by setting their sewer usage cap equal to their water usage. Additional, future adjustments can be considered in discussions with the USCG. Mr. White suggested a deduct meter might provide data for future estimates. The change in USCG billing will take effect beginning in FY 2018.

The sales total won't be affected by how the customer categories are shown, but will be affected by:

- a) the addition of a 5% estimated cost increase, and
- b) an adjustment to the USCG sales, based on their estimated water usage.

Transfer in from Sewer Trust Fund (Sewer)

Ms. Knowles explained that this category is used to balance the expense and revenue sides of the budget. Last year's negative entry resulted from revenues exceeding costs. Zero based budgeting will help close the gap and it will get closer over time.

Sewerage Charged by Portsmouth but Not Billed (Sewer)

As estimated by Ms. Knowles and Ms. McAllister, the difference between the cost of the sewerage purchase and income from sewerage sales is a negative number, -5,211 units. Possible reasons are:

- a) USCG usage lower than the contracted 1896 units
- b) Possibly the outgoing meter at River Road might be inaccurate (underreporting)

Because the proposed change to USCG billing would eliminate the former situation and the new remote sensor would eliminate the latter, Mr. Houle proposed that any budget projection for "Sewerage Delivered to Portsmouth but Not Billed" for FY 2018 should be zero.

Mr. White reflected on the implications of the sewerage calculation on “Water Purchased but Not Billed”. If the “lost” water was caused by slow meters, then it would be accounted for in the flow since it would travel through to the sewer system. In contrast, fire fighting and leaks would not show up through the sewer system. Lacking evidence of a reciprocal amount of “lost” sewerage to balance the “lost” water, Mr. White suggested that this finding supports the probability of leaks, rather than meters as the source of the “lost” water.

Noting the complexities of the budget and its role in determining the Service Fee, Mr. Houle committed to writing a budget narrative to accompany the balance sheets.

7. Adjourn

Mr. White moved to adjourn the meeting. Mr. Chet Fessenden seconded. The motion carried, unanimously.

Meeting adjourned at 5:51 p.m.