

**APPROVED**  
**Water & Sewer Commission Minutes**  
**Wednesday, March 14, 2018- 3:00 PM**

**Members Present:** Walter Liff, Chair, Normand Houle, Richard White, Clint Springer (Alt), Steve Tabbutt, Damon Frampton, Selectman and ex-officio.

**Absent:** John Ireland

**Also in attendance:** Christiane McAllister, Town Accountant, Selectman, Carl Roediger, nominated Alternate, Ben Jankowski.

Chair Liff convened the meeting and asked those present to speak slowly and clearly as the minutes were being recorded without a secretary present. Chair Liff welcomed Carl Roediger who will become an Alternate on the Commission, taking Chet Fessenden's place.

**1. Review and Approve checks.**

Motion to Accept the checks as written and approved for signing was made by Norm Houle and seconded by Richard White. Motion carried.

**2. Approve Meeting Minutes of February 14 and February 21, 2018.**

Norm Houle made a Motion to Approve the February 21, 2018 minutes as amended, which was seconded by Clint Springer. Motion carried.

**3. Bank Balances.**

Christiane reported as follows:

Revenue for the Water Account for February was \$299.59. Expenditures were \$6,175.86. The balance is \$172,311.39. The Trust balance is \$131,459.78.

Revenue for the Sewer Account was \$181.18. Expenditures were \$1217.61. Balance is \$292,669.64. Balance in the Trust is \$39,340.09.

Clint Springer asked for a hard copy of these figures. Norm stated that issue was resolved two meetings ago by the agreement that these figures would be contained in the meeting minutes.

**4. Old Business:**

**a. Update: Water & Sewer Ordinances- Norm H.**

Norm stated that the revision and update of the ordinances should be complete at this stage, and he sent an Email to members with the attached ordinances. Norm asked for any other suggested changes. Christiane pointed to page 7 of the draft ordinances. This dealt with the language "if no meter reading occurs". She felt this may be confusing and the reader may believe Public Works just didn't do it. She asked that the language read: "if no final meter reading is requested". Norm will make the change without bringing it back again to the Commission. All agreed. Norm will then Email an electronic copy of the final version to Pam Cullen and to the

Select Board so they can sign at the next Select Board meeting. The Chair thanked Norm for his excellent work. Norm then made a Motion that the Sewer Commission deliver the ordinances to the Select Board for their review and approval. Richard White seconded, and the Motion carried.

## **5. New Business:**

### **a. FY 2019 Budget:**

Christiane distributed copies of the final budget to the Commission. Norm wants to zero in on Christiane's sheet detailing the rationale for significant reductions made to the capital reserve lines of both utilities. In the interests of transparency, Norm believes if there is an increase in our overhead costs, then citizens should have a right to know this. If there is an increase in the charges from the City of Portsmouth, customers should see this increase as well.

He noted that the Select Board members wanted to minimize any rate increases, and configured the budget in such a way that that in FY 19, there will be no increase in the water rate, and a 1 cent increase in the sewer rate. The explanation for how this was achieved is provided on Christiane's rationale sheet. "FY 19 Capital Reserve for water \$2500 instead of \$10,000 in light of presumed Water Infrastructure project." "FY 19 Capital Reserve for sewer \$10,000 instead of \$60,000 during period of debt repayment period of 3-4 years for sewer pumps."

Norm reported that he had discussed this rationale with Select Board Chair Bill Stewart, and accepts the Select Board is the ultimate authority. According to Norm, Bill said the Town would make up any shortfall in the capital reserve downstream. Norm stated that he told Bill that at the end of years of repayment of the loan to pay for the pumps, customers might have expected some relief, but under the proposed scenario, they would not get any decrease or relief in the rates. Norm requested that this rationale sheet be a part of the minutes of this meeting. Secondly, much of this needs to be explained to the public, whether included in a bill or as an item in Island Items.

Norm proceeded to discuss the more detailed budget.(Updated March 6, 2018 -6 pages) They began with Water Revenues, Appropriations and Expenditures. One edit Norm had was to raise the Engineering fees from \$2500 to \$5000, but Christiane stated it was kept at \$2500 to get the desired water rate. Norm noted this was yet another area affected other than Capital Reserve. There was discussion about the need for engineering fees to come out of the warrant article, as it is tax based. Richard White suggested this. Any engineering costs should be built in to the \$7 million dollar warrant article. \$2500 is not going to cover any engineering costs. He understands the Select Board is concerned with costs, but believes they are being shortsighted. He expressed his opinion that more money should be put into the Capital Reserve Funds. After discussing with Norm, it was agreed that the \$2500 in engineering would be there for projects for daily operations outside of the warrant article. Christiane and Norm briefly discussed the change to include steel- toed boots in the protective clothing line item. There is also a line for training and certifications. She also explained some savings from a change in the health insurance line.

Christiane attempted to explain to Richard White how she formulated the numbers for the rates, based on the number of units. He complimented her process but tried to simplify the explanation.

Based on their discussion, Mr. White stated he understood how the rate was arrived at, and thanked her for her efforts.

Norm next spoke about the history of rate charges for the Coast Guard, and questioned if we are now being fully transparent and charging them for what they actually use. Christiane and Steve Tabbutt confirmed in the affirmative. Prior to this, they had been charged a flat rate.

In reviewing the figures for the note, Christiane reported the Town is close to closing on a loan, but are waiting for a legal opinion on the financial status of the Town, which is required by the financial institution.

Selectman Frampton commented he had worked with Christiane in keeping the numbers low, but is concerned about the Capital Reserve amounts. He wanted the Commission to know this, as the sewer infrastructure is aging. Norm explained that he had expressed his concern, but the decision went another way. Norm understands the Select Board is the final authority on setting rates. Selectman Frampton just wants to be sure the Commission is in agreement. Mr. White expressed that he does not agree, and believes it is shortsighted to leave the Capital Reserve as presented, in order to ease the pain of rate increases. Clint Springer asked that the rationale sheet be included with the minutes. Norm asked that this sheet be part of the minutes. He then made a Motion to include the rationale sheet as part of the minutes of the meeting, which Clint seconded. ( No actual vote was taken).

Christiane and Norm continued discussion of capital reserve strategies. She suggested assigning a percentage of the budget for capital outlay. Mr. White also added to this discussion, expressing again his concerns about throttling back on the amount of capital reserves. He also expressed concerns about the condition of the sewer pipes. There is more to our sewer situation other than pumping stations. If we aren't careful, we're going to kick the can down the road.

The Commission also discussed the possibility of exploring the role of the Public Utilities Commission in looking at the sewer rate and Portsmouth's use of the monies for their capital outlay, vis a vis New Castle. Norm read an abstract from the NH Public Utilities Commission website which would seem to infer that New Castle would no "standing" before the PUC with respect to rates vis a vis Portsmouth. No decisions were made.

The Commission also discussed the use of "unrestricted fund balance" (or surplus) to lower rates, or as Norm suggested, put the fund balance into Capital Reserves.

#### **6. Any other business to come before the Board:**

Steve Tabbutt reported they have found some rust in the area of where the new pumps are going to be installed, and the contracted company has determined the need to have an ultrasonic test done at a cost of \$900.00. The pipe may then have to be replaced, depending on the test results. Chair Liff pointed out that Steve has authority to spend up to \$5000 without Commission approval, and believes it is the right thing to do and to go ahead and have the test done. Norm asked if the current contract provides for "overages". It was determined there is none.

Steve will go ahead with the test. If the pipe has to be replaced, it is the Town's responsibility to pay for it. The project is due to start in April as soon as the snow clears.

Richard White brought up a water usage issue with the meter in the Wentworth Road area. He wondered if it was a faulty meter, as usage has been low. Steve reported that many people are away which may account for the low reading. Dick thinks maybe the Wentworth Rd. water line is in worse shape than expected. Steve thinks there may be an issue with the meter.

Steve answered some questions regarding testing of water quality, and informed the Commission that the State is prepared to start levying fines against the Town for failure to meet the limits on TTHMs. Richard White is concerned that the Town has hard data to show what the water quality is at the point of entry to New Castle, and would like an additional testing site included. Clint Springer would also like a test done at the Wentworth Hotel. Norm noted that at the February 21 meeting, the Commission had directed that tests of the Wentworth Road line be conducted with concurrence of the City of Portsmouth. Those tests have not been completed.

**7. Adjourn.**

There being no further business to come before the Commission, Norm made a Motion to Adjourn, which was seconded by Richard White. Motion carried.

Meeting adjourned at 5:00 PM.

Respectfully submitted,

Bette Jane Riordan

**Attachment: "FY 19 Water and Sewer Budget/Rate Rationale"**