

APPROVED

**MINUTES OF THE WATER & SEWER COMMISSION MEETING
THURSDAY,
February 15, 2024, TOWN HALL
CONFERENCE ROOM, 1:00 P.M.**

Members Present: Richard White, Chairman, Pam Cullen, SB Liaison, Carl Roediger, Scott Stringham, Lorn Buxton, Stephen Johnson, Alternate, Jim Rini, Alternate, Chris Robillard, Director of Public Works.

Members Absent: Larry Doyle, Alternate.

Also Present: Bette Jane Riordan, Recording Secretary.

Noting a quorum, Chair White opened the meeting at 1:02 PM. Voting members are Chair White, Pam Cullen, Carl Roediger, Scott Stringham, Lorn Buxton.

Chair White stated two goals he needs to achieve in this meeting: The Water/Sewer Budgets and the financials, and then #7 which is a contract regarding sewer manhole covers which needs to be finished.

The Chair proceeded to the agenda.

1. Public Questions. None

2. Individual Applications/Petitions: None

3. Approve Minutes of the January 18, 2024 Minutes.

After review of Revised Draft Minutes, Chair White called for a motion.

MOTION: To Approve the Minutes of the January 18, 2024 Meeting of the Water and Sewer Commission as amended.

MOTION: L.BUXTON
SECOND: S. STRINGHAM
UNANIMOUS

4. Financials.

Chair White proceeded to 4b.

b. Review, approve and sign checks.

Water: After review, Chair White called for a motion.

MOTION: To Approve the water utility checks as read and presented.

MOTION: C. ROEDIGER
SECOND: L. BUXTON
UNANIMOUS

Sewer: After review, Chair White called for a motion.

MOTION: To approve the sewer utility checks as read and presented.

MOTION: L.BUXTON
SECOND: S.STRINGHAM
UNANIMOUS

4.c. Commitments.

Authority 1: (New Castle W/S) \$83,972.59. Last quarter of 2023 Director Robillard noted that everyone got their bill at the same time.

Authority 2: (Lavengers, Spring Hill) \$9,233.83. Sewer only

Authority 3: (Little Harbor) \$24,216.27. Sewer only

Authority 4: Coast Guard \$1,282.40. Water&Sewer

Authority 5: WBTS Marina & Hotel \$41,442.07 Sewer only

4.d. Accountant's Report

Chair White related the following figures from the Financial Administrator:

Water

Revenue: \$976.51 for January

Expended: \$4,033.05

Checking Acct.	\$227,905.67. December 2023 numbers
Trust Balance: (Select Board)	\$53,979.55
Cap. Reserve Balance: (W&S)	\$107,917.82

Sewer

(No reported revenue and expenditures)

Checking Acct.	\$314,077.26	December 2023 numbers.
Trust Balance (Select Board)	\$.08	
Cap. Reserve Balance (W&S)	\$204,918.33	

Jim Rini asked for clarification on the trust funds. Chair White explained the process of what happens at the end of a fiscal year. If there are extra funds, they transfer them into the trust funds to have ready for the Commission to cover certain costs. The question becomes whether to raise utility rates or take the funds from capital reserves. Mr. Buxton referred to conditions in the 1970's at which time the Town should have started depreciating their assets. This would have accumulated enough to cover maintenance and replacement costs. Chair White noted that we are playing catch up. Mr. Buxton noted that in his years serving as a Selectman he tried to get the depreciation implemented to no avail despite his attempts. Mr. Stringham asked about the increase in the checking account and was referred to Lori Ruest, Finance Director. for explanation.

Presentation of Budget – Director Robillard

The following bullets of the presentation were provided by Director Robillard for the benefit of newer members as well as the full Commission. Comments by members on the budget will be summarized following the bulleted information:

- The water fund is an enterprise fund. Therefore, operating costs are covered by customers, not taxes. The bulk of this is through per unit rates.
 - Overhead – Salaries, equipment, repairs, etc.
 - Water purchase – Bulk water agreement with CoP. (City of Portsmouth); based on residential readings with a 15% lost water value.
 - Capital Reserves – Monies set aside for capital projects or major emergencies.
 - Water Sale Revenue – Per unit sales of water to customers
 - Non-metered Revenue – Water on/off, transfers, new connections, etc.
 - $Ovhd + Water\ Purchase + Cap\ Res = Water\ Sales + Non-Water\ Sales$
 - $Expenses = Revenue$
 - Both sides of the equation must match!
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- The sewer fund is an enterprise fund. Therefore, operating costs are covered by customers, not taxes. The bulk of this is through per unit rates.
 - Overhead – Salaries, equipment, repairs, electricity, etc.
 - Sewer Flow Charges – Wholesale Sewer Agreement with the CoP for processing of New Castle Wastewater at PI WWTF(City of Portsmouth Wastewater Treatment Facility); billed per unit based on meter at the facility (prior readings at River Rd)
 - Capital Reserves – Monies set aside for capital projects or major emergencies.
 - Sewer Sale Revenue – Per unit sales of water to customers
 - Non-metered Revenue – Water on/off, transfers, new connections, etc.
 - $Ovhd + Flow\ Charges + Capital\ Res = Sewer\ Sales + non-Sewer\ Sales$

- Expenses = Revenue
- Both sides of the equation must match!

Comments:

Mr. Robillard first gave the above background information then proceeded to the Water Budget noting the first section deals with labor costs and salaries. There are meter issues to be dealt with. Ideally the meters should be installed horizontally, but many are vertical and those need to be reset/replaced at a cost to the customer. He has budgeted \$250 to be returned to the customer to replenish out of pocket to get the meters updated. The meters are how we get our revenue.

He has budgeted for a possible one water line break per year. He went over the revenue side in the water budget and has a spreadsheet for calculating the water rate. He explained that the Town is not selling as much water as in previous years, so the water rate must reflect this loss of revenue. There are built in or “fixed” costs. The new rate would be \$10.07, up from \$8.65, or a 16% increase. This is assuming Portsmouth goes up in their rates to 6%. (could be 4-6%).

Chair White stressed the importance of getting money into capital reserves and gave an example of how fixing a water main break affects the budget.

Mr. Robillard noted the marked decrease in water usage by the Coast Guard, and that needs to be explored.

Mr. Buxton reiterated his concerns over the lack of depreciation, and the recent audit finding that our finances can't be depended upon. The auditors have not given the Town a clean letter. Chair White countered the concerns with what the Commission is doing with the asset management plan and the benefits to be had with its ongoing implementation.

Mr. Robillard went on to present the Sewer Budget.

He spoke about the sewer rate equation and the Sewer Agreement with the City of Portsmouth, noting that Portsmouth plans for a 4% increase, but he is planning for 6%, The bulk rate was \$15.78 per unit which was reduced to \$11.39. Based on new figures, the rate would be \$12.07. Mr. Robillard and the Chair stressed that New Castle has a restricted limited customer base of approximately 500 customers, which needs to be considered in the rate-setting process.

Mr. Robillard noted that the town's sewer infrastructure is in worse shape than the water infrastructure. He explained the increase in the proposed budget for all the camera work that needs to be done in inspecting the lines. He completed discussion of the expense side of the budget and proceeded to the revenue side. Most of the revenue is derived from metered usage. The current rate is \$20.03. The new proposed rate is \$21.06. Given the formula a total of \$422,000 would be needed for revenue.

Discussion ensued among the members regarding the town's alleged high-rate vis a vis other NH town and the need for the town to pay its bills regarding the pump station and replacement of 22

manhole covers, along with other commitments. If the Commission decides to forego use/receipt of a loan for \$77,000 and instead uses capital reserves, this may affect the rate, but has to be considered in terms of potential lessening of costs to the town. Mr. Roediger expressed his concerns and preferences regarding usage of capital reserves versus acceptance of the loan conditions. Mr. Stringham asked about the budget process from this point forward. Chair White explained the Commission votes and sent them to Budget Committee by February 27th. The next Water Sewer Commission meeting is March 21st. Discussion ensued about what needs to be changed from Director Robillard's presentation of the proposed budget. Mr. Johnson asked for further clarification on the depreciation issue and asked for feedback on the Accountant's Report. Mr. Stringham, Mr. Roediger, and others offered other questions and possible suggestions.

5. Select Board Member Report.

Ms. Cullen reported that the Annual Audit has been completed.

6. Superintendent's Report.

- a. **Water O&M:** Mr. Robillard needs the water system contractor's plans to review for compliance with lead issues.
- b. **Sewer O&M:** Mr. Robillard explained the plan for the upcoming camera work on the system lines.

7. New Business.

a. Sewer Manhole Remediation Phase 1 – 2023 CWSRF Project Underwood Engineers – ESR #23 – Wetland Permitting Approval

After discussion concerning the \$3500 needed for engineering plans for wetland permitting for the State, Chair White called for a motion.

MOTION: To authorize and expend the sum of \$3500 payable to Underwood Engineers for implementation of ESR #23

MOTION: S. STRINGHAM

SECOND: L.BUXTON

UNANIMOUS

Cost of SMH Watertight Frames & Covers.

Mr. Robillard spoke of a cost of \$1,078.66, but after discussion, he agreed to provide additional information at the next meeting.

b. I & I Tracking

Chair White referenced and acknowledged Mr. Johnson's plan regarding pump station flows, daily rainfall projections and tidal information.

8. Continuing Business

a. Town Report:

Chair White had circulated his draft of the Commission's Report for the May 14, 2024 Town Meeting and acknowledged comments from the Commission as well as attributing much of the article to former member and Chair Norm Houle.

b. New Access ladder:

This will be added to the Electrical Upgrades Project. Chair White stated he will not pursue the submersible pumps upgrade at this time. He requested that Director Robillard pursue the purchase of the tripod and harness for safety purposes.

c. Ordinance Change:

The recent change to the Quarterly Billing section of the Water/Sewer Ordinance, Section 5.4.1 will be the subject of a Public Hearing before the Select Board at its next meeting on February 20, 2024.

d. The vote on the final rates will be taken at the next meeting on March 21, 2024.

9. Any Other Business for the Board: None.

NEXT MEETING: MARCH 21, 2024 at 1:00 PM.

10. Adjourn

Mr. Buxton made a Motion to Adjourn, which was seconded by Mr. Stringham. Motion carried unanimously. The meeting was adjourned at 3:08 PM.

Respectfully submitted,

Bette Jane Riordan Recording
Secretary.