

## WINNIPESAUKEE RIVER BASIN PROGRAM

### ADVISORY BOARD MEETING MINUTES

**November 13, 2018 – Belmont Corner Meeting House**

**Members Present:** The meeting was called to order by Wes Anderson (Laconia), assistant chair, at 10:03 am. Sharon McMillin (NHDES), Rene Pelletier (NHDES), Johanna Ames (Tilton), Jeanne Beaudin (Belmont), Scott Dunn (Gilford), Ray Korber (Bay District) and Ron White (DAS) were present at that time.

**Minutes:** Ray moved, seconded by Johanna, to approve the October 18, 2018, meeting minutes. The motion passed.

**Monthly Summary Report:** Sharon provided the following updates. They were based on the *Monthly Summary Report* for October 2018.

- Flow Metering Services Study – There are no new updates at this time.
- Asset Management/Collection System Evaluations Initiative – There are no new updates at this time.
- WRBP Infrastructure Ownership – There are no new updates at this time.
- Governance Work Plan – The DES responded to the Phase I Roadmap presentation held on September 28, 2018 via a letter distributed by email to members.
- Rate Assessment Formula – A scope of work is being drafted by Wright-Pierce (W-P) for the four member communities whose measured flow data is not accurate enough for billing purposes. See the Rate Assessment Workgroup Update section below for further discussion.
- Replacement Fund (Reserve Account) Legislation – The Advisory Board has been working with the DES to potentially amend RSA:485-A:51 during the 2018-2019 session. Sponsors have been found to get a placeholder submitted. See the Replacement Fund (Reserve Account) Legislation Update section below for further discussion. SB468-FN that would have redirected fines to the General Fund was opposed by the members of the legislative sub-committee but referred to interim study. The interim study committee recommended ITL on September 13<sup>th</sup>. The executive session was on October 10<sup>th</sup> and approval was not recommended.
- Commercial Discharge Permit (CDP) – There are no new updates at this time.
- WRBP Rules Update – The draft is still under review by the DES legal team. In order to meet the JLCAR deadline, a public hearing on the initial proposal will be held on Friday, November 16<sup>th</sup>. The amendments proposed to date have been posted on the DES website. Written public comments can be received until the end of November.

**Annual CIP and MOU Updates:** Wes indicated that the CIP subcommittee has recommended approval of the 2018 CIP as indicated in his cover letter. The most significant change in the CIP since the first draft was the adjusting of the wastewater optimization projects to be completed over two years (2020 and 2021) instead of just one. Ray moved, seconded by Scott, to approve the CIP. The motion carried.

Sharon gave a brief overview of the major changes in the MOU annual update; which is provided in each year in both text and tabular formats. Any changes from last year are in bold. The flow metering information has been updated to acknowledge the discussions about the rate allocation formula, the workgroup that was formed, information that the DES has provided regarding the cost of service capacity status, and the discussions about flow data and alternatives to flow metering. The target deadline of January 20, 2019 for the Advisory Board to present a rate allocation formula was also included. The other listings in Item 7 are contingent upon decisions made regarding the rate formula implementation. Under Item 10, regarding the ownership of properties, it was noted that community MOAs are still being put together with the AG's assistance in order to determine who has O&M responsibilities for system infrastructure. Under Item 11, the roadmap is discussed. This section was updated to include information about the meeting with the DES on September 28<sup>th</sup>. Scott moved, seconded by Ray, to approve the MOU. The motion carried.

**Rate Assessment Workgroup Update:** Wes indicated that the workgroup has reviewed the W-P draft scope of services, and Ray relayed that he talked with W-P on the phone about a revised scope. He thinks that the revised scope and budget will be provided by the end of the week. The scope of services is divided into three main tasks: (1) provide data collection review; (2) provide an alternative metering program if feasible; and (3) provide an alternative methodology for the four member communities where alternative metering has been problematic and meters may not be able to fully capture flows.

Johanna asked if an alternative metering program was a possibility and, if so, is it feasible. Wes and Ray explained that it would be helpful to have it in writing that it is not, if this proves to be the case, in order to justify an alternative methodology. Sharon recalled that there had been some discussion about member communities providing as much information as possible to reduce costs. Ray agreed, noting that W-P will provide a list of the type of data needed from each member community in order to complete the tasks in the scope of services. It will be important for the member communities to assist W-P in this endeavor and also provide a contact for W-P in each of the four member communities. Scott asked how much W-P's scope of services would cost. Ray was not sure; but he estimated it would be somewhere in the ballpark of \$15K-25K. He noted that an additional task order may be required to keep the process going.

**Replacement Fund Legislation Discussion:** Wes announced that, with the re-election of Representative Hewett and Senator Guida, sponsors for the proposed legislation have been retained. At this point, there are no specific changes just clarification of definitions. The target fund amount had already been agreed upon at approximately \$5.4M, based upon the 5% valuation collected over 10 years. The Advisory Board understands that changes would be implemented at the next valuation in FY20, because revaluation occur every 5 years.

Sharon asked if everybody was comfortable (after the discussion at the last meeting) with using the capital budget as a cost-funding mechanism as opposed to collecting and putting into a reserve account. Wes acknowledged that he was, noting that capital projects can also be bonded and over a long period of time than what the SRF loans allow or the 10-year repayment period of the replacement fund. Sharon reminded members that currently SRF loans may be repaid over 30 years for some capital projects. She also acknowledged that SRF loans have Davis-Bacon and Buy American provisions so any future capital project would need to determine which funding mechanism was most cost effective.

Wes asked if he should ask the sponsors to continue sponsoring the proposed legislation or to table it for the time being. Ray expressed his concern over the definition of depreciable assets; specifically, the \$10K threshold for including rolling equipment like vehicles given the intended use of the fund for unforeseen situations. Sharon asked if her email regarding how the state defines depreciable assets has been helpful. Ray asked if the definition could be changed. He also suggested creating a document memorializing how the Replacement Fund is executed so that the Advisory Board has a reference document it can use in the future. Sharon was not sure whether the AG would allow a change in the current definition and threshold applicable to depreciable assets since it applied to all State agencies. It might be difficult to change it for the convenience of just one bureau given the need for defensibility for using state guidelines. Wes agreed to let the sponsors know that Advisory Board is still reviewing the proposed legislation.

**Authority Discussion & Update:** Wes asked if everybody had received the letter dated November 8<sup>th</sup> to the Advisory Board from Robert Scott, the DES Commissioner. Wes had been discussing the property valuation issue with Susan Carlson, the Chief Operating Officer at DES, even before the letter was issued. From those discussions, Wes understands that the State has information about the original value at the time of construction and the replacement value; not the depreciable value of all assets. With regard to the letter, he suggested forwarding a copy to the workgroup's attorney. Ray offered to forward the copy.

Wes asked Ray when the next set of meetings would start. Ray said that Rath, Young & Pignatelli was awaiting a determination with regard to whether the assets could be purchased. Scott and Ray asked if the legislature would make the final political decision regarding selling the assets for \$1. Rene affirmed that it would. Scott acknowledged that there was no way for sure to determine whether the legislature would be willing to sell the assets for a nominal amount. Wes agreed. Wes also agreed to continue working with Susan to determine a value at construction. Ray asked what type of information the legislature would likely need in order to reach a determination. Rene suggested presenting the legislature with the financial information regarding what it would be giving up for the suggested nominal amount. Ray agreed that the first step is to determine if the assets can be transferred for \$1 or else the financial justification falls apart. He hoped that DES would at least not dispute whatever value the Advisory Board determined was the current value. He further indicated that the member communities had experience running a sewer system since they all had experience operating pump stations and sewer systems but no experience running a WWTP. He suggested that the solution to that issue was contract operations.

**WRBP Biennial Budget Update & Anticipated Municipality Impact:** Sharon announced that the biennial budget she submitted was level funded and that in the back of the 2018 CIP is the debt schedule. Debt service is going down. From the standpoint of the Admin, O&M, and debt service there is about a 1% change requested for FY2021; although, the final determination will be made by the governor and legislature.

**Other Business:** Sharon announced that WRBP won the NH Water Pollution Control Association's Plant of the Year Award. The award ceremony will be held on Friday, December 14<sup>th</sup> in Keene. She suggested Advisory Board members may wish to attend to recognize the hard work staff members have put in to win this award. She will email members a copy of the award ceremony announcement. There were three other nominees including Plymouth, Nashua, and Rochester. The WRBP won with a

93.16%, which is a strong value. She wished to acknowledge this accomplishment before the Advisory Board and thank the staff for the hard work they put in to achieve this recognition from the State-wide wastewater association. Advisory Board members congratulated the WRBP staff for winning the award.

Wes asked if there was any feedback from EPA's recent audit. Sharon said that she was told there is typically a three-month turnaround time, and the DES inspectors who participated in the audit had not received a draft yet.

The meeting was adjourned at 10:56 am. The next meeting will be held at the Corner Meeting House in Belmont on Thursday, December 20, 2018, at 10:00 am. The minutes were prepared by Pro-Temp Staffing.