WINNIPESAUKEE RIVER BASIN PROGRAM

ADVISORY BOARD MEETING MINUTES

October 17, 2019 – Belmont Corner Meeting House

Members Present: The meeting was called to order by Wes Anderson (Laconia), assistant chair, at 10:05 am. Sharon McMillin (NHDES), Ron White (DAS), Jeanne Beaudin (Belmont), Steve Dolloff (Meredith), Scott Dunn (Gilford), Trish Stafford (Sanbornton), and Brian Sullivan (Franklin) were present at that time.

Minutes: The September 11, 2019, meeting minutes will be approved at next month's meeting.

Monthly Summary Report: Sharon provided the following updates. They were based on the *Monthly Summary Report* for September 2019.

- Flow Metering Services Study – There were no updates.
- Asset Management/Collection System Evaluations Initiative – There were no updates.
- WRBP Infrastructure Ownership/Responsibilities – There were no updates.
- Governance Work Plan – A draft WRB District Cooperative Agreement table of contents and draft legislation were presented by the Authority Work Group and discussed at the Advisory Board's September 11, 2019, meeting. They were currently under review by the AG's Office.
- Rate Assessment Formula – Second draft report (for Phase 1) were provided to the Rate Assessment Workgroup and comments were submitted to Wright-Pierce (W-P) for necessary corrections. W-P is expected to present the Phase 1 draft report again when information has been updated.
- Replacement Fund (Reserve Account) Legislation – The forcemain repair at Pendleton Beach that was being funded from the Replacement Fund was nearing completion with final testing pending.
- Commercial Discharge Permit (CDP) – There were no updates.
- WRBP Rules Update – There were no updates.

Wes, noting that the State's budget has been approved, asked if the Replacement Fund had been utilized. Sharon explained that the Replacement Fund had been utilized and that DES Accounting would be assisting her with budget reporting and assessments. Wes asked if any budgetary instructions had been given with regard to early expenditures, especially on the federal level. Sharon explained that there were none. Scott expressed his concern with the rate assessment formula, in that it appeared that it would never be altered, and that the flow studies may have been a waste of time and money. Wes disagreed, noting that he planned to discuss this during the rate assessment workgroup update, specifically with regard to hybrid models for assessments.

Rate Assessment Workgroup Update: Wes announced that he had received an update from W-P regarding their assessment of the four member communities. They completed collecting data on October 10th. They planned to issue a copy of the second draft of their report to him by October 25th.

Wes planned for them to give a presentation on their report at next month's meeting. He noted that Scott's question would be part of the decision-making process, as the Advisory Board would need to decide where to go from there with regard to the selection of a rate assessment model for the formula. The model may be purely flow-based for some of the member communities and a hybrid model may be chosen for the four communities based upon W-P's recommendations. The flow data was reliable for six of the member communities.

Brian asked if the four member communities where flow rate data was unreliable are Tilton, Belmont, Franklin, and Northfield. Wes and Sharon affirmed that they were. Brian asked if W-P was still looking at flow, capacity, and strength. Wes explained that W-P had been contracted to look at flow only; and, whether it was feasible to do more flow metering in the four member communities where flow rate data has been unreliable. If W-P determined it was not feasible, they may recommend a hybrid model. At the next phase, the Advisory Board could look into other factors, such as capacity and strength for the rate assessment model for the formula.

Sharon noted that with regard to capacity, that was a buy-in (by percent), and not something that could be reset unless member communities were willing to buy and sell it. Capacity was inherent in state legislation. Brian asked what would happen if communities exceeded their buy-in capacity. Sharon explained that this has not been an issue yet. Brian asked what type of trends to expect in the future in this regard. Sharon provided a hypothetical example: if Northfield decided to approve a large office park, they might not have enough capacity buy-in to support it. In such an instance, they may consider approaching other members to purchase additional buy-in capacity so the development could move forward. At present though, none of the member communities were anywhere near they buy-in capacities. Capacity is based upon the WWTP's design of 11.5 MGD. It is not based on the capacity of each individual pump station, although the pump stations impact the WRBP's system capacity, especially where peak flows are concerned. Wes noted that trends indicated water use (sales) dropping in Laconia. Therefore, they do not expect to reach their buy-in capacity, despite growth, due to low-flow technologies that improved efficiency.

Authority Workgroup Update: Wes announced that he received answers back from the attorney regarding the questions posed at last month's meeting. Sharon asked about the dissolution clause in the proposed agreement. Even though it was highly unlikely to be executed, there must be some type of agreement in there with regard to how they were going to do it, if it came up. The attorney also noted that there was a typo in the draft. In the draft it said that the district shall be considered a public utility within the meaning of Section 36.2.2. It should have said shall "not" be a public utility. The other two questions dealt with why we were not falling under particular state statutes. The simplest explanation was that nothing could conflict. So, if the new statute implemented our governing authority covered our bases, we need to make sure the language was not being covered by the other statutes, so there were no unintended conflicts. The particular one that we were talking about (RSA 31) will be pulled into our statute when necessary.

Wes asked if there were any questions. Sharon asked if they were not a public utility, what they would be. Wes explained that they would be a public utility, just not under the Public Utility Commission (PUC). Sharon asked if the workgroup had confirmed this was acceptable with the PUC. Wes explained that it was not necessary, because other regional collection systems were considered this way already. Problems may arise if this regional collection system encroached upon another's public utility's territory without authorization to do so. Moving forward, Wes wished to set up appointments for the workgroup to meet with the member communities and the attorney. He asked if the Advisory Board as a whole wished to be present during these meetings. Either way, he asked everybody to forward him dates, if they needed help explaining the road map process to town officials in their member communities. These appointments were important to the workgroup, because of the upcoming vote at next month's meeting. That way, town officials could give Advisory Board member permission to cast a go or no go vote. The next go- or no-go decision on the road map would lead to Step 3a.

Sharon asked if the workgroup still planned to meet with state officials in DES, DOT, and DAS as planned in Step 2. Wes affirmed that this was the case. Sharon asked if they would be assisting with due diligence, as this was her understanding from the letter the AG's office wrote. Wes affirmed that this was also the case. Wes explained that, at this point, it was just a matter of introductions. Sharon asked what the vote that the town officials in the member communities would be regarding. Wes explained that the vote was to decide whether to continue on to the next step, which would be due diligence. Sharon asked if Step 2 had been completed where the roadmap showed due diligence and meetings with the employees, union, and other state agencies. Wes explained that the due diligence phase in Step 3 was when they would begin doing all of the financial checking. Sharon asked about the ownership, valuation, and location of all WRBP assets, and whether that was in step 2 as it appeared to say so on the road map. Wes explained that the workgroup already had that information. Sharon asked how they had obtained that information. Wes explained that this information was not at the level she was thinking. It was all the stuff that was supposed to be in the agreement, when they had decided to go a different way. So, the due diligence phase which comes later will include the actual information gathering. Sharon acknowledged that the member communities and State do not yet know who owns which pieces of infrastructure. Wes explained that ownership was immaterial at this point, as this step was just the overall big picture piece. At the due diligence stage, the workgroup would delve into the ownership issue, which was Steps 4 and 5. Wes asked everybody to get back to him by next Friday if they could, with regard to setting up the community meetings.

Replacement Fund Legislation: Wes handed out a set of spreadsheets entitled WRBP – Current Allocations, dated January 29, 2018 (page 1); Calculations Based on Replacement Fund % Distribution Currently Used by WRBP, dated September 26, 2019 (page 2); and Calculation Based on a Concept to Use O&M to Distribute Repayments, undated (page 3). Wes explained that the first page was created by Sharon a year ago. It depicted the Replacement Fund and current allocations. Wes used page 1 to create page 2. Wes explained that if a project was valued at $1M, and it was paid back over 10 years, and if a member community did not already have the funds to cover the project, then this would be the annual increase per customer (on page 2) to cover the cost of the repayments back to the Replacement Fund. Wes explained that page 2 illustrated that the decision was not one that everybody shared, and that the workgroup needed to determine a method by which to determine everybody's share, as the formulas would be built using them. Right now the formulas were built based upon the assumption of distribution. If the goal was to change the way the Replacement Fund was structured, then the Advisory Board may need to consider hiring a consultant to help determine how. He noted that Gilford's annual increase per customer (page 2) was $14.27, which was much higher than the other member communities. Page 1 was also used to create page 3, which depicted the annual increase per customer based upon O&M percentages instead. The annual increase per customer was much lower for most of the member communities.

Sharon suggested that there may be other options, the U.S. Postal Service model, for instance. After 50 years, the U.S. Postal Service decided that everybody would pay the same price for a first-class stamp regardless of domestic destination. For example, every U.S. Post Office knows how many customers it has, and if an arbitrary $1M project was divided by 15,000, then everybody got the same bill. That is one simple option. Wes agreed that there were many options to consider, and that the workgroup needed guidance from the Advisory Board so far as what the shares would be based upon, if everybody was to share equally not to mention that the Replacement Fund legislation would need to be changed to reflect any change. Brian asked if it could be done based upon the number of hookups with different classifications to accommodate multi-family dwellings. Sharon noted that with the U.S. Postal Service model, there were different kinds of stamps, such as the overnight stamp, and so classifications could be established for any type of model including this one. For example, a hospital would pay differently than a single-family, 2-bedroom residence. Each member community bills their end users based on something – and that something can be standardized for the WRBP assessment. Wes reiterated that there were many options to consider, and that the workgroup needed guidance from the Advisory Board in this regard. He hoped to begin a discussion, noting that Laconia's position may change based upon the outcome of such a discussion, because Laconia's position was based upon the current model which was used to prepare budgeting. Scott suggested that the U.S. Postal Service model made a lot of sense. Wes agreed, noting that when they went from wholesale to retail, that they would need to change to one charging system that was consistent throughout the member communities. Scott reiterated his stand from previous meetings, in that he supported everybody being in this together.

Sharon recommended for the discussion to include what each member community had in their Replacement Fund account already, and how that would be handled transitioning to a new model. Scott acknowledged that he did not like to look at it as his money but rather everybody's money. Sharon noted that member communities have not paid equally into their accounts, which may be problematic from a U.S. Postal Service-type model standpoint. Scott asked if the transition would be based upon the AG's determination. Jeanne agreed that this may be problematic if the AG's determination was based upon the statute, especially if it was based upon a methodology that has not yet been used given that we there was accurate flow rate data for some communities but not all including Belmont's. Sharon agreed with Jeanne, noting that each member community also had a different approach for billing. Wes recommended for the Advisory Board to be ready to decide by next month's meeting if a consultant's help was required, as it might be fairly easy to add such an additional task to W-P's contract. He reiterated that the workgroup needed the Advisory Board's feedback in this regard. Sharon wished to acknowledge the time and effort that CDM has put into collecting flow rate data several years ago, along with their recommendations, some of which have not been implemented. Thus, it was her suggestion for the Advisory Board and the member communities review these resources before hiring yet another consultant. She also acknowledged that the consultants cannot make decisions, just issue recommendations. Scott acknowledged that he was leaning toward using the number of users, as this may facilitate a smoother transition. Sharon suggested looking at the number of units as opposed to users, as this may help differentiate certain types of users such as hospitals, from residences. Also, the number of seats might be considered in users that were restaurants. Jeanne noted that laundromats, schools, and mobile home parks should also so be differentiated. There are federal guidance documents (TR-16 design standards) to help assist with this process. Wes asked if the workgroup should consider a model based upon customers, then, that has a percent distribution that is probably not based on anything in this three-page handout but rather a straight percentage of customers. Jeanne concurred with this concept. Brian asked who would be responsible for billing. The general consensus was that the member communities would assume this responsibility. Wes reiterated that changing from wholesale to retail would require tweaking in this regard. Wes thanked everybody for providing the workgroup with the guidance it needed.

Other Business: The meeting was adjourned at 11:05 am. The next meeting will be held at the Meeting House in Belmont on Thursday, November 21, 2019, at 10:00 am. The minutes were prepared by Pro-Temp Staffing.