

WINNIPESAUKEE RIVER BASIN PROGRAM

ADVISORY BOARD MEETING MINUTES

June 16, 2016 – Belmont Corner Meeting House

Members Present: The meeting was called to order by Brian Sullivan (Franklin), Chair, at 9:05 am. Sharon McMillin (DES), Eugene Forbes (DES), Ray Korber (Bay District), Jeanne Beaudin (Belmont), Peter Nourse (Gilford), Paul Moynihan (Laconia), Steve Dolloff (Meredith), Glen Brown (Northfield), Charlie Smith (Sanbornton), and Johanna Ames (Tilton) were present at that time.

Minutes: Ray moved, seconded by Jeanne, to approve the minutes for May 5, 2016, as amended. The motion passed. Paul moved, seconded by Jeanne, to approve the minutes for May 11, 2016, as written. The motion passed.

Brief Announcements: Sharon announced that the Replacement Fund assessments this year will follow the shared allocation model as discussed during the May 11th meeting and invoices were being mailed shortly. WRBP staff has been holding quarterly implementation plan & schedule (IP&S) meetings with the teams involved with those initiatives. Copies of *The WRBP Balanced Scorecard* were handed out at the May 5th meeting. The initial WRBP Balanced Scorecard has been completed for 2015; meeting the IP&S milestone goal. Sharon's certified public manager (CPM) capstone project was to develop this initial balanced scorecard for the WRBP. She just graduated earlier in the month and the AB members congratulated her for completing the CPM program. They also thanked both Sharon and WRBP staff for the hard work they put into generating the Balanced Scorecard.

Brian announced Paul's plan to retire effective August 1st, and those present recognized Paul for his many years of serving on the AB and his dedication to the WRBP.

Paul asked if anyone else had heard Sharon on the recent WEMJ AM 1490 program about the history of the WRBP as part of a retrospective of the life of Peter Karagianis, one of the Laconia community leaders instrumental in helping create the WRBP. Paul greatly enjoyed listening to the program and asked if a recording of it was available. Sharon will inquire to see if one is available. She mentioned that Paul also participated in the program. The two different videos about the WRBP were discussed, and DES and some members have copies available to share with any who may be interested.

Jeanne asked Sharon about a recent problem with excavation near the WRBP's interceptor in Belmont along a private road. Jeanne explained that, since this was along a private road, Belmont did not have jurisdiction. Sharon explained that the WRBP inceptor was located within DOT railroad jurisdiction and that an abutting landowner had been served a cease, desist, and restore letter by DOT after excavating a portion of the railroad's property local to the WRBP interceptor for use as parking. Jeanne asked Sharon for a copy of the DOT letter for Belmont's files, and Sharon agreed to provide a copy.

Monthly Summary Report: Sharon provided the following updates based on the *Monthly Summary Report* for May 2016 previously submitted to the AB by email.

- Flow metering services – The technical memo prepared by Wright-Pierce (W-P) is under review by WRBP staff. One flow meter (TF-1) is prone to repeated fouling with rocks and debris from the upstream Tilton sewer line and EST will be asked to remove their flow meter so it will not

get damaged until the situation is resolved. The WRBP offered Tilton assistance, if needed, since Tilton believes that a private system may be causing the debris at this location.

- As-needed engineering and technical support services – Contract paperwork was received from both W-P and Brown and Caldwell (B&C). The contracts are expected to be approved by G&C in July.
- WRBP infrastructure ownership – A draft MOA prepared by the AG’s office for Laconia is under review by DES.
- Rate assessment formula: DES’ preliminary analysis of the relative contribution of flow, strength, and capacity (shared) costs was presented at the May 5th AB meeting.

Legislative Update: SB461 added language to allow funding for a proposed feasibility study to augment the Task 2 MOM study and answer community questions regarding potential costs or savings if creation of an independent Authority were to be pursued. SB484 added language similar to that contained in the MOU about having an AB letter included in capital funding requests going to the G&C. The NH State Legislature passed both bills. The Governor signed them into law, and they will go into effect by the end of July.

Brian asked the other AB members how they felt about creating an RFQ for a consultant for the feasibility study. Discussion continued regarding the scope of the study and whether it should include the details of what a full path forward would look like or just the information required for each community to determine if it was economically practical and financially feasible to create an Authority. Jeanne suggested looking at the numbers first. Ray agreed and suggested that determining what type of information each community needs in order to be convinced (go versus no-go on continuing to explore alternative governance options) might be a good first step and that the next step might be determining the best course of action and how to handle any legal or other issues that might arise. Peter asked whether W-P or B&C would be the best consultant. Ray suggested that because B&C prepared the previous financial analysis and has institutional knowledge that they may be able to answer some of the questions regarding financial information; just going in more depth. Eugene said B&C could provide insight into how they arrived at some of the numbers in the MOM Task 2 report, but that the two as-needed engineering firms were not selected based on doing a governance feasibility study. The scope of work developed by the members would need to determine if, or how, B&C might be involved.

Ray recommended the AB members review the MOM Task 2 Study report prior to next month’s meeting and begin developing a list of questions to discuss at the July meeting to help facilitate a better understanding of B&C’s initial findings. Sharon asked what the collective decision-making process (go versus no-go) would entail and would all members have to agree or would a simple majority vote suffice. Ray suggested that the consultant would be helpful in this regard – because some communities may want to go with retail (Gilford) and some may want to stay with the State – although getting the communities the type of information they need is probably the best first step. Peter asked if a retail model would incur additional expenses that communities may be unaware of at present. Eugene and Sharon explained that regulatory, personnel, accounting and legal advice would become additional expenses since the state provides these services right now. The communities would also become responsible for permit compliance and any fines associated with non-compliance.

Replacement Fund Assessment Update: Eugene sought an opinion from the AG’s office regarding the FY16 billing cycle and the AB’s vote on May 11th to support and recommend that the billing under the

Replacement Fund be in accordance with past practices for all disbursements made to date. The AG's office issued an opinion that the replacement fund assessments and utilization could follow the shared allocation model in FY16. The AG's recommendation is to fix the law (resolving ambiguities) during the upcoming legislative session in order to provide clarity. New language should be added to the existing statute to define the type of allocation model the communities would like to use moving forward. For example, the language could state that funds used for facilities used by one or only a few communities should be reimbursed by those communities' accepting the funds (i.e. the individual allocation model). If the communities would like to continue using the shared allocation model moving forward, the new language should delineate that model.

Brian asked Sharon if she could add tracking the new legislative LSR to the *Monthly Summary Report* as a task, so that progress could be tracked. Eugene explained that while it would be difficult to add as a task to this particular report, as some aspects of the LSR process would not be tasked to WRBP staff. However, LSR tracking could be included in the notes section of the monthly report.

Paul expressed concern regarding the under-valuation of the Replacement Fund. It is capped at 5%, and he asked if legislation would be required to adjust this – if the communities are interested in adjusting this cap. Steve asked if language should be added to the statute to better clarify how money from the Replacement Fund is spent. Sharon suggested that legislation could modify the Replacement Fund statute to address the cap and what is included in the valuation (subsurface assets) or to create a true capital reserve account.

Ray asked if the DES is planning to ask the AG's office for help regarding the language in the LSR and what the timeline would look like. Eugene said that the DES can ask the AG's office for help with the language but DES would typically create a first draft for consideration. DES can track legislative deadlines – LSR titles (placeholders) are due in November, although the deadline for the LSR text itself would be due on a later date. The LSRs will require legislative sponsorship, and the communities will need to speak to their representatives for this LSR just as they did for SB461 and SB484 last year.

Forecasted Billing Assessments for FY17: Peter asked about a June 7th email he received from DES containing the forecasted billing assessments for FY17, as the numbers were not what his community was expecting when they were putting together their FY17 budget back in December 2016 (based upon previous expenditures). He wondered if any of the other communities were having a similar experience and also if expenditures were expected to increase dramatically.

Sharon said that expenditures were not expected to increase dramatically and explained that the forecasted billing assessments for the 1st quarter of FY17 from accounting were based upon the state operating budget and that bills for the 2nd quarter will be significantly lower since adjustments were made in that quarter. Jeanne expressed concern with this billing methodology, because it makes it more difficult for some communities (like Belmont) to generate their fiscal budgets as they cannot adjust mid-year like DES. Some communities are not on the same fiscal year as the state. Eugene apologized for the confusion and explained that the DES accounting department is in the process of developing written procedures (a methodology) that will be followed in the future. In the past, the bills used a variety of methodologies, which was not a good management practice.

Ray said what caught his eye was the total O&M budget: For FY17, the forecasted amount was \$4.9M;

and in the June 7th email, it was \$6.2M. He asked if there is any way to close this gap. Sharon said that the accounting department refers to this type of gap as a “spend rate” and describes the gap between the state operating budget and actual expenditures.

Ray suggested that the spend rate gap may be creating a cash flow problem in some communities and recommended adding the goal of closing this gap to *The WRBP Balanced Scorecard* for future tracking. Sharon said that it is already included and that the DES is also tracking trends in the operating budget. She noted that operating expenditures including O&M and Admin expenses has remained fairly constant with the rolling average over the last 5 years shown on the Balanced Scorecard as only a 1.2% increase. Brian said that, in the past, he talked with Steve or Sharon when he was putting together his budget and then added 2.5% to 5% to that number for his budget. This has been working out well for him; although, he is glad to hear about the transition to a better management practice. Jeanne said that the worksheets the communities used to receive from the WRBP were more helpful than the ones that she has been receiving lately. Eugene asked the communities to request information they need for their budgets, and DES accounting will try to provide a better forecast following more consistent policies and procedures.

CIP Review: Sharon recommended scheduling the annual CIP review since the final CIP is normally approved in October of each year. The CIP subcommittee agreed to meet after the AB meeting on July 21st. Sharon said that the 2015 CIP documents were available on the WRBP website for download and review.

Other Business: The meeting was adjourned at 10:48 am. The minutes were prepared by Pro-Temp Staffing. The next AB meeting will be held at the Corner Meeting House in Belmont on July 21st at **10:00 am.**