

WINNIPESAUKEE RIVER BASIN PROGRAM

ADVISORY BOARD MEETING MINUTES

February 16, 2017 – Belmont Corner Meeting House

Members Present: The meeting was called to order by Brian Sullivan (Franklin), chair, at 12:40 pm. Sharon McMillin (DES), Ray Korber (Bay District), Wes Anderson (Laconia), Steve Dolloff (Meredith), Katie Ambrose (Sanbornton), and Johanna Ames (Tilton) were present at that time.

Minutes: Ray moved, seconded by Wes, to approve the AB meeting minutes for January 19, 2017, as amended. The motion passed.

Monthly Summary Report: Sharon provided the following updates based on the *Monthly Summary Report* for January 2017 as previously submitted to the AB members by email.

- Flow metering services – The flow meters have been logging data. Monthly site visits have been conducted, and reports have been provided after each site visit.
- Asset Management/Collection System Evaluations Initiative – A scope of supply, cost, and schedule proposal have been requested from the top vendor.
- WRBP infrastructure ownership – Belmont and Laconia are working on MOAs to delineate respective responsibilities. A schedule for meetings with the other member communities will be developed shortly.
- Rate assessment formula – The full AB has expressed an interest in participating in a discussion with DES regarding a draft rate formula. DES has offered to draft an assessment model for AB consideration at the March 2017 meeting.
- Governance Work Plan – On January 25, 2017, DES responded to Gilford's letter requesting clarification regarding the ownership transfer of assets.

Ray asked if the asset management plan was on schedule. According to the 4/13/15 implementation schedule from DES, we are 9 to 12 months behind schedule. Sharon explained that the DES implementation plan is on schedule except that the as-needed engineering contract took longer to finalize than originally expected. The schedule in the task order with W-P for asset management is roughly a month behind schedule but extra due diligence was done to make sure that the WRBP was selecting the most appropriate software vendor and integrator. The WRBP is now confident that Cartegraph is the best choice and is moving forward with scope and budget negotiations. W-P is on budget for the asset management program.

Ray asked if he could confirm the contract budget for W-P did not include the cost of the software. Sharon confirmed this was the case. Ray asked if DES had any idea what it might cost. Sharon said after a conference call with the vendors tomorrow, DES hoped to have a better idea. The implementation of the software was just as important to the WRBP as the software itself, as was having the right company and the right team. Ray asked if the cost for software and vendor support to implement the program would be in the ballpark of \$100,000. Sharon said they were waiting on a scope and budget from the vendor and so could not speculate on the final cost including software and implantation support. Part of the cost is the training and support of WRBP staff and an implementation schedule that fits in with WRBP other commitments. Ray asked if DES would let the AB review the scope and budget. While this procurement does fall outside of capital expense, a scope and budget can be presented to the AB for input.

Work Plan for Governance Feasibility Study: On January 25, 2017, DES issued a response to Gilford's letter to DES dated November 4, 2016. In its letter to DES, Gilford requested clarification from DES regarding the cost and requirements to transfer state-owned assets to the communities. A copy of DES' response has been distributed to the other AB members by email and Sharon handed out an extra copy to everyone at the beginning of the meeting.

Brian asked if DES using the Lakes Region Facility (formerly the Laconia State School) to provide some insight into possible processes (and their potential complexity) for divesting State-owned property was comparative to what was going on here. Sharon explained that the comparison had been made since DES has no control over the State legislature. Brian asked if this meant the member communities would have to seek answers from the State legislature. Sharon affirmed this was the case. She reminded the AB of the recently amended WRBP statute (RSA-A:49) which now includes specific language about not making any change in governance unless specifically authorized by statute.

Brian referenced the last paragraph of DES' letter, in which the Assistant Commissioner said he would gladly work with the member communities in any way he could. Brian asked if it would be worthwhile to sit down with him to discuss the matter. Sharon asked what he hoped the Assistant Commissioner would do, reiterating he cannot do anything legislatively, because he does not have that kind of authority. Wes and Ray concurred. Ray noted the Assistant Commissioner could not even tell the member communities what the valuation was. Brian asked if it would become more difficult to do once the member communities began looking at the underground assets. Ray said it would not be difficult to come up with an approximate number. Sharon said she ran a very basic estimate two different ways, and in her estimations, a basic number was between \$60-\$65 million. Ray said he quickly came up with \$55,000,000 and that a more definitive number could easily be determined. Ray expressed his disappointment over DES' response. The member communities wanted to know simply whether the State was going to give or sell the assets, and if the latter for how much, and DES' response was to say only it did not have the authority to do anything. Brian asked if the member communities should instead seek the answer to their questions from the State legislature. Ray asked what they would go to the legislature with. He stated that if DES is unable to provide the information requested that the member communities might have to spend money to get the answers needed to make the appropriate decisions. He noted that we have essentially made no progress on this issue since we discussed approaching DES with these questions at the joint meeting held on September 2015.

Wes expressed his concern about not knowing more about the costs. Ray suggested because DES did not seem able or willing to tell them anything, it would be up to the member communities to seek the answer to their questions for themselves. Steve concurred and expressed his disappointment over DES' response. Gilford has already made a go decision. He asked what everybody else wanted to do. Ray said Bay District was close to making a decision. Steve said Meredith was as well. Steve said he was interested in saving the rate payers money. Ray concurred. He referred to B&C's task 2 report, which clearly stated alternative 2 and alternative 3 would save the rate payers money. Brian asked if alternative 3 (the retail version) would save the rate payers the most money. Ray stated that the report confirmed this but that alternative 3 cannot happen without implementing alternative 2 (transfer of authority ownership) first. A new authority could be structured to allow alternative 3 to be optional for each member community. There were other authorities to us as a model. Ray stated that there is nothing new here; that regional authorities are common in other states and that our circumstances make the process

simpler as we are a regional authority already and this exercise is simply a transfer of assets from one legal entity to another once that new entity is established. He cited the recent establishment of an authority in Connecticut as a helpful example of what may be required to move forward. He believed doing so would save the rate payers money and asked if everyone else was interested in moving the political needle forward. If not, he suggested focusing on other areas where there may be cost savings for the rate payers. Ray asked if everyone has developed their requests for information to make a go/no go decision. Brian asked, if without Jeanne, Glen, and some of the other AB members present, it would be possible to arrive at a decision that day. Ray suggested that it would not.

Ray expressed his concern about spending another \$325,000 on yet another study such as the MOM Study. He stated the MOM Study Task 1 Report was finalized in December 2013 followed by the Task 2 Report in June 2014. The MOM study, he said did two things. First (task 1), it listed eleven areas of improvement the WRBP program could make, which it was supposed to carry out through the implementation plan. In his opinion, the WRBP program was well off the implementation schedule proposed in the reports and 9 months behind DES' 4/13/15 implementation schedule. Second (task 2), it recommended the analysis the community members were attempting to make now. In his opinion, progress has not been made here either. Sharon noted the WRBP program has implemented their plan and was only off schedule for the asset management plan for the reasons she previously discussed. Ray wondered whether the ratepayers have gotten their money's worth out of the MOM study. Steve said in his opinion they have not because these tasks were recommended three years ago. Further, in his opinion, DES should have told the AB about its authority limitations three or four years ago. Brian said in all fairness, the AB may not have been asking the right questions. Ray concurred with Steve. Ray said it might have been helpful, back when the AB was putting together the scope for the MOM study, if Harry Stewart or someone else had said something then. He wondered if the AB knew then what it knows now would the AB have taken a different approach to the MOM Study. Brian asked if B&C mentioned anything about this in their report as an obstacle to overcome. Ray did not think that was relevant because B&C was following a scope the AB put together. He stated that the WRBP has done several studies over the years (and cited several) and few of the recommendations, in any, have been implemented. At least \$1,000,000 has been spent on these reports. It is his opinion that before any additional studies are undertaken regarding the issue of governance that the communities fully commit to the process of making it happen in a more timely manner.

Wes suggested presenting the member communities with an "are you ___ if ___" statement, because doing so might make the go-no-go decision an easier one to make. For example, are you willing to make a go/no-go decision if it would cost \$0 to transfer the ownership of assets? Ray said this worked for him and asked if it would work for everybody else. Johanna expressed some skepticism on behalf of the commissioners from her town. Ray asked why. She said that they were not convinced that making a change would save Tilton rate payers money and worried about this being the case for some member communities more than others. Katie concurred. Ray said he did not feel a change would save rate payers money (per se) but it would slow down cost growth. Ray suggested, because the capital expenditures were the largest costs, the question here was whether the member communities thought they could execute capital projects more effectively than the state was doing. It was a yes or no question, and in his opinion, the answer was yes. In his opinion, B&C's estimates may have been conservative. B&C estimated a 5% savings under alternative 2 and 15% savings under alternative 3. He wondered if it would be more than that once the member communities were no longer burdened by the State's cumbersome procurement process, as an example. In his opinion, DES is more than 9 months behind

their own schedule for the asset management program because of the State's procurement process. Steve concurred. Steve said he believed there were other instances, and this was not a solitary instance.

Brian asked Ray whether a lot has been accomplished since Brian believed the AB and DES have accomplished a lot. He said both the AB and DES have become more proactive in recent years and, in his opinion, it was important to take this into consideration. Steve asked Brian if he wanted to bend the cost curve. Ray acknowledged while the switchgear and UV projects have been completed and the AB and DES were doing great things, he was still convinced that the communities were paying a premium on capital projects because we are bound to the State project delivery system. As we have learned on countless occasions, there is no room for innovation or doing business differently. Our track record on delivering projects in a timely manner speaks for itself, and in this business, time is money. As an example, he cited the number of consultants that have been retained, the time and cost spent retaining them, and the loss of institutional knowledge that we pay for every time we make a change. He said that, outside of the State's procurement system, the member communities could retain the consultants that were working out well at for less cost to the ratepayers in the long run. Brian said when he looked at B&C's report and took its cost curve into consideration, the greatest cost savings would be realized with a full utility authority (17%) but only if alternative 3 was implemented. Ray agreed but said in his opinion, a 5% cost savings was substantial enough for the member communities to consider implementing alternative 2. Brian said he thought Wes' suggestion was a good one since he did not want to spend more money on another study, either.

Katie asked what Wes' memo would say. Wes said it would say something simple along the lines of "are you, as a member community, willing to go community-owned-and-operated if the State legislature agreed the cost of the depreciated value of the plant (the assets) versus what the member communities have been putting in was effectively \$0." He said if the member communities agreed, then it was time to move the political needle forward. If not, then it was time to put this to rest a/k/a go with the status quo. Ray reiterated that, in his opinion, the status quo would result in rate payers paying more. Johanna said she was not sure making a change would save her rate payer's money and worried about impacts on the smaller communities. Ray confirmed that the savings would be for the entire system and there could be winners and losers for individual communities' rate payers.

Katie asked how many communities were already on board with this to go forward. Ray hoped that all of the member communities would get on board and said the cause needed to find a champion. This could be a person or persons from the member communities or they could hire someone. Either way, having a champion would be the only way to push this forward since the champion would have to work hard in between the monthly meetings to gather or disseminate information. He said the alternative would be additional non-answers from State entities and a long waiting period for those non-answers. Brian said he had a lot on his plate already, as did everyone, and hiring someone might make more sense. He asked if this person would also be responsible for assisting with legislative issues, as it appeared there would be a need for somebody to cover that aspect. Ray concurred and suggested the AB make a go-no-go decision within 60 days. If a no-go decision was made, Ray said Bay District would come forward with other suggestions for moving forward while controlling costs. Brian offered to help Wes with his motion. Ray suggested the AB vote on Wes' motion at the April meeting, as that would be in 60 days. He suggested those who had to discuss their vote with their communities ahead of time do so within that time period. He said 60 days was enough time for him to meet with Bay District and asked if

it was enough time for everybody else to meet with their community leaders. Everybody agreed it was. Wes said he planned to send out his memo by email to the other AB members by March 3rd.

Replacement Fund Revision – Legislative Service Request (LSR): Brian announced the House bill was retained in committee until the next legislative session. Wes asked when the AB should follow up on this. Ray said according to last month's meeting minutes, September was when the AB agreed to have finalized language to recommend to the legislature.

NPDES Permit: The renewed NPDES permit requires review of the IPP and local limits. Any changes will need to be incorporated into the WRBP Env-Wq 1200 rules (which include WRBP's Sewer SUE Ordinances – SOUs). Draft changes need to be sent to EPA for approval before implementation. Once EPA approves the modifications, the Rules will be presented to the joint legislative committee for approval. This process will take some time. The rule changes will affect member community SUOs and local limits, so Sharon again offered assistance to any community that wanted to update their SOUs.

Wes said Laconia is updating its SUO right now and is using Belmont's SUO to do so. Sharon recommended member communities incorporate WRBP Env-Wq 1200 rules by reference to ensure they are covered when the rule changes are finally adopted. She recommended doing the same where any other State rules were concerned. This is what Belmont did. SOUs need to be approved by DES before changes can be officially adopted by the community.

Steve asked if there were any conflicts of interests in having the State both own and operate the WRBP program. Brian said he did not think so. Sharon said the WRBP successfully demonstrated to EPA and State regulators that there was no need for a NPDES permit limit for arsenic. She said during the NPDES renewal process, the DES wastewater permitting group was very careful about only communicating with the WRBP like they would any other WWTP in NH during the renewal process. There was no preferential or different treatment of the WRBP by DES regulators.

Draft RFP for Solar Panels at the Franklin WWTP: Sharon announced the RFP comment period closed last Friday. Questions were answered by referring to an appendix or by posted addenda. There were a couple of questions regarding the status of the PUC net metering cap. Brian asked what the answer to that question was. Sharon said DES has no control over the PUC, which she stated in the answer. In total there were inquiries from 17 different firms although a core group of six firms asked most of the questions. A couple of other entities were planning to borrow the RFP as a boilerplate for their own solar projects because it is easy to read and understand, and the overall concept is one the vendors indicated that could work with and implement. On the 28th, the proposals are due. Karen Rantamaki, the State Energy Manager, has helped with the RFP process and been a tremendous asset... She will also help out with vetting process, primarily with the contractual options.

Other Business: The meeting was adjourned at 2:00 pm. The minutes were prepared by Pro-Temp Staffing.

Annual CMOMs are due on April 15th. The next meeting will be held at the Corner Meeting House in Belmont on March 16th at 10:00 am.