

WINNIPESAUKEE RIVER BASIN PROGRAM

ADVISORY BOARD MEETING MINUTES

February 15, 2018 – Belmont Corner Meeting House

Members Present: The meeting was called to order by Brian Sullivan (Franklin), chair, at 10:09 am. Ron White (DAS), Sharon McMillin (DES), Johanna Ames (Tilton), Wes Anderson (Laconia), Jeanne Beaudin (Belmont), Steve Dolloff (Meredith), and Scott Dunn (Gilford), were present at that time. Katie Ambrose (Sanbornton) arrived at 10:25 am.

Minutes: Scott moved, seconded by Wes, to approve the meeting minutes for January 18, 2018 as amended. The motion passed.

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

- Flow Metering Services –Three of the flow meters continue to present data validation challenges and options for flow metering at these locations are being evaluated. See the Flow Metering Services Discussion section below.
- Asset Management/Collection System Evaluations Initiative –A site visit to Keene on January 17th provided lessons learned for attendees regarding Keene’s Cartegraph upgrade. DES SRF staff and the City of Claremont were also in attendance. Cartegraph is expected to provide some feedback next week on the WRBP’s preliminary format of the library of assets. See the Asset Management/Collection System Evaluations Initiative Discussion section below.
- WRBP Infrastructure Ownership – The WRBP plans to meet with each member community to discuss the draft MOUs sent out by the WRBP to each member community a couple of months ago.
- Governance Work Plan – See the Authority Update section below.
- CIP Sub-Committee: There are no updates at this time.
- Rate Assessment Formula – See the Rate Assessment Formula Update section below.
- Replacement Fund (Reserve Account) Legislation: See the Replacement Fund Draft Legislation Update section below.
- Commercial Discharge Permit Information Workshop – This workshop has been rescheduled to Feb. 21st. See the New Business section below. This will be a new item on future monthly reports.

Flow Metering Services Discussion: Steve asked where the three problematic flow meters are located. Sharon said that they are in the southernmost service area and that they are the ones that have presented data validation challenges because of the need for complex calculations to differentiate between communities as the flows travel south. Wes asked if there are any patterns. Sharon said that there are no discernible patterns; not yet anyway. She is expecting EST to issue some comparative monthly flow metering data in the next few weeks. A pattern might become discernible as additional data analysis becomes available.

Asset Management/Collection System Evaluations Initiative Discussion: Brian asked if there is any way for the member communities to assist with this initiative. Sharon indicated that they will eventually

be able to help by providing community GPS information of their collection systems so a more complete system map is available.

Authority Update: Wes indicated that Ray Korber is working with B&C to obtain a proposal and quote. They are still looking to identify a firm to provide the legal analysis.

Brian suggested that, given all of the new members, it might be a good time to review some of the AB governance guidelines; a copy of which was sent out by email prior to this meeting. The governance guidelines adopted by the Advisory Board in 2012 require agendas to be prepared and minutes to be taken at both AB meetings and any AB subcommittee meetings. This will be particularly important to maintain transparency during the discussion about the possible authority and the rate assessment formula. He asked Sharon if she could coordinate having minutes taken at CIP Subcommittee meetings. Sharon agreed and indicated that scheduling needed to go through her if using the outside contract for such transcription services.

Replacement Fund Draft Legislation Update: Sharon provided copies of House Bill 393-FN; a letter dated January 26, 2018 sent from Wes on behalf of the AB addressed to Chairman Daniels of the N.H. Senate Finance Committee; and a letter dated February 6, 2018 sent from Commissioner Robert R. Scott of DES addressed to Chairman Daniels. DES and the AB both wrote in opposition to the bill.

Sharon noted that, while DES does not rely upon fine/penalty proceeds to fund most of its programs, that DES and the WRBP would not want to lose the ability fine/penalize when appropriate. This bill would redirect WRBP-related administrative fine proceeds from the WRBP Replacement Fund to the General Fund. Member communities oppose the redirection of funds because it would be against the best interest of the rate payers since the WRBP does not have access to general funds and any affects would be at the expense of rate payers. Sharon suggested that the AB members continue to voice their opposition to their legislative representatives as the bill goes to the full Senate for a vote and, if passed, goes to the House for consideration.

Rate Assessment Formula Update: Sharon passed out a table entitled *WRBP – Current Allocations*. According to the February 2017 meeting minutes, Ray estimated the value for the subsurface assets to be approximately \$55,000,000. She had estimated this value to be approximately \$60,000,000 to \$65,000,000. Without adequate flow data and the asset replacement value for the pipe, it would be difficult to provide a definitive number for the subsurface valuation or modify the assessed apportionment percentages between communities.

The current Replacement Fund legislation requires member assessments based on replacement value for all depreciable assets. Pipe in the ground is a depreciable asset; although historically it has not been included in the assessment valuation. When DES accounting did the revaluation in 2016, it used the same proportional use at the pump stations and the capacity proportions for the treatment plant. Additionally, it included “rolling stock” (i.e. vehicles, portable generators, etc.) using the WWTP capacity percentages since these assets are shared system-wide. Previous assessments did not take the pipe in the ground (subsurface assets) into consideration. This current replacement cost valuation, without subsurface infrastructure, is \$47,771,519.

The next fiscal reset will be in 2020. Assuming the subsurface assets have an estimated valuation of \$60,000,000, there would be a \$107,771,519 total based valuation. If the legislation remains the same, the Replacement Fund balance would be replenished at 5% of that over a 10-year period (or 0.5%). The assessment, assuming no expenditures are done from the account, the base assessment would be \$339,033 per year starting in FY20. There is a difference in individual community assessments depending on whether the current replacement fund percentages are used or the O&M percentages (that already include the subsurface infrastructure) are used. Both methods are presented as examples.

Brian asked if the pipe value in the estimates included interceptors. Sharon explained that it included WRBP pipe - the state-owned and state-maintained pipe. There is approximately 57 miles of WRBP pipe. The asset management evaluation and the flow metering study will help determine more definitive numbers on replacement values and proportional use percentages. There is more than one assessment formula that could be used with the factors in the assessment formulas possibly being modified; but DES is required to follow the legislation and any amendments to that legislation.

Scott said that some of the math appeared to be incorrect. For instance, Tilton has an O&M value of 4.25% and the \$13,984 in the last column actually represents 4.12%. Jeanne suggested that it may be a rounding issue or a corrupt cell because Belmont's value was correct. Sharon noted that the intent was to show what the total valuation and base assessments might look like if the pipe is taken into consideration and this provides two examples based on current O&M and Replacement Fund percentages.

Brian proposed that this type of information might be useful in future discussions regarding amending the Replacement Fund. Sharon agreed to send members an electronic copy via email. There is also the opportunity to revise any amendments made by the legislature this session by proposing new amendments to the Replacement Fund next session. Brian asked what everybody thought about inviting legislative representatives and potential sponsors to an upcoming AB meeting so that they better understood the issues surrounding the WRBP assessments. The general consensus was that doing so might be a good idea.

Other Business: The WRBP Commercial Discharge Permit (CDP) Initiative Workshop has been rescheduled. Sharon provided copies of the agenda. It will be held at the WWTP Training Center on February 21st. The goal is to provide insight and education regarding new and ongoing requirements for WRBP permitting. Various topics will be covered including the roles of the WRBP and member communities in the permitting process, updating sewer use ordinances, multiple CDPs on a single property like a mall, other types of permits since CDP permits are just one kind, required reporting and notifications, the craft brewery industry, and the new EPA dental rule.

The meeting was adjourned at 11:15 pm. The minutes were prepared by Pro-Temp Staffing. The next meeting will be held at the Corner Meeting House in Belmont on March 15, 2018 at 10:00 am.