

WINNIPESAUKEE RIVER BASIN PROGRAM

ADVISORY BOARD MEETING MINUTES

May 21, 2020, at 10am – Conducted Electronically

Members Present: The meeting was called to order by Wes Anderson (Laconia), chair, at 10:02 am. Ray Gordon (NHDES), Sharon McMillin (NHDES), Rene Pelletier (NHDES), Ron White (DAS), Johanna Ames (Tilton), Jeanne Beaudin (Belmont), Ray Korber (Bay District), Brian Sullivan (Franklin), Trish Stafford (Sanbornton), and Phil Warren (Meredith), were present at that time. Scott Dunn (Gilford) entered meeting later after minutes from prior meeting were approved.

Wes announced that, due to the ongoing COVID-19 crisis and in accordance with Governor Sununu's Emergency Order No. 12 and Executive Order 2020-04, the meeting would be conducted electronically and was being hosted via Laconia's Zoom Video Communications account.

Minutes: Brian moved, seconded by Jeanne, to approve the April 16, 2020 meeting minutes as written. The motion passed.

Monthly Summary Report: Sharon distributed the *Monthly Summary Report* for April 2020 by email prior to the meeting. A verbal summary was not requested at the meeting since topics would be covered during later discussions. Wes asked if there were any questions and, as there were none, moved on to the next agenda item.

Citizens Comments on Items in the Agenda: Wes indicated that there were no additional participants present on the Zoom meeting so there were no citizen comments.

Authority Workgroup Update: Wes introduced guest, attorney Richard Head, who was attending to answer any questions regarding his assistance to the workgroup. Wes acknowledged that data was still being gathered by the workgroup and some of it was in the packets distributed by email prior to the meeting. Wes further indicated that it was the roadmap's goal of transferring the WRBP assets to the Authority for \$1 but DES' preference was for transfer at the replacement value. DES had also provided depreciated values for the infrastructure and the land. Ultimately, the N.H. State Legislature will make the decision regarding a transfer.

As a reminder, Wes noted that a letter was received from the DES in November 2018 listing the five actions that the DES expected to see such as compliance with environmental regulations, protection of the state employees, to assume the member community assets first and then the state assets (i.e. become a retail operation and then take the WWTP over at a later date), completion of MOAs with member communities regarding asset ownership, and facilitation of public stakeholder meetings.

On April 27th, a scope of work memo was received from Sharon regarding the data collecting process. On May 7th, the workgroup held a conference call with Tom O'Donovan and his staff. Tom was expected to issue a letter regarding his expectations about the process.

Two decisions have been made thus far. On December 19, 2019, the workgroup received approval from the Advisory Board to obtain estimates for the support services that would be required for the due diligence phase, which would cover the costs for the attorney and a financial consultant. In February, the Advisory Board voted in the affirmative with regard to its desire to prepare draft legislation for discussion at the August Advisory Board meeting.

The estimate for the attorney services was \$60-90K; for the financial consultant services, approximately \$56K. The workgroup's goal for the meeting was to obtain permission to finalize the scope of services for these support services. Ray noted that the \$56K would cover the first two tasks; and an additional \$20K was proposed for any remaining (on call) tasks. Wes noted that the escrow account balance was approximately \$90K.

Wes asked Ray if the workgroup would need information from Sharon's letter in order to finalize the scope of services. Ray affirmed that this was the case, and that it was his understanding that the information (data) was readily available. He suggested obtaining the information before finalizing the scope with the financial consultant.

Sharon noted that her memo of the 27th was reviewed by both Tom and Rene before it was forwarded to the workgroup. The letter divided the requested information into three clearly delineated categories: information that was already available at the WRBP some of which had already been provided to the Advisory Board; information that may be possible for the WRBP to provide via requests to other groups within DES or other agencies; and information outside the WRBP's purview that would require a consultant(s) or other experts to produce.

Ray asked if a scope and schedule was possible. Sharon reiterated that it was possible for the first category; but not for the second or third since outside their control. Attorney Richard Head suggested the Advisory Board authorize the workgroup to work with the DES outside of the Advisory Board's involvement to get the required information. Wes and Ray concurred that this was a great idea that made sense to them.

Sharon asked if the due diligence information requested was for use under Task 4 and if the Advisory Board had voted (go or no-go) to move on to that phase yet. DES understood that unless a go decision is made on moving to Task 4, that fulfilling requests for information may be premature given the staff hours or costs that would be required to fulfill due diligence-type requests. Rene concurred, noting that information that was readily available could be shared immediately. He also noted that, if he understood Tom's point of view correctly, Tom didn't want to move forward with step 4 until such time as steps 2 and 2a were completed.

Brian expressed concern about the cost moving forward for the workgroup's project as a whole. He wanted to know what the bottom line (ballpark estimate) was, and what the end result would be given the expenditure both to date and as a whole. Wes explained that the intention was to go step by step, so that go-no-go decisions could be made along the way in order to prevent a large upfront cost if a no-go decision was made at any point. His ballpark estimate was \$200-300K. The next step would be the due diligence step, and an attorney and a financial consultant will be required to complete this task.

Rene asked if the decision makers in each of the member communities should be made aware of the ballpark estimate in order to make an informed decision before moving forward. Brian concurred, noting that Franklin was already concerned about the ballpark estimate and not in a position to dedicate more funds to the workgroup's project. In short, Franklin was not willing to move forward with the road map.

Brian moved, seconded by Jeanne, for a motion to vote on not approving any further expenditures in order to complete the roadmap (i.e. to stop the process from moving forward).

Jeanne asked if there was anything in writing documenting the completion of tasks to date. Belmont was concerned with the amount of money that has been spent on consultants and attorneys over the years, and did not want to hire additional consultants at this juncture. She asked if all of the stakeholders have been met with yet as shown in step 2a; and if the NH State Legislature was willing to make the transfer and, if so, for how much. Without solid answers to these questions, then she did not want to proceed. It also made more sense to complete previous tasks before gathering information for the next task. She was also concerned about how the proposed consultants were being vetted.

Wes asked if Jeanne would want an Authority to take over the system without knowing what was involved. Jeanne explained that Belmont did not want to pay more to belong to an Authority than it was already paying now. Wes noted that seeking answers from the NH State Legislature would incur legal fees and that money from the escrow account would still be spent. Jeanne affirmed that she understood this.

Jeanne asked if the workgroup has discussed the transfer matter with any local state legislators. Wes confirmed that it has not. Attorney Richard Head acknowledged that the hope was for the State to be willing to complete the transfer for \$1. One of the goals for this meeting was to assess whether the Advisory Board was still interested in exploring the possibility of having an Authority take over the system.

Rene indicated that there were many other unanswered questions in steps 2 and 2a besides the transfer for \$1; which he and Tom O'Donovan considered incomplete. He further indicated that a response letter from DES Commissioner Scott about the information gathering request from the workgroup was pending. Rene's concern was that any hick-ups would waste money. Richard Head indicated that the information gathering in those steps could come later and it was up to the Advisory Board as to the sequence.

Brian thanked Wes and Ray for the time and effort they have put into the workgroup's project because they have both invested a considerable amount of time on it. His chief concern at this point was the inordinate amount of time that would be required from WRBP staff and Advisory Board members moving forward, especially if the end result turned out just to be a trip down a rabbit hole. Ray affirmed that he understood Brian's concern and that Bay District shared the concern. Brian asked if there was a bottom line cost to move forward. The due diligence was estimated at \$90K for legal; plus, the proposed \$56-76K for the financial consultant. If there was a go decision after the due diligence was completed, then another \$200-\$300K was estimated to be needed. Brian noted that Franklin didn't have the funds to continue and have on-going costs. The Franklin Mayor and City Council have decided not to proceed if more money needs to be spent. Ray noted that nothing had changed since the B&C report had been completed.

Sharon noted that the study was completed by Brown & Caldwell (B&C) in 2015 and did not disclose details regarding the forecasting methods or data it used for its prospective cost savings. Since that time, an actual expenditure history has been created. She encouraged the Advisory Board members to look at the projections from the report and compare it to the WRBP's expenditure records for the last ten-year history that demonstrates only a 2 percent cost increase – which was well below the cost of living cost increase for that period and well below the B&C projected expenditures of \$12-\$14 million dollars a year.

The WRBP takes its fiduciary responsibility very seriously. Additionally, the B&C report did not forecast any savings when comparing State versus Authority ownership of just the WRBP system. The benefit was forecasted only if member communities were willing to turn their infrastructure over to an Authority. Many members seemed unwilling to do so in the past; although, that might change in the future.

Wes suggested that a comparison could be made in a cost of service study in order to help the Advisory Board reach a decision. Sharon noted that the WRBP has provided cost of service studies for the Advisory Board a couple of times already and could re-distribute that information as well as the comparison of actual costs to projections since the B&C study was completed. That way, the Advisory Board could decide whether hiring a financial consultant was warranted.

Wes announced that he was ready to entertain a vote on Brian's motion to not expend any more money on the roadmap. Franklin, Tilton, and DAS were in favor of the motion. Northfield was absent. The other member communities opposed the motion. The motion failed.

Jeanne stated that her vote was cast with the understanding that plans would be made as soon as possible to discuss the matter of transfer with the NH State Legislature; that the amount of the transfer would be discussed if the state was even interested; and that the discussions should take place between the legislators and the Advisory Board as a whole, and not just the legislators and the CIP workgroup. The funds to do these discussions are available in the legal escrow account, and she doesn't want to expend funds beyond that until these basic questions were answered. She also expressed concern that dissention was creating hard will that was not in the best interest of the communities. Brian concurred with regard to the manner in which those discussions should be handled.

Phil moved, seconded by Jeanne, to set up the public meetings between the legislators, executive councilors, community representatives, applicable state agencies, and the Advisory Board to discuss the possibility of transfer and, if so, for what amount. Franklin, Tilton, and DAS opposed the motion. Northfield was absent. The other member communities were in favor of the motion. The motion carried.

Rene asked attorney Richard Head if a unanimous or majority vote would be required at some future juncture with regard to the Authority issue. Richard suggested that viability of the Authority may be an issue if all member communities could not come to an agreement. At that juncture, it may become necessary to re-evaluate the plan to determine whether there was another way to move forward and what doing so might look like. Rene asked if the member communities were planning to meet prior to these open discussions and suggested that doing so might be worth consideration.

Jeanne encouraged Franklin, Tilton, and DAS to participate in the legislative discussions even though they had voted in opposition. Brian concurred. Johanna also concurred; however, she stated that Tilton's position would not change even if the state agreed to a \$1.00 transfer since their decision was made on multiple factors. Wes offered to begin scheduling the discussions. Attorney Richard Head thanked the Advisory Board for inviting him to the meeting and signed off.

Rate Assessment Formula Update: Wes asked if Belmont, Franklin, Northfield (absent), and Tilton had reviewed the hybrid model that the WRBP presented at last month's meeting.

He said that he understood that Franklin and Northfield had approved it at the previous meeting. Franklin did not disagree; however, Northfield was not present to agree or disagree. Wes said that he further understood that Belmont had two major concerns with it, and that Johanna had planned to have the Tilton Sewer Commissions review it.

Johanna explained that the Tilton Sewer Commission had reviewed it and that their only concern was the phased in approach. She said that they had no issues with it, otherwise. Scott affirmed that Gilford shared the same concern regarding the phased in approach and would prefer to have any transition proceed immediately in a single year rather than over several years.

Jeanne explained that Belmont had two major concerns with the model. She has sent an email to Wes with regard to the issues, and planned to forward it to the other Advisory Board members after the meeting. The first concern if the collection system's metered flow was subtracted from was the WWTP's influent flow, and flows were estimated from the available water meter records, the remaining flows were apportioned to only Belmont and Tilton. Belmont did not feel that was fair to Belmont or Tilton. The excess gallons required an explanation.

Belmont's second concern was the data and the design flows used to calculate its demographics portion. Belmont's consultant engineer reviewed the demographics and did not agree with how Belmont's data and design flows were used to determine the demographics; especially in light of a 2018 water rate study that assessed water use for both residential and the commercial properties. Due to the outcome of the study, Belmont wished to see its demographics re-evaluated without using the design flows.

Wes offered to sit down with Sharon and Jeanne to discuss Belmont's concerns and invited the other three member communities to join them if they were interested in doing so. He asked if anyone supported a phased in approach. No one present supported a phased-in approach versus a single year implementation approach.

Replacement Fund Legislation Update: The discussion involved whether to follow the current state law or submit a legislative change to modify the way reimbursements to the Fund were handled. There were two proposals presented for different reimbursement models. Gilford's proposal was to share and share alike using the current assessment percentages; and Laconia's proposal was a hybrid with 50% using the shared approach and 50% apportioned to just the members affected by the expenditure.

Scott explained that, until recently, members had looked at it as one system and that we were all in this together. Wes explained that Laconia did not wish to pick up the majority of costs for infrastructure that it was not using and that was why they had proposed a compromise model.

Wes asked if any of the other Advisory Board members wished to take the motion off the table from the meeting last month. Scott moved, seconded by Jeanne, to take it off the table. Wes explained that Scott had moved (at the last meeting) to seek legislation to move to the share and share alike model for reimbursements to the Fund. Bay District, Franklin, Laconia, DAS, and Tilton voted to oppose. Belmont, Gilford, and Meredith voted in favor. Sanbornton and Northfield absent. The motion failed.

Wes moved, seconded by Scott, to consider Laconia's proposal that 50 percent be based upon use of the infrastructure and 50 percent be based upon the share and share alike model. Laconia and Gilford voted in favor. Sanbornton and Northfield absent. The remaining member communities voted to

oppose. The motion failed. The Replacement Fund reimbursement method remains unchanged.

Advisory Board By-Laws: Wes asked if anyone had any changes to propose. He encouraged anyone with changes to submit them ahead of the meeting next month so that he could add them to the meeting agenda.

Other Business: The next meeting will be held on Thursday, June 18, 2019, at 10:00 am. The venue is to be determined; however, hosting it via Laconia's Zoom Video Communications account is an option. The minutes were prepared by Pro-Temp Staffing.