

WINNIPESAUKEE RIVER BASIN PROGRAM

ADVISORY BOARD MEETING MINUTES

August 20, 2020 – Conducted Electronically

Members Present: The meeting was called to order by Wes Anderson (Laconia), chair, at 10:00 am. Ron White (DAS), Sharon McMillin (NHDES), Johanna Ames (Tilton), Glen Brown (Northfield), Jeanne Beaudin (Belmont), Brian Sullivan (Franklin), and Meghan Theriault (Gilford) were present at that time. 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, that 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 July 16, 2020, meeting minutes as amended. The motion carried.

Monthly Summary Report: Wes distributed the *Monthly Summary Report* for July 2020 by email prior to the meeting. Sharon highlighted one addition to the report for an upcoming energy efficiency upgrade project. The project was recommended during a recent energy audit and Eversource will be providing a \$100K rebate. The WRBP will also receive a 50% principal forgiveness on an SRF loan. In summary, a \$400K project will become a \$100K project. The paperwork is being processed during the current fiscal year in order to receive the rebate and the principal forgiveness. Over the long term, the project will benefit the electric use of the facility with a less than 3-year payback from the electricity savings. The goal is to work the cost for the project into the O&M Budget, although the Replacement Fund (RF) may need to be used instead. The \$100K will either be taken out as a loan; or it will be paid off using the Operating Budget.

Wes asked how the work would be performed. Sharon explained that WRBP staff will perform some of the work. The WRBP will be purchasing a new blower and two return-activated sludge pumps, and WRBP staff planned to install the sludge pumps. The installation of the blower will require specialty welding, due to the need for a stainless steel air manifold, that staff cannot perform. The SCADA programming and electrical work for the blower will also be contracted.

Brian wished to thank Sharon and the WRBP staff for their due diligence regarding both energy efficiency and grants, and not just with this project, as there have been several over the years. In turn, Sharon wished to acknowledge that this project, like others, was a team effort and that Eversource has been a great partner with which to work.

Citizens Comments for Agenda Items: Wes asked if there were any guests from the members' communities participating on the teleconference and if they had any questions, comments, or concerns regarding the agenda items. As there were no guests participating, he moved on to the next agenda item.

Governance Guidelines, MOA, & By-laws: Wes announced that there were no updates at this time. He expected to have an update for next month's meeting.

Rate Assessment Formula Update: Wes asked Jeanne and Brian for an update regarding Underwood's I/I assessment activities in their member communities. According to Jeanne, Underwood installed a flow meter last Thursday as part of their study. She was expecting some feedback from Underwood in

late October after they have collected data and issued a report. According to Brian, Underwood was planning to focus on Belmont first and then work on Franklin. Wes acknowledged that Underwood's report would have an impact on the hybrid modeling for the rate assessment formula. Johanna announced that Tilton just completed a grant application for an I/I study.

Replacement Fund (RF) Update: Wes asked the members to refer to the handouts that were distributed by email prior to the meeting, specifically to handout Item 7. Item 7 provided both the proposed changes to the state law on funding for the RF along with a summary of the change. The changes primarily affect paragraphs IV and V in that 50% was proportionally charged against each member community's contribution for the facility(ies) using the RF for a repair. The other 50% would be shared among the member communities using the percent distribution of the operating and maintenance costs for the program. He noted that the language can be changed since this was just a starting point.

Sharon had a concern about cash flow. Each member has a balance in the RF and if funds were taken out at a certain percent and put back in at a different percent she posited that issues may arise as one was based on the RF percentages and the other on the O&M Budget percentages – thus, a disparity may be created that would be difficult to track from an accounting perspective. Brian agreed, comparing the concept to “keeping apples to apples.” Wes asked if changing operations and maintenance to the RF in paragraphs IV and V worked for the membership.

Sharon has two additional suggestions. First, there was no language in either the current statute or the proposed amendments regarding the period of time required to make the reimbursements other than to say, “paid in successive years.” If the membership was amenable, she suggested adding language to clarify the period of time. For instance, the period of time for reimbursements could be the same period of time as for the collection of funding. Second, she wanted to ensure that the membership supported a 10-year period for the collection of reimbursement funding. No members objected to the 10-year period of time.

Brian had a concern about catastrophic failures. Say a repair for a catastrophic failure cost \$2M. He asked if that amount would come out of the RF. Sharon explained that the repair could come out of the RF; however, if there was not be enough money in the fund, then the WRBP would need to bond the repair. At that point, if the burden of the repair fell upon only one or two communities, then a repayment plan would be established with the one or two communities and the repayments would be handled outside the RF. Alternatively, if the repair cost was \$1M and there was enough money in the fund to pay for it, then the RF would be used and 50% of the cost would be assessed solely to the one or two communities and the other 50% would be split up amongst the member communities using the RF formula that was discussed earlier.

Brian asked if the rates of the member communities could rise in some instances to replenish the RF. Sharon explained that if costs were high, then WRBP would find it necessary to seek a bond or use the Operating or Capital Budgets, noting that the budgets are just budgets and do not have money in the bank as did the RF. Brian was concerned about the liability for the member communities with smaller percentages. Wes and Sharon explained that the RF was for smaller emergencies not large, planned, capital projects as those would be covered by the Capital Budget. They might be bonded or a loan would be obtained in order to flatten the repayments out over a longer period of time. Brian asked if

the concept for those projects was along the same lines as the manner in which the capital recovery costs worked. Sharon affirmed that it was.

Sharon had a final suggestion. Each member community has its own RF balance a/k/a “money in the bank.” There is language in the current statute that was copied over into the proposed statute to the effect that “once a member community has fully funded its share of the RF, it shall make no further contributions until the RF is utilized for the repair or the replacement of a facility used by that member community.” She had a concern about the language because in effect it would confuse baseline contributions and reimbursements – she cited the Pendleton repair as an example. She recommended amending the language by removing the portion stating, “it shall make no further contributions until the RF is utilized for the repair or the replacement of a facility used by that member community.” Brian suggested clarifying the language and Wes concurred. Sharon noted that from an accounting perspective, any splitting up of reimbursements would require close monitoring for billing purposes, in order to keep the accounts in good standing.

Brian moved, seconded by Jeanne, to amend paragraphs IV and V as discussed above. The motion passed.

Other Business: The meeting adjourned at 10:40 am. The next meeting will be held on Thursday, September 17, 2020, at 10:00 am via Laconia’s Zoom Video Communications account. The minutes were prepared by Pro-Temp Staffing.