



Town of Plaistow ♦ Water Committee
145 Main Street ♦ Plaistow ♦ NH ♦ 03865

POTABLE WATER MEETING

June 29, 2020

Call to Order: 6:30 p.m.

Attendees: Francine Hart, *Chair Plaistow Board of Selectmen*
Julian Kiszka, *Vice Chair Plaistow Board of Selectmen*
Greg Taillon, *Selectman*
John Blinn, *Selectman* – Excused
Jay DeRoche, *Selectman*
Mark Pearson, *Town Manager*
John Ratigan, Esq.,
Gene Forbes, *P.E. Underwood Engineers – Remote Participant*
Keith Pratt, *P.E. Underwood Engineers – Remote Participant*
Tim Moore, *Chair Planning Board*
Dee Voss, *Administrative Assistant – Remote Participant*
Beth Hossack, *Administrative Assistant*

G. Taillon motions to approve the minutes of January 27, 2020. Seconded by J. Kiszka.

Vote: 3-0-1 (abstain J. DeRoche)

Motion carries

F. Hart turns the meeting over to Underwood Engineering.

G. Forbes states a lot has happened since we last met in January. Tonight's meeting will consist of a quick update, a review of a water ordinance and user rates. Then he will bring us up to speed on contract operations and discuss next steps.

The grant for the potable water system was approved on June 10, 2020 at the Governor's Office. He congratulates everyone for the good news. The environmental review was approved with no significant impact found. All construction funding is in place. Wetland permitting activities are in process. The water main design has been submitted to the state. Neither the State of NH nor the Town of Plaistow had success in obtaining an easement from Atkinson for the East Road Pump House. A new location was recently found. Since the go ahead on the new site is very recent it has caused some delay. Also, the design of the Pump House needs to be reworked. All other design progress is in good shape. This project started with fifty-six (56) MtBE contaminated properties. We are now up to eighty-one (81). This number may still increase when the State resumes testing. It was put on hold due to COVID-19. Regional meetings have been held with other communities who are part of the Southern NH Regional Water Interconnection Project. The water flow will start in Manchester. There is still some work to do however

everything is on track. Plaistow must rely on other towns to do their part first. Contract P1, the water mains will start construction this summer. Contract P2, the East Road Pump House still has some design and permitting work to be done. Contract P3, the Sweet Hill Water Tank is under construction. Contract P4, service connections to MtBE contaminated properties has been somewhat delayed. There will not be water until the pump house is done.

J. DeRoche asks when the RFP for P1 (water mains) will go out.

G. Forbes replies, late July, or early August.

WATER ORDINANCE – POLICY ISSUES

G. Forbes states several efforts have been made to polish up the ordinance. He thanks Attorney John Ratigan for all his work. They welcome changes and suggestions from the Board and/or the public. The three (3) most important elements of a water ordinance are:

- MSDC Capacity Charges – charges from Manchester Water Works to buy capacity.
- Application for Service – a charge for new hookups.
- Service Area Expansions – a charge based on meter size.

MSDC Capacity Charge is \$3.79 per gallon in 2020. This will increase 3% per year. The initial capacity of 100,000 gallons per day has been reserved for Plaistow and paid for by the MtBE Fund. Plaistow has the opportunity to purchase more capacity. Capacity can be purchased in increments and the price will be based on the 3% increase per year.

G. Taillon states we have 100,000 gallons reserved for Plaistow and we have already increased the number of connections needed for MtBE contaminated sites. He asks if we should save any extra capacity as the number of connections may still increase.

G. Forbes replies, yes it would be a good idea to do that. However, we can purchase 250,000 more gallons as long as we do it by May 1, 2022.

F. Hart states it would be a better deal if we purchase 150,000 gallon in 2020.

G. Forbes agrees it is a better deal and we may want to do it however the system will not be operational in 2020. The town would act like a bank. If people sign up in 2021 it will cost less than if they sign up in 2022. The cost of capacity will be paid by the users. In phase 2 of the project Plaistow can purchase even more capacity. Part of the agreement is that by June 1, 2025 Plaistow must ensure a minimum flow of 40,000 gpd (gallons per day).

F. Hart asks if there is a drop dead date for properties to commit to join. Properties such as the schools, Greenfield Estates and Twin Ridge.

G. Forbes states there is no specific date.

J. Kiszka states we already have a large commitment of approximately 85,000 gpd.

G. Forbes replies not all who want to connect will have the money to join quickly.

J. Kiszka states we will probably use up to 100,000 quickly especially with businesses and lawn watering.

G. Forbes replies some of the users will be paying for capacity. The free connections and capacity are for the MtBE users. We do not need to worry about hitting 100,000 gpd.

J. DeRoche asks how the average gpd for the high school was established and it is different from residential.

G. Forbes replies the average daily use for the high school came from their own records.

M. Pearson asks G. Forbes to explain equivalent users.

G. Forbes replies, a common way of thinking about capacity is equivalent users. However, usage is often different and inconsistent. For example, usage from a 4-bedroom house may be different than an apartment. We want to get to about four hundred (400) users to start the system.

Therefore, it is helpful to have some sense of usage. We know there are many interested parties.

G. Taillon states the chart for MSDC Capacity Allocations for MtBE Impacted Properties is based on 61 properties. Yet, we now know we have at least 81 properties.

G. Forbes agrees the chart has not been updated yet, however you can see the differences in different types of properties.

M. Pearson state even though the 61 is now up to 81 there will still be capacity left over.

J. Kiszka asks if the schools will be excluded from paying the hookup charge if they join.

G. Forbes replies that will be up to the Board.

M. Pearson adds the Board can incentivize free hookups if they choose. He states he already mentioned this as a possibility to school officials.

F. Hart states when these decisions are made, we may want a tiered approach.

J. Kiszka asks where we get the funds to help residents and businesses connect.

M. Pearson replies, users as they buy allocation.

G. Forbes turns the program over to K. Pratt.

K. Pratt discusses rates. There are three (3) parts to the rate structure. They are as follows:

- Fees – cover non-recurring expenses such as installation costs, administration, and service costs.
- System Development Charges – a onetime charge for equity equalization. Designed to bring new users up to equity.
- Rates – quarterly charges which are based on usage and ability to serve or based on a metered/consumption charge.

F. Hart recommends fees based on the meter size.

K. Pratt states we will have mostly residential users based on gallons per day.

Budget/Rates

For budget planning purposes we have a range of \$160,000 to \$280,000. As we use more water, we will need a higher budget.

The suggested water rates by comparison to the State average, HAWC, PEU and Rolling Ridge puts Plaistow consistent with neighbors. The average household will spend \$630.00 per year on water.

F. Hart asks what the sweet spot was based on. Did it have anything to do with the median household income?

K. Pratt replies, it is a reasonable rate, slightly lower than some neighbors. The rate will be \$5.24 per 100 cubic feet.

F. Hart asks about water meters. Will homeowners rent the meters?

M. Pearson replies, yes. The Town will buy and own the meters. They will be essentially rented to homeowners. They provide a source of revenue for the Town. The hookup fee will pay for the meter and any maintenance required.

F. Hart asks about a contingency aspect. Can we accumulate funds over time, or do they need to be returned?

K. Pratt states as he understands it, an enterprise fund is allowed to accumulate money.

In summary K. Pratt states target rates have been used for planning. In Plaistow actual costs are not known since the potable water system will be new. Actual rates should be set soon. Rates can be modified at any time. A water ordinance should be approved prior to rate setting or concurrently. The operations budget should be set when a Contract Operator is on board and reasonable consumption is known.

M. Pearson states it is customary that towns receive a yearly financial analysis from either the Finance Director or Town Manager. Adjustments can be made based on the analysis if needed.

F. Hart asks if Greg Colby will be involved.

M. Pearson replies, yes. It will be G. Colby's responsibility to handle the water enterprise fund.

J. Kiszka states if we expand the system or a water line breaks, we need revenue.

M. Pearson states we will have a CIP for water.

J. Kiszka states a CIP for water should not come from taxpayer funds.

M. Pearson replies, a municipality can assess taxpayers for water as the system provides a benefit even to those who do not use it. An example is fire protection. It is a policy decision. Another option is a bond. A bond would need to be approved by the whole town yet would be paid for only by water users. Those issues will be discussed in the future.

K. Pratt states the take home message is they do not see the ability to contribute to a capital reserve fund until the system is running at 60,000gpd. As the system grows it will be easier to add money to a capital reserve account or add more contingencies and depreciation.

G. Taillon asks other than fire suppression and flushing out the system is there any other substantial use of water that will not be sold.

K. Pratt replies, for the Plaistow the three (3) main sources of water usage (other than consumption) will be fire suppression, maintenance (flushing of pipes) and leaks. Any leaks will probably be minor.

J. Kiszka asks if the current users of the fire suppression system will be charged more.

M. Pearson replies if a large fire occurs (a major incident) using for example 1 million gallons of water an insurance claim will be filed and paid for by the insurance company.

K. Pratt states the fire suppression charges will remain the same for now however they will be looked at in the future. To put things into perspective a large fire using 1 million gallons of water will cost approximately \$7,000.

CONNECTION INCENTIVES

K. Pratt states we want as many connections as possible as early as possible. Incentives may provide a good method to make this happen. However a time limit should be put on incentives. An example of incentives might be for the first 40,000 gpd (after the MtBE connections) or the first year, whichever comes first, the MSDC fee could be waived. For SDC fees perhaps a 50% discount could be given to residential owners and a 25% discount could be given to commercial customers. The same discounts could be applied to connection fees. There will be no incentive for the connection or administrative and service fees.

J. Kiszka is concerned that once we hit the 100,000gpd and new users want to join buying capacity at 100,000 gallons at a time will not be cost effective.

M. Pearson states we can buy water in increments. Users pay the current MSDC charges. We will buy capacity as we need it.

J. DeRoche recommends it might be better to offer an incentive on the installation cost rather than the connection fee. He thinks it would help residents more.

K. Pratt does not agree. The installation cost involves the water line to the house, and it is on private property.

J. Kiszka states instead of paying up front can residents pay over time as part of their water bill?

G. Forbes states the Town can take out a State Revolving Loan for this. The Town would act as the manager of the installation and allow customers to pay over a longer period of time. It can be challenging to set up however it is conceivable to do. Requirements might be added that to take advantage of the loan customers must use the Town's contractor for their installation. It will be late winter or early Spring before we start the installations therefore there is enough time to get a loan if the Town wants to move forward with it.

F. Hart recommends scheduling a public hearing on July 20 and voting on the formalized water ordinance document and setting rates following the public hearing.

G. Forbes states it can be done then or sooner.

J. Ratigan states the water ordinance is fairly final at this point. We just need to hold the public hearing.

Everyone agrees the Public Hearing will be held on July 20.

J. Kiszka wants the revolving loan set up ahead of time and let people know about it.

G. Forbes states it is separate from the water ordinance. If Plaistow chooses to use the State Revolving Loan it will require a favorable vote in March 2021.

M. Pearson states if we move forward with the loan it will be on the ballot and all voters will have a say however it will only affect water users.

F. Hart states we must make decisions at our next meeting. We will pass the ordinance and rates. She asks if there is anything else that needs to be passed at the meeting.

Both G. Forbes and K. Pratt reply, no.

J. DeRoche asks why water bills will be sent quarterly and not monthly.

K. Pratt replies as a startup system is it easier to bill quarterly. It is also less costly. It can always be changed in the future.

M. Pearson states reading water meters four (4) times a year is easier than reading them twelve times a year. Currently we have enough money to do it quarterly. Also quarterly is common for municipalities.

J. DeRoche asks if meters are read manually or are they smart?

M. Pearson replies they are read by a vehicle driving by. It is the newest technology. The operations contract will be lower if meters are read quarterly.

F. Hart adjourned the public meeting at 8:05 p.m.

J. DeRoche motions to enter non-public session under RSA 91-A:3 II (A) Public Employee; (B) Hiring; (C) Reputation; (D) Property Transactions; (E) Pending or Threatened Litigation; (I) Emergency Functions Related to Terrorism; (J) Confidential Information in Adjudicative Proceedings; (L) Consideration of Legal Advice. Seconded by G. Taillon.

***Board Polled: F. Hart = yes, G. Taillon = yes, J. Kiszka = yes, J. DeRoche = yes.
Motion carries***

Left public session at 8:05 p.m.

Public Session reconvened at 8:17 p.m.

J. Kiszka motions to seal the minutes. Seconded by J. DeRoche.

Vote: 4-0-0

Motion carries

J. Kiszka motions to enter non-public session under RSA 91-A:3 II (A) Public Employee; (B) Hiring; (C) Reputation; (D) Property Transactions; (E) Pending or Threatened Litigation; (I) Emergency Functions Related to Terrorism; (J) Confidential Information in Adjudicative Proceedings; (L) Consideration of Legal Advice. Seconded by G. Taillon.

Board Polled: F. Hart = yes, G. Taillon = yes, J. Kiszka = yes, J. DeRoche = yes.

Motion carries

Left public session at 8:20 p.m.

Public Session reconvened at 8:29 p.m.

G. Taillon motions to seal the minutes. Seconded by J. Kiszka.

Vote: 4-0-0

Motion carries

F. Hart adjourned the public meeting at 8:30 p.m.

Respectfully Submitted,

Beth Hossack,
Recording Secretary