



NEW HAMPSHIRE DRINKING WATER & GROUNDWATER TRUST FUND



Southern New Hampshire Regional Water Project Communiqué – September 25, 2018

Welcome to the first installment of the Southern NH Regional Water Project Communiqué! The New Hampshire Department of Environmental Services (NHDES) recognizes that strong communication with the regional partners is critical as the Southern NH Regional Water Project (Project) moves forward with the Intra-Municipal agreement(s) (IMA), engineering design, and construction phases with the goal of bringing water from Manchester to Plaistow, Salem and Windham (W&E). The purpose of this communiqué is to provide everyone involved with the Project an update on the administrative logistics of the project, the engineering design, construction progress, upcoming meetings, and other important information to be shared with the group. We see this as the best approach to keeping everyone on the same page while we all work the various aspects of the project. Feel free to share with your City's or Town's officials, Public Works Departments, and other interested parties. If there are any questions, please direct them to Erin Holmes, P.E., DWG Trust Fund Administrator (Erin.Holmes@des.nh.gov) or Mike Unger, P.E., DWG Trust Fund Water Engineer (Michael.Unger@des.nh.gov). If you do not wish to receive these emails, please notify Erin Holmes.

Administrative Logistics

Memorandum of Understanding

First, thank you to everyone who attended the July 2018 Project partner's meeting! This meeting was a vital first step in developing the Memorandum of Understanding (MOU) and presenting the concept of the IMA. With the feedback from this meeting, we were able to draft the MOU, and are in the process of receiving signatures from the Project partners.



DWGTF

Website

Make sure to bookmark the [Drinking Water and Groundwater Trust Fund website](#) for general updates and information.

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Intra-Municipal Agreement

The IMA will be the binding agreement between municipalities and other entities that outlines technical, financial, performance, and other provisions for the Project. We are on track to meet our goal of executing the final IMA in December 2018. To that end, NHDES and Susan Geiger (Orr & Reno) are developing a draft outline of the IMA to provide to you by October 5, 2018. We would like to have a Project partner's meeting the week of October 8 to discuss the draft IMA outline. NHDES will contact Project partners to schedule this meeting.

We also want to clarify the roles of Attorney Allen Brooks, Department of Justice (DOJ), and Attorney Susan Geiger, Orr & Reno, and obligations of the Drinking Water and Groundwater Trust Fund (DWGTF). Allen is a Senior Assistant Attorney General in charge of the Environmental Protection Bureau at the DOJ. Allen represents the DWGTF Advisory Commission on all matters, including project-specific tasks. Susan was retained by DOJ specifically to assist with drafting the IMA and addressing issues related to the utility and regulation of utilities aspects of the project. Fees associated with Susan's efforts and time are borne by the State using Project funding. Municipal and private entity costs associated with reviewing the IMA and/or other agreements will be the sole responsibility of the individual parties. Please contact Erin Holmes if you have any questions.

Merrimack Source Development Charge (MSDC) Purchase

On April 18, 2018, the DWGTF Advisory Commission voted to approve the disbursement of \$11.2M for 3.13 million gallons per day (MGD) worth of MSDC credits from Manchester Water Works, which was approved at Governor and Council in June. The original vote by the Advisory Commission was amended at the Commission's August 30 meeting to allow NHDES more flexibility in the legal mechanism of securing the MSDC credits and offering them to Project partners for purchase. The intent remains for NHDES to secure 3.13 MGD of MSDC credits in the near future and for individual municipalities and private water systems to repay the Trust Fund by purchasing credits from the reserved pool over time to secure capacity for their individual systems/customers.

Regional Design Update

Basis of Design Memorandum

NHDES is the lead for the regional conceptual design and has contracted Weston & Sampson Engineers (WSE) as the Project engineering consultant using MtBE settlement funds. WSE's role has been to assist with evaluating alternatives and preparing planning level budgets for the overall regional design. This includes a Cost of Service Study (COSS) and disinfection study.

Status: WSE is preparing a Regional Basis of Design Memorandum (Design Memo) that will present the regional supply project conceptual components, design flows (Phases 1 and 2), budgetary opinion of cost, and operational considerations. Partners will use the Regional Basis of Design as the starting point for 30% design and beyond. DES will use the opinion of cost to inform budgeting for Project grants.

We expect WSE to deliver the final Design Memo by the end of October 2018. While most of the regional design is complete, WSE will need to incorporate the findings from the disinfection study to finalize the Design Memo.

Cost of Service Study

The scope of the COSS includes evaluating the cost of service for the Town of Salem to supply wholesale water to Pennichuck East Utility (PEU) in Windham and to Hampstead Area Water Company (HAWC) in Atkinson and for HAWC to supply wholesale water to the Town of Plaistow. WSE has sub-contracted Raftelis Financial (Raftelis) to develop the COSS. As noted in the MOU, the COSS is non-binding and will be used to assist the parties in setting water rates as part of the IMA process.

Status: The study is underway and WSE is collecting data requested by Raftelis. We expect WSE to submit a draft COSS by the end of November 2018.

Disinfection Study

WSE in collaboration with Dr. Jim Malley of the University of New Hampshire (UNH) is conducting an engineering evaluation of disinfection needs in the regional distribution system.

Status: Evaluation is underway and we expect WSE to deliver a draft version of the Disinfection Study by the end of October 2018. The study recommendations will be incorporated into the Regional Basis of Design and provisions of the IMA.

Individual Project Partner Components Design Update

Derry: Derry's consulting engineer conducted a peer review of alternatives for Project infrastructure improvements in Derry and is working to prepare a Work Scope and Budget to develop the 30% design. We anticipate the Derry 30% design will be complete by the end of December 2018.

Windham and Salem: Salem's consulting engineer has an approved Work Scope and Budget for developing the 30% design for infrastructure improvements in Windham and Salem. NHDES will be meeting with the Towns of Salem and Windham and PEU in early October to discuss roles and responsibilities for design, construction, ownership, and operation of the Project infrastructure inside Windham's borders. The results of this discussion will be incorporated into the 30% design, which is anticipated to be completed by the end of December 2018.

Hampstead Area Water Company (HAWC): HAWC is in the process of finalizing the design and permitting of the Atkinson water storage tank component of the Project. NHDES anticipates design submissions from HAWC for the Atkinson tank late fall/early winter 2018. Other Project required infrastructure improvements within HAWC's service area will be finalized as part of the Regional Basis of Design.

Plaistow: Plaistow's consulting engineer is conducting a peer review of alternatives for infrastructure improvements in Plaistow. NHDES will review Plaistow's engineer's recommendations and incorporate agreed upon improvements into the regional basis of design. We anticipate Plaistow peer review will be complete early October 2018, which will allow Plaistow to proceed with developing the 30% design.

What Can You Do Now to Assist With the Project?

As you can tell from the information here, we anticipate the next couple of months to be busy with developing the IMA and Project partners moving forward with developing the 30% design. Based on the schedules above, it is

likely that several pieces of the Project will be going to bid in the spring. This is incredibly exciting, and to keep everything on track, we need to understand the unique approval mechanisms – and the corresponding schedules – for each partner to accept a grant or borrow funds, sign agreements, purchase MSDC credits, etc.

Please email Erin Holmes (Erin.Holmes@des.nh.gov) with answers to the following questions by **October 5**:

1. What is your municipality/entity's specific approval needs (warrant articles, Public Utilities Commission approval, etc.) for signing the IMA and other agreements, getting approval to accept grant money, and purchase MSDC credits?
2. What is the schedule for getting approval and what Project components do you need in-place prior to approval, if necessary?
3. When does your municipality/entity anticipate purchasing the MSDC credits, and what is the anticipated initial flow request from the Phase 1 allocation?

We will follow-up with a doodle poll to determine the date of the IMA outline meeting. See you in October.