

## Winnepesaukee River Basin Program

### Capital Improvements Program (CIP) Subcommittee Meeting Minutes

April 13, 2012 Laconia Compound 10:00 am

Attendees: Chairman Brian Sullivan (Franklin) called the meeting to order at 10:06 am. Those in attendance were Sharon McMillin (DES), Steve Dolloff (DES), Ray Korber (Bay District), Dan Leonard (Meredith), Sheldon Morgan (Gilford), and Tracey Russo (clerk).

1.) Review CIP meeting minutes from 3/23/12 meeting (vote)

R. Korber made a motion to accept the minutes as written; D. Leonard seconded; all were in favor motion passed.

2.) Preparing a draft scope of work for the Operations, Management & Administration Evaluation RFQ.

Purpose: Discuss next steps for retaining a consulting firm to complete a review of WRPB management, operations, regulatory compliance and maintenance procedures. The intent of the review is to provide recommendations to the Advisory Board on potential cost saving measures that can be implemented within the WRBP program. This work is as per Item 11 in the NHDES/Advisory Board MOU. In addition to this work, Item 11 specifies that the study is to include an evaluation on other alternatives including a) establishing a wastewater utility authority and b) privatizing operations of the WRBP facilities.

There was discussion regarding the requirements to procure engineering services. In accordance with state procurement requirements, selection must be qualifications based. It is expected that it would take 6 to 8 months to retain a qualified firm.

There was discussion regarding the specific scope of services that would be required to accomplish the objectives as specified in the MOU. In summary, it was agreed that the effort should focus squarely on reducing the cost of the operations. Concern was expressed that we are currently on a cost trajectory that cannot be sustained by the rate payers and that it is the job of the Advisory Board, on behalf of the rate payer, to ensure the facilities are being operated in the most effective manner possible at the desired level of service. Recognizing that there are several ways to accomplish this goal, there was discussion around the following alternatives:

- 1.) Request that DES make recommendations to the Advisory Board on specific cost saving measures.
- 2.) Privatize contract operations.
- 3.) Sell the facility to a private entity.
- 4.) Establish a regional wastewater authority.

It was recognized that Option 3 and 4 would take a significant amount of time and resources and would require a long timeline (5-8 years) to accomplish with a high degree of uncertainty of success. There was concern that 5-8 years was too long a period of time to wait to reverse the trend of the WRBP cost structure. It appears that Option 1 or 2 was the more viable approach going forward.

There was much discussion on what WRBP operations would look like should it be privatized and how privatization could be implemented. D. Leonard briefed the group on how private operators would work with the WRPB and how they could potentially deliver the cost savings the Advisory Board is seeking.

There was also discussion regarding whether or not NHDES could reduce the cost of operation given the organizational constraints placed upon the WRBP because of how the State of NH is required to do business. The group briefly reviewed the budget and determined that so long as the State operates the facility, much of the cost structure (predominately labor and overhead) is outside the control of the member communities who are paying the bill. This may provide less opportunity for sustained cost savings over time.

It was decided that further discussion was warranted with Harry Stewart to determine the viability of Option 1 and 2. A meeting will be set with the CIP Subcommittee and NHDES to try and determine the next steps on the most viable approach so that the CIP Subcommittee can finalize a scope of services and make a recommendation to the Advisory Board on the best approach.

Motion to adjourn at 11:30PM by D. Leonard; seconded by R. Korber; all concurred; and meeting adjourned.