

Mr. Thorpe provided a water system performance update. There has been dramatic improvement in the performance of the water system since 2007. The plant is now capable of running at 100% capacity. On a typical day, the plant runs approximately 7-8 hours, and provides sufficient capacity to meet demand. The peaking factor is holding steady at approximately 1.3. Non-metered losses are in control at approximately 10% - 12%. He credited Interim Water and Sewer Superintendent Dave Carroll and his staff for the improvements, who worked very hard to bring the plant to optimal operating capacity.

Mr. Thorpe reviewed the need for a revised rate structure and rates. The Board must address how to establish the necessary reserves going forward so the plant can be maintained and future needs can be met on a fair and equitable basis. An accurate history of previous rate changes has not been identified. It is believed that there has not been a substantial change in sewer rates for 20 years. The water rates were changed to some degree in 2006. The Town is now faced with catching up for rates that should have been incrementally changed over the years. Sufficient revenues have not been collected to build reserves. The committee suggests that \$100,000 per year be put away in 2012 and 2013 to build reserves.

The current water rate structure is very complicated. The Committee recommends dramatically simplifying the structure for fairness and administrative reasons. There should be one rate during the entire course of the year, with no distinction between residential and commercial users. The committee recommends a three-tier system with uniform rates across the tiers, but recommends establishing the flexibility to go to inclining or declining rates in the future by tiers, for better record keeping and analysis of future usage.

Approximately 1/3 of all sewer users are non-metered. It is assumed that they are using an average amount of water, and their rates are calculated using that assumption.

Mr. Thorpe reviewed the rate setting process and rules development. A recommendation is made by the Committee for 20% of revenue from fixed charges and uniform block rates. This provides lower rates for low-use customers. Uniform rates were selected to mitigate consumption charges for large-use customers. Mr. Thorpe suggested that the rules setting forth how the rates were developed and charged be imbedded into the ordinances. The matter will be addressed the next time revisions to the ordinances are made.

For consistency in housekeeping, anyone with a meter higher than 3/4" pays a fixed charge based on the size of the meter. The committee recommends using the American Waterworks Association guidelines to determine those fixed charges as opposed to Meredith's own guidelines.

Mr. Thorpe reviewed the rate and structure recommendations through 2013. It is recommended that the budget increase approximately 10% a year until 2013. The structure and set of rates should be implemented for the 4th quarter of 2010 and for all of 2011 - 2013. It has been a long time since rates have changed, costs have increased, and there is a need to build modest reserves for future maintenance. The Committee made the following recommendations:

Fire Service Charges: Virtually no cost to maintaining the connections. The Town realizes savings in fire-fighting costs in a facility with sprinklers. Eliminate charges.

Irrigation Service Charge: The committee recommends the fixed portion be billed as a typical water account but the consumption charges be set at two times the typical rate to promote conservation.

Hydrant Maintenance: No change.

Administrative Costs: The Town does not bill the utilities for administrative services. The committee recommends not charging for these services at this time.

Monthly Billing Cycles: Although monthly billing increases the opportunity for conservation, the administrative load it would create prevents its use at this time.

Dialogue ensued regarding the Winnepesaukee River Basin implementing metered sewer use, resulting in the potential for reducing the rate charged to the Town of Meredith for its apportionment. The rates were originally calculated on population.

The committee recommends that non-metered residential users remain non-metered and charged for average use in their tier. The committee recommends that the ordinance should be amended to provide for non-metered commercial users to install water meters within a reasonable time period. Adequate technology does not exist to install meters on a sewer system.

A rate comparison study to other towns shows that Meredith will fall in the middle. A comparison of fixed costs per year to other towns also shows that Meredith is in the middle, if not slightly on the lower side.

The transition from a rate structure with seasonal rates, class rates, inclining block rates and different block break points to a system with none of those variations means all rate payers will not have the same percent or dollar increase. Dialogue ensued regarding the impact on the single highest user in the system, which is a trailer park. With a single meter for all users, they will fall into the high tier. In addition, they typically have 1 1/2 to 2 times greater usage per unit than typical residences. There was an agreement among the Board that it will be important to have open communication with the park owner and residents of the park.

Mr. Thorpe briefly reviewed various charts provided to the Board, including capacity vs. demand, peaking factor, and quarterly non-metered losses (formerly unaccounted-for losses). In addition, charts reflecting residential and commercial water and sewer costs per year per account at different consumption levels, and the cost difference per those accounts from 2009 to 2013 were provided.

There are no tiers being proposed in the sewer rates. There will be a slightly less impact of fixed rates and a slightly greater impact of consumption rates.

Selectman Lovett requested that the minutes reflect that the reference to \$100,000 in reserves per year will probably need to be changed over the life expectancy of the plant. If the elements of the system are catalogued, their average life would be approximately 30-40 years.

Acting Chair Worsman made it clear that the Board wants to be very certain the rate adjustment is necessary before moving forward to implement it. The Board must fully understand what it is doing. No one would propose raising rates if there was any other option. The matter will come before the Board at the August 2 workshop for additional dialogue before moving to public hearing.

Selectman Brothers motioned to adjourn the Workshop at 5:30 p.m. Seconded by Selectman Torr. 4-0. All in favor. Motion passed unanimously.

Phillip L. Warren, Town Manager

Colette Worsman, Acting Chair

Peter F. Brothers

Miller C. Lovett

Nathan J. Torr