



service and parking in the lower school lot. In addition, he will make arrangements for overflow capacity.

*The Town Manager's Report was continued following the public hearing scheduled for 5:40 p.m.*

**OLD BUSINESS:**

**10-50 Public Hearing - 5:40 p.m.**

Vice-Chair Worsman read the duly posted notice of hearing:

The Meredith Board of Selectmen will hold a public hearing on October 18, 2010, 5:40 p.m., at the Meredith Community Center, 1 Circle Drive, Meredith NH 03253 to consider amendments to the Water and Sewer Use Ordinance and amendments to the water and sewer use rates. A copy of the proposed amendments is available at the town website - [www.meredithnh.org](http://www.meredithnh.org) -- and on file with the Town Clerk. Questions regarding this matter may be directed to Phillip L. Warren, Jr., Town Manager at [pwarren@meredithnh.org](mailto:pwarren@meredithnh.org).

*Selectman Lovett motioned to open the public hearing on the water and sewer ordinance amendments including the water and sewer rates at 5:40 p.m. Seconded by Selectman Brothers. 4-0. All in favor. Motion passed unanimously.*

The Town Manager opened the presentation with an overview of the work that has lead to this point. David Thorpe, Chair of the Water System Committee ("Committee"), and Jonathan James, Committee member, were in attendance. The Committee has worked for the better part of two years on improvements and enhancements to the water system including amendments to the Ordinances and rates. Water rates have not been amended since 2006, and sewer rates were last amended from 1994 to 1996. The primary charge of the Committee was to identify and correct deficiencies in the water system, which has been done. Corrections to the system have been gained without having to spend large capital amounts and have resulted in decreased electrical costs, run time at the plant, and a decrease in the purchase of chemicals and supplies for the plant. In addition, the Committee identified that an incremental rate schedule needs to be put in place, and presented a rate proposal to the Board in July. The intention was to change the rates in July, but it was necessary to delay the process for the Committee to get where they are today. The proposed rates were approved in a workshop held in August, and the matter was addressed at two regular meetings in September of October.

Written material was made available for those in attendance in a document entitled "Recommended Changes to Water Use Ordinance and Sewer Use Ordinance in Preparation for Public Meetings, Monday, September 20, 2010 and Monday, October 4, 2010, and Public Hearing, Monday, October 18, 2010 on Water and Sewer Rate Changes. The document was produced on September 13, 2010.

In addition to changing the rates, there are items in the Ordinance that need to be corrected. The Town Manager highlighted the changes:

Water Use Ordinance

The Water Use Ordinance will be changed to define how user charges, connection fees, and access fees shall be used. A section was included that requires property owners with fire suppression systems to maintain them; including clearing snow from the hydrants if the Town eliminates fire suppression charges, which has happened.

Sewer Use Ordinance

Language has been added to the Sewer Use Ordinance regarding non-metered sewer users.

The Town Manager detailed the changes in the Water Use Ordinance:

Section II lists the changes in the Ordinance for connection and access fees and how they are used, and makes clear which fees are recurring and which fees not recurring.

505: Revenues received from the collection of user charges and connection fees shall be kept as a separate and distinct fund and shall be used to defray the costs of operating, maintaining, or upgrading the water works.

505A: Revenues received from the collection of access fees shall be kept as a separate reserve within the distinct fund and shall be used to defray the costs of maintaining or upgrading the water system infrastructure. Any surplus existing in the fund may be applied, at the discretion of the Selectmen, to the reduction of user charges for subsequent billing periods.

Section 523 addresses a grace period of one year following enactment of the amended access and/or connection fees, and should be removed from the Ordinance because the time period has expired.

A new section regarding owner maintenance of fire suppression installations will be added:

218A: Maintenance of private fire suppression systems including access to hydrants at all times of the year is the responsibility of the property owners.

The Town Manager detailed the changes in the Sewer Use Ordinance:

Revisions have already been made to the Sewer Use Ordinance referencing that it is a flow based system and there are no longer charges per unit.

Section 903 lists where the sewer use charges shall be put and what they shall be used for.

Section 437 should be removed from the Ordinance because of the grace period expired on October 19, 2010.

Revisions set forth what is to be done with access fees, and prescribe that new sewer connections not connected to the Town water system must install a water use meter.

Non-residential sewer accounts connected to the Town sewer system but without water metering must install a water use meter for sewer billing purposes prior to January 1, 2011.

The Town Manager thanked Committee Chairman Thorpe for his efforts in summarizing the Water and Sewer rate structure decision in a complete and thoughtful document. He reiterated that the Town paid nothing for work that would come at a substantial cost if a rate system consultant or consulting engineer were hired. He pointed to the Committee's work as a shining example of what can be accomplished by a citizen committee. He reviewed the document setting forth how decisions were made by the Committee:

**Meredith Water System Committee  
Water and Sewer Rate Structure Decisions  
September 27, 2010**

(Italicized material indicates editorial comments by the Town Manager)

<p>Water and Sewer Ordinances and Rate Structures - Revise ordinances and rates structures to be similar where possible. Equivalent Unit tables changed to be the same as DES Unit Design Flow charts. Why: The water and sewer utilities are much more similar than different. Similar rate structures and ordinance language provides simplicity and ease of application.</p>
<p>Access Fees - Set to approximately the capital value of one unit of demand (Revised October 19, 2009). Why: To compensate the utility for the proportional capital value of the amount of infrastructure the new account will consume.</p>
<p>Connection Fees - To be approximately the cost of initiating a new billing account and for inspecting a new installation (Revised October 19, 2009). Why: To reimburse the Town for the administrative costs of initiating a new account.</p>
<p>Fixed Charge - Periodic charge for the ability to access the water and/or sewer system infrastructure. Meter size ratios to be the same as American Water Works Association standard Why: The systems have to be maintained to deliver required services whether the service is used or not. Meter ratios should be based on current, accepted practice. Fixed charges were set to recover 20% of total utility costs.</p>
<p>Consumption Charges - Eliminate difference between residential and non-residential accounts Why: Preference to one class places a cost burden on the other class, which the committee believes is unfair. Water is a basic necessity; therefore the costs should be set as low as possible for domestic households, especially those with low income. <i>There was a lengthy discussion on this by the Water System Committee. The Committee accepted the assumption that a gallon of water costs 'x' regardless of destination and felt the system should be based on that premise.</i></p>
<p>Classes: Seasonal - Eliminate seasonal rate differences. Why: Seasonal rates add unnecessary complexity to rate administration. Conservation can be better accomplished with rate setting. <i>Although there was some success in promoting conservation with seasonal rates, there was lengthy discussion by the Committee on whether it applies to the blocks they wish to address.</i></p>
<p>Blocks (Tiers) - Change from 2 blocks to 3. Set blocks at the same levels for water and sewer. Why: Analysis of usage by accounts shows a 3-tier pattern of 0-10 ccf/q, 11-50 ccf/q and &gt;50 ccf/q.</p>
<p>Rate Progression - Change from a declining rate structure by block to a level or flat structure. Why: The committee prefers an inclining block rate structure to promote conservation but decided to use a level structure at this time due to the large rate increases required. <i>Conservation could be good if a user is in between tiers - one of the problems is the way of metering in certain parts of Town, for certain populations, is structured so their water rates would be increased exponentially. Multi-use dwellings with one meter would be placed in a higher tier and water</i></p>

<p><i>usage for all units would be at the higher tier. The Committee believes that water is a basic necessity for everyone, especially those on low incomes and relates its cost to the amount it takes to make a gallon of water at the present time.</i></p>
<p>Monthly Billing - No change from quarterly billing. Why: The committee prefers monthly billing cycles to promote conservation but administrative resources and cost considerations prevent doing so at this time. <i>Staffing levels do not allow at this time, and the Town Manager and Committee don't feel it is worth the time to do so.</i></p>
<p>Irrigation - Change irrigation billing to be the same fixed charge as all other accounts but set the consumption charge at 2X the rate for normal use. Why: Irrigation is a discretionary use and subject to waste.</p>
<p>Non-Metered Sewer - Charge at the same rate as the middle sewer block rate. Require all new construction to install water meters for sewer billing purposes. Require commercial non-metered accounts to install water meters. Why: Avoid the cost burden of requiring all non-metered households to install meters. Eliminate proliferation of non-metered accounts in the future. <i>Doing so provides an actual cost for what the dwelling is using for a new account and allows us to identify unaccounted for losses of water and inflow and infiltration problems in the sewer system.</i></p>
<p>Fire Suppression - Eliminate fire suppression charges in the future. Why: Fire suppression charges penalize private owners who have installed fire suppression systems. The town incurs less cost fighting fires in buildings with fire suppression systems and therefore should not collect additional fees.</p>
<p>Debt Service Cost Sharing - No change. Why: The present system of charging 40% of debt service costs to the general taxpayers is fair because that rate is 31% when considering water users are taxpayers also. The general taxpayer receives significant benefit from the downtown infrastructure which depends on a municipal water system for its viability.</p>
<p>Hydrant Maintenance - No change. Why: The present \$69,000 payment from the Town to the water utility to maintain hydrants is estimated to be a reasonable offset to the administrative charges the utility does not pay to the Town.</p>
<p>Administrative Costs - No change. Why: Although the utilities use Town administrative services without compensation the hydrant rental is a reasonable offset; and, systems are currently not in place to accomplish the necessary cross charging. <i>In many places, where you have an enterprise fund, there are charges in two ways back to the municipality - charges incurred from the utility and charges incurred from the Town. We make an estimation on hydrant rental. An analysis may be performed in the future to make an actual charge.</i></p>

A copy of the Water and Sewer Use Ordinances with strike lines and new fees and charges was included in the packet made available to the public, but not detailed by the Town Manager.

The Town Manager highlighted an analysis that appeared on the Town website. The analysis is based on information from the water and sewer billing system on actual accounts.

<b>Type of Residence</b>	<b>2011 Yearly Variance Water and Sewer</b>	<b>Quarterly Increase</b>
Single Family Home - 2 people	\$220.94	\$55.24
Single Family Home - 2 people (different analysis)	\$212.86	\$53.22
Single Family Home - 2 people on fixed income	\$272.80	\$68.20
Single Family Home - 2 people seasonal	\$161.92	\$40.48
Single Family Home - 4 people	\$640.77	\$160.19
Multi-Structure Home 12 Homes/One Meter - Sewer Only	\$1,022.40	\$255.00
Apartment Building 5 Units - Full Rent	\$988.70	\$247.18
Apartment Building 8 Units - Subsidized Rental	\$102.85	\$25.71
Eldercare/Nursing Home	\$7,201.12	\$1,800.00
Trailer Park #1	\$4,418.45	\$1,104.61 (\$36.82 per Unit)
Trailer Park #2	\$39,068.82	\$9,767.21 (\$78.14 per Unit)
Trailer Park #3	\$862.58	\$215.65 (\$17.97 per Unit)
Car Wash #1	\$2,734.44	\$683.61
Car Wash #2	\$1,829.43	\$457.36
Daycare #1	\$957.48	\$239.37
Daycare #2	\$892.19	\$223.05
Laundry #1	\$3,794.40	\$948.60
Laundry #2	\$3,077.92	\$769.48
Restaurant #1	\$1,089.52	\$272.38
Restaurant #2	\$1,871.90	\$467.98
Restaurant #3	\$1,651.29	\$412.82
Restaurant #4	\$3,460.44	\$865.11
Restaurant #5	\$4,907.34	\$1,226.84
Restaurant #6	\$7,161.82	\$1,790.46
Government Facilities (Sewer Only)	\$3,006.20	\$751.55
Government Facilities (Sewer Only)	\$743.80	\$185.95
Residential - Unmetered (Sewer Only)	\$145.24	\$36.31

What can be established from the analysis is that the percentage of increase is based on flow levels. If there is a larger flow, there is a larger number to get an increase of. There is no tiered rate system.

The Town Manager concluded his presentation with an overview of the reasons for the changes. The Committee is planning for today, and better planning for tomorrow. There have not always been incremental rate increases in the past to avoid large increases all at once. The water rates have not been changed since 2006, and the sewer rates have not been changed since sometime around 1994. The current proposal changes rates today, and makes incremental changes in the next two coming years. The water system has run at a deficit in the past few years - it is not collecting enough money to operate the utility. There has been no money set aside for capital improvements for either one of the utilities. Significant capital infrastructure improvements to the physical plant of the Winnepesaukee River Basin Project are estimated at between \$20 and \$80 million. The improvements do not address any of the infrastructures in the ground. Meredith is a participating community and will have to pay its share of those costs. There are infrastructure needs in the Town's water system, and putting the rate structure in place will make a

utility that is self sufficient today and prepare for tomorrow with comfortable and reasonable capital reserves in place. The anticipated reserves from the enactment of the new rates are \$50,000 in 2011 and \$100,000 in 2012 and 2013.

Selectman Lovett pointed out that Meredith has had cheap water for years, and that the plant has suffered. We now must pay for the costs of taking care of the water system. In a previous Workshop, he questioned why the implementation of the new rates could not be delayed. He is satisfied with the response that the rates have already been delayed six months, and any further delay will necessitate larger increases to get out of a deficit position and build up reserves. In addition, if something goes bad, the Town will have to pay for it because there are no reserves to cover it.

The Town Manager added that according to a study performed by the Department of Environmental Services in 2009, the Town will fall in the middle from a rate standpoint when compared to other utilities in the immediate area.

In summary, Acting Chair Worsman thanked the Committee for their substantial work and the untold dollars they have saved the community. She thanked the staff in the water and administrative services departments for getting the plant running as efficiently as possible with the reserves on hand. Although rate payers should not be subsidized by general taxpayers for the water they use and the sewer they produce, the entire tax base benefits from the utility through the restaurants and business that employ residents and enhance the tourist industry.

Selectman Brothers pointed out that the community benefits from the fire suppression system with reduced fire insurance rates. The economic vitality of the community is a byproduct of the community based infrastructure that makes Meredith the community it is.

Selectman Lovett made observations on the work that has been performed to address two crises over the past two to three years. It was believed that there was not enough water to run the system, and the community solved the problem by working on the plant to increase production. A request for permission to file for eminent domain to take property to expand the water system was abandoned, and the Committee is taking steps to identify an alternate ground water supply. If a supply is identified, it will require more money to move forward. There is no redundancy at this time.

The meeting was opened for public comment:

Crosby Peck, owner of Interlakes Mobil Home Park, appreciates the work done by the Committee and acknowledged that improvements in the system are long overdue. He wishes to be able to better explain the increases to residents of the Park. In order to do so, he requested copies of budgets from 2000 to 2009, so he can see the increases in items such as salaries, cost of equipment, repairs, and chemicals. The Town Manager is able to provide budgets from 2004 forward very quickly, and will do so via the avenue that works best for Mr. Peck.

Interlakes Mobil Home Park resident Lou Ann Breen hopes that the Board will phase the rates. The increases will be a huge impact that will be passed to residents. She is disappointed that there is only a hand full of residents in attendance.

Resident Dorothy Brown is very upset that there are so few residents in attendance. She is concerned that residents will be left holding the bag in the same manner as what transpired at the School District meeting. The summer residents are not able to attend this meeting. Businesses such as car washes and laundromats will be hit hard. She wonders how those on a fixed income will be able to absorb the increases.

Resident Jim Hughes commended the work of the Committee. He characterized Committee members as ordinary people who have stepped up to the plate. A \$30 to \$40 increase may seem extreme, but it must be considered that there have been no rate increases for some time. He is happy with the new rate structure. In addition, he commended a water department employee for taking conservation measures that he recently witnessed.

Resident and Committee member Jonathan James is on a fixed income. What he pays for a water bill is cheap security for the use of an efficient, well-run system. The Committee took a lot of time looking at rates and trying to be fair.

Selectman Lovett pointed out that there are real experts serving on the Committee, not just ordinary people. Mr. Hughes clarified that he was not referring to the competency of the Committee, but that the members are people that we live and work with every day who volunteered to do the work.

Acting Chair Worsman thanked all those who volunteer, from Adopt A Spot volunteers to committee members, because they love the community.

*Selectman Torr motioned to close the public portion of the hearing at 6:30 p.m. Seconded by Selectman Lovett.*

Selectman Brothers pointed out that the Committee spread the rate increases over a three year period because it is cognizant of the financial impact on residents. It took time and effort to get the water plant in good operating shape with a reasonable level of efficiency, and the next step is to invest in it going forward. It is necessary to have increases to support the entity going forward including the capital improvements and replacements that are going to be needed. He hopes the users and payers think it is a good bargain and investment going forward.

Acting Chair Worsman added that the utility is at a tipping point and the decision to support the utility and keep the infrastructure running must be made now.

Mr. Thorpe is concerned that there might be an incorrect impression that costs have risen significantly over the past few years, resulting in higher rates. While there is inflation involved in the rate per unit, consumption and the amount of labor is significantly down from two years ago. The intention is to cover the reasonable operating costs of the utility and make sure the general rate payers don't have to subsidize fees and consumption rates. In addition, the Committee does not believe there is a segment of the population (for example, commercial establishments) that deserves to pay more than others. The more the decrease is delayed, the greater the risk that general taxpayers will have to fund some cost of the enterprise rather than users. The Committee believes it is doing absolutely the right thing for the right reasons and with great care and prudence around what the costs are in the first place.

Resident Louann Breen pointed out that there was a 34% increase in the sewer budget from 2009-2010, which she believes is significant. Mr. Thorpe explained that he was focusing on the cost of producing water, and acknowledged that the Winnepesaukee River Basin Project has affected costs and been a challenge for the sewer system.

Selectman Lovett pointed out that users will have an impact on what they pay by employing conservation measures. Mr. James gave examples of conservation that were employed by the Tilton Prep School when he was employed as Director of Maintenance.

Resident Crosby Peck explained that as a mobile home park owner, he can encourage residents to conserve, but cannot make inspections. He suggested that encouraging conservation should come from the Town. In addition, it should be considered that residents of the Park must pay for breaks in the Park and downtown. Acting Chair Worsman explained that any time the Town takes on an additional burden, it costs the taxpayers. Selectman Brothers believes it is everybody's responsibility to control costs by conservation and that anything that can be done to enhance conservation is a benefit for all. Resident Louann Breen suggested getting the information out in the tax bills. The Town Manager explained that there are additional costs involved with doing so.

*4-0. All in favor. Motion passed unanimously.*

*Selectman Brothers motioned to amend the Water & Sewer Ordinances as detailed in the October 18, 2010 version of both Ordinances on file with the Town Clerk including fee schedules to be effective January 1, 2011.*

Acting Chair Worsman thanked everyone for attending and for the hard work that has gone into the matter.

#### **TOWN MANAGER'S REPORT, CON'T**

- The Town Manager updated the Board on the Meredith Center Garden Committee proposal. The plan of selling memory stones has been abandoned. Stone from blasting at Child's Park will be suitable for the project. Public Works has secured the stone. The trees will be removed this fall by Donovan's Tree Service, and the stones will be assembled at that time. Wood from the trees will be retained for potential future use for a bench or other suitable tribute to PFC Young, the person they were planted in memory of. A sample plaque will be presented to the Board prior to installation. Maple trees donated by the family of Dina R. Roth will be planted in the spring. The area will be seeded and loamed in the spring, using donated materials. All labor will be provided by Holly Tetreault and volunteers assisting her. The maintenance of the trees and the plantings are the responsibility of Meredith Center residents. A fund is being established at Meredith Village Savings Bank to provide funds for the project. The Board agreed to authorize the Town Manager to direct Ms. Tetreault to proceed with the tree removal and stone placement.
- The Town Manager reviewed the upcoming meeting schedule:
  - November 1 - Outside Agencies and solid waste at the transfer facility
  - November 10 - School District roundtable meeting - Meredith Community Center
  - November 15 - Town Manager budget presentation and Workshop
  - December 6 - Budget Workshop

#### **NEW BUSINESS:**

##### **10-49 Appointment to the Waukegan Watershed Advisory Committee**

The Waukegan Watershed Advisory Committee has nominated J. Dallas Rath of Ashland for membership. The Town of Ashland has not been represented on the Committee for the last five years. Mr. Rath is the owner and operator of Donovan's Tree Care Service. As an arborist, he will bring valuable knowledge to the Committee. Mr. Rath has been attending meetings for several months, and the nomination is supported by Chair Bruce Bond and Selectman Torr, who is a member of the Committee. The written material submitted to the Board includes all information requested in a volunteer application.

*Selectman Torr moved to appoint J. Dallas Rath of Ashland for membership on the Waukegan Watershed Advisory Committee. Seconded by Selectman Lovett. 4-0. All in favor. Motion passed unanimously.*

Resident Jim Hughes commended the Board for considering economic impacts in the face of increased costs. The Board has a great deal of influence on spending at other levels of government through their commentary.

Resident Jonathan James expressed concerns with the condition of Meredith Neck Rd. from Barnard Ridge Rd. to the end. The state maintains the road in the summer, and the Town maintains the road in the winter. It is in poor shape and in need of repair. The Town Manager will contact the district office of the Department of Transportation and make them aware of the issues. In addition, there are 2:1 funds that can be allocated for the repairs, and they can be included on the transportation improvement list. Mr. James is also concerned that the two flag poles across from Meredith Village Savings Bank are obstructed by tree branches. The Town Manager told Mr. James that the Greater Meredith Program made a proposal to replace the trees, which have reached the end of their intended life. He will investigate the matter.

**ADJOURNAMENT:**

*Selectman Brothers moved to adjourn the meeting at 7:20 p.m. Seconded by Selectman Lovett. 4-0. All in favor. Motion passed unanimously.*

Respectfully submitted,

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Phillip L. Warren, Town Manager

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Colette Worsman, Acting Chairman

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Peter F. Brothers

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Miller C. Lovett

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Nathan J. Torr