

**SELECTMEN'S WORKSHOP**  
**Minutes of 09-28-09**  
**4:15 p.m.**

*Selectmen:*

*Peter F. Brothers, Chairman*  
*Miller C. Lovett, Vice Chairman*  
*Robert C. Flanders*  
*Charles G. Palm*  
*Colette Worsman*

*(Tardy)*

*Town Manager:*

*Phillip L. Warren*

*Recording Clerk:*

*Karin Landry*

Call to Order: Chairman Peter Brothers called the meeting to order at 4:15 p.m. He introduced the Board, Town Manager, Recording Clerk, and Water System Committee Chairman Dave Thorpe. Selectman Worsman was not present when the meeting commenced.

**09-44 Water and Sewer Access Fee Discussion**

Water System Committee Chairman Dave Thorpe presented the Committee's Fifth Report to the Board, providing additional detail on the updates to Access, Connection, and Service Fees for Water & Sewer. The purpose of the presentation is to facilitate a public hearing on the revision of said fees. Mr. Thorpe highlighted the material and recommendations made in the Committee's Fourth Report to the Board on August 31, 2009. New development activity is occurring at an increasing pace, and the revision of the fee schedule presents an equitable opportunity to increase revenues for future infrastructure improvements.

The following changes to the Available Spare Capacity Report are recommended by the Committee:

- Reduce the peaking factor from 2.5 to 2.0. History has shown that peaking factors at 2.0 are sufficient.
- Temporarily reduce the historical period from 36 to 20 months. The ordinance requires historical periods to be for "normal" operation. Operations in 2007 and prior periods are not considered to be normal.
- Occupancy for recent development projects has been updated, accounting for projects recently approved but not fully occupied.

The current report shows Available Spare Capacity at 427,174 gallons per day (gpd) for average day demand and 79,548 gpd for maximum day demand; this will increase to 483,874 gpd and 136,248 gpd respectively as the plant moves from 93% capacity to 100% capacity by the end of 2009.

The Committee recommends an interim Access Fee of \$4,000 per equivalent unit and a connection Fee of \$100 for both water and sewer. At this time, accurate capital values are not

available, and the capacity of the sewer system needs to be determined. Those values will have to be determined over the next several months. Reasonable estimates have placed a value of one equivalent unit of capacity at \$8,000 to \$15,000. The cost of a typical private well is estimated to be \$10,000 to \$12,000 and a septic system at \$12,000 to \$15,000; therefore, an interim Access Fee of \$4,000 is considered to be reasonable until accurate values can be obtained. Increased Access Fees are justified in order to build and maintain funds for infrastructure improvements and major maintenance. Dialogue ensued regarding the work involved with calculating accurate capital values.

A 7-year model of development activity (2 years past and 5 years forward) suggests Access and Connection Fee revenue will increase an average of 94% from \$1,324,000 to \$2,756,000, and the costs in individual use categories will change from -53% to +470% (based on former and proposed Meredith equivalent unit tables, both based on DES Administrative Rules).

The most significant revision to the Water Use Ordinance is the incorporation of the current DES Rules to determine equivalent unit numbers. The provision will allow maintenance updates without the need for a public hearing. The Committee recommends allowing developers who have development plans accepted by the Planning Board at the time of the enactment of the Ordinance a grace period of one year to select either the current or proposed rate structure. The completed project must be the same project that was originally submitted to the Planning Board, and must be substantially completed within one-year's time. Town Manager Phillip Warren suggested the following language be added to Section 4: "Projects approved subject to Section 3 shall be initiated within the one-year period as defined in Section 523". At this time, there are three projects that are eligible to choose from the old or new rates. Mr. Edgar cautioned against allowing developers to choose different parts of the old and new Ordinances. Mr. Warren recommended the addition of the following language: "Applicants may choose the fee schedule and Equivalent Unit table in effect at the time of the public hearing, or the revised fee schedule and Equivalent Unit table adopted at the public hearing." There was a consensus among the Board to add the additional language to Sections 3 and 4.

Mr. Thorpe summarized the revisions to the Water Use Ordinance:

- 104. Available Spare Capacity- gross and net definitions
- 115. Connection Fee definition
- 135. Unit and Equivalent Unit definitions; reference to current DES Administrative Rules and allowance for maintenance updates without public hearing
- 235. Application of Connection Fee
- 237. Access Fee schedule and application
- 322a. Available Spare Capacity, gross and net definition. Change updates from "annual" to "as required"
- Signature page
- Water Rate and Fee Schedule
- Access Unit Fee Schedule – replace former Equivalent Unit table with new edition based on current DES Administration Rule Env-Wq 1008.03
- Minor formatting, punctuation, spelling and grammar

Mr. Thorpe summarized the additions to the Water Use Ordinance:

- 505A. Use of Access Fees
- 523. Provision for one-year grace period allowing applicants to select current or revised Access and Connection Fee schedules

Selectman Palm explained the difference between gross and net capacity. Mr. Thorpe explained that accommodations were made for projects that have been on line for a short period of time and are not fully occupied. Dialogue ensued regarding automatic updates to the Ordinance based on changes to the Equivalent Unit tables under the DES Rules. Selectman Worsman suggested that substantial changes to the Ordinance go to public hearing so the community is aware of the changes. Mr. Thorpe told the Board that to his knowledge, updates to the Rules over the past 20 years have been minor. There was a consensus among the Board for an automatic update of the Ordinance every time the DES Rules change, subject to the approval of the Board of Selectmen. Water & Sewer Superintendent Brian Carroll told the Board that as a member of the New Hampshire Water Works Association, the Town is given advance notice of changes to DES Rules and Regulations.

In summary, the Chair told the Board that there has been more calculation and refinement in the last 12 months than for years prior to that. The goal is to have a document that is not too fluid, but has the ability to be adjusted as experience indicates, and as questions to be asked and data to be considered become evident.

The Board reviewed the spreadsheets prepared by the Committee, including an Available Spare Capacity Report, Access and Connection Fee Comparison, Revised Water Use Ordinance, and Revised Sewer Use Ordinance.

Administrative Services Director Brenda Vittner added a minor change in wording to the Ordinance: "Revenues collected from collection of Access Fees shall be kept in a separate reserve within the distinct fund."

Dialogue ensued regarding the use of 20 months of data to calculate Available Spare Capacity when the Ordinance calls for using 36 months of data. Mr. Edgar explained that the operative words are "under normal operations" and that the interpretation of that would be to apply the 20 months of good data. Mr. Warren told the Board that using 20 months of good data is absolutely defensible because it can easily be proven that data older than that is useless.

The Board agreed to reconvene the Workshop to discuss Sewer fees at the conclusion of the Regular Meeting.

*Selectman Flanders moved to adjourn the Workshop at 5:25 p.m. and reconvene immediately following the Regular Board Meeting. Seconded by Selectman Worsman. 5-0. All in favor. Motion passed unanimously.*

The Workshop reconvened at 5:50 p.m.

Dialogue ensued regarding the revised Sewer Use Ordinance. The major changes to the Water Use Ordinance (use of current DES Rules and a one-year grace period) were incorporated into the Sewer Use Ordinance. In addition, Access and Connection Fee wording in the Water Use Ordinance was mirrored in the Sewer Use Ordinance.

The following is a summary of the changes to the Water Use Ordinance:

Revisions:

- 148. Unit and Equivalent Unit definitions; reference to current DES Administrative Rules and allowance for maintenance updates without public hearing.
- 432. Application of Connection Fee
- 436. Application of Access Fees
- Signature page
- Appendix I. Service Fee Schedule
- Appendix IV. Access Unit Fee Schedule – replace former Equivalent Unit table with new edition based on current DES Administrative Rule Env-Wq 1008.03
- Minor formatting, punctuation, spelling and grammar
- Changed all references to “Town Engineer” to “Water and Sewer Superintendent”
- Removed former Selectmen’s notes

Additions:

- 101.1. Access Fee definition
- 109.1 Connection Fee definition.
- 437. Provision for one-year grace period allowing applicants to select current or revised Access and Connection Fee schedules
- 704. Section to remain in Ordinance – previously marked for removal
- Appendix II. Sewer Service Permit – referenced in Ordinance but not included
- Additional re-formatting of this Ordinance is recommended

In addition, Mr. Thorpe recommends the editing of numerous references to “Commission” or “the Commission” (tracked to a former entity of the New Hampshire Department of Environmental Services, the Water Supply and Pollution Control Commission), to “New Hampshire Department of Environmental Services”. Selectman Lovett suggested that the Select Board may be referenced in other documents as the Commission; however, Mr. Thorpe does not remember any such reference in any Ordinance, and does not remember any connection between the term “Commission” and the Board of Selectmen.

A copy of the Ordinance with tracked revisions will be available for review at the public hearing. The changes will be incorporated once the Ordinance is adopted. A staff member will add automatic pagination to the document.

The Board reviewed a spreadsheet setting forth how different uses might be affected by a change in the Access/Connection fees, including how much would be paid under the old and new Ordinance, and the difference in percentage for a particular category.

Selectman Worsman reiterated that the changes to the Ordinances pertain to new construction, not those currently using the Water & Sewer systems.

Selectman Flanders suggested that the empirical data that is available for the Laundromat category be used for comparison against units charged (consumption fees, not access fees). While there are records for two Laundromats that can be compared to the proposed numbers, Mr. Thorpe remembers a clear discussion about not making an exception for a particular category. He explained that the DES Rules were developed for sewer and septic system designers, and reflect consumption significantly greater than average. The Committee determined that the relative consumption shown from use to use by DES is appropriate, but not the actual gallons; therefore, the demand and capacity forecasts will be based on actual Meredith usages (about one half of the usages set forth in the DES Rules). Although DES rates are statistically overrated, the differences between the categories should proportionately be the same.

Dialogue ensued regarding the presentation at the public hearing. Staff and Mr. Thorpe will collaborate on the presentation. It should be clearly stated on the document that it is a model to aid in decision making. Selectman Flanders suggested setting forth a mission statement early in the presentation stating that the changes to the Ordinances will help to ensure that there is adequate capital resources to make necessary additions and improvements in a fair and equitable manner.

Mr. Warren recommends posting the proposed Ordinances with strikethroughs on the website as soon as possible. Once changes to the Ordinances are reviewed by counsel, the Ordinances will be emailed to the Board. The documents must be available at the time the public hearing is posted. The revisions to the Ordinances identified at the Workshop were incorporated by Mr. Warren during the work session. The document will be word processed once the Ordinance is enacted.

Selectman Flanders thanked the Water Committee for their efforts and praised the results of their work.

*Selectman Flanders motioned to adjourn the meeting at 6:30 p.m. Seconded by Selectman Palm.  
5-0. All in favor. Motion passed unanimously.*

Respectfully submitted,

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Phillip L. Warren, Town Manager

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Peter F. Brothers, Chairman

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Karin Landry, Recording Clerk

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Miller C. Lovett, Vice Chairman

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Robert C. Flanders

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Charles G. Palm

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Colette Worsman