

MEREDITH WATER SYSTEM COMMITTEE
Minutes of May 20, 2010 Meeting

Town Hall Annex
5 Highland Street
Main Conference Room

Meeting Opened: 5:00PM

Members Present: Paul Anderson, Dan Cornelissen, John Edgar, Tim Goodheart, Chuck Palm (Selectmen's Representative), Phil Warren and Dave Thorpe, Chairman.

Members Absent: Jonathan James and Miller Lovett (Selectmen's Alternate).

Guest: Brenda Vittner

Approval of Minutes: Minutes of the April 15, 2010 meeting were unanimously approved.

Operations: Phil Warren reviewed operational items:

Chlorine contact time testing has been completed with a result of 55 minutes which is greater than the required 45 minutes. This was the last operational test to verify full plant capacity at 1 million gallons per day input and 900,000 gallons per day output.

Rate comparisons with surrounding towns were collected for Laconia, Wolfeboro, Tilton-Northfield and Center Harbor.

Hydraulic model – Wright-Pierce is collecting initial information. They are still having difficulty getting the original model from SEA. No completion date but W-P will be asked to generate a completely new model and not wait for the old one.

An offer has been made and accepted for the hiring of a new Water and Sewer Superintendent.

Water and Sewer Rates:

Current budgets, spending and rents were reviewed for water and sewer noting that 22.5% of water rent revenue is generated by quarterly minimum charges while the quarterly minimum charges generate 45% of sewer rent revenue. The committee decided to set new rates to provide 30% of rent revenue from quarterly minimum charges in the future for both water and sewer. No mathematical relationship was proposed to arrive at this number so it was determined by personal judgment of the committee members.

The committee decided to set the new rate structure for water and sewer such that the lowest tier customers would see no greater than a 20% increase in total charges and (as above) the minimum charges would make up 30% of the total rent revenue.

For initial rate proposals to the Board of Selectmen, Brenda will provide the current 2010 budgets and estimate the budgets for 2011 and 2012. In 2011 \$50,000 and in 2012 \$100,000 will be added for rebuilding the reserves which have been significantly reduced in 2008 and 2009. Dave will use the rate modeling spreadsheet to estimate the rates required to meet those budgets.

A short discussion was held regarding capital reserves/depreciation. Although the present accounting methods do not charge the utilities with depreciation, with a reasonably intelligent estimate that the water system capital value is about \$15,000,000 and a sensible life of these systems of 40 years, it could be appropriate to reserve as much as \$375,000 per year for water system infrastructure maintenance and replacement. Therefore adding \$100,000/yr. to the operating budget in 2012 as noted above seems very reasonable and possibly too low and too late.

Briefly, non-metered sewer accounts were discussed. As per previous discussions it was decided to not recommend a program to require non-metered sewer accounts to install water meters at this time.

A position paper on "General Taxpayer Support of Water and Sewer Utility Enterprises" authored by Chuck Palm and Dave Thorpe was reviewed and accepted by the committee. It will be presented to the Board of Selectmen at the workshop on recommended new rate structures and rates.

Open issues:

A problem remains of how to shield trailer park residents from large rate increases because all trailer parks (with single meters) will fall into the highest usage and rate tier. A suggestion is to give the trailer parks a period of time to upgrade their systems before the new rates apply.

The committee earlier recommended that the utilities be charged for the cost of Town administrative services they use and the Town-paid hydrant rental be changed to a hydrant maintenance fee and reduced to actual costs plus overhead and some reserves. Both of these recommendations are being held due to the Town accounting system's inability to accomplish the necessary cross-charging easily.

Dave will research the revised WUO and SUO to see in Access Fee revenue is reserved for capital maintenance and infrastructure improvements.

The presentation to a Selectmen's workshop will occur on June 21, 2010. With acceptance of the committee's recommendations a public hearing would follow after proper notification and possible meetings with some of the most affected rate payers.

Meeting Adjourned: 7:00PM

Next Meeting: June 17, 2010

Respectfully submitted:
David Thorpe, Chairman
May 26, 2010