

Approved: December 6, 2018

Posted: December 11, 2018



Town Council Meeting Minutes

Thursday November 15, 2018 at 7:00 PM, in the Matthew Thornton Room

Chairman Rothhaus called the meeting of the Town Council to order at 7:00 p.m. Present at the meeting were Vice Chairman Koenig, Councilor Albert, Councilor Harrington, Councilor Healey, Town Manager, Eileen Cabanel, and Assistant Town Manager/Finance Director Paul Micali. Councilors Boyd and Thornton were excused.

Pledge of Allegiance

Chairman Rothhaus led in the Pledge of Allegiance.

Announcements

Town Offices will be closed on Thursday, November 22nd and Friday, November 23rd in observance of Thanksgiving. The Transfer Station will be closed on Thanksgiving Day and will be open normal hours on Friday and Saturday.

Regular meetings of the Town Council will be conducted on Thursday, December 6th and 20th at 7:00 p.m. in the Matthew Thornton Room.

The December tax bills have been released and are due by Friday, December 7th. Property owners who have not received their bill should contact the Tax Collectors office to arrange for a duplicate.

The Merrimack Police Department is a drop-off site for toy donations going to Mighty Max's Mega Toy Drive. Please stop by the station any time of day to donate a new toy for this fantastic toy drive. All donations will be delivered to the Jimmy Fund Clinic and Boston Children's Hospital for those children who cannot be home for the holidays. There are only 15 days left so hurry down today.

The Merrimack Police want to remind everyone that the winter parking ban begins tonight at midnight. There are no vehicles allowed on public roadways during the overnight hours.

The Parks & Recreation Department invites you to join them on Sunday, December 2nd for the 25th Annual Holiday Parade & Tree Lighting. The schedule of events for the day include:

- Candy Cane Scavenger Hunt @ Twin Bridge Park from 2:00 - 2:30 p.m.
- Holiday Parade will begin at 3:00 p.m. from the Commons Shopping Plaza
- The lighting of the Christmas tree will begin at approximately 3:45 p.m. with the arrival of Santa Claus.
- The Tree Lighting will feature band and musical performances; a reading of *Twas the Night Before Christmas* by Santa & Mrs. Claus and photos with Santa.

For complete details contact the Parks & Recreation Department at 882-1046 or visit their website at www.merrimackparksandrec.org

Join the Parks & Recreation Dept. on Saturday, November 17th at 10:00 a.m. at Wasserman Park for the 2nd Annual Turkey Scavenger Hunt and compete for a chance to win a free turkey for

Approved: December 6, 2018

Posted: December 11, 2018

Thanksgiving. Twelve turkey shaped cutouts will be hidden throughout Merrimack. Your job is to find as many cut outs as you can. The first three participants to return to Wasserman Park with all 12 stamps completed will win a 16 pound Thanksgiving turkey. Price is \$5 per family. All participants must be pre-registered. For questions call 882-1046.

Highway Garage Project Update

The project is about a week behind schedule due to inclement weather experienced during construction. The garage is coming along; windows are in, work on the interior doors has begun, finish work is being done, garage bays are all in with the exception of 1, which will be in early next week. It appears the garage will be ready for occupants by the first week of December. Once that occurs work will begin on the interior demo. of the old highway garage and utilizing that for truck storage. Two doors will be added to that facility to accommodate ease of driving through.

Asked if there would be an opportunity for the community to view the new facility, Assistant Town Manager/Finance Director Micali stated the open house would likely be in the May timeframe. There may be soft opening for the new building in December.

Comments from the Press and Public

Wendy Thomas, 10 Wildcat Falls

Ms. Thomas spoke of an article in Fosters, November 7, 2018 called “Pappas: Drinking Water Issues A Priority”, which read in part: “Pappas also vowed to put New Hampshire’s drinking water issues at the top of his to-do list saying he will push to get “the answers that families deserve around Coakley, around Pease, in Merrimack. PFCs are being detected in groundwater all over New Hampshire. And we’ve got to understand the health risks that exist for families and ensure that blood testing is available, that we’re able to clean up the contamination. It involves having an EPA that is going to be responsive.””

Ms. Thomas remarked finally, Merrimack is being recognized as being as contaminated as Pease and Coakley. The work that is being done is being recognized.

Ms. Thomas spoke of the community meeting conducted at the Library the prior evening (approx. 16 attendees). There are action items in Town to get the ball rolling on some water changes. The Citizens for Clean Water are reaching out to newly elected Representatives from Nashua, Amherst, Bedford, Litchfield, and Manchester. The contamination is spreading, and they need to be aware of the situation.

Recognitions, Resignations and Retirements - None

Appointments - None

Public Hearing - None

Legislative Updates from State Representative - None

Approved: December 6, 2018

Posted: December 11, 2018

Town Manager's Report

The School Board has approved and sent out the letter to HealthTrust authorizing the use of their claims data to give us combined rates.

Councilor Albert remarked the School Board should be commended. School Board Member Andy Schneider brought this suggestion to the forefront; something he sees as a great show of cooperation between the two governing bodies.

Consent Agenda - None

There being no objection, the Council went out of the regular order of business to take up the first item under New Business.

1. Committee Appointments

Submitted by Town Council Chairman Finlay Rothhaus and Vice Chair Tom Koenig

The Town Council to consider appointing the following individual to Town committees, pursuant to Charter Article 4-8:

Kevin Cotreau - Technology Committee (*Full member*)

MOTION made by Councilor Koenig and seconded by Councilor Harrington to appoint Kevin Cotreau as a full member of the Technology Committee

ON THE QUESTION

Vice Chairman Koenig noted Mr. Cotreau was interviewed. He has a great deal of information about technology infrastructure. He has volunteered his time, and will be a tremendous asset.

MOTION CARRIED

5-0-0

Oath of Office administered to Kevin Cotreau by Chairman Rothhaus

The Council returned to the regular order of business.

Old Business

1. Cable Television Franchise Agreement Follow-up Discussion

Submitted by Media Services Coordinator Nicholas Lavallee

Town Council to consider the recommendation to form an ad hoc group for the purpose of meeting and preparing suggestions regarding the Cable Television Franchise agreement.

Nicholas Lavallee, Media Services Coordinator, stated the desire to form an Ad hoc committee comprised of three Merrimack residents and a member of the Council, to formalize suggestions relative to the Franchise Agreement for submission to legal counsel and ultimately to the Council for consideration.

Approved: December 6, 2018

Posted: December 11, 2018

Chairman Rothhaus spoke of the suggestions that have been brought forward noting he is particularly interested in the possibility of a municipally operated internet service provider. He questioned if that is an issue the committee would also be able to take on. Mr. Lavallee indicated it could.

Councilor Healey commented, as the Liaison to the Technology Committee, she has an interest in serving on the Ad hoc committee.

Town Manager Cabanel stated the desire to be clear, there would not be a lot of work done relative to the Franchise Agreement as there is not much in the way of latitude there. The work of the Ad hoc committee would be focused on additional and enhanced services for the Media Division. Recommendations of the Media Services Coordinator and Ad hoc committee would be brought before the Council for consideration.

The question was raised of whether there is sufficient time to form a committee to address items associated with the Franchise Agreement, which expires in January 8, 2019. Town Manager Cabanel commented there are items for inclusion learned from review of agreements of other communities, the possibility of reducing the franchise fee to the end users, etc. to be discussed. She spoke of the funds available that were gained through franchise fees, which is a revenue source that is already expected to be reduced as a result of users moving away from cable television in favor of streaming over the internet. She reiterated there is little latitude with regard to the agreement.

Mr. Lavallee noted the FCC is currently proposing a change to rulemaking on cable franchising. The industry has changed drastically since the time of the last Franchise Agreement and continues to do so at a fast pace. He spoke of the importance of executing a renewal to be put in place as soon as the existing agreement expires, and to form a committee to discuss the changes that have occurred in the industry, the expectations residents have in the Media Division, and what they would like to see in terms of internet services. Assistant Town Manager/Finance Director Micali noted although the contract expires November 8th, it contains a clause requiring it to stay in effect until a new contract can be negotiated.

Councilor Harrington requested clarification of changes proposed by the FCC. Reference was made to the document "Further Notice of Proposed Rulemaking on Cable Franchising". One of the items in that document that will work in favor of the cable company provides the potential for them to chargeback expenses over franchise fees. What municipalities are receiving in kind now, such as cable services to municipal buildings, could have a value assigned and be considered as an expense against the franchise fees. The majority of the proposed changes would be in favor of the cable company.

MOTION made by Councilor Albert and seconded by Councilor Harrington to establish an Ad hoc committee, comprised of three or more residents and Councilor Healey as the Council's Liaison, for the purpose of meeting and preparing suggestions regarding the Cable Television Franchise agreement. MOTION CARRIED 5-0-0

2. MS4 Permit Follow-up Discussion

Submitted by Deputy Public Works Director / Town Engineer Dawn Tuomala

The Town Council to be presented with an update on the MS4 permit.

Approved: December 6, 2018

Posted: December 11, 2018

Town Manager Cabanel requested the item be tabled. Information provided during the budget process indicated the need, at some point, to hire a Public Works employee and consultants. Consideration is being given to hiring an employee rather than contracting with consultants, as it is expected the work will be ongoing. The desire is for additional time to allow for the completion of a cost comparison.

The Municipal Separate Storm Sewer Systems (MS4) is an Environmental Protection Agency (EPA) permit the Town has to obtain. New Hampshire is one of the only states in the country that has a stormwater permit that is not issued by the State. The Town must deal directly with the Federal EPA. Someone at the EPA came up with a blueprint for a heavenly society where everything was clean and fresh, and they put in place rules that must be followed.

The Town has been in the process of joining together with the State of Massachusetts and other communities around New Hampshire to appeal, to no avail. New Hampshire, Massachusetts, and New Mexico are the only States that are not handling this on a State level. Federal requirements are more stringent and based on obsolete State created data.

Councilor Harrington noted the Town will have to respond to the MS4, which involves a good deal of cost. Town Manager Cabanel stated the Town should be able to address this through the use of interns over the first few years, but by year 3, there will be the need to increase staffing/consulting services.

MOTION made by Councilor Healey and seconded by Councilor Harrington to table until the December 6, 2018 meeting. MOTION CARRIED 5-0-0

New Business

2. Wastewater Infrastructure Upgrade – Phase III

Submitted by Public Works Director Kyle Fox

The Town Council will be presented with the draft proposal of the third phase of upgrades to the facility to allow the Division to maintain its ability to treat the sewer waste stream in a cost effective manner while meeting the requirements of the Environmental Protection Agency (EPA).

Sarita Croce, Assistant Director, Public Works/Wastewater, stated when a toilet is flushed, the water goes to the Wastewater Treatment Facility (WWTF) and the first thing that happens is the big stuff is removed, e.g., sticks, stones, wipes. From there is primary treatment, which removes the particulates, e.g., sand/soil. About 50% of sand/soil is removed during this process. Following that is secondary treatment, which removes organics and nutrients (phosphorous, nitrogen). Organics are primarily removed with the use of microorganisms. From there, the process goes to disinfection, which involves the adding of chlorine. The goal is to remove pathogens from wastewater. Following disinfection, it goes to the Merrimack River.

Concurrent with treating the water, they remove solids. There are two spots in the treatment operations where that occurs; primary treatment (primary clarifiers) and following the secondary treatment (organics removal in secondary clarifiers). Secondary clarifiers have a lot of bugs. These are the bugs that go to the solids handling facility. All of the solids are made into compost (mixed with sawdust).

The original WWTF constructed in 1970 cost \$5 million (today's dollars \$40 million). The compost facility, Thornton's Ferry and Souhegan pump stations, and other various components were

Approved: December 6, 2018

Posted: December 11, 2018

constructed after 1970. Were the plant, as it currently stands, to be constructed today, the cost would be approx. \$60 million.

Upgrades that began after the first 30 years in the life of the plant were done to enhance the treatment system operations to comply with new permit limits and to replace aging infrastructure; 2007 Phase I upgrade (\$5.1 million), 2009 HVAC upgrade (\$400,000), 2012 dewatering upgrade (\$2.4 million), and the 2017 Phase II upgrade (\$7.1 million). The Phase II upgrade included both the main facility and the compost facility. At the time the [presentation](#) was made on the Phase II, discussion occurred around upgrading the main pump station as well as the Thornton's Ferry and Souhegan pump stations. However, that was pushed out to a later phase.

Town Manager Cabanel spoke of a sewer rate study, which included all of the different phases and the corresponding rate increases, and questioned when the study was done. Assistant Director Croce stated the study was done about 10 years ago, and looked at what it would take to complete all of the upgrades. At the time, the idea was to perform the upgrades as a single project. The cost was greater than anticipated. As a result, they started breaking the projects down as they went. The same was true of the Phase II upgrade; ended up costing more. When it was presented to the Council, the preliminary design had not been completed. Once that work was done, they realized they could not include the pump stations as well as some components of the compost building.

Town Manager Cabanel spoke of the large cost other communities incur to dispose of sludge. With a compost facility, the Town is able to combine the sludge with sawdust and sell it as well as accept sludge from other communities as a revenue source.

Kyle Fox, Director, Public Works Department (PWD) echoed the remarks noting he has been before the Council a number of times over the past few years talking about the higher cost of trash and recycle disposal. It is no different with sludge disposal. It all has to go somewhere, and those places are becoming more restrictive/regulated and costlier. The Town is able to take its sludge and that of other communities and generate a product that is used fairly widely and one that generates \$200,000 in revenue/year rather than incurring a cost of disposal.

Project goals include: 1) replacing equipment that is original to the facility and/or well beyond its useful and recommended life, 2) addressing safety concerns, and 3) addressing code-related deficiencies. With equipment reaching 50 years of age, replacement parts are difficult to locate.

Assistant Director Croce stated replacement of equipment systems that are beyond their useful life is essential for the WWTF to continue to effectively and efficiently provide a service to the sewer rate payers and comply with permit requirements identified by the Clean Water Act. Permitting is with the Federal EPA, and requirements are an ever-moving target and constantly scrutinized.

Flushable wipes are causing an issue throughout the country. They co-mingle with other things in the sewer system including oil and grease, and will clog pumps, pipes, valves. Proposed as part of the first step of the upgrade is to construct a new influent screenings building. The screenings building (40' x 32') would have an automated climber style mechanical screen and wash press. After the wipes are rinsed and dewatered, it would be placed in a roll-off container for disposal offsite. A grinder in the main pump station is currently being used to handle the wipes.

Approved: December 6, 2018

Posted: December 11, 2018

The main pump station is located at Mast Road, is original to the plant, and in desperate need of repair. Proposed is replacing the 2 pumps with 4 pumps (2 small/2 large). The smaller pumps would be utilized to pump water when flow is lower. Estimated electrical savings is \$10,000/year (43% reduction).

During the Phase I upgrade, a new clarifier was added. During the Phase II upgrades, the mechanisms were changed (metal mechanisms inside clarifier). There remains 1 primary clarifier that needs to have mechanisms changed. Nothing has been done with the secondary clarifiers. The upgrade proposes replacement all 3 of the secondary clarifier mechanisms.

Also proposed is a new algae removal system for launders in secondary clarifier. In the launders, there is a troth on the outside of the clarifiers. A brush system scrubs the algae off the launders. Currently operators take a long broom and physically scrub off algae (safety issue). Not scrubbing would be both a compliance issue as well as an issue for downstream equipment.

Structural modifications are proposed to the sludge holding tanks as a means of addressing safety concerns. Currently, multiple times during the year, operators enter the holding tanks to physically shovel out sludge. This is considered a confined space entry, which are dangerous. Planned is removal of the top 4' of the tank and adding additional hatches on top. This will allow access of all areas of the tank utilizing a vacuum truck. With additional hatches and the removal of wipes from wastewater, they should be able to clean the tanks through pressure washing and the vacuum truck.

The Headworks Building needs many upgrades. Emergency generators are required at wastewater treatment plants. Both generators are original to the facility. As they are experiencing difficulties locating replacement parts, the proposal is for replacement. Also proposed is a new roofing system (currently leaking) and to modify/expand laboratory. With the MS4 compliance, there will be analytical requirements. As a NELAC certified lab, the analysis can be performed in the lab. By upgrading the lab there will be the space and capabilities to do so.

The building will be brought into ADA compliance; lift installed, ADA compliant bathroom. As the facility does not currently have one, a woman's locker room will be added as well as an ADA compliant bathroom.

Both the Souhegan and Thornton's Ferry pump stations are original to the Town. A complete overhaul would be done. Estimated electrical savings are \$3,000/year. A map was displayed depicting the service areas of each of the pump stations. Given the proximity to the Merrimack River, were there a failure at a pump station the consequences would include potential release to ground surface, potential backup in sewer system and inability to provide the service area with service, and the potential for release to the Merrimack River.

In Phase II, \$1.7 million was expended on structural upgrades to the compost facility. One of the items not able to be completed was the replacement of 6 exhaust fans that would transfer contaminated air from the composting area to a biofilter. There remain some exterior wall panels that require replacement as well as ductwork.

The Amendment (sawdust) Storage Building was constructed in 1985 at a cost of \$50,000. The structure is in disrepair. Proposed is to with a prefabricated metal building and concrete base slab.

Asked for additional information regarding the composting (Class A bio-solid), Assistant Director Croce stated the Town complies with regulatory requirements and testing on the compost to ensure it meets requirements. Other communities are required to provide full analytical testing prior to sending sludge to the Town, and for communities that do it on a regular basis, at least once per year, they will provide analytical testing (both organics and inorganics). There are inter-municipal agreements with the communities that sludge is accepted from. There are increases in each contract. The rates go as high as \$65/ton.

Vice Chairman Koenig questioned what the cost to the Town would be were it to dispose of its sludge rather than turning it into compost, and was informed to get rid of compost, if unable to sell it, would be at a cost of approx. \$75/cubic yard. To dispose of sludge (with water in it), would cost \$100-\$250/ton. The Town generates about 10 tons of wet sludge/day if not accepting material from others. That is not inclusive of hauling costs. There aren't a lot of landfills to accept this material. It could end up going to incineration, which would cost much more.

The suggestion was made that rates be looked into. Director Fox stated the data will be compiled, and the department will follow-up with the Council at a future meeting.

Assistant Director Croce identified septage as an area where rates should be reviewed. The Town accepts septage from a lot of haulers. Milford has closed their facility and are no longer accepting septage. The amount Merrimack is accepting has increased significantly, and is an area where rates should be reviewed.

If doing the project in a single phase, the cost would be \$22,620,000. Being proposed is a third and fourth phase. The request is to do the design for the project up front. If catastrophic failure were to occur on any of the equipment that is not upgraded during phase III they could appear before the Council, with a design already completed, with an emergency request to execute a project. To execute the project in two phases they looked at risk associated with each project. Given their proximity to the Merrimack River, the pump stations are proposed as part of Phase III. Also included in Phase III are the screenings building, miscellaneous activities associated with electrical upgrades as well as upgrades associated with communications (\$13.1 million). Remaining items would be completed in Phase IV (\$12 million). The cost increase is associated with mobilization and demobilization multiple times as well as escalation for inflation. A lot of what would be done in Phase IV would include bringing in steel, which has pretty significant tariffs.

Town Manager Cabanel questioned why an additional \$1.7 million is being proposed for the compost facility. Assistant Director Croce responded that \$1.7 million, \$500,000 is to replace the amendment storage building. The \$7.1 million previously bonded for Phase II included both the plant and the compost facility. Of that, \$1.7 million was utilized towards the compost facility. She stated her understanding structural damage to the building itself and the roof was greater than anticipated.

The proposal identifies the first bond payment for Phase III in FY24, which means substantial completion would be in FY23. The first bond payment for Phase IV is anticipated in FY26 (substantial completion FY25).

Approved: December 6, 2018

Posted: December 11, 2018

Town Manager Cabanel commented this would be participation in the State Revolving Fund (SRF), which provides a lower interest rate. Repayment begins after substantial completion rather than 6 months after the loan is let. That is why, although the project may start in the next fiscal year, the first bond payment would not be due until FY24.

Assistant Director Croce spoke of the sewer rate study. As part of the sewer rate it was determined the Town needed to maintain \$2 million in the fund balance to help cover the cost of emergency projects, upgrades, etc. Were the project done in a single phase, the first bond payment would be due in FY24, at which time the fund balance would drop below the \$2 million. The calculation assumes we will have four 9% rate increases in the sewer fund in alternating years (by FY26 the rate would go from \$242 to \$341/yr.). If doing the project in two phases, the fund balance does not drop below \$2 million.

Important to note is the funding used to pay back the debt associated with this project is not coming from the tax base, but from sewer user fees.

The current rate of \$242 is the 5th lowest rate in the State. If instituting a 9% increase every other year, the rate would increase to \$341 by FY26, and Merrimack would have the 13th lowest rate in the State (assuming no other communities increase their rates). The sewer rates pay for the operation and maintenance costs associated with the facility and is intended to cover the cost of replacement of aging infrastructure. A chart was displayed comparing Merrimack's rates to communities of similar size.

Councilor Albert suggested the service population used in the calculations will increase over the next few years particularly with all of the upcoming projects. He stated his desire for new construction to be on Town sewer. The number could increase affecting the balance.

Director Fox responded it certainly will. State law requires any facility located within 200' of a public sewer to connect. New construction will add to the revenue rates. The graphs that were provided did not include projects that have been approved, but not yet constructed. The desire is to take a conservative approach. Once built and revenues realized, they will be built into the graph.

Town Manager Cabanel questioned if each apartment pays the yearly sewer rate. Director Fox stated apartments, like Flatley, are billed as a commercial user. They get an allocation. Their engineers inform the town, up front, the amount they expect to send to the facility each year, which is based on numbers that are widely used and remarkably accurate. When asked about the approximate amount the Flatley project will generate in revenue, Director Fox stated it to be approx. \$30,000/year. There is the initial influx, one-time connection fee, and the annual fee. Commercial rates are based on usage (water readings are gained from MVD/Pennichuck) whereas residential rates are a flat rate. He provided the example of the Overlook Estates project, which will generate connection fees of \$90,000 and annual revenue, at current rates, of \$11,000.

Asked if rates are ever adjusted down when the number of users increase, Director Fox indicated theoretically they could. The last sewer rate study was conducted nearly 10 years ago. During budget discussions, a proposal will be brought forward to conduct the next sewer rate study. Theoretically, if revenues got so high that the sewer fund balance climbed up to say \$4 million, then yes, a sewer rate reduction would be proposed.

Approved: December 6, 2018

Posted: December 11, 2018

Assistant Town Manager/Finance Director Micali stated the rate study has been in effect since approx. 2009. As part of that, rate increases were proposed for every other year. With new development, rate increase that may have been proposed for 7%/yr. over an 8-year period were instead an increase of 7% followed by an increase of 5%. What is being proposed, at this time, are rate increases of 9% every other year. That rate is not set as there are factors that may impact it.

When asked about capacity, Assistant Director Croce stated the plant is designed for 5 million gallons/day and on average approx. 1.8 million gallons/day is used. During high flow seasons approx. 2.3 million gallons/day are used. Anheuser Busch is about 40% of the flow. There is something called wastewater load, and they are up to 60% of the wastewater load and 80% of the nutrient load.

Chairman Rothhaus questioned how the project can occur in a single phase to save the estimated \$2,480,000 cost differential while retaining the \$2 million fund balance. Director Fox stated the additional revenues will factor in. The simple answer is larger initial increases than the planned 9%. Increases proposed over the 8 years total \$99.00.

Assistant Town Manager/Finance Director Micali stated to do the entire project and put the \$22,620,000 on the warrant this year would result in an approx. 11% increase this coming year and at least 11% in the following. The out years may be between 9-11%. The \$2 million retained fund balance, in 2009, was seen as the ability to cover operating expenses for a period of 6 months should a business leave Town/revenue decrease. The yearly operating budget is \$4-5 million/year (would no longer cover 6 months).

Councilor Harrington stated a 2/3 vote would be needed to pass. She is concerned with being able to pass a bond of this size.

Asked what would occur were the bond not to pass, Director Fox stated the Highway Garage bond was put on the warrant two years ago for the second time. One of the things the PWD did was appear before a number of community groups. That is an effort the department would plan to do again. The more people they are able to get the information to, the greater the population that will understand the reasoning and importance behind the request.

If catastrophic failures were experienced, the department would have to come before the Council with a request to impose a mandatory assessment, or large increase, so that the cash could be raised as fast as possible through user fees. Town Manager Cabanel commented when talking about catastrophic failures you are talking about an entire section of Town that cannot use their toilets, the EPA comes in, etc. That is the rationale for two phases because of the importance of addressing the pump stations, at a minimum.

Councilor Healey stated agreement with the desire to avoid having to pay the additional cost involved in phasing the project. She questioned, if the equipment is so close to failure, can we afford to wait for the second phase to happen.

Assistant Director Croce responded that is the reasoning for doing the complete design at the front end. Failure of other equipment could occur, and if that were to happen they would be before the Council for an emergency request to execute a project immediately. She added, there is a phenomenal team at

Approved: December 6, 2018

Posted: December 11, 2018

the WWTF and they do everything in their power to keep it all working. They have contingencies when pump stations fail that they would follow to keep the system working.

Vice Chairman Koenig commented the charts provided almost indicate there is less cost for doing it in phases. He wished to understand how funds drop off so much with the same rate increases if we are saving \$2 million by doing it as a single project where the only difference is two years and starting to make the payment back.

Director Fox commented by breaking it up into two projects the yearly payments for the \$13 million bond are \$800,000 (first two years). In year three of paying, after finishing Phase IV, we would be adding an additional \$733,000 in payments. By doing it all at once, the full \$1,533,000 payment. The initial hit in years 1 and 2 are why the fund balance dips so low. If looking at the long-term graphs side-by-side, either 20 years for doing the single phase project or the 2 years of doing it in two phases, by doing it at once, long-term, it is slightly better off.

Assistant Town Manager/Finance Director Micali stated if doing a \$22.6 million project it is roughly between \$1.3 and \$1.4 million depending on the interest rate. You are garnering that \$500,000 in the first and second years because you are not paying the \$1.3 million you are only paying the \$800,000. In the third year, when the other bond kicks in, is when the chart is seen coming down. If the chart kept going it would show dropping below the \$2 million fund balance potentially in year 6 going out, even for the two phases, versus the big drop after 4 years. It will cost more in the long run. In the out years, year 6 or 7, but that million dollar savings is being garnered in the first two years and that is why we stay afloat above the \$2 million. As it goes out, that million dollars is eaten up quicker, because it is costing \$2 million more. Assistant Director Croce will provide an 8-10 year chart for both options.

Councilor Albert questioned if successful completion of Phase III and IV would bring the facility up-to-date without any outdated equipment. Director Fox responded, at that time, all of the original equipment will have been replaced. The original Phase I upgrade was in 2007. All of that equipment is already 11 years old. In another 9+ years that will need to be replaced. Councilor Albert questioned, if approved with the four increases over the 8 years, is there any guarantee that could be provided the ratepayers that fees would not be increased over a certain period following. Assistant Director Croce remarked that is difficult to say as compliance is a moving target, permit limits are always becoming more stringent, operating costs increase, etc.

Once you replace the original infrastructure you are working with a facility that is in much better shape, once you install a screenings building you are not having the same problems you have had before and there is the potential to save some of the infrastructure. The chlorine building was upgraded in 1999. The tanks in that plant are almost 20 years old. Minor upgrades will be sought there.

Town Manager Cabanel remarked we cannot spend \$22 million in one year. If taxpayers approve the \$22 million project, would repayment begin at substantial completion of the larger project? Assistant Director Croce stated if doing the entire project, substantial completion will still be in FY23 and the first bond payment of the entire project would be in FY4.

Asked to clarify, she stated design would begin in August of 2019. Design would be completed, and the project bid by August of 2020. It is believed the project would take a minimum of 2 years to complete (August/September of 2022). Director Fox remarked if a \$22 million project we will achieve

Approved: December 6, 2018

Posted: December 11, 2018

a higher caliber group of contractors bidding the project (larger employee base, etc.). Whether half the project or the full project, the expectation is that it will take two years to complete.

Assistant Director Croce stated NHDES is offering the Town 5% in principal forgiveness for this project. Two bond payments will retire; one in 2021 (sewer manhole rehabilitation project) and another in 2022 (dewatering upgrade). As a result, an additional \$325,000/year will be available to offset the bond payment.

Assistant Town Manager/Finance Director Micali remarked the Town has used the SRF in the past; it is a great outlet and favorable interest rates. There is the requirement to pay an administration fee of 1% during the construction period. Even with the fee, the rates are more favorable than the bond bank. On other projects, the State has questioned substantial completion on a particular portion of the project. They can come in and say you have substantially completed Thornton's Ferry Pump Station, Souhegan Pump Station, that is substantial completion on X amount, and you would start paying on that.

Town Manager Cabanel questioned if the 5% loan forgiveness was included in the calculations used for the charts provided, and was informed it was not. Director Fox commented the State has a history of being very slow in reimbursing. That is the reasoning for not including it in the calculations. The desire is to be conservative.

Vice Chairman Koenig stressed what is being discussed is increases in the sewer user fees not increases in the tax rate. While we have residents vote on accepting the bond, they are not voting on increasing property taxes, they are voting to have the sewer system maintain itself and get paid for by the user fee as it always has been and will be in the foreseeable future.

Town Manager Cabanel questioned if two warrant articles could be put forth in the same year; one for each phase of the project. Concern was expressed around the possibility Phase IV could pass while Phase III did not.

Councilor Healey remarked if voters approve a single phase, does it change what it means to the individual. Director Fox stated the difference to the users is the risk of that additional two years of not doing the Phase IV work; of failing and having to do an emergency project, which would be at a much greater cost both financially and environmentally. Town Manager Cabanel stated the difference would be rather than an increase of 9%, the increase would be 11%, which could continue in the following year(s). Town Manager Cabanel stated she asked Assistant Director Croce what had to be done to avoid catastrophic failure, and she responded the cost would be \$13 million. She does not want to say if the \$22 million is not done we risk catastrophic failure as that is not what she was told.

Councilor Harrington stated what she has heard is the greatest priority is the pumps. There could be other equipment failures, but the priority is the pumps. Assistant Director Croce stated that to be correct. Councilor Harrington remarked for her the discussion is the difference in the cost and trying to understand if passage of a warrant would be impacted based upon whether the project is done in phases. She believes there to be a risk regardless of how the article is written.

It needs to be made clear what the actual out-of-pocket cost would be in each of the years for the end user. The concern is truly in being able to get the word out so that the community understands the issue. She reiterated the requirement for a 2/3 vote to pass.

Approved: December 6, 2018

Posted: December 11, 2018

Town Manager Cabanel stated concern with the outcome, should a warrant article for the entire cost not pass.

Councilor Albert questioned two warrant articles; Phase III and the entire project. Assistant Town Manager/Finance Director Micali stated his belief the DRA would not permit that. He also noted the number of additional warrant articles that will be before the voters.

Minutes

October 25, 2018

The following amendment was offered:

Page 5, Line 5; replace “2^o” with “2% off the grade of the road”

MOTION made by Councilor Harrington and seconded by Councilor Albert to approve the minutes of the October 25, 2018 meeting, as amended. MOTION CARRIED 5-0-0

November 1, 2018

MOTION made by Councilor Harrington and seconded by Councilor Healey to approve the minutes of the November 1, 2018 meeting, as presented. MOTION CARRIED 5-0-0

Comments from the Press - None

Comments from the Public - None

Comments from the Council

Councilor Harrington wished all a Happy Thanksgiving.

Councilor Albert noted the Rotary Club has their Turkey Trot 5K on Thanksgiving morning.

Vice Chairman Koenig stated the Planning Board met this past Tuesday. Several of the discussions were conceptual in nature; Edgebrook Heights is coming back to get their CUP renewed/re-evaluated, Flatley was in to have a conceptual discussion of a commercial development to go along with the residences they are building.

Adjourn

MOTION made by Councilor Harrington and seconded by Councilor Healey to adjourn the meeting. MOTION CARRIED 5-0-0

The November 15, 2018 meeting of the Town Council was adjourned at 8:30 p.m.

Submitted by Dawn MacMillan