

RECEIVED
MAR 07 2014
Windy Rawski,
Town Clerk

Sewer Committee meeting January 29, 2014 REVISED

Attending: Richard Dionne, Nancy Shapleigh, Mike Dupuis, Grant Hirst. Grant was appointed voting member due to insufficient number present.

Absent: Bill Hankin, Jack McDonough (medical), Janice Hastings, Rich Russell, Steve Beckert

Others: Jack Murphy, Joel Moulton, Keith Pratt (Underwood)

Meeting called to order 4:15PM. This meeting was to discuss the Underwood Sewer Rate Study.

Minutes of meeting January 15th discussed and approved subject to change on page 1, next to last paragraph, line 1- add "Murphy" after "Jack".

There was significant discussion about the Underwood rate survey, along with the distinction to be drawn between

- our billing of our customers for their sewage flow to Kittery (measured in cubic feet of water consumed as billed to them by Kittery Water)
- Kittery Waste Water billing of Eliot (measured in gallons of sewage treated)

It was pointed out by Keith that Kittery's billing to Eliot for the third quarter of 2013 may well be high by some \$15,000, not due to an error in meter reading but possibly due to a clerical error in Kittery. This is being worked on now by Joel and Kittery and a credit seems likely.

We discussed the need to determine a "reservation charge" to be assessed against people who reserve a sewer allotment and hold onto it for a period of time before using it. There was no firm determination on how this charge should be derived but it is clear that we must come up with one as it is part of the new sewer ordinance. There may not be a consumption element to such a charge as there would be no flow.

As it is now, if sewer goes by a property but the property owner is not hooked up to it, they are still billed \$50/quarter, in addition to the BETTERMENT charge (currently a one-time charge of \$850).

Both Eliot's and Kittery's flow is trending down. There has been less rain but both towns are working diligently on I & I reduction and the latter could account for much of the reductions. It was again stressed that the Return on Investment (ROI) for I & I work is very good and that we should continue to pursue that work aggressively, as Joel is doing.

Keith advises that for a proposed annual re-analysis of rates we should plan on between \$3000 and \$4000; for a bi-annual analysis we should plan on roughly \$6000. He advises we should re-visit the rates at least bi-annually, and possible annually, depending on how the numbers are looking.

In addition to the proposed rate analysis- which would raise the consumption rates from \$2.94 per 100 cubic feet (equivalent to \$3.93 per 1000 gal) to \$3.62 per 100 cubic feet

Approved
3-5-14
(for Mike Dupuis)

(equivalent to \$4.84 per 1000 gal), we should also follow his recommendation on the fixed (capital reserve) rate from \$50/quarter to \$61/quarter for the majority of customers with a 5/8" meter (with higher increases for those with larger meters).

With this increase in the capital reserve, we should be realizing some \$50,000 per year in that line vs the current level of \$19,000 annually. It is hoped that this level of accumulation should pay for ongoing operation and maintenance (O&M).

On the matter of the needed upgrade work to the current infrastructure- originally estimated to cost \$1.16 million), the new estimate is \$1.5 million. Bonding for this, using 2-1/2% interest over 20 years, is estimated to cost each user between \$150 and \$170 annually, in addition to the rate increase. This number does not include any possible principal forgiveness, grants or STATE revolving fund (SRF) money, the latter of which might still be available.

As the result of this meeting there were three motions, all by Dionne and seconded by Shapleigh, all unanimous with the Chair concurring:

To recommend to the Board of Selectmen that they adopt the Underwood Rate Analysis and change the rates accordingly, effective with the second quarter 2014 billing

To recommend to the Board of Selectmen that they go forward with the preparation for the bond issue for the \$1.5 million upgrade work to the current sewer system

To suggest Keith and Joel collaborate on a project to review and develop a fee schedule for all BILLING SYSTEMS.

There was no mention of the date of the next meeting but it is assumed it will be February 12th.

Meeting adjourned at 5:28PM

Grant Hirst