

New Hampshire Drinking Water and Groundwater Advisory Commission

RSA 485-F:4 – SB380 – Chapter 11:2 – Laws of 2016

Regular Subcommittee Meeting Minutes

MEETING DATE: 8:30 a.m., Friday, February 16th, 2018, SH 100

Members of the Committee Present: Richard Russman (State/Regional Land Trust), Rodney Bartlett (Public Member), Paul Sanderson (Fish & Game Designee), Clark Freise (Governor’s Designee), Rachel Miller (State Treasurer Designee), Tim Vadney (NH Water Pollution Control Association).

Members of the Committee Not Present: David Paris (NH Water Works Association), Bernard Rousseau (Public Member).

Audience Members Present: Chris Albert (Southeast Watershed Alliance), Shelagh Connolly (Resource Management, Inc.), Brian Barry (City of Franklin), Bill Hounsell (Granite State Rural Water Association), Sean Greig (Town of Newmarket), Matt Leahy (Forest Society), Keith Pratt (Underwood Engineering), James Emery (Emery & Garrett Groundwater Investigations), Paul Brown (Town of Newport), Brian Goetz (City of Portsmouth), Victor St. Pierre (City of Claremont).

Testimony Presented on Draft Applications:

Senator Chuck Morse
Senate District 22

- The money loaned out by the State Revolving Fund (SRF) is charged an interest rate. Some money (2%) from the charged interest rate is used to operate the SRF. The money earned is enough so there is no need to charge any closing costs or fees on the applicant for the DWGWTF.
 - The Commission wants everything earned on loan interest placed back into the trust fund.
 - The Fiscal Committee has raised the prospect of charging a fee.
- Senator Morse made clear that fees do not accomplish what the DWGWTF intends to do.
 - Made clear to the Fiscal Committee: the existing structure for the trust fund is enough to maintain it. It can be kept going until 2043.
 - There will be questions in the future on how to handle impact fees. The communities will have to pay those fees to the Commission and the Commission needs to determine how those fees are assessed.
- The projects approved in fall 2017 fall under the current system. Moving forward, the subcommittee will create an application that will be reexamined every year. The public needs to know there is a process in place that starts in April.

Sean Greig
Water & Wastewater Superintendent, Town of Newmarket

- Conducted a capital improvement plan in 2010. Has spent \$21 million in water (\$7 million) and wastewater (\$14 million) infrastructure. Conducted an asset management plan.
- Town has \$11 million in infrastructure improvements in the next ten years.
 - Most improvements will take place in the next few years. Most will improve water supply and update two wells.

- Arsenic levels are rising.
 - Water mains were constructed in 1894. Need to increase flow.
- Very supportive of a grant to the town to complete projects. Supportive of loan forgiveness. Other communities face similar situations. Rates will increase to pay off a loan.
- Senator Russman asked if Mr. Greig had any comments on the applications itself.
 - Mr. Greig said his town has submitted testimony on the application.
- Commissioner Friese asked how Newmarket conducted their capital improvement plan in 2010.
 - Mr. Greig said the town paid for it through their rates. No loans or grants.
- Commissioner Friese asked how Newmarket paid for their asset management plan.
 - Mr. Greig said they received some grant through the state.
- Commissioner Friese asked if Newmarket had energy efficiency or a water conservation plan.
 - Mr. Greig said Newmarket does. The town reduced unaccounted water by 3%, reducing costs to the town by \$15,000 a year.

Keith Pratt

Underwood Engineering

- Raised concern with attaching SRF federal requirements – Davis-Bacon, American Iron Steel (AIS) – to the DWGWTF. Suggests they be removed as they are a problem for small communities.
- Some of the scoring criteria is subjective. There should be a more specific ranking system, especially on the grant side.
- While the Commission will be the arbiter on grants, he hoped DES would be involved in that decision making as they are in the best position to offer assistance.
- Wondered if the pre-application form for a loan was just for the DWGWTF, the SRF, or both. That is not clear. There is a lot of supporting information in the pre-application form for the DWGWTF, but that is not needed for the SRF. The forms should be combined.
- There should be a minimum grant provided for projects between 20-30%. It would allow projects to get underway. The elimination of any grant stalls projects. There could be other incentives to increase the grant, such as needs-based, MtBE related, or if there is an SRF match.
- Commissioner Friese said the application for the DWGWTF is the same as the SRF. They want to prevent applicants from gaming the system to keep SRF dollars active and moving. Any grants offered are completely done at the discretion of the Commission. The Commission wanted qualitative input unlike the quantitative input under SRF. The Commission values economic development. All applicants will apply for a 100% loan for their project. DES would take SRF eligible loans and place them under the SRF system. The Commission determines if there is a need for a grant package for those projects. The remaining projects are evaluated by the Commission in the same pattern: they issue a loan and determine if a grant is needed. The Commission wants applicants to take the offer. They do not want applicants to delay vital projects.
- Mr. Pratt asked if it was the intention to get a 50% grant out every year.
 - Commissioner Friese said no. The Commission wants to stretch the money for as long as possible. The Commission is designed to run on an LCHIP model.
- Mr. Pratt said if the intention is to get money on the street, grant money needs to be offered.
 - Mr. Vadney seconded Mr. Pratt. Federal requirements are a disincentive on projects and without a grant, towns will look away. There could be an incentive to use the SRF with an increased grant.
- Commissioner Friese said it is important for towns to have clarity on the process before they go to their town meetings to seek approval.

Brian Goetz – provided written testimony

Deputy Director of Public Works, City of Portsmouth

- Awarded funds from the last round of funding in fall 2017.
- Portsmouth does master plans every ten years. Portsmouth is proactive in addressing its water systems and quality.
- Comments to offer for improvement:
 - Need for better public understanding of public drinking water systems – use of funds to public outreach that would broaden the understanding of NH's precious water resources.

- Source water protection – the state should develop a water supply land protection plan with the involvement of the Commission.
- Source water supply development – funds should go to projects that support water system source water development and appropriate treatment systems.
- Commissioner Friese asked how many water systems in the state have the ability to plan ahead like Portsmouth. Mr. Goetz said not many.
- Commissioner Friese asked if master planning would be a good use of DWGWTF dollars. Mr. Goetz agreed.
- Commissioner Friese asked if the trust were to help develop water supply in Portsmouth, would it be problematic if the trust fund required a willingness to work on a regional solution.
 - Mr. Goetz said Portsmouth is currently a regional system. There should be criteria about how water was allocated. No one wants to lose water.

Victor St. Pierre

Assistant Director of Public Works, City of Claremont

- The city is not economically developing or growing in population.
- Need new pipes placed in the ground to address a major lead problem.
 - There are lead service lines that go from the curb to the homeowners, but the city is not allowed to treat on the landowner's side. Would like to change lines at the same time as the homeowner.
 - Grant money is needed for smaller communities to get ahead of the curve. The city is combining taxes with their rates in order to address growing water issues.

James M. Emery – provided written testimony

President/CEO, Energy & Garrett Groundwater Investigations, LLC

- MtBE is a huge groundwater issue. There is no place in the framework or eligibility discussion about groundwater.
- Losses of public water supply represent a huge financial burden. It is imperative that the groundwater trust fund help communities affected by groundwater contamination and to provide funding for pre-emptive and proactive investigations. No funding has been provided to impacted municipalities to replace the loss of their wells.
- Support municipalities/water utilities that depend on groundwater resources:
 - Groundwater exploration to replace contaminated wells.
 - Groundwater protection – Wellhead Protection Areas (WHPAs) Delineations.
 - Artificial recharge.
 - Groundwater monitoring.
- DWGTF should:
 - Provide a source of financial support to communities that have had groundwater supplies adversely impacted by groundwater contamination.
 - Provide a source of funding for utilities to pursue measures to prevent contamination of existing sources and to enhance the resiliency of public water supplies as a hedge against future contamination.
- Ms. Miller asked if Mr. Emery knew how other states address these issues.
 - Mr. Emery said NH does a good job with new source development. He did not understand why federal requirements are carried over to the DWGWTF program because it inhibits communities. Those requirements compel municipalities to look elsewhere.

Bill Hounsell

Granite State Rural Water Association

- There needs to a regional emphasis on the completion of projects.
 - A clear understanding and higher rating for regional efforts. Scoring criteria should have a greater weight on source development.
 - Addressing water problems should be like a three-legged stool – all federal, state, and local means should be deployed.

- Municipalities that are applying need to know that if they can afford to take part in a regional approach. If not, the project should be halted.
- Organizations like the Southeast Watershed Alliance should be able to apply for money to give out to communities it represents.
- To make the program survive, collection fees should be placed back in the trust fund.
- Commissioner Friese said regional organizations can already apply for funds from the trust fund. He asked if Mr. Hounsell supported giving block grants to those organizations.
 - Mr. Hounsell said these boards have no money and could incentive their members to do more on their water systems.
- Commissioner Friese asked what amount of money should be given to regional alliances.
 - Mr. Hounsell said \$750,000 would be a good starting amount. It would be a fair start on a phase toward a regional approach.
- Commissioner Friese asked what type of block grant is needed for a regional alliance for the municipalities to come in with a proposal in the next round.
 - Mr. Hounsell said he did not want to put a number on the table. Commissioner Friese said he should speak to the alliances.
 - Commissioner Friese said the application is crunched for time and the program needs to get underway by April. It is a new idea that has not been discussed and the trust fund dollars compete against other ideas being proposed. If only grants are given out, trust fund will be gone faster than expected.
- Senator Russman encouraged Mr. Hounsell to speak to the board and find a number that is needed.

Chris Albert

Representing the Town of Epping through the Southeast Watershed Alliance

- Grants help projects off the ground. It is seed money for the alliance's municipalities to work with.
- Concerned about the AIS and Davis-Bacon requirements. It turns small municipalities away from the SRF program. Hopes the trust fund is an alternative to the SRF.
- Senator Russman asked for the differential between Davis-Bacon and not.
 - Mr. Albert said it is a matter of paperwork that does not need to be there.
- Senator Russman noted that the SRF is oversubscribed every year. If the federal requirements are so burdensome, how is the SRF oversubscribed?
 - Mr. Albert said it is a very low interest loan, but the caveats for the loan are chasing away some applicants.
 - Commissioner Friese noted that the number of applicants exceeds the amount of funds available. Mr. Paris and Mr. Rousseau have said the federal requirements are acceptable because the benefits of the SRF are so strong. The SRF program provides technical and engineering support to the DWGWTF. If the SRF leaves, the DWGWTF is dependent on other sources for funding. He worried that offering only grants through the DWGWTF will lead applicants trying to game the system to avoid the SRF.

Marcy Lyman – provided written testimony

Manchester, NH

- Investment in land conservation for water purposes has tremendous returns on investments.
- Land conservation should be viewed on an equal footing with infrastructure.
- There should be flexibility in allocating trust fund dollars.

Tim Bilodeau

Water Department, Town of Lancaster

- Cautioned against another loan program. Lancaster is seeking to repair and fix their water lines, but more loans makes it feel like the town is going backwards. The lead issue is a problem in NH.
- Grants are more receptive at town meetings. Loans are met with resistance because it means an increase in rates to pay the loan.
- Commissioner Freise said Mr. Bilodeau mentioned Lancaster was undertaking some plans and asked what they were.

- Mr. Bilodeau said the town is doing a project on water drainage in a section of the town. The town was worried they would not have enough money when they go out to bid.
- Mr. Bilodeau mentioned that the town does not have a lot of in-house expertise. The town has a wish list of things they would like to accomplish, but because they do not have the expertise, they have to hire others and it costs more.

Jon Warzocha

CEO, Horizons Engineering

- Planning and federal requirements problematic for small communities. They do not have in-house expertise. Most are volunteer run and increases are detrimental. Grants are better.

Steve Brewer

Director of Public Works, Town of Raymond

- Raymond is the recipient of an SRF loan – it is helping get a bedrock well online. The cost of dealing with Davis-Bacon and AIS is impacting them. Accessing trust fund dollars without federal requirements would be greatly beneficial.
- Commissioner Freise asked if giving a dollar for dollar match on planning grants would be good.
 - Mr. Brewer said no. It would depend on the capacity of the community and the cost of the system. It would be better in some way to index that against the median income of the community or the rate structure for the water system.

Brian McCarthy

Town Administrator, Town of Pelham

- Pelham is the ground zero for MtBE for remediation. Pelham has three significant groundwater contamination issues.
- Towns that have suffered groundwater contamination should have stronger consideration.

Jim O'Brien – provided written testimony

Director of External Affairs, The Nature Conservancy

- Offered specific comments regarding the proposed framework.
- Eligibility Requirements for Projects:
 - Recommend adding “state or federal agencies” to the list of entities that may acquire a conservation easement ensuring permanent protection. (Page 2, #3a).
- Eligibility Requirements for Applicants:
 - Recommend that state agencies be included as an eligible applicant as in some cases, a state agency may be in the best position to move ahead with a specific conservation project. (Page 2, #3).
- Process:
 - Page 3 - #8: The Commission decision making process should be described on the Application to provide transparency to applicants.
 - Page 3, #10: Recommend changes to allow for land to be transferred in the future while still ensuring that the resources are protected.
- Additional criteria on the application form:
 - Page 4, imminence of threat: This is subjective. There are many variables involved. There is not a solid answer to the threat question.
- Detail or application scoring criteria – are the scores all or nothing, or can a project score partial points based on partial contributions?
 - Concerns raised with #2, #5-7.

Next Meeting(s): To be determined.

GJR