

NEW HAMPSHIRE DRINKING WATER AND GROUNDWATER ADVISORY COMMISSION

Minutes of August 15, 2018 Meeting

The meeting was convened at 10:03am.

Members present included: Sen. President Chuck Morse, Chair; Sen. Dan Feltes; Paul Sanderson; Rep. Chris Christensen; Andrea Kenter; Rep. Suzanne Smith; Bernard Rousseau; Former Senator Richard Russman; Tim Vadney; Rodney Bartlett; Clark Friese; William Boyd, III; Bruce Breton; and Commissioner Robert Scott

Senator Morse announced that the transcript from the July meeting had not been completed yet due to the demands of the Wayfair Taskforce that met that same week, but that minutes would be ready by the next meeting of the Commission.

The next meeting date was set for August 30th at 10am.

Erin Holmes of DES introduced Susan Geiger of Orr and Reno and Allen Brooks of the Attorney General's Office. Attorney Brooks explained his role in assisting the commission in doing their work. Attorney Geiger explained that she had been retained by DES to work on the Southern New Hampshire Regional Project.

Susan Carlson of DES presented an update on the Trust Fund balance as of June 30, 2018, showing that the Trust Fund had earned \$4.5 million in investment income in the last year, with expenditures of \$2.7 million. \$144,000 were operating expenses, \$2.4 million were loans, and \$183,000 in grants. The Trust Fund had \$14.1 million in obligations, of which \$10 million were in grants, and 4.1 million in loans. The Trust Fund also had commitments of \$50.6 million, with \$31.7 in grants and \$18.9 in loans. This left a trust fund balance of \$214.6 million. Ms. Carlson explained that 'obligations' are projects where contracts had been signed and the funds approved by Governor and Council. 'Commitments' were funds that were awarded by the Commission where contracts have not been signed and they have not been approved by the Governor and Council.

Ms. Carlson told the Commission that the Trust Fund balance was above of forecast, with both expenditures coming in lower and investment income coming in higher than originally projected. The budget for fiscal year 2019, 2020, and 2021 are projected to be \$32.2 million each year.

Commissioner Scott asked when loan income was expected to begin returning to the fund. Ms. Carlson answered that it would be 2022 at the earliest.

Sen. Morse brought up that the Commission needs to determine how lapses would be reallocated. Erin Holmes answered that Attorney Brooks' will help determine how long

a loan offer remains on the table for before it comes off the balance sheet of the trust fund as a commitment and returns to the corpus.

Erin Holmes provided an update on the Southern New Hampshire Regional Project. The memorandum of understanding (MOU) is being worked on for all seven parties involved to sign on to. The department is receiving responses from the towns. The target is to have the MOU signed off by September and an inter-municipal agreement (IMA) signed off by the end of the year. The Merrimack Source Development Charge (MSDC) will be purchased from Manchester by the end of 2018.

On the construction side, in Manchester the upgrades are underway at the Cohas Pump Station. In Derry, town engineers are working on designs that are due at the end of October. Salem is working on the 30% design phase as well as the disinfection study. Hampstead Area Water Company (HAWC) is beginning construction of a water tank in the Spring. Plaistow's town engineers are reviewing the designs with a response due by September, and then they will proceed to the 30% design phase.

Sen. Feltes asked if it was possible for Merrimack to tie into the project. Clark Freise answered that Merrimack already has interconnections with both Manchester and Pennichuck. Discussion continued about the contamination in Merrimack and ways it can be addressed.

Paul Susca presented on the land conservation applications, with 23 pre-applications made, and 22 full applications made. \$3.8 million has been requested to preserve 6,834 acres of land. Department is working on the scoring process and creating the 'one pager' for each request. Site visits are planned for the Fall.

The Commission then discussed what each sub-group used as guiding principles during the deliberations on the projects. Sen. Morse stressed the importance of setting the standards with this round of awards.

Rep. Christensen discussed the principles that sub-group A followed that were: addressing contamination, contributions from other sources, who is being served, biggest bang for the buck, and projects that fostered growth.

Bernie Rousseau discussed the principles that sub-group B followed that were: how many people does it serve, quality and quantity issues, were non-repetitive projects, the amount of grant vs loan asked for, how much 'skin in the game' they had, median income and water rates, and the ability to 'defend the projects.' Commissioner Scott added that they viewed the applications as 'best and final', that the funding from the Trust Fund was the tipping point for the project to go forward, it addressed contamination, and that it was not a 'gold plated' project.

Clark Freise discussed the principles that sub-group C followed that were: no gilded projects, a good balance of funds, skin in the game, multi-phase projects where the

applicant had taken on debt, income of the community, source of last resort, funding as the tipping point for a project to go forward, whether the system had been properly run, not to compete with the SRF, and that the application was the best and last offer.

Paul Sanderson brought up the question of how to handle combined loan and grant awards, and thought the loan should be drawn down first followed by the grant. DES staff expressed concerns that doing that would provide no incentive to keep projects under budget. The best practice is to spend both equally at the same rate, termed a 'concurrent burn.'

Bill Boyd discussed the principles that sub-group D followed that were: skin in the game, need vs want, water rates, grant vs loan requests, and that the funding from the Trust Fund was the tipping point for the project to go forward.

Discussion began about the need to fine-tune the application for next year to discourage applications for purely planning projects.

Rep. Christensen presented the 'yes' projects recommended by sub-group A and took questions from Commission members. There was substantial discussion about why Merrimack had not requested funding for Wells 7 and 8 and the level of MtBE contamination in Pelham. No one present knew why Merrimack had not applied for Wells 7 and 8 and DES provided data that no wells in the project area in Pelham had come back with MtBE levels above the standards. Sen. Morse made the motion to approve projects 1, 2, 3, and 5. (Merrimack Village District; North Walpole Village District; Rochester Water Dept (202A); and Goffstown DPW water extension) It was seconded by Sen. Feltes and the motion was adopted unanimously.

Commissioner Scott presented the 'yes' projects recommended by sub-group B and took questions. There was debate about the level of funding for the Department of Education for lead remediation, whether the DOE needed it all up front, how much was needed, and that the legislature should make an appropriation to deal with these issues. Sen. Feltes moved to approve projects 1,2,3,4,and 5 (NH DOE; Newmarket, Macintosh and Tucker Well treatment; Pine Grove MHP; Crotched Mountain; and Belmont Water Works) with the DOE request reduced to \$1.6 million. Commissioner Scott seconded the motion and the motion was approved unanimously.

Clark Freise presented the 'yes' projects recommended by sub-group C and took questions from the Commission. Paul Sanderson made the motion to approve projects 1, 2, and 3 (West Stewartstown; Marlborough, and Acorn Terrace). Bill Boyd seconded the motion and the motion was approved unanimously.

Bill Boyd presented the 'yes' projects recommended by sub-group D, took questions from the Commission, and explained their methodology for arriving at their budgeted number. Sen. Feltes moved to approve projects 1, 2, 3, and 4 (Errol, Conway Village,

Melody Pines, and Gorham). Rep. Christensen seconded the motion and the motion was approved unanimously.

Discussion moved to the 'maybe' list from Group A.

Discussion moved to back to the remaining 'yes' from Group D. Sen. Feltes moved to approve projects 8,11,12,and 13 (Lebanon Water Treatment Plant; Plymouth Bayley Ave and Langdon Park, and Foster St; Newmarket, New Road) Bill Boyd seconded the motion and the motion was approved unanimously.

Meeting was adjourned at 1:18pm.

JWE