

AD HOC WATER COMMITTEE

APPROVED

MEETING MINUTES

AUGUST 13, 2020 – 3:00PM

LINCOLN TOWN HALL - 148 MAIN STREET, LINCOLN, NH

Water Committee Members Present: BOS Chairman OJ Robinson, Paul Beaudin, and Ken Mack,
Staff Present: DPW Director, Nate Hadaway, Water Plant Operator, Dave Beaudin, and Administrative Assistant Jane Leslie

Public Present via Zoom Video Conferencing: Town Manager, Butch Burbank, John Hettinger, Cindy Lloyd, Mark Ehrman, Dennis Ducharme, Town Engineer, Ray Korber, Fire Chief Ron Beard, and Rick Kelley

I. CALL TO ORDER

Chairman Robinson called the meeting to order at 3:05 pm.

II. APPROVAL OF MEETING MINUTES FROM PREVIOUS MEETING

(February 28, 2019)

MOTION: “To approve the Water Committee meeting minutes of February 28, 2019 as presented.”

Motion: Paul Beaudin

Second: Nate Hadaway

Motion Carries.

III. RAFTELIS WATER REPORT *Discussion*

OJ Robinson opened up the meeting and explained that the Town had contracted Raftelis to conduct a *Water and Sewer Rate Study*, and requested a comparison between the current rate structure (i.e. tap fees) and the proposed rate structure (i.e. metered). The Committee was meeting this day to discuss the memorandum that Raftelis submitted with the preliminary results from the Water and Sewer Rate Study (*see attached*). Robinson explained that the town’s existing rate structure is not an actual rate, but rather based upon taxes and fees. The tax portion of this cost recovery mechanism is revenue stable (not dependent upon volumes of water consumed) although not very equitable in nature, as property values provide little to no indication of the actual demand that property is placing on the water and sewer systems.

Robinson explained that Raftelis was looking at quarterly billing and developed a rate structure where 20% of the revenues would be generated by a fixed charge (varies pending on the size of the meter installed from 5/8” to 6”), and 80% would come from a volumetric charge. The fixed charge would be higher for higher water users, and lower for lower water users.

Raftelis also conducted a customer impact survey using standard customer consumption information in an effort to ensure that the calculated water and sewer rates did not significantly financially impact the customers. The study examined the following: (1) household family of 2 with an annual consumption amount of 60 Kgals; (2) household family of 4 with an annual consumption amount of 90 Kgals, (3) a motel with an annual consumption amount of 1,000 Kgals, (4) a restaurant with an annual consumption amount of 600 Kgals, and, (5) the Loon property, with an annual consumption amount of 10,000 Kgals. The committee discussed the possible variable of rates with each of the five hypothetical scenarios. Raftelis came to several conclusions: (1) it will promote water conservation, (2) it will adapt to changing revenue requirements, (3) it will create more customer equity (billing customer based on their water consumption rather than the value of their property), (4) better ability to perform long-term financial

planning by generating each utilities revenues from user charges rather than taxes, which will make it easier to do more proactive and long-term financial planning to ensure financial sustainability of the funds, and, (5) allows the Town to apply for grants and low-interest loans. Under the current billing system, Lincoln is unable to apply for utility-related grants and loans, as the billing structure is based on property values and not consumption. By moving to a billing system based on consumption, Lincoln can additionally apply for loans and grants to fund future capital projects.

Paul Beaudin commented that there is not a category for *second-homeowners* in the comparison, and feels that this should be part of this study. Beaudin also commented on the Q&A (*see attached*) noting the comment from Raftelis that the tax portion of the cost recovery mechanism being incredibly revenue stable (the way the town is currently billing) in that it is not dependent upon volumes of water consumed, or volumes of sewer contributions. Beaudin noted that with the change that the town is looking to implement, the proposed rate structure will shift costs from properties with relatively high assessed value and relatively low-water consumption to properties with relatively low assessed value and relatively high-water consumption. Beaudin also questioned whether or not this would go before a public hearing for a vote.

Robinson explained that the first step is to get the water meters approved which will entail, (1) the BOS need to agree, (2) the Budget Committee needs to agree, (3) public hearing must be held, and, (4) Town Meeting vote. Town Manager Burbank noted that the Selectmen did not have enough information last year, which is why they did not put this on the warrant for a town-wide vote.

Rick Kelley responded that this is exactly what happened when they looked at the study from many years ago, whereas the common Lincoln household will be paying more money now for their water under this proposed rate structure than they are currently paying.

Town Manager Burbank agreed with Rick Kelley and explained that the only way to truly account for the town's water resources is through metering, regardless of whether or not they charge for water usage, as this would be a tremendous benefit to the town to know where the water is going, and allow the town to respond accordingly.

Mark Ehrman commented that the model presented in this report is just one example of the framework that can be implemented, and noted that the town has the leverage to adjust the billing scheme to fit the town's needs and future conservation efforts.

Cindy Lloyd commented that she has counted at a minimum, 3000 residential condo/garden apartment/hotel type units that are not individually metered, and questioned how the town would ensure a fair and equitable water rate for these types of units, particularly because it will be the responsibility of each of the individual properties to divide the water usage rates amongst the individual units. Lloyd also commented that if you don't meter to the individual units, there will be no benefit or conservation value. Robinson agreed that this was a very good point, and was not certain how this would be done, however, noted that part of this evaluation was a recommended *flat volumetric weight*, which essentially means that there would be the same rate for 1,000 gallons of water regardless if it was a 2-family, 4-family, restaurant, hotel etc. Robinson explained that the size of the pipe would be reflected in the fixed rate, but the volume would remain the same.

Town Manager Burbank commented that the committee should keep in mind the growing short-term rental business, and how this impacts the towns water usage. Mark Ehrman added that this is why it is important to meter the water usage, so that there is accountability, and to keep in mind that the town has the ability to set up its own parameters and rate structures that are favorable to smaller homes, while holding those larger short-term rental properties accountable who are not conserving water (if you use more, you pay

more). Dave Beaudin agreed with Mark Ehrman, and explained that this is why you have a base rate, which is designed to help cover costs. Beaudin explained that he is a proponent of water meters because the town is continuing to grow with the building of more hotels, and meters provide valuable information. Beaudin also noted that he would be in favor of adding meters to the CIP and paying for them over the course of several years.

Rick Kelley commented that he feels that the town must come up with a process and fee structure that works for everyone, however, the inequities of the process thus far appear to not be in favor of those full-time property owners that live in Lincoln year-round. Kelley suggests starting with a higher base rate, and then bringing it down and adjusting the rate as the town begins to accumulate data and gets comfortable with the modeling (eventually charging the users that are using higher rates of water).

Ken Mack agreed with metering which will help with measuring water usage because he feels if you can't measure it, you can't manage it. Mack thinks this should also be treated as a "utility" (electricity, heating fuel, propane) and be billed per usage because it is important to have data in place in order to make more definitive decisions.

Dennis Ducharme commented that the rate system referenced in the report resembles properties he owns/operates in other towns/states, and their allocated rate structures appear to be equitable. Changing the "flat rate" is always an option.

Burbank commented that the board appears to be heading in the right direction, and agrees with Dennis Ducharme, and feels that the town needs to implement water meters first, then begin collecting data, and later start discussing the adjustment of base rates. Burbank reminded the committee that budget season is approaching fast, and the committee would have to start thinking about public hearings for bonding.

Rick Kelley suggested implementing the water meters and collecting data for the first year, and then make a comparison to the data in the report and make adjustments as needed and start building by volumetric. Robinson noted that the estimated cost for installing water meters is \$1.2M, and feels that if the town is going to do this, it should all be done in one (1) year (vote, bond, and installation).

In closing, the committee agreed that the next step should be to go back to Raftelis and ask for a revised rate structure that includes a higher flat fee/base rate (including a water component) and/or options for rate structures that include higher base rates with set gallonage. Robinson also suggested including 2nd home/condo for a comparison.

V. ADJOURNMENT

With no further business to attend to, Chairman Robinson made the following motion:

MOTION: "To adjourn."

Motion: Paul Beaudin

Second: Ken Mack

Motion carries.

The meeting adjourned at 4:10 p.m.

Respectfully Submitted,

Jane Leslie


Approval Date: October 13, 2020

Chairman O.J. Robinson

