

Village District of Eastman
Commissioners Meeting, June 20, 2012
Final Minutes

In attendance: Commissioners Duncan Wood, Robert Fairweather and William Sullivan, Treasurer David Wright, Deputy Treasurer Bernard Conroy, District Manager William Weber, Office Manager Amy Lewis and Water Operator Neil Perez.

The meeting was called to order at 7:58AM by Commissioner Sullivan.

Minutes:

Minor edits were made to the minutes of the May 16 meeting, including clarification of statements in the Field and Financial Reports. A minor change was requested for the minutes of the May 23 meeting. Commissioner Fairweather moved to accept the May 16 and May 23 minutes as amended. Commissioner Sullivan seconded; unanimous approval.

Field:

1. There was a small leak located over the weekend on Granite Way, which was fixed Tuesday, June 19. The leak was approximately 5gpm. Commissioner Fairweather asked if we had a policy in place regarding the instances in which Water Systems Operators contacts the district for guidance if a leak is found off-hours. Operator Perez indicated that Joe Damour knows to call anytime but there is no formal policy. Commissioner Fairweather asked if it was necessary to contact Mr. Damour to clarify that he can call the operator or district manager at any time; both DM Weber and Operator Perez said there was no need.
2. There is a leak in the well field by the new Source 1 pumps, indicated by a pressure drop noticed by Operator Perez. Halliday has been notified and will be up at some point to determine where the leak is, as this is an item covered under the warranty.
3. The main break on Greensward Drive between Bunker and Pinehurst was caused by a rock being pushed into a main as United Construction was attempting to lift the rock out of a trench. Approximately 150k gallons were lost, but the leak was contained in about three hours. United removed the rock and will pay for the repairs to the main line. The original schedule 40 PVC pipe was replaced by C900 PVC.
4. OM Lewis mentioned to Operator Perez that a West Cove resident had called this morning about "cloudy" water. Operator Perez indicated that he would check it out.
5. Two digs are scheduled for next week to repair faulty gate valves. The first will be on Draper Mill Road on 6/26, and the second will be on Terrace View on 6/28. The digs are contingent on the weather.
6. Operator Perez indicated that he is concerned about the remaining projects under the SRF, notably the well abandonment. He would like to see the old dug wells filled in all at once. DM Weber said that the state well de-commissioning board requires certain parameters to be met; the subject was tabled until the SRF update is brought up later in the meeting.

7. At 8:15 a local plumber, Ernie Rowe, joined the meeting to help clear up some confusion that entailed when the district was attempting to contact him on behalf of two of his customers. From calling the plumber on behalf of the customers, it took a day to hear back from this plumber, which delayed the response to the customers. It had been noted in a staff meeting that the district would be using different plumbers in case of emergencies; this statement was clarified to explain that in the event of a district emergency that would require a plumber be on-scene, we would only be able to allow a certain amount of time to pass between attempting contact with one plumber before attempting contact with a second. Commissioner Wood stated that he did not feel this to be an issue. The plumber also inquired about adding appointments to those already scheduled; as long as the proper paperwork is filled out and turned into the office, this is not a problem. Commissioner Fairweather stated that the VDE needs to be able to respond to people even on short notice and all agreed. Commissioner Sullivan asked the plumber if he would be willing to share his cell phone with the district to facilitate contact; the plumber declined on the basis that he does not think it fair to talk to one customer on the phone while he is working for another. He does have the ability to call his office and check messages.

Financial Report:

1. Cash flow is working out; the SRF project is wrapping up and the district should be receiving disbursements from the state. Treasurer Wright is concerned that we are not receiving the state reimbursements in a timely fashion, which is skewing the budget to-date. He would like to see the district pay more attention to the budget and working to stay as close to the projections as possible for expenditures, with the possibility of raising the budgeted amounts for next year. Wages and contract labor are both high due to the personal time buy-outs and the need for labor. Chemicals for the treatment plant were a necessary although non-budgeted item. Commissioner Fairweather stated that the budget sheet outlines the major expenses and makes sense as a whole. Commissioner Wood asked for an explanation why the revenues for May are lower than what is budgeted, since the rates were restructured with the usage assumed to be flat. It looks like less water is being used. The uncollected Accounts Receivable from the spring billing is around \$18k due to slower-than-usual payers and a handful of foreclosures.
2. Based on the budget compared to actual, we are about \$23k under projected revenue with the first billing of the year. Fewer people in the community for a particular season translates to less usage billed; Commissioner Wood stated that the projected billing for November will be met only if the summer meets the expected demand. The budget can be adjusted mid-year if necessary through the Department of Revenue. All discretionary spending is to be kept to an absolute minimum. DM Weber said that many of the expenses to date were one-time and will not recur. Some of the contract labor expenditures are reimbursable through the CIP funds. Commissioner Sullivan pointed out that this is the first exposure to the revenues generated by the new rate schedule, so it will take some adjusting to before a base is established.

Manager's Report:

1. May 2012 had a higher-than-expected water usage, based on prior years. This is possibly due to the leak on Granite Way.
2. All reports for May have been submitted.

3. Three candidates are up for the open Water Operator position. DM Weber, OM Lewis and Operator Perez all agree on the top choice and recommended that this individual be issued a job offer.
4. DM Weber suggested that the next Commissioners' Meeting be held at the treatment plant so the commissioners can see the improvements to the well field. Commissioner Wood suggested that the board take a field trip after the next meeting adjourns in order to walk around the plant and field.
5. The pump house roof has been replaced and the hatch that was removed can be listed for sale. Operator Perez said that there are some other items that can be sold as well; he and DM Weber will work on compiling a list.

SRF:

1. We are down to minute issues regarding the project. The district has to pay the contractor before reimbursement is requested from the state. The final payment request from the contractor will include the retainage. Tata & Howard will be taking the 7.5hp pumps that were spec'd in error. There were no problems with the pump test.
2. We are still waiting for the as-builts from the engineers and subcontractors.
3. We are running about \$15k under budget for the project as a whole.
4. Commissioner Fairweather asked if the decommissioning of the wells was built into the budget. It was not, but can be requested as part of the loan if there is money left over. Operator Perez said that if we have the money to do so, he would like to see all 18 wells done at the same time in order to save on redoing the well field after each trip. There may be a water quality and yield issue if the wells are decommissioned piece-meal. He would like to see how the new pumps act without the influence of the old wells. Commissioner Wood would like to see it done all at once if it is financially feasible. There was discussion on how the wells would be filled in and with what type of material. It may be possible to purchase the materials with the funds remaining under the SRF loan, and storing those materials until we are prepared to fully decommission the old wells. DM Weber will contact Dan Dudley with the DES to review. Quotes will be requested from local contractors to get a good idea of what the total costs will be to complete the decommissioning.

Old Business:

1. Patriot Power rates will go into effect on July 1. The district should see the difference in the PSNH bills received at month-end.
2. The credit card policy has been adopted. Each employee has signed a copy, which has been filed in their respective personnel file.

New Business:

1. As stated above, the three top candidates for the open operator position have been selected, with DM Weber, OM Lewis and Operator Perez agreeing on the top choice. The individual was selected based on compatibility with Operator Perez, interview skills, past experience and familiarity with the Eastman community and VDE operations. The commissioners deferred to

the recommendation of the operator and office staff, and a job offer will be issued to this individual. The commissioners would like a 90-day review performed to evaluate how our new operator is working out.

2. On Tuesday, June 19, Commissioner Sullivan, DM Weber and Operator Perez went to 27 Fairway to speak to the homeowner regarding a tree growing too close to the curb stop. The homeowner was apologetic about previous actions regarding the tree, and was very understanding of the situation. The tree will need to be removed as there is not enough room to get a bucket or tools around or to the curb. There is a large rock within the 5' boundary but it is moveable and can stay. The homeowner did offer that should the tree stay, he would be willing to sign a waiver releasing the district of any liability for damage sustained to the curb stop and/or service line feed due to overgrown roots. Commissioner Fairweather said that the policy regarding the curb stops is very clear. Commissioner Wood moved to be consistent with the policy throughout the community. Commissioner Fairweather seconded; unanimous approval. Commissioner Wood asked DM Weber to notify the homeowner of the board's decision.

The Commissioners deferred the approval of the non-public meeting minutes of May 18 to the next meeting.

Operator Perez excused himself at 9:15AM.

At 9:20AM, members of the Eastman Community Association (ECA) and the Eastman Sewer Company (ESC) joined the meeting. These individuals were Brian Harding, General Manager of the ESC; Gayle Burns, Office Manager for the ESC; Brad Moses, Manager for the ESC; Maynard Goldman, ECA Board President; and Jim Coffey and John Walters, members of the ESC board. Commissioners Sullivan and Fairweather attended the Town of Grantham's Selectmen's meeting where representatives of all three entities stated the desire to dissolve the ESC as a for-profit company and have the VDE take over operations as a separate governing municipality. Commissioner Fairweather did not feel as if the selectmen fully understood the issues facing the parties involved, and had requested a blueprint for the proposed merger from Mr. Moses that would show structure and responsibility of the new organization. The following minutes reference that document.

1. It is agreed that the problem at hand to resolve is the question of whether the existing ESC is folded into the current municipality of the Village District of Eastman, or that a new municipality is established.
2. Commissioner Wood agreed that having a sub-committee overseeing the day-to-day operations of the sewer would relieve the current VDE board. There is a benefit to having a municipality with one group of people focused on solving problems rather than deferring everyday occurrences to a full board. Commissioner Sullivan asked Mr. Moses if there had ever been a problem finding volunteers to serve on the ESC board; there have not been, however the limitation is that a board member must also be a sewer user. Mr. Goldman added that the original concept was to have three of five board members be sewer users, with the remaining two not necessarily on the community sewer system. Mr. Walters shared that there are members of the community interested in joining a sewer sub-committee once the situation with the merger has been resolved.

3. Commissioner Wood inquired about administration/administrative issues. There is a benefit to having the administration under one roof, but how will the existing set-up accommodate such a change, and has the VDE budgeted for such a change? Mr. Harding replied that with administrative time and some management oversight, approximately 5-6 hours per month are spent performing accounting tasks related to the ESC, and is recorded appropriately to differentiate from time spent performing ECA tasks. This same principle is applied to the grounds maintenance.
4. It was made clear that the district's water operators would not be required to participate in the running of the sewer/wastewater treatment. Mr. Moses said that the daily checks include making sure the pump stations are working, general maintenance issues and required sampling. The current contractor for these services is under an annual contract, roughly \$50k for this fiscal year.
5. Anything that is presented to the community must make clear that the sewer users will be responsible for the maintenance of the wastewater system, and that fees/taxes would not be assessed on the community as a whole. Commissioner Fairweather asked Mr. Moses if Mr. Moses felt that the existing user fees were enough to cover the capital expenditures proposed, including any debt service. These items are being covered by the current intake, but barely; there is no provision to put funds aside for capital improvements. The ESC did have losses two years in a row, mainly due to the lag between PUC approval and rate adjustments. The only way the ESC can get low-interest loans is if it is out of the umbrella of the PUC. The property taxes payable to the Town of Grantham are \$12,400 per year, which would go away under the VDE. The state has granted the ESC a permit to continue spray-irrigation as long as there is a plan in place for improvements. There are two lift stations located at two separate condo associations; the associations pay for the maintenance of these stations, which are tied into the sewer system.

For any additional financing, the new entity would borrow funds with municipal rates, have a precinct tax collected by the town specifically for the sewer users, or increase rates without taxes in order to raise the monies necessary for the capital improvements. DM Weber has been in communication with the VDE advisor at the Department of Revenue; he will contact her again for further clarification and also speak with the VDE counsel.

Mr. Harding added that if it is determined that the only recourse to the tax issue is to create a separate district, the ESC will need to research the Eastman covenants to change the taxation process on the sewer customers to cover the capital improvements necessary. Commissioner Wood said that the advantages of moving the sewer operation into the municipality are obvious and, under the charter of the VDE, doable. He proposed that a letter be drafted by DM Weber to the DRA clearly outlining the situation and asking how to apply a tax rate to a specific portion of the community that is already covered as a whole by a distinctly separate tax.

6. Mr. Goldman would like to first meet with the condo associations and do it sooner rather than later. Meetings with the special places would also be noticed, and a community forum held to explain why the ESC wants to merge into the VDE. A letter was sent several years ago to the sewer customers outlining the difficulties with the PUC. A community forum would be best, as the reasoning behind the merger may not be 100% clear to non-sewer customers.

Commissioner Wood asked about any easements necessary to continue the current discharge; Mr. Goldman does not see any problem creating a document outlining easements and right-of-ways for the VDE should the merger go through. There are some easements already in place when the VDE was created out of the CEC. If the DRA agrees that one municipality can handle two precincts, the ESC can offer the assets of the ESC to the VDE without town/state approval. Commissioner Wood asked that a representative of the VDE board and a representative of the ECA board work with Mr. Harding and DM Weber to begin drafting a document for legal review.

Mr. Coffey stated that sewer users do seem to understand that the system is in need of improvement, and that the rates will need to go up to accommodate the expense. The shape and age of the system is not secret.

Commissioner Fairweather proposed that the VDE have the answers to the questions set forth in this meeting on the agenda for July's scheduled Commissioners' Meeting.

Mr. Goldman thanked the VDE commissioners for their consideration.

The commissioners moved to go into non-public session at 10:42AM, and returned to public session at 10:48AM.

Commissioner Fairweather made the motion to adjourn at 10:49AM, which was seconded by Commissioner Sullivan; unanimous approval.

The next Commissioners' Meeting is scheduled for July 18, 2012 at 8:00AM at the VDE office.

Respectfully submitted,



Amy Lewis
Office Manager

