

Village District of Eastman
Commissioners' Meeting Minutes, July 18, 2012

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

Commissioner Sullivan opened the meeting at 8:02AM.

Minutes:

The minutes of the June 20 meeting were discussed and minor edits were incorporated. The commissioners reviewed the summary of the July 2 staff meeting; the consensus is that the surge of Source 6 should wait at least until the last week of August or first week of September, since backwashing could be a potential problem. Commissioner Wood would like it done after Labor Day; Operator Perez will schedule this accordingly with Barrie Miller. There are real concerns regarding the trend in static levels for all sources. Charts were distributed to show these trends; further discussion is below. The commissioners also reviewed the summary of the July 16 staff meeting; the sodium hydroxide leak was limited to a pipe, which has been replaced. Because of the propane odor, Milton CAT came Tuesday, July 17, to check the line and regulator to the Snow Hill generator; nothing was found to be out of order.

As an aside, the office issues with the website and email have been resolved.

Commissioner Sullivan asked Operator Perez how our operator-in-training, John Fellows, was working out. Operator Perez said John was doing very well, and trying to take in as much as possible. They are currently leak-detecting and finding GPS coordinates, which is giving John good exposure to the community. John also aided Operator Perez with the repair of the chemical leak at the treatment plant.

Field:

The operators are currently leak-detecting; there is potentially a leak on Snow Hill. The Hilltop tank is filling faster than the Snow Hill tank, which could either be population/draw or a leak. As shown on the charts distributed earlier in the meeting, the static levels are being tracked; Source 5 is currently off to recover from running the previous week. Source 6 is holding steady. Currently source 1A is at 66% and 1C is at 76% of 60hz. This is a concern because 1A and 1C draw too quickly; 1B can be run concurrently with another source, but if for any reason 1B needs to be off, 1A and 1C would run dry even with Sources 5 or 6 added in. This concern was brought to the attention of Tata & Howard – there is always an issue when starting a new well or source, and it may adjust itself in time. Commissioner Wood asked if the District was in crisis yet with regard to the water supply v. demand, and what would trigger additional conservation or a water restriction. Operator Perez suggested that water conservation signs be put up at the entrances starting Monday, July 23. We do not need anything mandatory yet; perhaps a notice urging conservation due to the lack of rain. Commissioner Wood suggested that Lorie McClory be asked to send out a notice through the ECA's Constant Contact asking for the community's help in conserving water. Commissioner Fairweather asked that the water conservation signs be put up on Monday, July 23. OM Lewis will post a similar notice on the VDE website. Commissioner Fairweather asked if there was a stipulation in any agreement with the ECA, that the ECA could not water the flower gardens at the main entrance if a water ban was enacted. It was pointed out that the gardens at the front are being watered during the hottest part of the day, and have also been seen operating during

rain. Operator Perez said that the sprinklers are on a timer, and would need to be reprogrammed to operate at night. Treasurer Wright suggested that since the water used for the main entrance is the responsibility of the VDE, we should do our best to conserve it; perhaps sensors could be purchased to install on the sprinklers to control the timing issues. Treasurer Wright asked that a cost estimate be obtained.

Financial:

There is a cash flow spreadsheet that has been created to show projections of incoming and outgoing funds through the end of the year. It is being updated bi-weekly with the payables/payroll cycle. Treasurer Wright stressed that the budget is what we need to be paying attention to. He would also like to re-address when the PDIP deposit will be reversed; rather than put 100% of it back this month, he would like the District to retain the funds in a more liquid account for two to three months. PDIP stands for Public Deposit Investment Pool, and is a state-held savings account for any surplus with which the District ends a fiscal year. The PDIP funds are not shown on the cash flow report because the PDIP is a reserve. The amount transferred from the PDIP is on the cash flow report to show that the funds will need to be transferred back. There is no minimum balance to maintain with the PDIP, so there is no rush to move funds from one account to another.

We have received the first tax payment from the Town of Grantham, which was \$252,959.50. CIP accounts will be funded with this money.

Commissioner Wood is concerned that we will not see the projected revenues with the fall billing as budgeted. DM Weber said that the MS-34 will be brought to the table for next month's meeting, which will allow the District, through the NH DRA, to amend the budget for the remainder of the year to adjust for any shortfalls.

There is one disbursement outstanding for the most recent SRF payable; there will be one more request filed once the final billing from the contractor is received.

The September Commissioners' Meeting will be moved from September 19 to September 26.

Manager's:

The June loan payment reflected the rate change to 2.65% from 3.65%. The interest change will save the district about \$12,000 per year.

Water use is as expected; leaks have been discovered and repaired. Commissioner Fairweather said that the 2010 billing volumes were used to estimate the revenue as the base for the rate increase.

Old Business:

DM Weber indicated that Brian Harding from the Eastman Sewer Company will be joining the meeting at 9:00AM, and asked if there were any items that the commissioners wanted to discuss among themselves first regarding the possible absorption of the sewer company. Commissioner Wood told DM Weber that he was right in thinking that the collaboration would not work because of the taxation issues, as there would be taxation without representation if the residents not on the sewer system were allowed to vote on sewer issues. The response from the PUC to the ESC indicates that the ESC needs to now go to the town of Grantham and request that the select-board allow the ESC to create a new municipality. If the ESC creates a new municipality, the VDE can enter into a contractual relationship with the new entity to provide services as needed to aid the sewer customers without impacting the

water users. Commissioner Wood indicated that he would be willing to serve on the board for a new sewer municipality, and would recuse himself from any issues that would conflict with his duties to the Village District. Commissioner Fairweather brought up the State Revolving Fund pool; there are separate sections to the SRF – water, wastewater and clean water – so applying for improvement funding would not overlap. Also, having a separate municipality seems to be the best way in that there are three towns within the Village District as it exists now, yet only one town is within the sewer “district”. It may be easier to present to the community if there was a distinct split between the two districts; it would be clear that the taxpayers not on the sewer system would be exempt from any user fees or taxes to the sewer precinct. The commissioners are in agreement that the best move overall is to have the sewer system be a separate municipality. Commissioner Fairweather shared that at the East Lake Association meeting he did make the members aware that there are issues with the sewer system, and that the governing bodies are looking at different approaches to rectify the problems. Comments made in response included keeping the budgets separate (should the VDE take over the ESC), the capital improvements that must be implemented, and the fact that the sewer users have had a minimal amount of user fees for the services received over the past years. Commissioner Sullivan added that he felt there should be two separate entities, and that the VDE can give advice and contract services as necessary.

At 9:10, Brian Harding, Gayle Burns and John Walters, all representatives of the ESC, joined the meeting.

Commissioner Wood explained that the main concern is the “taxation without representation” issue; residents in Springfield and Enfield cannot vote to direct action for the sewer users residing solely in Grantham. The ESC needs to go to the Town of Grantham with all information collected to date to have the selectmen start the process of creating a new municipality.

Mr. Harding agreed with Commissioner Wood’s observations regarding the DRA and PUC letters in response to the taxation inquiries. It was also made clear by Commissioner Fairweather that there would be no competition from the VDE in applying for state or federal funding for capital improvement projects. DM Weber stressed that even if only user fees were to be applied, the new sewer entity must become a village district, as a governing body would need to be in place in order to provide the ability to borrow as a municipality/local government entity. Commissioner Wood added that the community would be better served with a municipality that has the ability to tax rather than to rely solely on user fees. It would also deal with the apportionment issue; residents from other towns would be prohibited from voting on items that are specific to sewer users.

The commissioners outlined the election process to create a board of commissioners, as well as which official district positions are appointed. The VDE commissioners also offered assistance if needed with creating documents and plans to present to the Grantham select-board. DM Weber also said that he would share DRA contact info, as the new district would have the same advisor as the VDE.

Commissioner Fairweather relayed the responses and general attitudes from the East Lake meeting.

Mr. Harding expressed his thanks, and those of the ESC and ECA boards for the constructive dialogue and help that the VDE has provided, and indicated that the ESC would move forward to create a new district.

Mr. Harding, Ms. Burns and Mr. Walters exited the meeting at 9:30.

Commissioner Wood made the motion that the VDE formally inform the ESC that after due deliberation it has been concluded that the possibility of expanding Village District oversight to include the sewer operations is not appropriate. Commissioner Sullivan seconded; the motion passed unanimously.

SRF:

At the July 10 meeting to discuss final actions on the SRF project, a deadline of July 25, 2012 was given to get the outstanding paperwork and documentation to the VDE for project completion. Notes from the July 10 meeting were passed out to the commissioners for review.

The grass is not coming up in the well field, but we cannot use fertilizer to speed any growth. There is an eco-friendly grass mix that can be put down. Commissioner Wood recommended that this wait until the dug wells are abandoned in order to save money and avoid doing it twice.

New Business:

Interest rates will be changing for the SRF loans in October; we will need to do amortization schedules to compare rates and terms. The rate can be locked in as soon as the loan is closed; it will need to be done prior to budgeting for next year. We have the ability to tell the state how we want the loan structured; timing of payments, number of payments per year, etc. This will be relative to cash flow – December may be best because of the timing of the town tax payments received. Commissioner Sullivan asked DM Weber to provide numbers showing how the new loan will work with the current debt service. Treasurer Wright asked that DM Weber contact Lake Sunapee Bank to find out the logistics of transferring the state loan into the existing loan.

The CIP accounts will be partially funded; a review was made of the spreadsheet showing the breakouts. This spreadsheet is shown as Exhibit A to these minutes.

The exact total SRF cost is not yet known, as we are still waiting on final applications of payments from the contractor. It will be available for the August meeting.

Meter replacements: we will need to replace 10%, roughly 130 meters, beginning next year. Operator Perez will work with the meter company to determine the best way to begin the replacements. Commissioner Wood asked how the 10% is decided upon; this will be done by route. The existing routes are being rearranged so that we have 10 routes instead of the current 17. Changing the meters on one route per year will meet the requirements of the state to have all meters changed out in ten years. The cost to do these replacements will be a legitimate budget item and will be shown as an annual expense going forward. Commissioner Fairweather suggested that this may be a good opportunity to create our own database of contact info. Commissioner Wood said that we can include a note in the November billing asking what the best way is to make contact, explaining that we are beginning the replacement project and will need to contact the customers to set up the appointments.

As there will be no open house this year, DM Weber and OM Lewis would like to draft a newsletter containing general information regarding the SRF project, conservation, seasonal winter tips and so forth. Commissioners Fairweather and Wood would like to see a draft, and have the end result go out with the fall bills and include information regarding the meter replacement program.

DM Weber went over the ideas of an outside display at the Activity Center. This project has the go-ahead from the ECA. The VDE staff will begin building the display, which has the OK to be at the Activity

Center for a two-week period from mid-September to mid-October (which weeks will be decided upon at a later date). Brochures and other information on the VDE will be available inside the Center. There is also a possibility of having a video loop that would explain why some repairs take so long, and what is involved in making a seemingly easy repair. A concern that Commissioner Wood has is that the display may not be stable enough; it will be built with that in mind. The display will be kept on a trailer so it can be easily moved. We will also be able to set it up in the wellfield for next summer's open house.

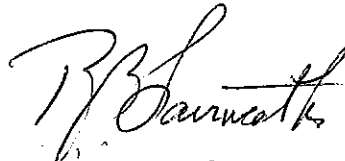
At 10:02 the commissioners entered a non-public session; at 10:07 they returned to public session.

At 10:08 Commissioner Wood moved to adjourn; Commissioner Fairweather seconded and the motion was unanimously approved.


Respectfully submitted,



Amy Lewis
Office Manager



8/15/12



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