

**Town of Hillsborough Water & Sewer Commission**  
**July 28, 2016 Meeting Minutes**

Meeting called to order 6 pm. Present were Commissioners Peter Mellen, Herm Wiegelman and Chris Sieg; and, Penny Griffin.

Commissioner Peter Mellen stated that the purpose of the meeting is to present for comment the recently completed Sewer System Accessibility Fee Schedule as prepared for the Town of Hillsborough Water and Sewer Commission by Hoyle, Tanner and Associates.

He explained that the present rules require a sewer permit fee be paid when a new user connects to the sewer system. No permit fee is currently required when an existing service is expanded, an example being when a single family home is converted to multiple apartments.

The current three classes of sewer permits are:

- Residential, single-family service
- Commercial and multi-family service, not to exceed four dwelling units
- Industrial establishments and any other complexes

Fees for the above permits are \$2,500 for residential single-family, \$7,500 for commercial and multi-family and \$10,000 for industrial establishments and any other complexes.

Using the state's regulations for sizing of septic systems (Attachment A in the accessibility report), the anticipated flow from various uses can be estimated.

He presented the following examples:

A three-bedroom home would be expected to produce 450 gallons per day (gpd) of wastewater; with a \$2,500 permit fee the applicant is paying slightly more than \$5.56 per gpd for a sewer permit.

A 200-seat restaurant with 20 employees would be expected to produce 8,700 gpd of wastewater; with a \$7,500 permit fee the applicant is paying \$.86 per gpd for a sewer permit.

A small-scale manufacturing facility with a cafeteria and bathrooms adequate to serve 20 employees would be expected to produce 500 gpd; with a \$10,000 sewer permit fee the applicant is paying \$20 per gpd for a sewer permit.

He stated that the Commissioners believe these examples accurately portray the inherent inequities of the current sewer permit fee schedule. A better method, we believe, is to assess a permit fee based on anticipated usage, or gpd; the more capacity an applicant will be consuming, the greater the permit fee.

He also explained that such accessibility fees would not be limited to new connections, but would also be applied to change of use for existing services.

He declared that in addition to presenting the study, this meeting is also intended to provide residents and system users with an opportunity to comment on the proposal and to provide input on the degree to which an accessibility fee should be instituted to benefit new capacity while not curtailing future development.

Commissioner Mellen stated that John Jackman of Hoyle, Tanner & Associates would complete his presentation and then there would be a question and answer period on the specifics of the study.

John Jackman, of Hoyle, Tanner & Associates, began his presentation by saying they would be reviewing the following points:

- Why do we develop Accessibility Fee
- How is the Fee Calculated
- What are you Selling
- What are Other Communities charging

John explained that Systems Accessibility Fees (SAF) are one-time charges levied for a proportionate usage or increase change of usage of the HW&SC's sewer system capacity. As documented in the report, these fees will be used to fund capital improvements that will substantially benefit new capacity. He stated reasons to develop and implement accessibility fees are:

- Trying to be Fair to All Parties
- Provide understanding of the SAF Process
- Understand Infrastructure Limits and Future
- Clarify between Capital & O&M
- Provide Standards Based on Available Data
- Provide a document that will stand up legally

The SAF is calculated in current dollars to reflect current pricing to install or replace. It takes into account investments, paid by user fees, made to maintain the assets. For example, projects the Commissioners have done to line or replace sewer mains to reduce inflow and infiltration (I/I) which in turn allows more available capacity at the facility for new connections. It looks at historic costs; ie.) how things were paid for; bonds – are they paid off or are payments still being paid on them. Items that are still being paid for must be subtracted from the calculation as user fees are still being used to pay for the project. For example, the project the Commissioners did to replace the screw pumps at the facility is still currently being paid for in the operating budgets and that cannot be counted because when you become a sewer user you will be paying for the bond then; and, you can't be charged twice. Another example is the recent upgrades to the facility. Half of that bond principal was forgiven by the State of New Hampshire; a quarter was paid by Town taxes and a quarter by sewer user fees. John stated that the only money used in this calculation was the quarter paid for by user fees.

Mr. Jackman spoke of the infrastructure pipes. He stated that for this evaluation they determined what infrastructure is private and how many feet of infrastructure are owned by the town. They also broke it down by pipe size and gave each a value per foot to replace. John stated that any pipes that were installed by private developers were taken out of the calculation. Laura Buono asked why that was. John Jackman stated that the accessibility fee is to protect the rate payers and items that they have paid for and privately installed lines were not paid for by the users. Mr. Jackman stated that manholes in the system were evaluated just like the infrastructure pipes; and, privately installed manholes were also not added into the calculation. He stated that to come up with the value per gallon you add the Value of the Sewer pipes minus what was paid for with Private Funds - \$7,977,053, and the Value of the Sewer Manholes minus what was paid for with Private Funds - \$2,198,700 divided by the Wastewater Design Flow - which they used the potential new Permit Design Flow of 0.6 MGD. The value per gallon for the infrastructure pipes and manholes would be \$16.96 per gallon.

Next, Mr. Jackman reviewed the support facilities which he explained is the limiting factor in this equation. He cautioned that the capacity of the treatment plant is only as great as permitted by the Environmental Protection Agency (EPA) and New Hampshire Department of Environmental Services (NHDES) even if the infrastructure could handle more. He spoke of the treatment facility being at 80% capacity in 2001. He explained that through the efforts of the Commissioners reducing I/I into the pipes there is capacity currently available and the recent upgrades by the town and the users will potentially allow another 125,000 gpd capacity if the new permit is issued from EPA allowing a total of 600,000 gpd. He reminded people that with a new permit there will be new restrictions that will have to be met. He then explained the calculation for the support facilities. The value of the pump stations is \$1,250,000 divided by 600,000 gpd giving a \$2.08 value per gallon.

Mr. Jackman explained that the only source that can be used in the fee calculation for the waste water treatment facility is the \$250,000 paid by user fees for the upgrade. He also reiterated that the only capacity that you would use for this calculation is the increase of 125,000 gpd which would give a \$2.00 value per gallon.

Using these calculations together, the maximum value per gallon to use for the Accessibility Fee would be \$21.04.

Mr. Jackman reviewed other communities' accessibility fees. He stressed that when comparing other communities there are always extenuating circumstances that you would have to take into consideration; no two communities are the same. He stated that if Hillsborough had a treatment plant that could handle 1.2 million gallons per day (MGD) the value per gallon would be \$11 just because you have more capacity to sell, have invested so much and the users have paid for it the capacity you have left has a lot of value; if you give it away, you are just putting the burden on the sewer users. He cautioned that what you do not want to do is to allow the developer to build their assets on the backs of the users.

The meeting was opened up for questions and comments.

Frank Pearsall stated that he believes the portions that the town has paid should be included in the calculation as they paid for a quarter of the upgrade and if a new plant has to be built the town will be responsible for the bond as it would benefit the whole town.

Laura Buono stated that she understands how the fee is calculated but she does not believe that it would get the town where it wants to be with available capacity. She referred to surveys she has taken and conversations she has had with other departments and thinks that imposing this fee would not increase available capacity for the future but would ultimately price Hillsborough out of the market for developers to come. She gave an example of someone wanting to put in a 3 apartment building costing about \$19,000 accessibility fee at the proposed rate. She also stated that she is working on another development and their accessibility fee would be about \$2,000,000. She said she understands that the thought that developers should pay for their costs but she thinks it needs to be considered as a town wide benefit and if development is wanted we can't raise costs. John asked about the \$2,000,000 accessibility fee she referred to. Laura stated that it is about a 100,000 gpd sewer discharge request. John stated that basically you would be selling 100% of the sewer capacity in one shot. She agreed but asked if Hillsborough has \$2,000,000 worth of benefits for the developer and opined that she does not believe we do; and questioned how we can market Hillsborough. John stated that he believes the question would be how much it would cost to upgrade the treatment plant if you give away all of your capacity in one shot. Laura also questioned Table 1008 and referred to the usage of a church supper being 12 gpd per seat

stating that with 50 seats at the proposed rate it would be \$12,000 per supper. Commissioner Mellen referred her question to Commissioner Sieg who has been evaluating the restaurant ordinance. Commissioner Sieg stated that the chart is used to fairly estimate the gpd for various usages. He stated that the chart's intended use is for septic design but it is a fair comparison. He stated that he believes the intent of the Table is not for individual suppers but rather a church that continuously serves church suppers like a restaurant so it is not a fair example. Commissioner Sieg reviewed how he has been evaluating restaurants for their quarterly usage charge to make sure it is fair to all. He explained that seating capacity is taken into consideration using the calculation of 40 gpd per seat. He stated that a 3 bedroom home is calculated at 450 gpd or 1 billing unit; therefore, it would be a fair assessment that 15 seats in a restaurant would equal 1 billing unit. He reiterated that the intent of this table is not to penalize the church supper.

Commissioner Peter Mellen reminded the group that the intention of the meeting is to present the evaluation findings and to get comments and feed back as to what percentage of this \$21.07 gpd charge gets implemented that achieves the goals that the town wants to achieve. He stressed that the objective of the Commissioners is to make the current system which seems unfair more fair by using the required gpd discharge. He referred to his previous comments in his introduction stating that a single home is currently about \$5 gpd in accessibility fee and it would seem reasonable that all development and discharge increases would be at the same rate per gpd.; the greater capacity needed would be a greater accessibility fee.

Don Solomon asked what the accessibility fees would be used for. Mr. Jackman stated that it can only be used for capital investment. Mr. Solomon stated that some of the assets in the list of assets are pipes that are failing and in his opinion they should have no value at all. John explained that there is value in them as the lines are still in service and those projects such as lining them to reduce inflow and infiltration extends their life by about 70 years. Mr. Solomon stated he believes that should be in the operations and maintenance of the system and that the values should be depreciated annually. Mr. Jackman stated that when work is done to infrastructure to extends its life, which is a capital investment. Mr. Solomon asked if the accessibility fee buys the actual tie into the system and who pays for the connection to the main to the house. Commissioner Mellen stated that if a connection is needed to our mains in the street it is a separate charge and it is at the cost of the property owner or the developer. He clarified that the line from the main to the house is owned and maintained by the property owner. Mr. Solomon also suggested that the current dollars used in the evaluation calculation is incorrect and should use a depreciated value. John stated they are replacement values. Mr. Solomon stated that he believes the Commission should have been doing this planning a long time ago.

Frank Pearsall asked why a developer who wants 100,000 gpd of capacity should be expected to pay a \$2,000,000 accessibility fee when the upgrade only cost about \$1,000,000. John explained that the upgrade calculation does not take into account the full system which you need to do when calculating the accessibility fee. He also referred back to the comment that Commissioner Mellen made that the Commissioners are not intending to implement the \$21.07 per gallon charge but rather what is in the best interest of the town.

Selectman Dave Fullerton commented that people in town are worried that this sewer issue will stop new development in town. He stated that he believes the town can help out with some of this as the whole town benefits from new development. He stated that he had received a suggestion from someone in the town that the accessibility fees be allowed to be paid over a five (5) year period which would allow the business to be built and start earning income to help offset the fees. Mr. Jackman stated that some towns do make those types of arrangements. Commissioner Mellen stated that those are the types of suggestions they are looking for. Selectman Fullerton also suggested that if a building, using a Wal-Mart as an example, has areas designated for

different types of business (i.e.- A restaurant, bank, supermarket and retail), each area should be calculated as such. Commissioner Mellen stated that they currently access each area individually. Selectman Fullerton concluded with his belief that if we bring business to town it will help both tax payers and users.

Ms. Buono asked if there was a time frame to implementing the new accessibility fee. Commissioner Mellen stated that there is not a scheduled timeframe as they will be holding more meetings like this to discuss the implementation and there would also be a public hearing.

Janet Byron asked what the portion of the report that states if we lowered the amount we would have a lower level of service means. Mr. Jackman explained that the Commission would have less funds to complete capital improvements; therefore, resulting in a lesser amount of work being able to be done. Ms. Byron deduced that the greater work done to remove I/I allows more capacity at the treatment facility; and reiterated that the Commission has done a lot of that work recently besides the upgrade that has allowed current available capacity. Mr. Jackman agreed. Ms. Byron also stated that she believes it is fair if the town pays something towards this as development will help the town as a whole. Commissioner Mellen clarified that she was suggesting that accessibility fees would be paid a percentage by the developer and a percentage paid by tax payers. She confirmed that tax payers could pay to a degree; the ratio would have to be worked out.

Leigh Bosse stated that first the town needs to get the Weatherstone Development in and then look at changing the accessibility fee for the long term as the real estate taxes will go a long way. He urged the Selectmen and the Commissioners to work together to figure this out.

Ms. Hahn commented that taking such communities as Bedford NH in comparison is dangerous as they do not need development but Hillsborough does. She also opined that they should not use a septic design table to calculate because it isn't the same. Mr. Jackman stated that it is the only standard method of measurement and every community that has completed the accessibility fee evaluation and implemented it is using that table.

John Segedy complimented the Commissioners for holding this meeting and getting comments. He stated that he understands that tax payers need to pay but suggested that maybe taxpayers who have septic systems should be able to put their septic into the waste water treatment facility.

Dennis Roberts Jr. echoed Mr. Bosses' comment that it is important to get the proposed Weatherstone Development in town now but he also recognizes that they need to work on a reasonable accessibility fee. He suggested starting it out at \$1 or \$2 and see how it goes but stated any change should not affect the Weatherstone project. He also suggested negotiating with developers to possibly doing something else in town to help the town rather than the fees. He also stated that he feels it is important to spread the payment of fees out for the developer.

Robyn Payson asked the group to keep in mind that this is a town wide issue. She stated that this is a good first step but the Commissioners need to sit down with the Selectmen to talk about doing a feasibility study to see what to do to take a step towards the goal to have enough capacity.

Commissioner Mellen warned that money alone won't supply the capacity they want as waste water is regulated by the EPA and NHDES who will limit what gets discharged to the river.

Ms. Payson stated they could work together to find alternatives such as package plants to service certain areas.

Mr. O'Mara voiced his concern that implementing the \$21.07 gpd rate would close this town.

Mr. Solomon asked if the figures on table 1008 maximums or what. John stated that they are an average. Don suggested that if a developer can prove a different gpd usage that the Commissioners use those figures. Mr. Jackman stated that the table is used as a standard and if any other figure is used the Commission would have to have irrefutable proof of why they agreed to a change.

Selectman Fullerton stated that he is not sure if they should go with the old way or the new way but there are other possibilities that should be discussed. He stated that the Commissioners need to meet with the Selectmen to discuss this; the Selectmen have resources that Commissioners may not have and may also be able to come up with other possibilities.

Laura Buono stated that the Commissioners need to meet with the Selectmen as they have had discussions on possibly having the town vote to put money away for infrastructure work or expansion. The public wants development.

The question was asked when the next meeting on this topic will be. Commissioner Mellen stated that there is not one scheduled but it will be noticed in the newspaper.

Jerry Johnson asked if the limit of discharge allowed to be dumped to the river is based on population or the number of businesses in Hillsborough and will it increase with more population. Commissioner Mellen stated that it is based on the entirety of the Contoocook River which then flows into the Merrimack River and they look at the whole river system and what communities are dumping into it and how that is affecting the river. It has to do with the quality of water in the river. John Jackman stated that there is an anti degradation law that outlines this. You must be able to treat the sewage to meet the limits of the discharge to the river set by EPA; you cannot pollute any more than your wastewater permit allows. The more discharge you require the more the cost goes up to treat the sewage to be in compliance with the regulations.

A question was asked that when the Commission charges an accessibility fee and then charges a quarterly fee aren't they "double dipping". It was explained that they are not as project bonds currently being paid for from the operating budget are taken out of the accessibility fee calculation.

A question was asked regarding how much life is left in the current treatment facility. Commissioner Mellen stated that the facility is not on its "last leg". He explained that it is a lagoon treatment plant that is a biological system and that periodically the sludge must be removed from the lagoons. He stated that infrastructure such as the aeration has been updated as well as components like the screw pumps and blowers. He reported that the treatment plant is currently working fine. He agreed that the town as a whole needs to decide where it wants to go.

Ms. Byron stated that there are other options that should be looked at that aren't a new plant such as decentralized systems or septic systems.

A comment was made in regards to getting the Weatherstone project in and to stop delaying that project.

Attorney Greg Michael, counsel for the Commission, advised the group that the Commissioners are not delaying the project and are cooperatively working with the developer. He stated that they met with the developers of the Weatherstone project at their last meeting on July 26th. Details were outlined, the Commission is not binding them to this accessibility fee evaluation and that a development agreement is currently being drawn up. He reiterated that the Commission is not

holding them up and the Commission is working diligently to move this project ahead. John Segedy and Dennis Roberts Jr. confirmed what Attorney Michael stated citing they were in attendance of the July 26th meeting.

Mr. Solomon stated that he has been very critical of the Commission but wanted to acknowledge this good first step.

7:35 pm Commissioner Mellen motioned to adjourn the meeting. Commissioner Wiegelman seconded the motion. All voted in favor.

The Commissioners thanked all for attending.  
Respectfully submitted,

Penny Griffin, Administrator

Water and Sewer Commissioners Meeting Minutes Approved by:  
Date:

Peter Mellen, Chairman

Herm Wiegelman

Chris Sieg  
Water and Sewer Commissioners  
Town of Hillsborough