

**MANCHESTER WATER WORKS
BOARD OF WATER COMMISSIONERS MEETING**

**June 25, 2020
Conference Room**

**3:25 p.m.
281 Lincoln Street
Manchester, NH**

1. **Present:** President William Trombly, Jr., Commissioner Linda Miccio, Clerk, Commissioner Danielle York, Commissioner Judy Reardon, Commissioner Hal Sullivan, Director Philip Croasdale, Deputy Director-Water Distribution Guy Chabot, Deputy Director-Water Treatment & Supply David Miller, Deputy Director-Finance & Administration Sarah Demos and Watershed Land & Property Manager John O'Neil.
2. Due to the COVID-19 Coronavirus crisis and in accordance with Governor Sununu's Emergency Order #12 pursuant to Executive Order 2020-04, this Board is authorized to meet electronically.
3. **The Clerk calls the roll.** There is a quorum present.
4. **Minutes** - Minutes of the May 28, 2020 meeting were approved on MOTION by Comm. Sullivan, seconded by Comm. Miccio. A roll call was taken: Comm. Miccio – yes, Comm. Sullivan – yes, Comm. York – yes, Comm. Reardon, Pres. Trombly – yes. There being none opposed, the motion carried.
5. **Accept Finance Committee Report** - The Finance Committee reviewed and recommended acceptance of 71 bills amounting to \$618,981.80. Large payments for the month included: Air Products & Chemicals, Inc. \$5,833.50, Anderson Equipment Co. \$6,059.83, Town of Auburn, NH \$155,753.00, Borden & Remington Corp. \$10,726.19, Town of Candia, NH \$15,408.00, Comprehensive Environmental, Inc. \$8,137.50, EDF Energy Services, LLC \$34,439.87, Electrical Installations, Inc. \$5,405.00, Ever-source \$59,808.24, Fort Mountain Trucking Co., Inc., \$17,720.00, Holland Company, Inc. \$13,568.96, Manchester Highway Dept., \$112,208.12, Univar USA, Inc. \$14,425.39 and Weston & Sampson Engineers, Inc. \$6,225.34.

Comm. Miccio reviewed the bills this month and reported all disbursements appeared in order.

The report of the Finance Committee was approved on MOTION by Comm. Miccio, seconded by Comm. York. A roll call was taken: Comm. Miccio – yes, Comm. Sullivan – yes, Comm. York – yes, Comm. Reardon – yes, Pres. Trombly – yes. There being none opposed, the motion carried.

6. **Director's Report** - Director Croasdale presented the Director's Report to include monthly financials, personnel, reports from the Water Treatment and Supply, Watershed and Water Distribution Divisions, Southern NH Regional Water Interconnection update and the NH Water and Wastewater Rates Report.
 - a. Deputy Director Demos reported on the financials for the eleven months ending May 31, 2020.

As of Monday, June 15th, the business office lobby was open to the public. We are still recommending people use the online and phone payment options. The City is using some of the grant money to pay for all of the online and phone payment fees of \$2.95 that are currently being waived through August 31st due to the pandemic. We are hoping that continues to reduce traffic. MWW has had people coming in but we have not experienced long lines.

For informational purposes, Deputy Director Demos distributed copies of the 2019 MWW Annual Report containing annual data from the Distribution, Supply and Finance Divisions and the financial statements.

Finance Division staff is gearing up for year-end statements and we are trying to get ahead and progress on next month's financials as the July meeting is early. We hope to have the financial statements in the Board books delivered July 10th and if not, they will be distributed at the July 16th meeting.

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6. **Statement of Net Position** - Under Noncurrent liabilities, the Due to State of NH is \$5.7M - that is the total for the Cohas Pump Station and the Londonderry Tank loan which have been submitted to the State to finalize the loan.

Director Croasdale stated that is the final figure for the loan but not the final for the cost as MWW took out another \$1M loan for the Cohas Pump Station rehabilitation. Also, per the wholesale water agreement, the Town of Derry will pick up approximately 37% of that cost and Pennichuck Water Works about 11-12% to maintain this pump station which services Derry and Pennichuck off the Londonderry system.

Last week, the City had their bond sale. We presented the 2020 general obligation bond schedule and numbers last month. All figures stayed the same, all bonds were sold and MWW should be receiving the money next week.

Statements of Revenues and Expenses and Changes in Net Position - Last year, our change in net position was \$15M versus \$1.5M this year. This is due to the \$11M MWW received from the State as well as the almost \$2M we received from the Tower Hill Pond conservation easement. That number is very skewed and hard to compare. Overall, we are still doing good with revenues; that number may come in a little under budget but nothing drastic. With the southern NH towns gearing up to take more water than they anticipated, we are hopeful revenues will be better going into next year.

Schedule of Operating Expenses - There is nothing major to highlight as the Watershed, Water Supply and Distribution Divisions have been busy doing what they do. The Watershed and Water Supply Divisions are still under budget and Distribution is still over budget so nothing has really changed and there is nothing notable to report. Overall, with eleven of the twelve months gone by, we look to see approximately 92% of the budget spent at this point. The total expenses are under that at 90.47% so overall we are about \$125K under budget.

Schedule of Operating Revenues - We are a few hundred thousand dollars under in water usage and service charges. Fortunately, our fees are not extremely under budget and lastly, the Non-Operating Revenue is \$300K over budget which helps even that out a bit. Overall, we have billed 91% of projected revenues.

The Water Utility Accounts Receivable Aging FY2019-FY2020 Comparison indicates the end of May receivables are higher than they have been in quite some time. Deputy Director Demos thinks that is to be expected considering that MWW was doing no collections. When COVID-19 started and we stopped charging late fees, we were on cycle three of our twelve cycles of billing. This week, we started billing cycle three again and the bills are due in August which is after the late fee deadline (after August 4th) that the Mayor outlined. The bills will be due just about one month from when they were billed. Going forward, everyone will be back on the monthly cycle and anybody who did not pay their bills in March, April and May are now going to receive another bill with that balance forward on it. In the next few months, MWW will be doing soft collections; we are not going to shut off anybody's water service but we will call people, make payment arrangements and we will work with the customers to try to get those numbers a little more under control. Deputy Director Demos' understanding is that water service cannot be shut off until the state of emergency has been lifted.

Director Croasdale commented that because of COVID-19 and the stay-at-home order, MWW costs were somewhat suppressed for the last few months which could be called a silver lining as we were trending over budget from completing a lot of repairs and maintenance work. Everybody was out and we were still making payroll but all of our other expenses really went down. Because of the warm weather in June, MWW is averaging 25M gallons per day and last year we averaged 19M gallons per day which is 180M gallons more this year in June than last year which is significant. The State is about to come out with a press release regarding a moderate drought. However, Lake Massabesic currently has no restrictions with water levels being down 16 inches, which is only 4 inches more than a typical summer. The lake is in very good shape. Of course, we always monitor the lake and we tell our

customers they should conserve water but at this point, Director Croasdale thinks it would be ill advised to consider any type of water restriction.

6. b. Concerning personnel, Director Croasdale reported the open Equipment Operator IV position vacant with the promotion of Ed Pepin to Inventory Specialist II is currently frozen per the BMA in response to the COVID-19 crisis. No immediate word on when that position and anticipated subsequent positions will be allowed to be filled. There are two in-house qualified candidates who had applied and are and are awaiting interviews.

Jonathan Nightingale recently filled the position of Seasonal Watershed Patrol Officer I. Jonathan currently works full-time at the Hillsborough County Sheriff's Department and is a NH Part-time Certified Police Officer in good standing. He brings years of knowledge and experience to our efforts to protect Lake Massabesic and work with the public on the watershed. We think he will be a fine addition to our seasonal patrolmen complement.

Watershed Land & Property Manager explained the Seasonal Watershed Patrol Officer (WPO) is a part-time, certified police officer from the Auburn Police Department but they only work from Memorial Day to Labor Day. These positions are basically to deal with the increased volume of recreation that we have out on the lake and to patrol later in the day until 8:30 at night. There is a curfew from 8:00 p.m. to 8:00 a.m. In the past, we have had a few seasonal patrolmen who were guidance counselors or teachers who have returned each summer for 20 plus years. Mike Jolicoeur is MWW's other Seasonal WPO. He is a school teacher in Salem who started on the Woods' Crew and became a certified police officer. There is a whole summer of training to learn the 70 miles of fire roads, 90 entry points and all of the boat launches. They patrol the lake, the woods; there is a lot to cover. He is a Manchester resident; he has some really good experience and is excited to be here.

Director Croasdale stated there were three injuries reported this month. One employee strained his lower back while testing backflows and was out four days. Another employee received a dog bite on his hand and did not miss any time. The third employee dropped a meter on her left toe and did not miss any time.

There were no grievances filed this month.

- c. Water Treatment and Supply Report - Deputy Director Miller stated we had a meeting a few weeks ago regarding the Merrimack River Water Treatment Plant design. After reviewing the 60% final design submittal we received, MWW staff returned some comments and CDM Smith engineers are addressing them. This project is proceeding well. They have very specific instructions on trying to economize wherever possible on this project without sacrificing any intent to produce high quality water.

There was a construction onsite meeting at the Derryfield Pump Station a few weeks ago to go over the revised schedule. A contractor was in the building this morning looking at some of the electrical equipment. The electrical building is on order and is due to come in during late summer or early fall and the pumps are due to arrive in November.

A Phase I Archeological Survey is going to be completed along Lake Shore Road by Johnson's Beach where MWW is going to be digging the trench to fill with riprap stone and grout. This is an effort to locate and survey possible archeological sites with a potential for Native American cultural deposits

The 4MG reservoir cover is not getting replaced this summer as we are in the middle of a heatwave. We are hoping to have the new cover installed in the September/October time frame.

Lagoon 6 construction is proceeding very well. We are approximately 50% done with the outlet drain piping, setting manholes and the gravity drain portion of the project. We laid about 100 feet of pipe and will keep going. This project should be completed in four to six weeks.

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Contractors set up the scaffolding at Cohas Pump Station then went up and did all of the field measurements for the truss supporting to be done with steel. This has all been ordered and is supposed to be delivered sometime in July.

Water quality is excellent; we are pumping a lot of water; June will be an excellent month for us.

6. d. Watershed Land & Property Manager O'Neil reported Tower Hill Pond is full which is good as that is our reserve for September and October. We have still been very busy on the watershed and we have a full complement on patrol. People are behaving for the most part; we do get a few confrontational people but that is to be expected. One day we had 105 cars parked along Tower Hill Rd. which is a big number for that area. Being a large land owner with some gravel pits, MWW has had some shooting issues at the Little Massabesic Pit. There are reports of people who are target shooting. When our patrolmen went out to investigate, there were a couple guys with assault rifles. We had to escort them out of there although it is not illegal to do this unless the area is specifically posted against it. This is one of the challenges we face. Deputy Director Chabot added perhaps a new rule should be added to ban assault rifles on watershed property. Watershed Manager O'Neil thought that was a good suggestion.

The patrolmen are going to dive in and clean the intakes next month which is an annual event. We will also get out and move 80 benthic barrier milfoil mats that are out there as part of our milfoil control and eradication. There is also a vacuum system that we work with NH lakes on taking any invasive plants off boats as they come and go from the boat launches.

For the Board's information, we did have a request into the Board of Mayor and Aldermen about a no parking area along Lake Shore Road where it meets the water because we have a lot of problems there. MWW has the full support of the Ward 6 Alderman, Police and all the neighbors so hopefully that will go through this month of July so that we can stop people from parking and littering and setting up memorials.

With the lagoon project, where we cut the trees and sold the trees, we actually scraped off all the top soil and rented a screener to screen a bunch of loam. This has helped us spruce up Cohas Pump Station and all of our sites. We ended up with a bunch of inexpensive, high quality loam which the crews have been using all over to try to beautify all of the landscapes and sights that need it. We have cut \$25-\$30K worth of timber from logging around the power lines. We are waiting to get onto Gardner Road which is a big job and we hope to start logging out there soon. Patrick is doing forest inventory; the crews are doing plenty of work with the lagoon job and sludge maintenance and our other maintenance crews are doing a lot of site work.

An update on the Egawes Drive, Merrimack River property that we deemed surplus: There were some challenges with the status of the road to the sewer pump station. Our lawyer was able to find documentation showing it was in fact a town road designated a while ago in a deed. There is an appraiser I am working with and am trying to get him going to get an appraisal done. We are also talking with TF Moran, Inc. about some concepts out there to try to secure high value for the property. There is also an underground sewer line and an easement was proposed for it. We have proposed some language there and have our lawyer looking into it. The appraiser is going to determine the value of the property with or without the easement.

Director Croasdale added MWW is going to look at all the different angles as far as how we can maximize the value of the property from our standpoint to sell it. The money from the sale of the property will go into the MSDC fund and will go towards building the new treatment plant and pump station.

NH Timberland Owners Association represents us in the legislature for land issues. They have taken a lot of bills and tried to streamline things and put them into packages and vote through these big packages called omnibus bills. They are trying to keep the session going. They did have a General

Session at the Whittemore Center for the NH House of Representatives on June 11th and there will be another on the 30th. There were some interesting bills for land that were included; one of them had to do with biomass chips. NH Senator Donna Soucy was willing to support some of the biomass bills and our low-grade markets for timber which is good for MWW because getting rid of the low-grade chips is good for revenue, good for the forest and good for water quality.

6. e. Deputy Director Chabot updated the Board on the Distribution Division stating the Meter Department is scheduling meter exchanges, backflow testing inside homes and buildings and any past work. If people respond that they would not like anyone in their home to change their meter now, we are respecting that and we will call back later in the year. We now have a good percentage of people allowing us to go inside. The Construction Crew just finished a relay job on Ohio Ave. and are starting up on Pennsylvania Ave. and London St. We are doing prep work for the cleaning and lining project and we expect to get started in July. A few main extension jobs have gone out and our inspectors are working on site. Other than that, things are picking up in the Engineering Department regarding applications; deduct meters and other work to be done.

The Amoskeag Bridge job is ongoing and we have been trying to change out the structural supports that hold up the 24-inch main on the bridge which is now a sleeve for a 14-inch plastic main. This job is in this coming year's budget; \$120K to have E.D. Swett, Inc. change out some of the supports that brace the main and to discard the old manhole. We are hopeful work can be done on the north side lane with one lane remaining open to traffic.

- f. Director Croasdale reported water to the southern NH towns will commence this month. Towns will begin with water quality testing for the first month or so and it is anticipated that by mid-August, all infrastructure will be in place and Phase I (of two Phases) will be in process. During Phase I, MWW's commitment to the towns is (on average) one MGD (Million Gallons per Day). This will continue until such time the Kimball Road Water Treatment Plant is completed and online which is expected sometime in 2023. At that point, Phase II will commence with MWW's commitment increasing to 3.13 MGD.

Deputy Director Chabot stated the Town of Salem has had water turned on at the beginning of this week, MWW set a radio device this afternoon and they have used 630K gallons. There is not enough pressure in Derry's system to receive the volume of water they need with their water storage at a higher elevation. The Town of Derry is in the process of building a pump station on the Derry Londonderry town line that will boost the pressure as MWW water moves from Londonderry to Derry enough where they will receive more water on their end. The new pump station is due to be completed in August.

- g. Director Croasdale included the NH Water and Wastewater Rates Report for the Board's information and review. MWW is very favorable when compared to other utilities in the State overall on an average. Deputy Director Demos reviewed the NH rates report compiled from survey responses from 140 of 162 rate-charging water and wastewater utilities in NH. These surveys were conducted between August of 2017 and February of 2018 by the Environmental Finance Center (EFC) at the UNC Chapel Hill, NH-DES and Tighe & Bond, Inc. MWW completes similar surveys every year to determine how we measure up to other utilities in the state. Following are the MWW benchmarks from this report.

- In NH, 93% of water rate structures include a base charge. We do have a base charge which is basically the meter service charge that goes on every bill no matter how much water is used. Ours is approximately \$25 per quarter to help cover costs to maintain the meters and to help even out how much MWW has to charge for volumetric (variable) charges.
- This report states the most utilities have evaluated and updated their rates at least every two years and this is recommended for the utilities to keep pace with inflation. The customer would also rather have a small periodic rate increase than a one-time price hike which may lower consumption and revenue.
- The "What Are Utilities Charging" page has the average bill for residential and commercial accounts. The typical, average, residential NH water bill based on 6,000 gallons is approximately \$550 per year just for water. The average, residential MWW water bill based on the same 6,000 gallons/month is approximately \$260 per year just for water which is well below the State average.

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- When we look at affordability for residential bills, they mention keeping rates within 1% to 2.5% of the Median Household Income (MHI). The Average % MHI for 6000 gallons in the state is 0.89% and the range goes from 0.20% to 2.54% for 6,000 gallons/month. Deputy Director Demos wanted to highlight a line on this page, "one thing to keep in mind that what may seem like a small percentage of the community's MHI can have a proportionally larger impact on lower-income populations." It is important to keep this in mind for everybody and even with increasing the rates a little bit every year, MWW is under the average % MHI range for NH at 0.47% with the lowest in NH at 0.2%.
- The next few pages examine the True Cost of Service and Cost Recovery and making sure we are charging enough to fund the water system. MWW is an enterprise fund and is tied to only spending the revenues we can raise. With our operating ratio, they are reporting MWW needs at least 1.0 to break even; ours is 1.06. As we talk about continuing to raise rates a bit and hopefully, selling water to Southern NH, we have to hope that figure goes up because the State wants MWW to have an operating ratio of at least 1.2.
- The last page goes over One-time Fees that utilities charge. About one-half of the NH utilities in this survey charge one-time fees; for MWW, this is our Merrimack Source Development Charges (MSDC) or an impact fee. Towns and cities have impact fees for new buildings and things that will impact their needs for schools, fire, police, recreation and for MWW it is an impact on our need to find another source of water.

7. **FY2021 Budget** - President Trombly stated the next item of business is the FY2021 budget which was summarized at the May meeting. Director Croasdale had copies of the FY2021 proposed budget distributed to the Board. The total capital and operating expenditures and debt service presented at the May 28th meeting was \$22,714,588. Included in today's draft is one proposed change to include the purchase of a 10-wheel Dump Truck for sludge hauling in the amount of \$200,000.

Staff is hoping to replace our sludge hauling tractor trailer that is 40 years old and will no longer pass inspection. The trailer can haul up to 30 cubic yards of material and the vehicle is used several times a year for sludge hauling. We are looking to replace it with a 20+ cubic yard dump truck that will be more versatile and be used more frequently throughout the year for sludge hauling and in other areas of our operations.

We will recommend bonding the vehicle. We spoke with the Finance Department and one option is to bond through the NH Municipal Bond Bank. The most recent sale will be next month with a 10-year interest rate of 1.47%. The next offering will be in January of 2021. Cash flow wise, this will not affect the budget in 2021 because when we bond it, the first payment will be in 2022.

On MOTION by Comm. Sullivan, seconded by Comm. Miccio, the Board of Water Commissioners adopted the Manchester Water Works Fiscal Year Ended June 30, 2021 Total Capital (\$3,914,200) Operating (\$14,630,425) and Debt Service (\$4,369,963) Expenditures Budget in the amount of \$22,914,588. A roll call was taken: Comm. Miccio – yes, Comm. Sullivan – yes, Comm. York – yes, Comm. Reardon, Pres. Trombly – yes. There being none opposed, the motion carried.

On MOTION by Comm. Sullivan, seconded by Comm. York, the Board of Water Commissioners adopted a 3% tariff rate increase for water usage, water service and fire protection services for all customers (in-town, out-of-town and wholesale) for water used after September 30, 2020. A roll call was taken: Comm. Miccio – yes, Comm. Sullivan – yes, Comm. York – yes, Comm. Reardon, Pres. Trombly – yes. There being none opposed, the motion carried.

On MOTION by Comm. Miccio, seconded by Comm. York, the Board of Water Commissioners authorized bonds, notes or lease purchases in the amount of \$200,000 for the purchase of a 2020 Mack 10-wheel Dump Truck.

8. **Requests for Proposals - Maple Leaf (Hackett Hill) Water Storage Tank** - On June 18th, MWW received four proposals for coating, cleaning and repairs of the Maple Leaf (Hackett Hill) Water Storage Tank:

• SUEZ	\$121,648
• Alpine Painting & Sandblasting	\$160,000
• Pittsburg Tank & Tower Group	\$181,679
• Southern Road & Bridge, LLC	\$400,000

The Maple Leaf Tank was originally constructed in 2006 with a concrete pedestal supporting a 1 MG elevated painted steel tank. In order to preserve the long-term integrity of the exterior paint system, the tank must be periodically over-coated (every 10-15 years). If not, the paint system will eventually fail. If allowed to fail, the paint system would have to be replaced all together which involves constructing a containment system around the tank exterior, surface blasting to remove the failed coating down to a bright metal, then applying a new primer and paint system.

The Maple Leaf Tank exterior paint system still exhibits good adhesion. Over-coating it this year is recommended to prevent it from failing. The work proposed above is to make some minor spot rust repairs and to apply a new overcoat. In addition, the interior of the tank will be cleaned to preserve the condition of the interior paint system, hopefully for several more years before it will need recoating.

On MOTION by Comm. Miccio, seconded by Comm. Sullivan, the Board approved the coating, cleaning and repairs of the Maple Leaf (Hackett Hill) Water Storage Tank be awarded to the lowest responsible bidder meeting full requirements, SUEZ for the proposed price of \$121,648. A roll call was taken: Comm. Miccio – yes, Comm. Sullivan – yes, Comm. York – yes, Comm. Reardon, Pres. Trombly – yes. There being none opposed, the motion carried.

9. **Cohas Pump Station Improvements - Exterior Metal Roof** – A bid for the Cohas Pump Station architectural/exterior metal roof was advertised on October 8, 2019. A mandatory pre-bid meeting was scheduled at 9:00 a.m. on Tuesday, October 22nd and no prospective bidders responded. Subsequently, the bid was cancelled and we proceeded to solicit roofing contractors in accordance with the City of Manchester Procurement Code Article 39.10 (A) (6), Negotiated Procurement Actions: "Purchases that have been preceded by competitive scaled bidding, where no responsible bidder has responded."

Several roofing contractors were directly contacted including Viking Roofing (Hollis, NH), Skyline Roofing (Manchester, NH), Marquis Roofing (Manchester, NH), and Therrien Roofing (Manchester, NH). Viking Roofing and Skyline Roofing provided proposals and the others either did not respond or declined. Both Viking and Skyline are highly regarded contractors based on requested references, conversations with local general contractors, and feedback from other city departments.

Viking Roofing provided the lowest initial proposal in the amount of \$427,904 (Skyline's proposal was \$451,000). Following receipt of Viking's proposal on January 31, 2020, it was determined that the existing wood trim/fascia surrounding the building is contaminated with lead paint and that a portion of this wood trim has rotted and requires replacement. Subsequently, Viking has asked to investigate costs to completely remove and dispose of the lead paint contaminated trim and replace it with a low-maintenance (metal clad) system to compliment the new roof. We expect to receive a revised proposal in late June/early July reflecting the additional costs to replace the wood trim.

Viking Roofing has been advised that once the final proposal is completed, we are obligated to obtain approval from our Board of Water Commissioners (BWC) before signing a contract. Viking also knows our board is well aware of the need to replace this roof and is likely to support the project provided that costs are fairly and competitively determined. This work will be funded through a \$1 million GO bond.

It is our hope to have Viking's revised proposal and MWW staff recommendation for BWC consideration at the July meeting. No action is needed at this time; this is for the Board's information.

10. **Report of Committees** - There were no reports from committees.

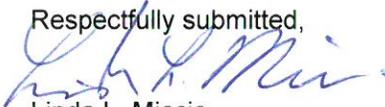
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11. **New Business** - There was no new business to discuss.

The next public participation meeting followed by the regular meeting of the Board of Water Commissioners is scheduled to be held on Thursday, July 16, 2020 beginning at 3:25 p.m. in the conference room at 281 Lincoln St., Manchester, N.H.

12. **Adjournment** - If there is no further business, a motion is in order to adjourn. On MOTION by Comm. Reardon, seconded by Comm. Sullivan, the meeting was adjourned at 5:17 p.m. A roll call was taken: Comm. Miccio – yes, Comm. Sullivan – yes, Comm. York – yes, Comm. Reardon – yes, Pres. Trombly – yes. There being none opposed, the motion carried.

Respectfully submitted,



Linda L. Miccio
Clerk