

**SPECIAL MEETING  
BOARD OF MAYOR AND ALDERMEN**

**June 16, 1998**

**6:15 PM**

Mayor Wieczorek called the meeting to order.

Mayor Wieczorek called for the Pledge of Allegiance, this function being led by Alderman Reiniger.

A moment of silent prayer was observed.

The Clerk called the roll.

Present: Aldermen Klock, Reiniger, Sysyn, Clancy, Pinard, Shea, O'Neil,  
Girard, Rivard, Pariseau, Cashin, Thibault, Hirschmann

Absent: Alderman Wihby

(Mayor Wieczorek left the meeting early.)

Mayor Wieczorek advised that the purpose of the special meeting is to hear from the Department of Highways and their consultants regarding the status of the Combined Sewer Overflow (CSO) Project.

Alderman Reiniger stated as a preliminary matter, the counsel working with Mr. Thomas is from the McLane Law Office so it would be best if I did not participate in this discussion.

Mr. Thomas stated we are here tonight to give the Board an update on the ongoing negotiations with the Environmental Protection Agency over the Combined Sewer Overflow issue. Before I begin, what I would like to do is introduce the CSO Team that was established some time ago now. Representing our consultant, Camp Dresser & McKee we have Willy Vicens, Jo Ridge, Jim Drake, Bob Weima from Camp Dresser & McKee and we also have present tonight as mentioned Atty. Greg Smith who is our outside legal counsel representing us as far as some of these CSO issues. For the City, we have Tom Seigle, the Chief Sanitary Engineer and yours truly. As the agenda notes, we are going to go and give you a little background on what is CSO for some of the new Board members and also kind of define where we have been. We will then describe the scope of the project as it presently stands, the benefits and the cost implications and finally what the next steps are. To kick it off, I think it would be beneficial to just review again what is a Combined Sewer. In the beginning, they were outhouses, holes in the ground. As a

municipality progressed, sanitary sewers were built to carry the sewage away from the homes to brooks, streams and rivers. As development continued in these municipalities, storm drainage flooding became a problem and we have been experiencing that over the last few days. A solution to getting rid of some of the puddling and flooding problems was to allow the storm drainage to enter into the sanitary sewers and be carried away again to the rivers. This worked so well that some of these old urban areas like Manchester actually designed its sewage system as a combined sewer, a sewer that was designed to carry both sanitary and storm drainage. Just to review with you what I was talking about, here you have your dwelling and you have your commode and you flush and typically it was going directly out into the river. As puddling problems developed on the streets, the drainage that gathered on the street was allowed to get into a sewer and then the flows carried it out into the river. In the 1970's, the Clean Water Act was established and municipalities were required to build interceptor sewers to cut off the discharge of flow directly into the river and carry the flows via these interceptor sewers back to treatment plants. At the time, it was determined not to be cost effective to size the interceptor sewer or treatment plant big enough to carry and treat all of this combined flow so at that time it was permitted to discharge a portion of this very deluded sanitary flow into water bodies and the lower picture here represents that. Now you still have your sanitary flows coming into the system, you are having a heavy rain, you are getting your storm drain branch come down, they mix and that deluded flow then initially is diverted to the treatment plant to the limits of the capacity of the interceptors and the design capacity of the treatment plant and a portion of that flow was allowed to fall into rivers. That is what a Combined Sewer Overflow is and that is what we have to address now, that deluded mixture of both sewage and storm drainage. This next slide here shows actually the Cemetery Brook Combined Sewer Outfall. First of all, this was the existing Outfall and this is where all the sewage dumped out before the interceptors were built and carried it down to the treatment plan. The Combined Sewer Overflow is this pipe here. Obviously that is in the dry condition when we haven't had any rain. Here it is either during a rain or after a rain and this is a Combined Sewer Overflow Outfall and those are the type of flows that we have to address. This next slide shows the location of all of the Outfalls, there are 26 of them. This is basically depicted schematically but that is the Merrimack River, that is the Piscataquog River, that is the treatment plant area and all of these little squares up and down both the Piscataquog and the Merrimack River are Outfalls. There are 26 of them all together. This next chart you can't read, however, what is listed here its in your book. It is a table that lists all of these Outfalls and why I wanted to bring to your attention is that the middle column defines the number of times a year on average that these Outfalls discharge. As you can see, some are very low, one or two times a year up to about forty-nine. The total discharge from all of these CSO's over a period of a year is approximately 220 million gallons a day. Again that sounds like a lot but when you consider how much flow is in the Merrimack River it is a small amount. As shown on this, this is basically a time chart showing the various tasks that were required for us to perform to develop our CSO strategy over the last several years. These were all requirements of the Environmental Protection Agency so it started off doing flow monitoring and basically building to the point where we are today with a plan that is agreeable

to both staff and the EPA. The last three years of this seven year period have been spent in negotiations on this final strategy if you want to call it. The Clean Water Act in general terms requires that CSO's be eliminated. The EPA can order us, order the elimination of these CSO's by administrative order. They clearly do have the power to enforce the requirements of the Clean Water Act. That is one of the first areas that we investigated. As I mentioned, we have been negotiating with EPA over the last three years once we have done all this study work and as you can see here, the initial plan that was developed by the City was in the \$44 million range. In any typical negotiation, you don't come in with your final position. This was one that we felt might meet the intent of the law but it was basically an initial starting point. The Environmental Protection Agency came back or suggested that the City should pursue total separation. Total separation basically means you build another pipe. You have one pipe in the ground and you build another one. Now you either use the pipe in the ground for sanitary flows or storm drainage but you build that second pipe to separate the sanitary and storm drainage. As you can see, full separation was estimated to cost somewhere between \$250 to \$300 million so there was a big difference in proposals. The City came back with a revised plan that we felt would address the letter of the law. The EPA kind of agreed with it but they differed on a few ways of addressing a couple of the areas and that is why their plan was approximately \$35 million more or \$117 million on the low end. We went back and forth again with these negotiations and we said well what if we break up the CSO issue into two phases. We can pretty much agree upon one phase where separation needs to be done. Why don't we agree upon that? Why don't we study in the second phase these other issues that are still on the table? With that, I would like to stop right now and turn it over to Will Vicens to go into a little detail now on where we stand and what our plan is before he turns it back to me.

Mr. Vicens stated as Frank mentioned, the status of the negotiations is that we agreed with EPA that there were certain basic projects that made a lot of sense that we were all in agreement with and that had direct benefit to the City and should go forward and basically deferred until later on the areas or the projects that we couldn't agree on. So it is a phase program that focuses on those immediate projects in the first 10 years. It postpones the projects where there is either a disagreement about how to solve the CSO problem or where to solve the CSO problem basically in the Cemetery Brook area. The Phase I set of projects that I am going to show you on the next couple of slides take care of about 2/3 of the problem if you want to call it that. It takes care of about 2/3 of the volume and about 14/26 of the overflow locations on that schematic that Frank showed you. They are basically separation projects as Frank said, building a brand new sewer in the Piscataquog River basin and some along the Merrimack, as well as some modifications at the waste water plant to allow for some bypass of the secondary treatment part of the plant. So that is the actual construction work that would be done in Phase I and I will show you a schedule of that in a second. It also includes evaluations in the areas where we disagreed with the EPA on Cemetery Brook on how to solve the problem and how to best do it economically. It includes additional flow monitoring to both test what has been done in the first 10 years and see how it worked and secondly test how to solve the additional problems that are left to be

considered. Fourth and I will talk about this in a second some more, it includes some alternative environmental mitigation projects that were of interest to both the City and EPA. The schedule as shown in this chart for Phase I in detail and Phase II at the bottom just in concept, focuses on building the separation projects in the first 10 years as I said. In addition, in the first couple of years would be the construction of the modifications at the waste water plant and then all throughout the entire Phase I monitoring to see how the results of the projects are going. The alternative environmental mitigation projects that I mentioned before focus on increased recreation potential to the City and improved water quality and other uses of your waterways by providing improvements in acquisition of properties if likely on the watersheds of the Merrimack and Piscataquog Basin. Basically, the structure of the alternative environmental projects, and this needs a lot of work and a lot of discussion with EPA, the focus is to put some money from the City and try to leverage additional funding and additional work in improving the environment of the City in ways that you might not have spent the money if you were just trying to solve the CSO problems. As I said, it needs additional planning and additional leveraging of City funds to find additional funds to cover that. Some of the examples of the projects that have been discussed with EPA but have not been agreed to yet include restoration of urban ponds and lakes, storm water management control projects, the other remaining environmental problem is the storm water that comes off the streets, evaluation and possible acquisition of sensitive environmental areas and then citizen involvement in public health issues. The benefits of the phased CSO program are in different areas. First of all, it eliminates the overflows in the areas that are separated in Phase I. As I said, that is about 14 out of the 26 overflows. Some of them, as Frank mentioned, overflow as many as 30 to 50 times per year. Some of them about once a week or about once every time it rains. Secondly, it reduces sewer surcharging, street flooding and overflows in those project areas. Third, by allowing the bypass of the secondary portion of the plant, it provides some additional flexibility in operating a plant. Finally, as I said it captures about 2/3 of the overflow volumes that are currently going directly into the streams. The construction cost of these projects is about \$52 million. \$52.4 million is estimated for those separation projects I talked about before. The alternative environmental projects are estimated at about \$5.6 million and this really is just a ballpark estimate of what that might be. So the total capital cost of this Phase I is about \$58 million. Now I will turn it back to Frank to talk about the impact of that on the sewer rate.

Mayor Wieczorek stated I have to leave because I have a school graduation to attend tonight. Normally, the Chairman of the Board would assume the meeting but he has a son graduating so he is not here.

On motion of Alderman Thibault, duly seconded by Alderman Pariseau, it was voted to have Alderman Cashin serve as Chairman pro-tem.

Mr. Thomas stated I just wanted to restate a couple of things Will mentioned in his presentation. What we have tried to do here is we knew that we had to go ahead with CSO work and we

wanted to go ahead in a way where we are going to get a direct benefit right now and as Will had mentioned we are going to be doing separation work. That means either building a new sewer or a new drain in the area of the Piscataquog River. Now, what people are going to see, obviously you have got to pay for this and people want to see some type of improvement. They don't want to get into a discussion about whether they are going to be able to swim in the Merrimack River one more time or two more times a year, they want to see some visible impacts and you are going to see that. You are going to see these new sewers or drains being built. You are going to see the streets ripped up and as the streets are ripped up they are going to be replaced. We are going to try to make improvements in these areas where this work is going on and the bottom line right now with these heavy rains there has been a lot of surcharge and backing up of sewage into basements. In the areas where we do the separation, that problem is going to go away. These alternative projects, they have again, a direct benefit by us being able to allocate some funds and hopefully get some matching funds. We are going to be able to address some of the ponds in the City, Nutt's Pond, I mean just go around to all the parks and what not and they usually have a pond connected to them. Monies now can be spent in addressing and cleaning up some of those areas so again there is going to be a benefit. Well obviously we have got to pay for this thing and we are proposing to pay for it with sewer user fees. If there was no CSO work done, the average household sewer user bill which is about \$210 now would go up by the year 2010 to \$300 so with no work going on there is going to be an increase of \$90 in sewer user charges. If the City receives no outside help in funding the project, the CSO cost will drive up the total sewer bill from \$300 to \$450 by the year 2010. This is a \$150 increase. However, it is realistic to expect that this increase will only be in about the \$100 range because it would be realistic to assume that the City could secure 20% State aid grant money which is used to pay back money that you borrow so they will give us 20% of those bond repayments, etc. In addition, there is the low interest State revolving loan and if we assume that we are going to borrow 50% of the capital costs through this revolving loan, again that will drive down the cost so that there would be only a \$100 increase until the year 2010 for a total cost of \$400. This next slide and graphical form basically shows what I just described. These bars here indicate the increase in sewer user rates over that period if nothing took place. There is a little dip in there because various bonds that we are paying off now would have matured and it would free up some funds. The top line here indicates what the sewer user rate would be without any outside assistance and again that would be up to about \$450 by the year 2010. However, again as we mentioned with some of the State revolving loan and the grants program that should keep it down to approximately \$400. Now this doesn't include that we don't get any Federal assistance. There is none out there right now but I would urge our Congressional delegation and everyone else once we have a plan and we know where we are going to see if we can get some assistance from the Federal level. So what are the next steps? It is our recommendation that we continue to negotiate with EPA in order to work out the details of this proposal. Again, we have a pretty good idea but as Will mentioned we have to do a little bit more refining of these alternative projects so that we don't leave the door open for additional costs down the road. Once this is done, the City will have to approve the CSO implementation

plan so we have to come back to you. This final commitment will be in the form of an administrative order or a consent decree that is issued by the Federal government and agreed upon by us. In addition, we are going to start implementing some of this work, we know we are going to be moving forward and we budgeted money in this year's capital improvements program with sewer user fees to start some of the engineering, to start defining what separation projects we should moving ahead with, and to potentially look at some of these alternative projects. One particular alternative project that we have been kicking around as you know is acquiring the UNH Hackett Hill site to develop that as some type of industrial park. Well, there is also the Great Cedar Swamp and Rhododendron Colony up there which I have learned is one of the high priority areas to preserve in the State of NH. Some of these alternative funds could be used to protect this area, maybe even build some type of mini echo park up there where there are nature trails and what not so it would provide education and protect the area and in addition be an enhancement for whatever development activities take place up there.

Alderman Thibault asked in this proposed program you are talking about \$52.4 million in 1994 dollars. What are we talking in actual dollars? Can you give me some idea of what we are talking about and how is that going to impact on the cost that you just said now?

Mr. Thomas stated I will let Will answer that question but I believe that the sewer user fees that we have discussed do take that into account.

Mr. Vicens replied it was built into the sewer rates that we projected.

Mr. Thomas stated we have been working with the Highway Commission for seven years on this program and we have been receiving direction and guidance from the Commission and at the last Commission meeting we did ask the Commission to concur with what we have done to date and concur with what we are going to ask tonight and basically what we are going to be asking here tonight is that the Board authorize us, the staff, to continue to negotiate with the EPA realizing that we will be coming back for Board approval of any agreement at a subsequent meeting after the specific terms have been determined and appropriate documents have been made. Basically, we are here tonight to give you an update, seek your concurrence that we are heading in the right direction, allow us to continue to negotiate with EPA by letting them know that we have made this presentation and you have authorized us to proceed, realizing that nothing is final until we come back to you with a detailed written document that defines everything including cost. Now I will be glad to try to answer any questions.

Alderman Girard stated on the sewer rate impact, you have projections here for the average single family home. Can multi-unit dwellings and commercial industrial and other business users expect similar increases in the rate?

Mr. Thomas replied correct.

Alderman Girard asked now is this all based on usage or are you looking at increasing the service fees, that flat, I think it is \$7 a quarter.

Mr. Thomas answered I believe it is based on usage.

Mr. Vicens replied all of those increases are based on usage.

Alderman Girard stated as you know as a member of the Commission I was not a strong supporter of this project which is going to place a burden on the taxpayers of \$150 to \$200 million and we debated this for a long time. You folks really worked long and hard with the Commission and with the staff to bring this down to something that seems to make some sense. At \$60 million I still think it is a terrible burden to be placed on the sewer user. What happens if the Board decides that we don't think that this is necessary and we don't comply with this separation? Atty. Smith could you answer that question for the Board and tell us really what we are looking at if we don't support this?

Atty. Smith replied I have been working with the City now for several years now on this problem. I concentrate some of my work in environmental regulation and environmental law and that is why I was asked to help with this. The Clean Water Act under which this project has been developed can be I think generally understood as a Federal Program that is now several decades old designed to try to gradually clean America's rivers and streams and service waters from what they were several decades ago and has made considerable progress. The Clean Water Act as it affects this particular problem, you need to keep in mind, sets standards for what you can discharge out of those pipes you saw on the overhead slides and while some pollution is allowed in the water that goes out under the Clean Water Act, the CSO problem is a major national problem and you are part of it. It has been estimated, I think, there is over \$100 billion worth of costs that it would take to eliminate the problems that America's older cities have with their sewer systems being combined the way that yours is and the problem that you have had laid out for you tonight is one which is, to answer your question, I think a kind of mixed political legal problem. In other words, strictly from a legal standpoint the Clean Water Act sets pretty clearly, as Frank said to you, standards of what can be discharged into the river and gives EPA the authority, Congress has given the EPA the authority to enforce those standards but EPA has recognized and I think everyone has nationally that a crash program to try and bring America's cities into compliance with those standards is really not affordable. At over \$100 billion, America's cities can't afford to pay to bring themselves into compliance with this Federal law immediately. There are built into those standards in the Federal law or as was suggested a few minutes ago some appropriation which may be forthcoming to help America's cities pay for getting to compliance, some money to come into place. Now if EPA's position is quite clear that it has the power to compel cities as a matter of Federal law to come into compliance with the Clean Water Act but this policy document that I mentioned to you is

holding EPA in the position where if you move through with what I will call a reasonable progress toward compliance over a reasonable period of time which can be 10 or 15 or 20 years then I think it can generally be said that EPA will not use its powers to try to force an immediate compliance and those powers would include, just generally speaking now, I am not speaking so much about your case, would include the power to seek in Federal Court an order to come into compliance and penalties for not coming into compliance. I think some of you may be familiar with that kind of authority which the State and Federal government possess because they used the same kind of authority to get sewer treatment plants installed in the first place. So in summary, there are powers to compel compliance and to compel it at an earlier date but the National government is on a track under this 1994 policy and gives cities negotiating room to take a much longer period of time to get there and the most important thing I suppose that you can do about that is to both take advantage of that policy which we have been negotiating to do and to urge your representatives, as the City has been doing for some time, to look for ways to join with others in Congress to provide some relief. The most obvious form of relief because this is a beneficial sort of thing to be doing is to resume some Federal support for these projects.

Alderman Rivard stated this Federally mandated unfunded project, if the City in its ultimate wisdom decided they couldn't afford to do it and wanted to delay or not participate in this project because of the cost and because of the results which obviously we don't think we are going to get much bang for our buck on this deal and we voted against it, what would your recommendation be to us as our legal counselor and what are the penalties you would see us facing.

Atty. Smith replied there is some talk about whether you want advice from counsel in a private session and let me just say that whether you do or don't really depends on...

Alderman Rivard interjected how about other cities throughout the country. Has any city refused to participate and what has been the result?

Atty. Smith responded all of the cities, as far as I know, in the United States are following this road map I called it of the 1994 policy and what that does, if you pursue a negotiated settlement, is give you more time than you will get by any other route. In other words, if you just said no and tried to resist, the government will drop out, I believe, of this posture of trying to work through a long term solution and at some point you don't have the benefit of being inside the envelope of the policy which takes you out over a 10, 15 or 20 year period to comply. All of the cities who are in that track and that may be two decades, are not being penalized. I don't believe there is any case in which EPA has penalized any city that is moving down that track but if a city were to pull itself out of that and say we are not going to talk to you at all, we are not going to do anything at all, at least the position the U.S. Government has taken is that it would then feel free to use the authority it has to try to compel compliance and impose penalties for

delaying compliance. I think that simply put is the reason why everyone is trying to work out an acceptable arrangement.

Alderman Shea stated at one time, and I might be misconstruing my understanding, there was both a State and Federal compliance and my understanding was that the State compliance towards this CSO was more stringent than the Federal government's compliance. Has that been negotiated or resolved?

Atty. Smith replied yes it has. I believe I know what you are referring to and the State is not taking a position more stringent than the Federal governments and they have said so in writing.

Alderman Shea stated my second point is as our legal counsel could you advise the Board of Mayor and Aldermen in terms of the timing for some type of appeal to the Federal government in terms of trying to get more Federally funded funds for us. In other words, should we wait until an appropriate time and you will advise us in that regard so that we can sort of get the most political mileage. After the election possibly or whatever?

Atty. Smith replied actually you asked two or three questions and they are good questions. The State governments have an important role in setting the standards in the river and under EPA's auspices and enforcing the Clean Water Act and the State government here has been, I think all of the folks working in City government would agree with me, have been very supportive of the City's position of the EPA. The EPA realizes that so there has been a strong position of State government, including the Department of Environmental Services, the Governor's Office and NH's Congressional delegation and I think that that position could be simply put as EPA taking a reasonable approach to try and resolve this in an appropriate way given that there is a financial burden, there is a Federal requirement and that Manchester needs enough time to solve this problem just like every other city does and we shouldn't be trying to do too much. That resulted in EPA, I believe, pulling back from the much more expensive alternatives you saw here to something much more reasonable. That has been the success, I think, so far with everyone coming together on a reasonable scope and a longer time period to accomplish the results here and to get a much greater benefit for the dollars spent. Now I don't think that I could recommend that you not continue in this effort we have been involved in for some time. We have come to a reasonable, sensible approach to how to over a long period of time get into compliance. What I am suggesting is that there has been a concerted effort by cities now for several years to get Congress to think about supplying some additional funding because it has in the past. The Clean Water Act made so much progress in the 1970's and 1980's because there was some Federal assistance, some substantial assistance and there is less of that today. There is the State revolving loan fund. There are mechanisms at the State, the State 20% or 30% subsidization, that can help but I think it is important to continue on both tracks. I would urge you to continue to negotiate with EPA and at the same time to look for any relief that you can get from the State or Federal government in terms of either modifying the requirements which I

think is unlikely but possible at this point or some funding which I think given the current conditions may be possible. I know there are those who are proposing it. We have been in touch with the Congressional delegation and I believe they are supportive of that. I would urge any of you who want to add momentum to that to join in that effort with us but I would like to, as much as possible, I would like to know what it is we are doing so we can speak with a single voice on that. There is the opportunity to get some funding, I think, but I can't put any odds on it. People have been trying for years and so far they haven't got any.

Alderman Girard stated, Mr. Thomas, I have a couple of cobwebs kicking around in my head from meetings that I had the privilege of sitting in on in times gone by but wasn't the EPA at one point going to do a financial feasibility or an economic dislocation study on the City of Manchester to see how this mandate would impact the rate payers.

Mr. Thomas replied that was a requirement that was placed on us. We had to do an affordability study and quite frankly the study came out that we could afford this level and then some based on the guidelines that we had to follow.

Alderman Girard asked and those guidelines were...they considered affordable if the rate payers paid up to 2% of the median income.

Mr. Thomas answered yes and it seems to me that the median income was determined to be like \$35,000 so \$700 would be an acceptable amount.

Alderman Girard asked did that take into consideration the impact on business or industry and whether or not it would cause economic dislocation.

Mr. Vicens answered indirectly. The way the EPA made up the process doesn't really allow for that kind of analysis.

Mr. Thomas answered it doesn't build it into the equation. That is the bottom line.

Alderman Girard asked on an annual basis, the City's CSO discharge into the Piscataquog and Merrimack river is about 200 million gallons a year and that same watershed pushes about half a billion gallons a day.

Mr. Thomas answered I would guess so. I don't have those numbers.

Alderman Girard asked so we are talking about a couple of hundred million gallons a year versus half a billion gallons a day as the quantity of this problem which is about what .004% of the overall water flow.

Mr. Thomas answered it is a very small percent, that is correct.

Alderman Girard stated there was some concern earlier that the EPA was trying to hold the City to a higher standard than it had held other cities to. Is that still the case?

Mr. Thomas replied no it wasn't the EPA, it was the State Department of Environmental Services in the earlier stages, however, we did resolve that fairly quickly as Atty. Smith mentioned. As a matter of fact, we have talked to the Governor. We have the Governor's support. We have talked to the head of the Department of Environmental Services, Mr. Varney, and again we are all on the same wavelength right now going ahead with this proposal.

Alderman Girard asked do you have any idea what the potential cost of Phase II might be or is that an unknown here.

Mr. Thomas answered when you saw an earlier number it was about \$82 million. That is potentially the total cost including Phase II if it winds up the way we have it envisioned right now today. As I mentioned, there is a disagreement on how to address the remaining major issue being how to address the Cemetery Brook Outfall that was pictured here. By delaying this sometime beyond 10 or 12 years, we are 1) hoping to, in this first 10 years through a pilot program, prove that the technology that we are proposing will work which ultimately will save money; and 2) changes in technology are taking place all the time and hopefully, not hopefully, but there is chance in this 10 year period that technology may improve and define a lower cost solution to some of these others. In addition, Mr. Vicens mentioned that part of one of our alternative projects was to get into storm water point source discharges. That is going to be the next area of concern that is going to be coming down in the Year 2001 or something like that so we are kind of getting a jump on it now. That is why I keep focusing in on we are trying to spend money now that is going to give us the most benefit whether it is in construction or doing a study on a storm water issue that we know we are going to have to address in the future.

Alderman Girard asked, Mr. Thomas, is it possible that the 10 year time-frame you are looking at now could be extended to 15. I don't know if, from your point of view, that would make any sense but I think if we can stretch that out for the benefit of the rate payer to emirate that impact it might be worth pursuing.

Mr. Thomas answered well lets put it this way, I don't think that the 10 years is signed in blood by the Environmental Protection Agency. Again, this was a negotiating issue too. I think, I feel fairly positive that we are going to be able to stick to that 10 years. To stretch that out for another 5 years knowing that there is going to be a Phase II is pretty hard to say. To give you just a brief comparison, Nashua has agreed upon a \$100 million program over a 20 year implementation period.

Alderman Girard Stated \$60 million is more than half of 100 so maybe we can get a little more time.

Alderman Thibault stated as far as the EPA and the compliance, if we, in fact, do nothing I am quite sure, Frank, if I remember right when I was on the Board before they will use the same tactics that they used for Goffstown in trying to get them to hook up to Manchester rather than build a treatment plant up there. I would think that EPA would use that same type of approach to someone who didn't try to comply with what they are asking. I don't think we have much of a choice.

Mr. Thomas replied I would guess so and not being an attorney I don't even want to get into that area, however, in negotiating with EPA over these last few years you can see they can either take a very stubborn, straight line this is the way I read this law approach which initially was in the \$300 million range or they can say okay guys, you played ball, you agree that something has to be done, lets work together and the range can be down. So I don't know if that is legal but it is still a gun to your head, lets put it that way.

Alderman Thibault stated well it was the same thing when we built a treatment plant, I mean as long as they knew we were heading in the right direction, they didn't give us much of a problem. I can see this going the same way.

Mr. Thomas replied but as the Attorney mentioned, in the 1970's during the Clean Water Act, the City was getting up into the range of 95% funding between either the Federal government or the State. That money is not here anymore. That is why I think that once we have a plan that everybody has kind of bought into, that is when I think we have got to take out whatever we have and talk to our Congressional delegation. There are always a lot of politicians wandering through NH and Manchester and maybe we can talk to a few of them along the way.

Alderman Hirschmann stated, Frank, you said you were looking for concurrence tonight. I would say that the one thing that is on my mind is if it did get to the \$400 mark that that would be obscene and I would hope that somebody would talk to Bob MacKenzie and figure out some funding so that the sewer users maybe got up to \$300 not \$400. I mean \$100 a quarter for sewage is a lot for a homeowner and if you could use some sort of bonding capacity funds to offset it from the \$400 down to the \$300 or whatever funds you could...

Mr. Thomas replied well again we are going to explore every alternative and as I mentioned we are going to seek the State grant, the State revolving loan funds and if there is some Federal money that comes down obviously that is going to cushion it. The present sewer user fee that is being charged is reasonable when you compare it to other municipalities throughout the State of NH and as mentioned there is going to be an increase over that 10 year period even if we didn't

have these CSO projects, but we hear you and obviously we don't come in here and ask for rate increases just for the sake of asking for rate increases.

Alderman Hirschmann responded I understand that and I do agree that this project has to get done, but I do feel when I get my water bill that I am getting a really good deal and when I get that quarterly septage bill I don't feel like I am getting that good of a deal and I would hope that maybe when some things get retired over years our bills could come down rather than go up but it doesn't look like that is the plan.

Mr. Thomas stated there is always ongoing expenses, there is always improvements and replacements that have to be made at the Waste Water Treatment Plant so realistically speaking you are going to have those peaks and valleys, but overall I think the trend is going to be in an upward direction instead of a downward direction.

Alderman Clancy asked as I noticed we have 26 inlets or outlets on this scheme. Are we going to do the west side first? It says the Piscataquog River.

Mr. Thomas answered yes. The reason being that the Piscataquog River, when you are comparing the impact of CSO's on the water body, is very great there. As Alderman Girard mentioned, when CSO's discharge into the Merrimack River it is further diluted because of that flow where the Piscataquog in that area has a very low flow and as such the impact of the CSO's is much greater in that area. In addition, it is cost effective to eliminate those CSO's through separation where it isn't cost-effective to try to separate the Cemetery Brook Basin which is basically half of the east side of Manchester.

Alderman Clancy asked but doesn't the Goffstown river empty into the Piscataquog at one point.

Mr. Thomas answered yes.

Alderman Clancy asked are they going to be able to tap onto us as far as cost.

Mr. Thomas answered well Goffstown is connected to our Treatment Plant now and I am not aware that they have any CSO's. I believe they don't so they are connected to our Treatment Plant but as far as CSO's, no. Also, the separation work in most cases is building storm drains that will be outletting into these water bodies instead of our sewers.

Alderman Clancy asked so they are paying the same as we are right now as far as water usage.

Mr. Thomas answered that is correct. See they pay based on volume as it crosses the line and includes their share of the cost of the pipes to get to the Treatment Plant and their share of the

cost of the Treatment Plant and the cost of treating that sewage so we are recouping 100% of the cost to take in these other municipalities. They, in turn, develop their own user charges and bill their own customers in their own towns and they could add into these sewer rates the cost of expanding their sewage systems and what not. So we are getting the cost of treating these outside municipalities.

Alderman Girard asked, Mr. Thomas, if the surrounding towns weren't hooked into the system that we have now, would the City have the same CSO problem. I guess what I am trying to say is does their volume in the system contribute to our CSO problem and if it does is there a way to pass some of this cost onto them.

Mr. Thomas answered no it doesn't. The interceptor systems and the Treatment Plant were designed based on dry weather flows or twice dry weather flows so by them being connected into us, it may have reduced the size the pipe that was built back in the 1970's and early 1980's, but we would still have the same problem. The bottom line is no, their flow does not affect the CSO issue.

Alderman Thibault stated, Frank, if I heard you right, Goffstown or Bedford or the other municipalities that are connected with us now they won't have to go through a separation such as we are.

Mr. Thomas replied no because they don't have any CSO's. Manchester, Nashua is a CSO community, I think there is seven or eight in the State. Portsmouth is one. So it is normally the larger, urban municipalities.

Alderman Thibault stated but that doesn't make sense though. If, in fact, they can have their sewers with their run off water, why are they obligating Manchester and the bigger cities?

Mr. Vicens replied the answer is they don't have their sewage combined with their storm drains which the older cities do.

On motion of Alderman Thibault, duly seconded by Alderman Klock, it was voted to authorize the staff to continue to negotiate with the EPA.

This being a special meeting of the Board, no further business can be presented without unanimous consent, and on motion of Alderman O'Neil, duly seconded by Alderman Girard, it was voted to adjourn.

A True Record. Attest.

City Clerk