

CITY COUNCIL WORK SESSION

Water & Sewer Rate Study

April 3, 2006 – 6:30 p.m.

Council Chambers

City Council Present: Mayor Marchand, Assistant Mayor Ferrini, Councilors Grasso, Dwyer, Raynolds, Pantelakos, Whitehouse, Smith and Hynes

Officials Present: John P. Bohenko, City Manager; Robert Sullivan, City Attorney; David Allen, Deputy Public Works Director; Steve Parkinson, Public Works Director; Peter Rice, Water & Sewer Engineer; Gail Cunningham, Controller; Judie Belanger, Finance Director; and Kelli L. Barnaby, City Clerk

Mayor Marchand called the meeting to order at 6:40 p.m.

Deputy Public Works Director Allen said that this is a very detailed study that reviews various options available to the City. He advised the City Council that there would be a need for some ordinance changes.

Patrick Connelly, Weston & Sampson Engineers, Inc. reviewed the purpose of the study with the City Council. He advised the City Council that a review and update of the water and sewer rate structure was conducted to assure rate structures, promote sustainable water and sewer practices, equitable sharing of water and sewer costs, and capability to pay for needed improvements and operations.

He outlined the water capital improvement needs as follows:

- Waterline Replacement
- Water Source Augmentation
- Madbury Water Treatment Plant
- Residuals Management and Solids Handling
- Storage Tank Replacements
- New Storage Tank and Pressure Improvements

He advised the City Council that the sewer capital improvements needs are as follows:

- Combined Sewer Overflow Long Term Control Plan (LTCP)
- Sewer Collection System Improvements
- Wastewater Treatment Plant Improvements (Peirce Island Plant upgrade & Pease Plant upgrade)

Christopher Woodcock, Woodcock & Associates, Inc. reviewed the water and sewer rates and rate structure. He discussed the rate structure design issues and the rate structure funding alternatives.

Mr. Woodcock outlined the funding alternatives as the following:

- Two-Step Rate Structure (increasing block rate)
- Second Meter Irrigation Rates
- Seasonal Rates
- Higher Bulk/Wholesale Rates outside Portsmouth
- Eliminate Minimum Water Charge
- Fire Protection Charges
- New Water Connection Fee / Impact Fee
- Field Service and Office Charges
- SRF Loans and Grants
- Public/Private Partnerships

Mr. Woodcock discussed the comparison of our rates with other communities as well as reviewed the history of water and sewer rates in the City.

Mr. Woodcock advised the City Council of the following recommendations for water rates:

- Two-Step Rate Structure (increasing block rate)
- Higher Rates for Second Meter Irrigation
- Higher Bulk/Wholesale Rates outside Portsmouth
- Eliminate Minimum Use (pay for water that is actually used)
- Impact Fee / New Construction Fees
- Maintain Reserves at approximately 25% of Costs
- Obtain SRF Loans and Grants when available
- Opportunities for Public/Private Partnerships

He advised the City Council that projected annual water costs for an average single-family household using approximately 7,500 gallons per month for 2007 would be \$290.00.

Mr. Woodcock advised the City Council of the following recommendations for sewer rates:

- Two-Step Rate Structure (increasing block rate)
- Higher Bulk/Wholesale Rates outside Portsmouth
- Impact Fee / New Connection Fees
- Increase BOD / TSS wastewater strength surcharge
- Maintain Reserves at approximately 25% of Costs
- Obtain SRF Loans & Grants when available
- Opportunities for Public/Private Partnerships

He advised the City Council that projected annual sewer costs for an average single-family household using approximately 7,500 gallons per month for 2007 would be \$588.00.

City Manager Bohenko advised the City Council that there are no costs included for a second treatment plant in these projected rates.

Mr. Woodcock reported that the impact fees are one-time fees related to growth and must be consistent and defensible and proportionate to the proposed impact of the new connection.

Mr. Connelly advised the City Council that the impact fee could be implemented immediately with rate increases for fiscal year 2008.

City Manager Bohenko advised the City Council that staff would report back to the City Council addressing segments of this study over the next several months. He also advised the City Council that additional work sessions may be held to discuss the report and a course of action.

Councilor Grasso said that this was a great report and thanked the City Manager and staff for their presentation.

Councilor Whitehouse asked if a project has gone through the land use board, is it too late for the impact fee. City Attorney Sullivan responded affirmatively.

Councilor Reynolds asked why the rate is only a two-step structure. Mr. Connelly advised Councilor Reynolds that they looked at more than a two-step structure but it would have created a significant impact on the City.

Councilor Smith asked if we were researching new water sources. City Manager Bohenko advised Councilor Smith that we are and we just put the Harrison well back on line. He advised the City Council that we have a master plan to look into this matter further.

At 7:25 p.m., Mayor Marchand closed the meeting.

Respectfully submitted by:

Kelli L. Barnaby, CMC
City Clerk