

CITY COUNCIL WORK SESSION

Water/Sewer Budget

May 18, 2016
(following reconvened Regular Meeting)

Eileen Dondero Foley Council Chambers

City Council Present: Mayor Blalock, Assistant Mayor Splaine, Councilors Perkins, Dwyer, Pearson, Spear, Cyr and Denton

City Council Absent: Councilor Lown

Staff Present at table: City Manager Bohenko, Deputy City Attorney Woodland, Finance Director Belanger, Deputy Public Works Director Goetz

Staff Present in audience: Deputy City Manager Puff, Public Works Director Rice, Deputy Finance Director Purgiel, DPW Business Administrator Orsini

Also Present: David Hyder, Burton and Assoc.

I. Call to Order

Mayor Blalock called the meeting to order at 8:00 p.m.

II. Presentation of FY17 Water and Sewer Budget

City Manager Bohenko stated that since FY12, we have been working with a consultant on a rate structure and model for proactive management, which is meant to steady the water/sewer rate increases over time which helps the ratepayer avoid huge spikes as we go forward with the Waste Water Treatment Facility construction at Peirce Island.

Deputy Public Works Director Goetz began the presentation stating that the City of Portsmouth is unique in that we have two waste water treatment facilities and 20 pumping stations. He stated that we recently completed the Hobbs Hill Tank replacement which holds 600,000 gallons of water with the old tank holding only 400,000, therefore increasing our capacity which was a recommendation in the Master Plan. He discussed other projects including:

- Newington Booster Station and Tank Aeration Upgrade with construction anticipated in early 2017
- Grafton Road Water Facility recommended PFC Treatment option, with an agreement with the Air Force to reimburse the City and will be ongoing, not just for replacement
- Madbury Well #5 drilling
- Greenland Well Replacement
- Drinking Fountain Replacement at City Hall and Spinnaker Point
- Continued Water Main replacements

Regarding the Sewer Division, Goals and Objectives include:

- Bring Peirce Island Wastewater Treatment Facility into compliance with anticipated new NPDES permit requirements
- Continue operations improvement program in both collection and treatment areas
- Minimize impacts to the City's waterways from combined sewer overflow

He next discussed the Wastewater Treatment Upgrades at Peirce Island stating the Design has been completed and has gone out to bid with Barge alternatives but the bid deadline has been extended by one month at the contractors request due to the complexity of the project.

Other Sewer Projects include:

- McDonough Street Phase 3B
- Islington Street (Maplewood to Route 1 Bypass)
- Maplewood Avenue (Fairway Drive)
- Goose Bay Drive Sewer Replacement
- Union Street (Middle to State)
- Sewer Rehabilitation Identified through infiltration and Inflow Study

Ongoing Sewer Studies:

- Infiltration and Inflow Study
 - Identify the Sources of Extraneous Water in the Sewer System
- Post Construction Monitoring Plan
 - Determine Effectiveness of Sewer Separation
 - Determine Needs for Future Long Term Control Plan

He continued that we have also implemented the Assistance Program for residential customers as well as a Water Efficiency Program which we have received good feedback and participation and stated that the Portsmouth Housing Authority recently installed low-flow toilets as part of a pilot program.

Deputy Public Works Director Goetz continued the presentation with FY 17 Proposed Budget. He stated the Water/Sewer Fund challenges include Aging Infrastructure, Regulatory Compliance, Evolving technologies and level of system complexities with both water and sewer treatment facilities and finally, major capital projects.

Next, David Hyder of Burton and Associates reviewed the Rate Model Components stating it serves as the key tool to assist in long-term planning along with prudent financial planning which results in predictable rate increases, funding of significant capital projects and proactive management of the systems which results in lowest rates over time. He further reviewed System Funding: Enterprise Funds which account for operations that are financed and operated in a manner similar to Private business and must have fees and or charges sufficient enough to cover the cost of providing goods and services, including capital costs and property taxes do no subsidize the Water and Sewer Funds. He continued that the Water/Sewer Fund Challenges including aging infrastructure, regulatory compliance, evolving technologies and level of system complexities, especially with treatment facilities, both water and sewer, major capital projects and ongoing reductions in volumes of water consumed. Finally, he discussion the Irrigation Rate Structure and Wholesale Water Rates stating that under the Irrigation Rate Structure there will be no user fee for 0-10 units instead of 0-5 and regarding the wholesale water rates, the Towns of New Castle and Rye have both been getting water from Portsmouth for many years. He continued that the Water rates were initially set by the State Regulatory PUC but not any longer and we are looking to raise the rate to 3.35 per unit which is reasonable but a substantial increase. The Town of Rye has requested waiting until January 2017 as they are on a calendar fiscal year and we are still working with the Town of New Castle.

III. Questions

Councilor Spear asked about the irrigation rate structure stating that it was initially going to be phased in and evaluated for changes but doesn't feel that is going to happen unless we make a time certain to vote.

City Manager Bohenko stated he would like to have a year's worth of performance and then come back with a recommendation.

Councilor Spear stated he likes the new water fountains at City Hall but he still sees the Poland Springs water truck delivering to City Hall.

City Manager Bohenko stated that there are some employees who prefer to buy their own water and do so out of their own pockets.

Councilor Dwyer asked for clarification for those who think we aren't charging enough for water, and will this new rate bring it closer to our own rates. Mr. Hyder stated it costs less to provide the water to those towns and we are going to be charging for what it costs. He continued that they do their own water billing and collection.

City Manager Bohenko stated that New Castle is looking to us to provide the service completely so we would be charging them retail, but they have major upgrades to do before that can happen.

Councilor Cyr stated that being water conservationists sounds like a good thing, but then it reduces our revenues. Deputy Public Works Director Goetz stated that as the sewer rates go up, it triggers lower usage of water.

Councilor Cyr asked how many and how often do we experience water main breaks. Deputy Public Works Director Goetz stated that we had 21 last year, which was the lowest we have had, and is because we are consciously managing our system by not over pressurizing in the winter etc.

Councilor Cyr stated we have done a lot of upgrades so what percentage is there left to do. Deputy Public Works Director Goetz explained the asset management plan they are putting together for the pipes similar to the roadway maintenance program.

Councilor Perkins stated that some of the pipes go back 140 years and wonders what the life span of new pipe is expected to be. Water/Sewer Engineer Desmarais stated that we are looking at 100 year lifespan but that it would cost 2.2 million a year to do replacement consistently. He stated the equipment in the buildings are 15-20 year life spans.

Councilor Perkins stated she is impressed that we don't have an enormous rate hike.

Mayor Blalock stated he agrees and commended the department for their well-managed program.

Councilor Dwyer stated that there are competing concepts in play with water conservation and the effect on water rates and feels it is hard to communicate to the public and would like to find a better way to convey this to people in the future.

VI. Adjournment

Mayor Blalock closed the Work Session at 9:00 p.m.

Respectfully submitted by:
Valerie A. French, Deputy City Clerk