Waterville Estates Village District

September 23, 2021

Commission Public Hearing

Attendees: Maureen Patti, Gerry Panuczak, Interim General Manager John Scruton, Assistant General Manager Judy Kinney, Stan Bujalski, Harry Bertino, Jim Murphy, Loren Bennett, Judy Ryan, Marilyn Shostack
Attendees via Zoom: Sean Tole, William "Bill" Mitchell, Jaime Oldmixon, Erich Kikel, Rick LeBlanc, Mary O'Brien, Mark O'Hara, Trey Perry (Curry?), Bill Donohue, John Cox, Jeff Porter, other unidentifiable persons.

Call to Order: Mr. Panuczak, acting as Chair for this hearing, called the meeting to order at 3:00 PM.

Roll Call of Commissioners: Maureen Patti and Gerry Panuczak present at Summit Lounge.

Approval of Agenda: Mr. Panuczak moved to accept the agenda. It was seconded by Ms. Patti and unanimously voted in favor.

Public Hearing:

WEVD Commission adopted a Water Ordinance on August 16, 2021, following a Public Hearing. The Ordinance which was adopted had been proposed by the WMP&R Committee. The Committee worked with the consulting engineering firm from Dubois & King in the development of a complete and lawful ordinance for our community. (The Commission made several, minor changes to the recommended Ordinance before adopting it.) Now the Committee is proposing a water rate schedule and a billing cycle for the water rates.

Mr. Panuczak asked Interim GM J. Scruton to speak to the proposed water rate schedule. Mr. Scruton explained the old system for funding water used tax dollars and a flat rate and the newly approved ordinance moves to a rate that is designed to reflect consumption. The only true way to pay for consumption is through meters. Meters are envisioned in the ordinance but in the interim, the method, which was discussed with NH Department of Environmental Services, of using bedrooms was deemed a reasonable way to anticipate consumption - understanding some homes might use significantly less because they are used seasonally, and others might use far more consumption because of the large number of individuals in the units at some times.

The Water Department budget of $450,000 includes a factor for bills that are not paid and we have to go to collection to obtain those payments. The 450,000 was divided by the number of properties that had access to the water line, reflecting overhead expense, and the second rate was based on the number of bedrooms.

Annual rate, total, for undeveloped lots rate $322 because they have value – the capacity to hook onto the water system.

Annual rates for homes – overhead and utilization charges -- are as follows:

One bedroom	$504
Two bedrooms	$595
Three bedrooms	$686
Four bedrooms	$777

Five bedrooms	$868
Six bedrooms	$959
Seven bedrooms	$1050

It is also proposed that there be two billings – December 1st and June 1st. In anticipation in advance or there would be no operating budget at the start of 2022. By billing twice a year, there is the opportunity to adjust the rates for June, if needed.

S. Bujalski added that, as a member of the WMP&R Committee, he has learned there is a great need for maintenance and upgrades to our water system. By following state procedures for water funding, we are going to be eligible for state grants and loans. The old way of funding our water system might've been the reason the District did not go after or receive State water grants before.

Another member of the WMP&R Committee, J. Oldmixon added that the rate structure proposed is based on a proposed budget amount. If the budget that is approved at the Annual Meeting by our community is less, the second billing will be adjusted to correct for a lower Water Department budget.

J. Oldmixon described the availability charge as follows: All properties that have the water system available to them are receiving a value and need to share in the cost. Availability charge is what it costs to operate the system and make water available. Looking at WEVD records, this is roughly 60% of the annual expenditures for our water system over past years. Availability charge does not include the cost of electricity and chemicals to actually deliver the water.

The usage rate, per J. Oldmixon, is roughly 40% of the annual expenditures for the community. This is broken down by occupancy which is based on a federal standard represented in ____ and ASHRAE (American Society of Heating, Refrigerating and Air-Conditioning Engineers) 62.2 which are calculations used to estimate heat and air conditioning load. It is an industry-wide accepted method to calculate the average occupancy. The calculation is based on 2 people occupying the Master Bedroom and 1 person occupying each other bedroom. This was the most equitable way for the WMP&R Committee could find to spread the usage cost throughout the houses of our community. When we get meters, we can determine a usage rate.

J. Oldmixon reported that from reviewing the NH Department of Environmental Services Dashboard, which includes the rates other similarly situated communities charge for water, the proposed WEVD rate schedule is right about in the middle of the price range of what other NH communities are charging for water. A lot of communities that charge less than we are proposing are operating in the red.

J. Oldmixon reported that WMP&R Committee has been meeting with different vendors – Neptune, Badger, & Census – to get information on what is available for use in the Estates. E. Kikel asked about the cost for billing software for meters. J. Oldmixon said the committee does not yet have quotes for those costs.

E. Kikel pointed out that Waterville Valley does not have meters, expressed concern for the additional costs / more overhead, and asked why the District needs to go to meters. J. Oldmixon said it is the most equitable way – you pay for the water you use. And it incentivizes people to conserve. Having a metered rate will definitely put us into consideration for state & federal monies that are coming available.

Mr. Scruton added that he anticipates people will add meters if they feel they are low users. The low users will put the meters in and we will have to develop a per gallon basis billing system.

E. Kikel commented that it looks like everyone's water costs are going up.

E. Kikel pointed out that there is a significant gap between the water department budget of 2020 (around $300k) and the proposed $450k budget. Mr. Scruton explained that 25% of the number is in anticipation of folks not paying and the District having to carry more collectables/receivables. Under the old system of funding with taxes, the District did not need to build the water department budget to include late payments or non-payments. With the newly adopted ordinance, all of the money coming in can only be used for water and, any money remaining in the Water Account at the end of the year remains in the account. With tax dollars, the money is, to some extent, fungible.

J. Oldmixon shared the actual expenditures for the WEVD Water Department in 2020 -- $277k in expenditures.

H. Bertino addressed the Commission asking that the Public Hearing be moved to a Saturday so the other 1,900 customers of the water system could participate. He noted that another Public Hearing was conducted on a weekday at 9 a.m.

H. Bertino asked if anyone who was involved in the creation of the water fee was a WEVD or WEA employee at the time the rate schedule was developed. Mr. Scruton responded saying that the Dubois & King engineering staff are WEVD contractors and were so engaged when the rate schedule was developed. Also, that he, as an MRI (Municipal Resources Inc.) employee, is a WEVD contractor. Mr. Scruton explained that neither the Dubois & King personnel, nor himself, have any vote in what the committee recommended.

H. Bertino asked if anyone on the WMP&R Committee or any Commissioner, was a WEVD or WEA contractor, or WEVD or WEA employee at the time they were working on the water rates. Mr. Scruton answered, they were working in other areas.

Mr. Panuczak provided a point of clarity -- the 2020 Water Department budget was $382,152.

L. Bennett reported that his wife, Terry Bennett, a WMP&R Committee member, was a WEVD employee for a brief period of time, employed to answer Community Center phones for several hours a day. There was a request for volunteers to answer the Community Center main number from 7:30 or 8:00 in the morning until such time as the (Front Desk) employees arrived. T. Bennett, according to her husband, wanted to volunteer to help out (for two or three days) but was informed she needed to be placed on the payroll so there would be worker's comp insurance coverage.

R. Leblanc, attending remotely, sent two comments: 1) landowners (undeveloped lot owners) should not be required to pay a fee for water they are not using and they should be given the option of putting in a well instead of using the water system, 2) will WEA and WEVD pay water fees for undeveloped lots they own and will people who own lots that are not buildable be charged as well?
Ms. Patti responded that she believes the issue of installing a well is a lot-by-lot issue and the availability charge assessed against an undeveloped lot requires the lot to be within 100 feet of the water line. Mr. Scruton noted that the Community Center and the Ski Lodge are going to be getting meters so the District will pay for the water use. Ms. Patti said she thought the District and WEA would be paying the $322 for qualifying undeveloped lots (within 100 feet of a WEVD water department line).

R. LeBlanc asked if, funding the water system with fees and not tax revenue, the tax rate would go down. Mr. Panuczak answered: Yes, when the tax is calculated in the 2nd half of 2022, the water system will not be included in the tax rate. So, the rate will go down, however, the assessed value of your property determines the rate. Mr. Scruton added, this year's tax rate will not include the water department because the community

funded water for 2021 with unreserved fund monies. This means that your tax rate will not go up due to water next year.

R. LeBlanc asked if the $200 annual fee that had been charged to water system users in the past would still be in effect. Mr. Panuczak answered the $200 fee will not be charged.

S. Bujalski commented on undeveloped lots being charged the availability rate.

M. Shostack has been a WE resident since 1973. She notes we have had a lot of problems. The Estates went bankrupt twice, the Community Center burned down, my house burned down, I have been robbed twice and I am very dubious about this change. How efficient will this new system be? How smooth will the transition be to this new water system? Who is responsible for hooking up the meters? When will this all happen? Who do I contact if it does not run smoothly? I need a name. Mr. Scruton replied, right now we are working to get an employee certified and he will handle it. Right now, you would call J. Kinney or me, the Interim GM.

R. LeBlanc asked about who will be doing the meter installations? J. Oldmixon (later in the meeting) said the meter vendors will be recommending installation contractors that they have worked with in the state so we can have them installed to the same standards and you won't have to find a local plumber.

T. Perry commented the highest users, the full-time residents, put this plan into place and there is no incentive for these users to get metered. The only ones who will want to get metered are the second homeowners who don't really use that much water and may have a bigger house. If you are a full-time resident there is no incentive to get a meter. So how is this fair in any shape or form? As a second homeowner I couldn't vote or make any decision about this.
Mr. Scruton explained initially the low user will have incentive to get a meter. The ordinance makes clear this is a temporary rate structure, and the plan is to get everybody metered. The Commission will have to decide this issue later.
M. O'Hara commented that the only people who can vote at the Annual Meeting are residents who are registered voters.
T. Perry commented the full-time residents are the highest users.
Mr. Scruton answered: not necessarily. The heavy users are actually those owners who use their houses like hotels, with AirBnB, short time rentals.
Unidentified person asked Mr. Scruton to quantify that information.
M. O'Hara opined that the persons who rent out their houses are in the 10 to 15% rate.

R. LeBlanc commented that it seems like a conflict of interest because the people who likely use the largest amount of water are making the rules. If a full-time resident can use as much as they want, why would they add a meter? This is really directed to only one portion of our community – the second homeowners.

M. Shostack asked if owners don't hook up to a meter will it be a free for all? Ms. Patti answered the full-time residents will be assessed a rate based upon their bedrooms and it will not be a free for all. This change is difficult to address. The reasoning behind this change is to make the whole system more equitable and self-funding, to become compliant with NH law, to join the large number (percent) of communities who fund their water in this manner, and to position the District to maybe get state and/or federal grants and loans. We are making this transition into a new system following the suggestions to us from the engineering firm, from our Interim GM, from legal. We are not close to determining the magic number at which we will be ready to go to meter (per gallon) rate yet. That is what Mr. Oldmixon was speaking about needing to review the data from

meters before recommending a rate for what is actually used. We are trying to be as fair as we can in the interim.
Mr. Panuczak noted the water system account is an enterprise account which means if funds are not used, they stay in the account to be used for by the water department later. And the next billing cycle can be less. This makes us in compliance with NH law.

S. Bujalski commented on the us-against-them, full-time vs. part-time homeowners. He and his wife bought in the estates 12 years ago and were part-time owners for years. Ideally, this water rate would have been done years ago. Before, funding water involved payment of the $200 lump sum (by all receiving water) plus a portion of your tax revenues based on the assessed value of your home. That was not paying for what you use. We are trying to get to the fairer system by metering. In the interim, we have a rate structure that might not be 100% fair, but it is a logical way to do it. It is not unique. This method has been used before. This method has been reviewed by the engineering firm, state agencies, and used by other communities. It is not coming from thin air. It is a proven way to handle paying for water until we get to metering. It's not us-against-them.
M. O'Hara suggested the way to address this is to give the part-time owners the right to vote.

B. Mitchell expressed concern about being disenfranchised as a part-time owner from Indiana. He is concerned about the decision to go to meters. While he has corresponded with the Interim GM and Commission Chair, he is not satisfied with the answers. He has produced a detailed analysis in correspondence to Commissioners and WEVD Management. There is totally unnecessary to go to a metered plan. It is not about complying with law. It is about shifting costs to homeowners without a reduction in the amount of taxes and Association dues. There is no evidence of comingling of water funds and the new plan is not equitable. The Commissioners have a fiduciary duty to act in the best interest of all. There is no comparative analysis of the fiscal impact of a metered system. B. Mitchell recommends:
1) the District should delay or reverse the decision to go to meters pending review of the actual need for meters and perform a comparative cost analysis with our current funding system,
2) the District should review its existing budget and prioritize individual line items eliminating duplicate efforts under the (unintelligible),
3) retain our existing approach it has worked well, does not co-mingle funds, is simple to administer, and is equitable to all,
4) the District should evaluate letting us transition to individual wells as they are cost-effective with minimal burden on infrastructure, the government costs are reduced, the system maintenance costs will be reduced because less demand, are equitable.
There should be no change to the funding of water because it is only raising the cost of ownership.
Mr. Scruton commented that wells are not feasible for most because in NH a 150 foot radius from any septic system is required and most lots do not have enough room to install wells.

E. Kikel asked where did the number of residents for the community came from? (1977 in the usage charge portion of the rate calculator) J. Oldmixon described how he went to the towns (Campton and Thornton) and pulled tax records for each property. It took 20 hours to compile a census. He pulled each building card for each dwelling.

E. Kikel asked about the calculation for number of residents – the master bedroom consists of two persons with one additional person for each additional bedroom.

L. Bennett advised the Commission that he and his wife own two homes – one in Florida and one in the Estates. They are both very happy with the communities they live in. He chooses to make NH his legal residence. He gets to vote on taxes, he gets to vote in elections, and it is his home. In Florida, he does not get to

vote on school taxes, county taxes, etc. L. Bennett thanked all who worked to develop the ordinance and expressed appreciation for all the hard work that went into the development of the ordinance and rate schedule. He noted that he was without water a year ago. He said he believes there has been years of delayed maintenance and years of neglect on the water system. We all are in a lot of trouble if we have no water. He intends to put a meter on his home. He wants to pay for what he does use and not pay for what he doesn't use. Commended everyone for working towards that goal.

E. Kikel commented that he wants to pay for what he uses.

B. Donohue asked if those owners with wells will be exempted from the rate. Mr. Panuczak answered "yes". Ms. Patti stated that when the $200 annual fee was enacted in 2017, owners who were on wells were exempted then. J. Oldmixon confirmed those homes with wells are not included in the census (and rate calculator).

J. Cox suggested that it would be best if full-time owners lead by example and install the meters at the same time and part-time owners – perhaps if there was a deadline. It would go a long way toward making us all feel we are being treated equally.
J. Oldmixon the WMP&R Committee is trying to determine how much it will cost to install meters. We have applied for a Drinking Water Revolving Fund low-interest loan and that could be one of the projects we funded with the loan. We really want to get meters in every home in the community.

Mary O'Brien asked if a 5-unit building is going to need 5 meters. Mr. Scruton answered that it will depend on the plumbing of the individual building. There will be some units we will not be able to put a meter on. The goal is individual meters for each residence. It may be that the 5-unit building gets one meter, and the owners have to divide it up. This is something we will have to address once we have the information. We recognize there are some construction issues in some buildings. J. Oldmixon said if you have a shut off valve for your unit, we should be able to install a meter.

J. Cox suggests that the Committee reviews the cost for having meter reading technology in a vehicle. Mr. Panuczak said the Committee will look at that to make sure it is not a stumbling block.

B. Mitchell asked what the cost is for meters and installation. Mr. Panuczak answered we do not have that information yet. B. Mitchell said the rumor is it will cost $1,500.

T. Perry asked what happens if the meters are cost prohibitive, what is plan B? Mr. Scruton answered, the costs we are looking at for meters is $300. If the cost for installation is cost prohibitive, then we would have to rethink this move to meters. T. Perry said water comes into his house through the slab behind the toilet, making installation difficult/costly. Mr. Scruton said if construction details mean it can't be done in certain places. Mr. Panuczak said, as we move to a system that is compliant with state law, we want to be a part of the infrastructure monies from Washington. Mr. Scruton reported hearing the total for water was 1 billion dollars

No further comments or questions. Mr. Panuczak closed the public hearing and moved for the adoption of the Water Rate Schedule and the Payment Schedule as proposed by the WMP&R Committee. Ms. Patti seconded. An earlier water rate schedule has been circulated but the WMP&R Committee recommended a budget of $450,000. Mr. Scruton clarified, it is the water rate calculator with $450,000 the amount to be raised, 838 properties, 1977 users, billing December 1st and June 1st. Mr. Panuczak accepted the clarification/amendment to his motion, Ms. Patti seconded, and the motion passed with unanimous roll call vote.

Ms. Patti moved to make 6-page letter from William "Bill" Mitchell an official attachment to the minutes of this public hearing. Mr. Panuczak seconded, and the motion passed by unanimous roll call vote. B. Mitchell noted that the letter contained calculations based on $320,000. Ms. Patti invited Mr. Mitchell to submit an updated letter which contains calculations based on the proposed $450k budget and she will move to make it an attachment at the next meeting.

Ms. Patti moved to make Water Rate Calculator an attachment to the minutes of this public hearing. Mr. Panuczak seconded. Motion passed unanimously with a roll call vote.

Ms. Patti moved to cancel the WEVD Commission Meeting scheduled for September 29, 2021. Mr. Panuczak seconded. Motion carried unanimously by roll call vote.

Mr. Panuczak thanked all the volunteers on the WMP&R Committee and WEVD staff who worked on the project, calling it a huge step forward for our community to access state/federal infrastructure funds and brings us into compliance with state law.

Mr. Porter asked if there was a timeline for deciding on which meter we will be using? J. Oldmixon answered, no timeline yet. WMP&R Committee meeting with a second vendor on Monday.

E. Kikel requested that when looking at the meters, will District include the recurring maintenance costs? Mr. Panuczak answered, Yes.

Ms. Patti announced that any RFP or bids will be made public so everyone can review and make comments/suggestions.

S. Bujalski commented how impressed he has been by how many of the Estates community members have technical expertise and they have given of their time, expressing thanks.

Adjournment: Ms. Patti motioned to adjourn the meeting, Mr. Panuczak seconded, and the Motion passed unanimously by roll call vote at 4:43 PM.

Prepared by: Ryan Timms, WEVD Clerk