

Approved Hudson Sewer Utility Committee Meeting Minutes

Date of Meeting: May 14, 2009

Attendees:

Bernie Manor, Chair
Catherine Valley, Vice Chairman
William Abbott
Don Gowdy
John Parkhurst, Alternate Member
Craig T. Bailey, Secretary
Roger Couto - Selectman's Liaison
Gary Webster – Acting Town Engineer



The regular monthly meeting of the Town of Hudson Sewer Utility Committee was held Thursday, May 14, 2009 at 5:34 pm, in the main meeting room of the Town of Hudson Town Hall. The Chairman Bernie Manor being in the chair. Secretarial duties were provided by Craig T. Bailey. The minutes of the previous meeting were read and approved with minor corrections required. A motion was made by Catherine to "Accept the meeting minutes for meeting dated April 9th 2009 as corrected." Seconded by Bill Abott, the motion carried unanimously.

1. Abatements and Waivers:

Catherine Valley moved "To recommend that the Selectmen approve the abatement S-UTL-09-20." Seconded by Don Gowdy, the motion carried without discussion Reports

2. Financial Reports

- A. The Treasurers' report dated 04/17/2009 was reviewed by the committee.
 - a. Selectman Couto was curious about the Ottarnic Pond financial situation, because it is not currently reflected in the Treasurers' Report, as an asset or even as a form of "account receivable.". Gary Webster discussed briefly the loan situation with the Ottarnic Pond Co-Op, which is roughly \$500,000 value – this is money that is due to the Hudson Water Utility and the Hudson Sewer Utility. The Co-Op has not been billed as yet, and Gary is working with Kathy Carpentier, the Town of Hudson Director of Finance, on setting up the proper terms of the loan. Gary reported that \$749,328.78 has been expended, and only \$49,267.76 is remaining on the project. Clough Harbor has reduced their bill, to \$49,000. \$838,596.54 is the estimated total project cost. The Co-Op will owe \$498,796.54 to the Town of Hudson. Estimated loan repayment over the next 20 years: \$2,100 + 3% per month is the payment to the Town of Hudson. Kathy will set the repayment schedule, and the Board of Selectman will need to approve the final agreement.
 - b. Selectman Couto mentioned that there should be a list of the Assets, and the Sewer Betterment districts, so the total values are documented, and the true value of the Sewer Utility, both cash on hand and assets, is visible at any time.
- B. The Expenditure Report dated 05/04/2009 was reviewed by the committee
- C. The Revenue report dated 05/04/2009 was reviewed by the committee.

3. Old Business

- A. Balance of capacity - unchanged at 57,453 GPD
- B. The capital assessment rate: A discussion was had regarding the rate analysis, It seems the Committee has come to an agreement that Bill Abbotts analysis is the formula that the Committee will submit to the Board of Selectmen. Craig Bailey made a motion "To recommend the Proposed Sewer Capital assessment fees for industrial users, as presented by Sewer Committee Utility member William Abbott be submitted to the Board of Selectmen for their review and approval." Seconded by Don Gowdy. The motion carried 4 to 1 with Catherine Valley opposed. Bill will submit his report to Donna for inclusion in the Minutes.
Secretarie's note: The memo is included as an appendix to this document.

4. New Business

- A. Hills Garrison Sewer acceptance: The application has been made, and the asbuilts have been submitted. A motion was made by Bill Abbott "To recommend the Selectmen accept the section of the sewer for the Hills Garrison school." Seconded by Catherine Valley, the motion carried unanimously
- B. The proposed Laundromat. A potential commercial Laundromat has submitted a request to the Sewer Utility for a possible reduction in the sewer assessment. Much discussion was had regarding this subject. The issues that were brought up: 1. The "Hudson Mall" does not have a true allocation. 2. The washing machine usages are based on manufacturers averages, and not based on actual usage. 3. The user has submitted a value that reduces his sewer discharge because the dryers actually send some of the sewer flow out the vents into the atmosphere. 4. Some discussion was had suggesting a staggered assessment fee, where the user would be charged the whole amount, and after a two year period, the user would be subject to a review of the actual flow. 5. The unit would need to be metered properly. In preparation for further discussion, Gary Webster will check existing Laundromats for typical readings.
- C. Informational:
 - a. Sewer Rate correspondence: Kathy Carpentier is requesting more guidance from the Selectmen before proceeding with the rate analysis. This will be deferred.
 - b. Abatement Log: The total abatements for FY09 are listed, and it appears the total values of abatements are not very large
 - c. Board of Selectmen roster was included for review by the committee
 - d. The committee roster is finalized
 - e. The Flume at the outlet of Hudson into Nashua needs to be repaired. The Committee is requesting more information about the repair and costs.

5. Closing

- A. After closing comments by committee members, the meeting was adjourned.

Craig T. Bailey, Secretary

6. Appendix – Memo from SUC to Board of Selectmen

To: Board of Selectmen

From: Sewer Utility Committee

Subject: Sewer Capital Assessment fees for Industrial Users

Recommendation:

The committee recommends that Town Resolution 87-33A be revised to reflect a fee change to \$3.53/gallon of average daily flow.

Rational:

The Sewer Utility Committee has been considering a revision to the Capital Assessment Fee charged to industrial users. This was precipitated by the prospect of a large industrial sewer user, Entegris. A calculation of the present value of the sewer system was undertaken. This calculation attempts to account for depreciation of the original system, the depreciated value of betterment districts and the depreciated value of annual upgrades of the system.

The result of this calculation puts the present value of the system at \$7,062,983 in 2009\$. Hudson's allocation of the Nashua Waste Water Treatment Plant is 2,000,000 gallons per day. The present method of charging industrial users is to take the system value divide it by Hudson's daily flow then multiply that factor by the proposed usage by the user. Incidentally, Salem, NH uses the same philosophy. This new factor is then:

$$\begin{aligned} \text{new factor} &= \$7,062,983 / 2,000,000 \text{ gallons} \\ &= \$3.53/\text{gallon of average daily flow} \end{aligned}$$

$$\begin{aligned} \text{present factor} &= (0.5)*\$9,765,000/942,811 \text{ gallons} \\ &= \$5.17/\text{gallon of peak daily flow} \end{aligned}$$

It should be noted that the presently used factor uses peak flow rather than average flow and uses an estimated flow of 942,811 gallons per day rather than the maximum allocated daily flow of 2,000,000 gallons per day. Present daily flow is about 1,500,000 gallons/day.

For a proposed user of 100,000 gallons average daily flow, the new fee becomes:
(\$3.53/gallon) times (100,000 gallons) = \$353,000

For a proposed user of 100,000 gallons average daily flow, the present fee is:
(\$5.17/gallon) times (100,000 gallons * 1.8 peaking factor) = \$930,600