

TOWN OF NEWPORT, NEW HAMPSHIRE

Board of Selectmen

Minutes for Meeting of July 16, 2018

6:30 pm Regular and Public Hearing Meeting

Municipal Building

SELECTMEN PRESENT: Jeffrey Kessler, Chairman; Todd Fratzel, Vice Chairman; William Wilmot, Jr.; Barry Connell, John Hooper, II

STAFF PRESENT: Paul Brown, Finance Director; Rick Kloeppe, Co-Manager, Airport

COMMUNITY MEMBERS PRESENT: Ed Karr, Tom Gallagher, Larry Cote, Reginald Dodge, Jr.; Russel Fowler, Krystal Kibbey, Raymond Kibbey, Jodie Kibbey, Gloria Kibbey, David Kibbey, Tammy Flewelling, Kris Gregory, Dennis Mahoney, Barbara Fortune, Abby Willets, Brenda Kinney, Alice Helleck, George Neuwirt, Donald Economou and Bert Spaulding, Sr.

NCTV: Louis Cassorla

CALL TO ORDER: Chairman Kessler called the regular meeting of the BOS to order at 6:30 p.m. followed by the Pledge of Allegiance.

AGENDA REVIEW: ADD: NPS RSA 91-A:3 II (c) Matters which may affect the reputation of another (Kessler); request to put on the air conditioning (Wilmot)

The Board members concurred with Wilmot's request. The air conditioning was turned on.

PUBLIC HEARING: The Town of Newport Board of Selectmen will hold a public hearing at 6:30 p.m. on Monday, July 2, 2018 at 6:30 p.m. and Monday, July 16, 2018 at 6:30 p.m. to discuss proposed increases to the Town's water and sewer rates which may become effective in July 2018 and utilized for the November 2018 billing. The rate study supporting the increases is available on the Town's website, www.newportnh.gov.

Chairman Kessler read aloud the public notice into the record. He stated this was a continuation of the public hearing held on July 2, 2018. Chairman Kessler said that at the July 2nd public meeting the BOS had heard the following complaints:

- ❖ The increase to the water rates was only for the users
- ❖ The increase of the users taxes

He reminded people that the last time the sewer rate was increased was 2012; the last time the water rate was increased was 2013. Chairman Kessler then reviewed the change of the tax rates from 2012-2017 for the public in attendance.

The following questions and comments were made by the public in attendance: Mr. Dennis Mahoney stated he understood the tax rate had increased \$.07/1,000. He asked what the BOS anticipated the second billing for taxes to be this year (2018). Mr. Mahoney was told approximately \$3.00. Mr. Mahoney stated it (\$3.00) was a far cry from \$.07.

Chairman Kessler acknowledged Finance Director Brown and asked him to go through the slide presentation on rate increases.

Finance Director Brown addressed the Board members and public in attendance and stated the presentation was basically the same as on July 2, 2018. There were a few new slides. He gave a summary of how the Town got to the position of necessary rate increases. He gave a summary of the (full) report located on the website in a PowerPoint presentation. Finance Director Brown then reviewed the history of the Newport water and sewer rates. He explained the historical rate increases; the proposed rate increases and the substantial usage drop by Sturm Ruger. Finance Director Brown told the public in attendance that the Town had projected that the 1st, 2nd, 3rd, 4th and Knoll Streets project would be paid for from user rates. The Town had not projected the usage drop. Finance Director Brown explained that the less water being used the less the Town billed (and the less they earned). The Ruger Company had been contributing \$60,000-\$70,000 into the water and sewer fund. Their contributions have been reduced.

Finance Director Brown explained that if there was no increase in rates, the Town would be in a water working deficit in 2021 and sewer working deficit in 2022. Therefore, the Town needed to increase the rates or the Town will be in deficit. Using a bar graph, Finance Director Brown explained recommended capital reserves for both water and sewer funds. He explained his proposal was made to keep the Town in the lower part of the recommended capital reserve. The Town had projected its use; both operational and capital.

Finance Director Brown addressed the audience and explained the Future Capital Purchases in Water and Sewer Departments (pages 11 and 12 of the study). He gave examples of items that could be purchased in future years as well as the cost of those that were necessities (WWTP Plant Upgrade and WWTP Solids Handling Upgrade).

Currently Proposed:

2019-20% water increase

2020-43% water increase

2021- None

2019-30% sewer increase

2020-40% sewer increase

2021-50% sewer increase

Finance Director Brown said the question had been asked about what it would cost the average household. He listed some samples:

1 person: last year \$71.00; next year \$132.34

4 people: last year \$335.00; next year \$575.00

Ms. Kris Gregory addressed Finance Director Brown and stated she is single, has a single income. The increase he was proposing was astronomical. Her paycheck would not cover it. How was she supposed to pay for it? She reminded the BOS of the mandatory ban during the drought to conserve water. Now the Town wanted the citizens to use more water so the Town would get more revenue. The Town should have thought about the increase before. She reiterated that her income would not pay for the increased rate.

Mr. Tom Gallagher addressed Finance Director Brown and asked about the bar graph that showed the increase in rates. He asked what would happen if the Town stretched out the increase of rates over six years instead of three years. Finance Director Brown stated that the Board would go through the scenarios after the public input.

Finance Director Brown addressed the public and showed the proposed sewer rate increases and capital projects in Town which created the increases.

2019-30% sewer increase
2020-40% sewer increase
2021-50% sewer increase

Mr. Ed Karr asked Finance Director Brown if he had graphs which showed what would happen with lesser impact increases. He was told yes. Mr. Karr then asked if the public could see some of the graphs with the lesser rate increases.

Using his computer with bar graph and calculator, Finance Director Brown gave the outcome of sample rates, increases and potential annual bills for the sewer users.

It was asked that the public speak louder due to the AC.
It was suggested that the AC be shut off for a short amount of time.
Chairman Kessler asked that the AC be shut off for a short period of time.

Chairman Kessler addressed Finance Director Brown and asked that he show a bar graph which illustrated stretching the increase over the next six years. Finance Director Brown complied. He put in various percentages for years for the BOS and public in attendance, beginning with the water fund. Finance Director Brown explained the importance of \$400,000 on the graph; how if Newport went below that number they would no longer have capital to work with. Below \$400,000 the General Fund would be “floating” the water and sewer funds.

Selectman Connell stated he was concerned that the Town was faced with a rate increase in July 2018. People were not prepared for it. He asked for the consequence if the Town didn’t start in July, but in January (2019). Finance Director Brown stated that any change the Selectmen made on July 16, 2018 would go into effect for November. It would NOT be the July 2018 billing.

Selectman Fratzel asked Finance Director Brown to change the first year (on the bar graph illustration) to 10%. He stated that the data Finance Director Brown had used included the months the Town was in a drought. It therefore did not show true historical data. Selectman Fratzel said he would like to make a small increase this year and revisit the rates next year. Addressing the public, he stated that they might not like what happens in future years.

He was told that the public would know it (the increase) was coming.

Mr. Mahoney addressed the BOS and asked when they knew of the reduced water usage and the need for a rate increase. He asked how long the BOS has known. Selectman Fratzel said he saw it a month ago. Mr. Mahoney asked why increases had not been done over a period of time. Selectman Fratzel agreed, he had been asking for an increase for five years; he did not have an answer for Mr. Mahoney.

Selectman Hooper addressed Mr. Mahoney and stated an analysis done in a year prior to the Ruger decrease would have shown that the Town didn’t need a rate increase. The reality was that now we do. The Town sells the water. Right now not much water is being used. The Town doesn’t do it (water/sewer) to make money, they only cover expenses. Before the drought people were using a lot more water.

The Board and public held a general discussion on the rate hike, people on fixed incomes, town wide support and a proposal to soften the increase for the users.

Mr. Bert Spaulding, Sr. read aloud parts of the Water and Sewer rate study document. After commenting on them, Mr. Spaulding, Sr. and Finance Director Brown discussed all aspects of the problem.

Ms. Abby Willets, a tenant of the Kibbey's, reiterated her concern from the July 2, 2018 public hearing about the Town keeping track of her water usage. Selectman Hooper stated because of where she lived, her water bill was between her and her landlord.

Finance Director Brown addressed the Selectmen and explained the decrease in usage and the decrease in 2017 when the Town became alarmed. It was the last 12 months that showed that increases needed to be made in the water and sewer rates. Finance Director Brown stated that annual increases would be necessary; the water usage would need to be monitored closely which the BOS had recommended at the July 2, 2018 Public Hearing.

Mr. Gallagher addressed Finance Director Brown and asked if there was a projected 2.5 million in construction fees. He was told that was correct. Mr. Gallagher asked what expenditures were on the Town water side of things that will raise his bill 60% in three years.

Finance Director Brown listed the big projects:

- 1st, 2nd, 3rd, 4th Knoll Streets (when the project was voted on at Town Meeting it was believed the cost would be absorbed by the current rates)
- Lower Knoll Street Project (defeated at Town meeting; \$320,000))
- Next phase of the well study (\$212,000 to find the site)
- Site development (\$81,000)
- Split cost between water and sewer for meter upgrades (\$500,000)
- Sand bed at the Waste Water Treatment Plant (WWTP) scheduled to be replaced
- New roof on the WWTP
- 4 years of additional Street Projects. Explaining, Finance Director Brown stated that some of Newport's system is over 100 years old. Some streets really need to be upgraded. The 1,2,3,4 and Knoll Street project was on the docket in 1993 and was finally approved this year (25 years later).
- Equipment

Mr. Gallagher asked if the Finance Director/BOS had reduced the number or dollar amounts of any projects.

Selectman Fratzel stated that the Town had UNH students do a study (free to the Town) out at Gilman Pond. They found more water was available than the Town was aware of. Mr. Gallagher and Selectman Fratzel discussed the possibility of inexpensively getting more water from the Pond.

Selectman Fratzel explained the study results tempered the need to immediately acquire a well site and the ongoing discussions with landowners to drill a Town well on their land.

Mr. Gallagher then moved to the other projects that were listed (exempting the 1st, 2nd, 3rd, 4th and Knoll Streets).

Selectman Fratzel stated that none of the other projects impacted the rates as much as the 1st, 2nd, 3rd, 4th and Knoll Streets Project.

Mr. Karr stated that citizens were able to vote on the projects as they did on the Lower Knoll Street Project which was voted down at Town Meeting 2018. He repeated his belief that there were 27 Articles to vote on at the 2018 Town Meeting. If the users had known of the rate increase the voting would have been different on some Articles. The users were asking the BOS to look at the projects and try to scale them down for the users to give them breathing room.

Chairman Kessler stated that the Town was always looking at costs and for available grants.

Mr. Larry Cote said that there had been a good explanation of the rate problem. He did not agree with Town wide support of the system. He explained why it would be unfair to well and septic users.

Ms. Alice Helleck said she could not afford the increase. Any salary increase does not match the rate increase the Town is currently proposing. She asked that the increase be staggered, as was shown in Mr. Spaulding, Sr.'s graph. She could afford a staggered increase. Continuing, Ms. Helleck said that the Selectboard represented the users. They (the users) did not have the facts about what was up and coming. She stated that not having someone monitoring the usage was not right.

Ms. Gregory complimented the Town on the work being done on Cheney Street. She asked if it was a precursor to redoing the whole roadbed. She asked where the money was coming from to do all the nice sidewalks.

Ms. Gregory stated that if the Town was doing so much work on the surface structure, could some of it have been scaled back some to help pay for the water and sewer rates so users would not have to pay as much.

Finance Director Brown explained that the sidewalk project was being funded by the state. The paving that would be done in Town is from the 2018 budget taken from the General Fund-\$250, 000. There was a warrant article several years ago which asked if the water and sewer capital projects should be paid from the General Fund. It failed at Town meeting 2-1.

Mr. Mahoney said that the BOS was talking to homeowners and talking about businesses (new). He said that:

1. No new business would come to Newport with water/sewer rates such as the BOS was proposing.
2. A restaurant in Town currently has a water bill of \$2,500 each billing. With the proposal, the water bill will become \$7,000+.

Mr. Mahoney stated the BOS might be "cutting their own throats".

Selectman Fratzel asked Finance Director Brown to show the graphs and scenarios again. He complied and showed the results of various scenarios.

When asked, Finance Director Brown explained the importance of \$400,000 on the graph; how if Newport went below that number they would no longer have capital to work with. Below \$400,000 the General Fund would be "floating" the water and sewer funds.

There was a discussion on the \$400,000 between Finance Director Brown and some members of the public.

Mr. Spaulding, Sr. addressed Finance Director Brown and referred to Exhibit 5 (page 15 in the study handout). He discussed the WORKING CAPITAL line and the 2017 amount: \$936,652. He asked what the working capital would have been if there was no forced reduction due to drought. He also brought up the other 2017 totals on the exhibit 5 page and stated that 2017 needed to be discarded. It did not show true usage (due to mandatory bans). After further dialogue, Mr. Spaulding, Sr. asked why a vote needed to be made at the July 16, 2018 BOS meeting. Mr. Spaulding, Sr. asked that new numbers be calculated and the results be brought to the public.

Selectman Hooper addressed Mr. Spaulding, Sr. and stated that he agreed the data was not conclusive. But doing nothing is ludicrous, 40% is ludicrous. If it was his decision, he'd say increase 10%, research more and see what happens next year. The Town would have time to look at usage and income and crunch numbers. Concluding, Selectman Hooper said that was his perspective on it. He did not expect a 40% increase, ever.

The public in attendance applauded Selectman Hooper's statement.

Mr. George Neuwirt, Newport business owner, said the BOS had to come up with different ways to control costs.

Chairman Kessler said that the Town Manager and BOS were always looking for cost savings. He listed some. Continuing, Chairman Kessler said that the BOS had to deal with the shortfall in the Water and Sewer Fund, which was an entirely different fund from the General Fund. The Town was not trying to horde money from the public.

Selectman Fratzel addressed the public in attendance and said that the proposal shown is not what the BOS members are proposing. The Town Manager had directed the Finance Director to make a presentation to the Board on where we as a Town stand and to make some recommendations. We haven't gotten to the point of telling you what we (Board) want. You heard from Selectman Hooper, my stand is basically the same as his. Continuing, Selectman Fratzel said, don't shoot the messengers. We are extremely conscious of what you are going through. Please don't think we don't understand. This was not the BOS presentation. It was the process.

Selectman Connell stated that the situation with the water and sewer rates was made known to the Selectmen and the public at the same time. He appreciated what the audience members have said. The presentation was a proposal, not what the result would be. The BOS has heard you (the public) and you can't afford the increase. He stated the Town infrastructure needs to be upgraded; the breaks on Unity Road which had put people out of water for one week had cost \$20,000. The Town needs to plan for the infrastructure improvements.

Mr. Karr spoke in support of the Town, saying it was a good place to live, there was a lot to do and it was historic. Addressing the BOS he said that maybe the Board needed to adjourn and have a closed session meeting to discuss this problem and ways to help alleviate the problem.

BOS members reiterated that this was one proposal that the townspeople had heard, not what the Board members wanted to do. There was a discussion and explanation about potential refund money in 2018.

There was a request to turn on the AC. Chairman Kessler asked that it be turned back on.

Mr. Mahoney addressed the Board and stated there had been two opinions concerning a decision presented. One was to go into non-public session and debate the question more. Mr. Spaulding, Sr. asked that you move the question and decide before the public in attendance leaves. Which will it be?

Chairman Kessler stated that once the public hearing is closed, it will be up to the Board to decide what their plan will be: to decide tonight at the June 16, 2018 meeting or to wait.

Mr. Ray Kibbey said that it sounded as though the majority of the Board members were leaning toward the lowest bid. It sounded good.

There being no further public comments, Chairman Kessler closed the public hearing on Water and Sewer Rate Increases.

Chairman Kessler asked for a motion to move 10 a. Set Water & Sewer Rates up to the next agenda item. On a motion by Selectman Fratzel, seconded by Selectman Wilmot; ***the Board voted to move 10 a. Set Water & Sewer Rates up to the next agenda item. The motion passed 5-0-0.***

Selectman Fratzel gave his opinion of not setting a new rate. He explained that not having an increase would be negligent. The bottom line was the Fund needs cash and the situation will not get better by waiting. The end result was that the BOS needed to make an increase. Continuing, he stated that the BOS needed to study it more and be better prepared (in the future).

Concluding, Selectman Fratzel made a motion ***to increase the water rates 10% for this year and the sewer rate 15%.*** The motion was seconded by Selectman Wilmot.

In discussion the Selectmen stated:

- ❖ Selectman Fratzel stated with those increases, neither of the funds would go bankrupt until there is a better approach to the problem.
- ❖ Selectman Hooper said that he would prefer water 10% sewer 10%, but it (those increases) was negligent. 15% for sewer was more responsible.
- ❖ Selectman Wilmot stated that the BOS has heard from the community. He agrees the Board should have done something all along. He agreed with water 10%, sewer 15% with a study on the issue and the impact of water restrictions on Finance Director Brown's study.
- ❖ Selectman Connell stated that he would be more comfortable with water 10%, sewer 10%. He questioned if those numbers (percent) would be negligent. He asked Finance Director Brown whether the presentation was consisted of hard figures. Finance Director Brown stated he had used the best numbers he had. Selectman Connell said the infrastructure needed restoring.

Chairman Kessler called for a vote. ***The motion passed 5-0-0.***

Chairman Kessler acknowledged Finance Director Brown. Finance Director Brown clarified that the July reading (September bill) would be at the current rate. The reading in November would be at the new rate. The Town will wait until July 23, 2018 to read meters in order for the Argus, Eagle and Valley News to print the news in their papers.

MINUTES FROM PREVIOUS MEETING(S): Minutes of July 2, 2018: On a motion by Selectman Hooper, seconded by Selectman Wilmot; ***the Board voted to approve the minutes of the July 2, 2018 Board of Selectmen meeting as presented. The motion passed 4-0-1 (Fratzel abstained).***

CONSENT AGENDA: On a motion by Selectman Wilmot, seconded by Selectman Fratzel; ***the Board voted to approve the Consent Agenda of July 16, 2018 as presented. The motion passed 5-0-0.***

OPEN FORUM: Mr. Reginald Dodge, Jr. reiterated his frustration that nothing has been done since the July 2, 2018 BOS meeting concerning the lunch truck and owner located at the Newport Motel on Sunapee Street.

Mr. Spaulding, Sr. addressed Chairman Kessler and asked about agenda item 10 b. PILOT Agreement-Newport Solar I, LLC. He questioned the Payment in Lieu of Taxes. He asked why that fact (PILOT) was not announced throughout the process with Norwich Solar. Chairman Kessler could not answer the question. Mr. Spaulding, Sr. stated that the community agreed to the arrangement and the PPA. He asked for information concerning the agreement the Town made with Norwich Solar in payment in lieu of taxes. It was explained to Mr. Spaulding, Sr. what the PILOT covered. Mr. Spaulding, Sr. said that there should have been transparency; the PILOT should have been part of the public debate, part of the process.

Mr. Rick Kloeppel addressed the Board and explained he was before the Board to explain that the solar array panels to be placed in the field off the south runway (36) would create a solar glare. He passed out a handout illustrating an analysis by Mr. Russ Kelsea on positioning the panels to BOS members and how it may affect the glide path at the airport. Mr. Kloeppel listed various items that might decrease the effect of solar glare off the arrays. Mr. Kloeppel said that the airport management and Airport Advisory Board (AAB) were especially concerned with the arrivals by transient traffic; the transient traffic makes up more than 50% of the traffic at Parlin Field.

Mr. Kloeppel answered all questions from the BOS. He invited them all to the AAB meeting on July 17, 2018.

COMMUNICATIONS: Selectman Connell has had many conversations about the Water/Sewer Rate public hearing.

Selectman Fratzel had nothing to share at this time.

Selectman Wilmot stated he was impressed with the newly painted crosswalks.

Selectman Hooper said that Cheney Street was looking good with the curbing. The finished sidewalks would be great for the heavy traffic on the Cheney Street sidewalks. It would be good when the paving of the sidewalks was done; children were currently walking in the street.

Chairman Kessler stated that:

- 1 There had been a meeting at the SAU on the Voc Center.
- 2 The Economic Corporation of Newport (ECON) interviewed candidates for an economic director. Town Manager Rieseberg will have more information at a future BOS meeting.

INFORMATIONAL: Solar Construction Update: Agenda item was tabled to the August 6, 2018 BOS meeting.

Paving Update: Paving will be starting in August 2018. Finance Director Brown stated Cheney Street has been blocked off with the sidewalk project.

Crosswalk Painting Update: Crosswalk painting is almost complete as of July 16, 2018. There were one or two more to complete.

Upcoming Community Center Meeting Dates/Schedule: Selectman Fratzel informed the Board that:

- 1) Thursday, July 12, 2018 at 2 p.m. was deadline for proposals for design/build teams. The committee received 8 proposals.
- 2) The proposals were distributed to committee members for review.
- 3) The committee members will meet on Tuesday, July 17, 2018 at 6:30 p.m. to cull the number to 3 or 4 proposal finalists.
- 4) Thursday, July 19, 2018 the committee group meets to interview the finalists; deliberate and come up with a recommendation for the Board of Selectmen.
- 5) The Board of Selectmen will need a special meeting on Monday, July 23, 2018 to ratify the committee's decision so that the Town can maintain the schedule that was previously set.
- 6) There will be a contract signing the following week (July 29-August 4).

Selectman Fratzel answered all questions from Board members.

ACTION ITEMS: Set Water and Sewer Rates: Agenda item completed above.

PILOT Agreement-Newport Solar I, LLC: On a motion by Selectman Fratzel, seconded by Selectman Connell; ***the Board authorized Chairman Jeffrey Kessler to sign the Payment of Lieu of Taxes (PILOT) Agreement between the Town of Newport and Newport Solar I, LLC. The motion passed 5-0-0.***

NH Fish and Game-Wildlife Management Area: After a short discussion, on a motion by Selectman Wilmot, seconded by Selectman Hooper; ***the Board voted to support the NH Fish and Game Department's planned acquisition of 793 acres in Newport that will become part of a new large wildlife management area in the Sugar River watershed. Chairman Kessler called for a vote. The motion passed 5-0-0.***

Chairman Kessler and Board members signed a prepared letter stating their support.

APPOINTMENTS: After a short discussion, on a motion by Selectman Fratzel, seconded by Selectmen Hooper; ***the Board appointed Mr. Lawrence Flint and Mr. Jeff Miller to the Community Center Building Committee as "at Large Members." The motion passed 5-0-0.***

Selectman Fratzel would contact them concerning their appointments.

On a motion by Selectman Fratzel, seconded by Selectman Hooper; *the Board voted by roll call vote to enter into non-public session RSA 91-A:3 II (c) Matters which may affect the reputation of another at 8:58 p.m. The motion passed 5-0-0.*

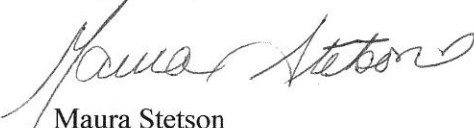
On a motion by Selectman Fratzel, seconded by Selectman Wilmot, *the Board voted unanimously to exit NPS.*

The Board unanimously reconvened the public meeting at 9:01 p.m.

On a motion by Selectman Fratzel, seconded by Selectman Connell; *the Board voted to seal the NPS minutes until July 23, 2018 because divulgence of information in these minutes would render the decision ineffective. The motion passed 5-0-0.*

The Board adjourned at 9:01 p.m.

Respectfully submitted,



Maura Stetson
Scribe

Approved on: August 27, 2018

The next regular meeting with public hearing of the Board of Selectmen is scheduled for Monday, August 6, 2018 at 6:30 p.m.