

**MERRIMACK VILLAGE DISTRICT  
BOARD OF COMMISSIONERS  
JANUARY 25, 2021  
MEETING MINUTES  
(approved March 15, 2021)**

A regular meeting of the Board of Commissioners was conducted on January 25, 2021 at 5:04 p.m. at 2 Greens Pond Road, Merrimack, NH.

Chairman, Donald Provencher presided via electronic participation:

Members of the Board present:       Wolfram von Schoen, Vice Chairman (electronic participation)  
  John Lyons, Personnel Liaison, (electronic participation)  
  Kenneth Ayers (electronic participation)

Members of the Board Absent:       Paul McLaughlin

Also in Attendance:                   Ron Miner, Superintendent  
  Jill Lavoie, Business Manager  
  Michele Holton, Finance/H.R. Director

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**PUBLIC HEARING**

The Public Hearing for the acceptance of the Asset Management Grant from NHDES was opened at 5:06 p.m. and was closed at 5:10 p.m.

**FINANCIAL REVIEW**

**A. Analysis of Revenue and Expenditures Report**

Michele Holton, Finance/H.R. Director, informed the Commission that being through the end of January, Merrimack Village District (MVD) is 50% through the fiscal year. The overall revenues are at 51.1%. At this time last year revenues were at 55.3%. Director Holton noted that the expenses are slightly higher, at 43.4%, due to timing. She also noted that MVD is currently fully staffed compared to this time last year when expenses were at 41.5%. Net income overall is down around \$213,000 from the same point last year and revenues are being monitored. Chairman D. Provencher asked about line 40405, interest income, stating that it seems low. Director Holton answered that when the budget was built the interest rate was higher and has now dropped to 0.2%.

**B. Bank Account Summary Review**

Director Holton explained that the Bank Account Summary Review page that the commissioners had in their possession was a summary of the account balances as of December 31, 2020. There were no questions from the commissioners.

**REGULAR SESSION**

**1. Board of Commissioners to discuss Capital Projects with Underwood Engineers to include:**

**a) Water Audit**

Keith Pratt presented the commissioners with a graph depicting water production and consumption from January 2017 through December 2018. The Merrimack Village District (MVD) had tasked Underwood with tracking non-revenue water, particularly the unaccounted-for water that appeared to increase in the summer months. Underwood completed a water audit on the information from 2017 and 2018, as shown on the graph. Underwood reviewed non-revenue uses of water, such as hydrant flushing, sweeping, treatment plant residuals, etc., and adjusted the data to account for that information. Underwood also noted that adjustments were made to accommodate the fact that consumption meters are read on a quarterly basis and production meters are read monthly. K. Pratt informed the commissioners that making these adjustments allowed Underwood to account for some of the spikes seen in the summer months. Pratt stated that Underwood does not feel that there is anything significant that needs to be investigated in the terms of non-revenue or unaccounted for water usage. He did note an annual loss of roughly 12-15%, which suggests possible leaks.

**b) Water Rates**

K. Pratt informed the commissioners that Underwood had run the model for water rates and reviewed various options in terms of the conservation rate structure. He noted that Underwood had come up with rate suggestions to look at. Pratt also noted that there are other factors to consider as well, such as how a change would impact the odd/even watering ban, changing the billing cycle to monthly, if the capability to move to tiered rates exists (it does), and aligning the billing cycle with the sewage billing cycle. Pratt mentioned that there were two goals of switching to conservation rates, one is to incentivize people to change their habits by increasing rate impacts. The second goal is to make sure the revenue is captured for outside sales if MVD should need to purchase water from another party to cover peak usage. Pratt informed the commission that regardless of the rate structure they came up with, the changes were not significant. He noted a roughly \$100 - \$150 increase over the course of a year for a high-water user. Underwood did suggest further investigating the importance of these goals in order to create the most fitting tiered structure for MVD. Pratt noted that there was a lot of information to review and suggested a separate work session to review. The commissioners agreed with adding an additional work session. Commissioner K. Ayers stated that he thought it would be best to add the work session after the budget season. Chairman D. Provencher agreed. It was noted that adding a tiered rate structure and a rate increase at different times may cause customer confusion with the billing cycles, as well as additional work for MVD employees. Chairman D. Provencher noted that confusion and added work may be avoided by implementing the tiered rate structure and the rate increase simultaneously. Chairman D. Provencher estimated a timeline that would include the work session in April, public hearings in May, a town wide meter reading in June, and the new rates implementation in July.

**c) Water Supply Options**

Pratt shared a bar chart with the commissioners depicting each of the considered sources for water supply. He explained that the capital cost was calculated in a per 1,000 gallons per day (GPD) basis. Cost was also calculated in 20-year present worth. This helps prioritize and make decisions based on cost. Pratt directed the commissioners to review the road map of water supply alternatives he presented. He noted that Underwood is suggesting they advance a cost-of-service study on the Pennichuck connection and make decisions on whether it is worthy as a cost-effective option in terms of wholesale arrangement. Pratt stated that there will be much more

information available once the report is issued to MVD, and Underwood will recommend maintaining the emergency supplies, looking at Pennichuck as a potential wholesale option, and reviewing the Mitchell Woods Artificial Recharge (AR) depending upon the decisions made regarding Pennichuck. Underwood is also recommending replacing Well 3. Chairman D. Provencher asked Pratt if the Pennichuck wholesale agreement included treatment by MVD for PFAS. Pratt answered that it would be another factor that needed to be considered. Pennichuck does actively treat for PFAS, but not down to non-detect levels. The cost of service would present more of a breakdown on cost. Vice Chairman W. von Schoen asked about Pennichuck implementing tighter restrictions on water usage during peak usage months for wholesale customers, and if the water would be available to MVD when needed. He also questioned tougher water restrictions implemented by PWW for the Towns of Milford and Bedford during the summer of 2020 versus those seen by the City of Nashua. Commissioner J. Lyons stated that he was not aware of the details but noted that Nashua did see restrictions for the first time in many years. Superintendent R. Miner answered that he believed Vice Chairman W. von Schoen was correct. Vice Chairman W. von Schoen stated his concern with the wholesale agreement was that MVD would be at the mercy of PWW and still run short on needed water supply. Chairman D. Provencher asked Pratt if there was a reason the option of Manchester Water Works (MWW) was more costly than using Pennichuck. Pratt answered that the capital costs were almost double those of Pennichuck, and he believed that to be related to the need for a booster pumping station, neutralizing MWW's chloramines, and adding disinfection and other chemical feeds. The present worth valuation shows MWW's lower rate for water. Vice Chairman W. von Schoen asked if the Booster Station that will be used for Pennichuck water was included in the cost calculation, despite it already being available and accounted for in the operating budget. He stated that he believed it should be included. Pratt noted that it was not included in the cost. It was noted that it may be important to include relocating the booster station. The commissioners also noted the importance of clarifying whether PFAS treatment was existing, would need to be done, and the source of the PFAS treatment (MVD, Pennichuck, MWW) needs to be distinguished.

**d) Well 2 – Alternative Shop Drawing Process**

Peter Pitsas stated that Underwood is moving forward with adding the electrical room to the treatment plant and working with the subcontractors. Underwood is looking to have the 100% submission to the State of New Hampshire by Friday, January 29, 2021. The state had looked at the 90% design and had some comments. Along with the 100% design submittal Underwood will be submitting a written response to each comment. A bid opening will likely be in the time frame of March 10-15, 2021.

Pitsas informed the commission that he originally thought there would be an amendment needed for roughly \$20,000, but after discussions with the subcontractor, the total came to be \$15,900. The amendment was presented to the commissioners as ESR #49. Pitsas noted that in a previous meeting the MVD asked about pre-purchasing vessels to save on construction time. Underwood asked NHDES, who said they would not allow that because it is not competitively bid. Because of this, Underwood decided to look into an alternative shop drawing approach. With this approach, the project would be bid as usual, prior to the bid opening Underwood would discuss a procedure with the vessel manufacturers. Once the bid opens, Underwood would determine the low bidder, and check their references. Then, with a decent confidence level that this person would be awarded the bid, Underwood would find out who they use as a vessel manufacturer. Underwood would move forward with discussions involving the manufacturer to discover shop drawing costs. Underwood would then pay out the funds to the contractor to have shop drawings started prior to the contract being signed. Pitsas noted the risk that MVD would potentially lose those funds if the

project does not get awarded. Pratt interjected that they would propose to give that money with the award of the bid, therefore diminishing nearly all risk that a contract would not be signed. NHDES has determined this to be an acceptable method. Vice Chairman W. von Schoen mentioned a conversation from a work session regarding proposing to the board that MVD implement a reward system that incentivizes a supplier to get the vessels installed in the building by November by November 30, 2021. He asked if Underwood was no longer looking to proceed with this. Pratt noted that this could be done, but he has concerns with what will be gained, as contractors typically have natural incentive to have this type of project closed prior to winter. He also expressed concern with having adequate definition within this type of contract, and he would not want schedule demands to impede quality. Vice Chairman W. von Schoen noted his surprise by this decision and stated that he felt it could be clear cut, incentivizing only the positive.

Pitsas stated that in a separate conversation, MVD had discussed penalties. He noted that in lieu of penalties, Underwood elected to propose stronger language under the prosecution of work and the schedule section. In summary, Underwood will list critical shop drawings that the contractor will have to track and submit weekly written responses on.

Pitsas informed the commission that if they did choose to move forward with an incentive, as previously mentioned by Vice Chairman W. von Schoen, that NHDES did say that would not be an eligible charge and would need to come directly from the MVD reserve account. Vice Chairman W. von Schoen reminded the commissioners that if the vessels were not in place prior to the winter construction break it could delay the project as much as four months. This cost MVD roughly \$30,000 with the Wells 4 & 5 Treatment Plant.

**MOTION BY COMMISSIONER W. VON SCHOEN TO ACCEPT ESR #49 DATED JANUARY 21, 2021, IN THE AMOUNT OF \$15,900, WITH THE FUNDS TO COME FROM PROJECT FUNDS**

**MOTION SECONDED BY COMMISSIONER K. AYERS**

*A Viva Voce was conducted, which resulted as follows:*

Yea: Donald Provencher, Wolf von Schoen, Kenneth Ayers, John Lyons

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Nay:

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**MOTION CARRIED**

**4-0-0**

Vice Chairman W. von Schoen mentioned a previous discussion of separating the quotation of the vessel and the media. Pitsas informed the commissioners that MVD could possibly receive better bid prices if the vessel were bid separately and MVD purchased the GAC. Pitsas noted that this would need to be decided before going out to bid as it would need to be noted in multiple sections in detail to avoid coordination issues. Vice Chairman W. von Schoen stated that the media does not necessarily have to be removed from the contract with the general contractor, but the media could be a separate line item available for other suppliers to bid on. Pitsas noted that there were not a lot of proprietary concerns and the biggest difference on vessels is the underdrain systems at the bottom of the tanks. Due to their design, the Calgon system would require the vessels to be

further apart, requiring more space. Pratt stated that it might be best to continue to move forward as is and add an addendum if necessary. The media can be a separate bid item.

Vice Chairman W. von Schoen exited the meeting at 6:49 p.m.

Pitsas informed the commissioners that Underwood had a rough schedule from the contractor for Wells 7 & 8, but the contractor had let them know that he would not have a firm date until the shop drawing process was complete and a production order was placed. This has since happened, and the vessels are scheduled to be delivered in the first week of June 2021. Everything is expected to be online with a November 2021 completion. The interior work cannot be completed until the vessels are placed and the building is watertight. Custom staging will need to be built to work on the walls and ceiling. Pitsas informed the commissioners that the contractor has been made aware that the vessels being operational will take priority over painting. Pitsas explained that there were two options. Option 1 would have the vessels operational first, roughly around July 2021, and construction being finalized after. Option 2 would increase the cost by \$35,000 - \$40,000 but would have the contractor change the sheathing type to a zip-system, and the vessels and construction would be completed around July or August 2021. Both options have the treated water operational around the same time. Chairman D. Provencher noted that he likely would not be in favor of the second option and would like to save on cost. Superintendent R. Miner expressed his agreement.

**2. Board of Commissioners to discuss Cost of Living Adjustment (COLA).**

Director Holton informed the commissioners that the Cost of Living Adjustment for 2021 is at 1.3%, as provided by the Social Security Administration. On behalf of the MVD staff, Director Holton is asking the board to consider the 1.3% COLA, that, if approved by the board and then approved by the voters in approving the budget, would become effective July 1, 2021.

**MOTION BY COMMISSIONER J. LYONS TO APPROVE THE 1.3% COLA INCREASE, EFFECTIVE JULY 1, 2021, CONTINGENT UPON THE BUDGET PASSING AT THE ANNUAL MEETING IN MARCH 2021**

**MOTION SECONDED BY COMMISSIONER K. AYERS**

*A Viva Voce was conducted, which resulted as follows:*

Yea: Donald Provencher, Kenneth Ayers, John Lyons

3

Nay:

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**MOTION CARRIED**

**3-0-0**

**3. Board of Commissioners to discuss proposed new Non-Capital Reserve account for the purchase of supplemental water and operations and maintenance.**

Superintendent R. Miner reminded the commissioners that a proposed new Non-Capital Reserve account was discussed at a budget work session. This account would be for the purchase of supplemental water and operations and maintenance. It was originally discussed as being for the sole purpose of covering the

unpredictable cost of water purchase, but MVD legal counsel advised it to cover a broader range. Director Holton informed the commissioners that general Capital Reserve accounts are not to be used for regular operating expenses. A Non-Capital Reserve account is different and allows for various maintenance and operations expenses. Setting up the account for purchasing supplemental water as well we operations and maintenance provides some flexibility. Chairman D. Provencher questioned who the legal consult was on this. Director Holton answered that it was Bernstein Shur. Bernstein Shur reviewed the RSA as well as the final language of the warrant article.

**4. Board of Commissioners to conduct the annual review of the Investment Policy.**

Director Holton informed the commissioners that the Investment Policy has no changes and stands as it was last revised on February 24, 2020, effective July 1, 2020.

**MOTION BY COMMISSIONER K. AYERS TO ACCEPT THE MVD INVESTMENT POLICY NUMBER 04-04-B AS OUTLINED AND AS STATED BY RSA 41:29 IV AND V, EFFECTIVE JULY 1, 2021, FOR THE FISCAL YEAR ENDING JUNE 30, 2022**

**MOTION SECONDED BY COMMISSIONER J. LYONS**

*A Viva Voce was conducted, which resulted as follows:*

Yea: Donald Provencher, Kenneth Ayers, John Lyons

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Nay:

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**MOTION CARRIED**

**3-0-0**

**5. Board of Commissioners to review the draft Budget updated from the January 20<sup>th</sup>, 2021 Work Session and the Capital Improvement Plan (CIP).**

Superintendent R. Miner informed the commissioners that the information provided was just to get an update to the board members of the changes that were made, should they have any questions. This will be discussed at the work session on February 9, 2021.

**6. Board of Commissioners to review and discuss draft Warrant Articles for the March 30, 2021 Annual Meeting.**

Superintendent R. Miner informed the commission that the only new draft Warrant Article was Article 5, regarding the Non-Capital Reserve fund. Business Manager J. Lavoie noted that the position of Treasurer was going to be vacant.

Chairman D. Provencher asked about the dollar amount listed in draft Warrant Article 3. Director Holton answered that the dollar amount will get filled in and the one listed is not current.

Commissioner J. Lyons stated that he was not aware that the position of Treasurer existed and asked for clarification. Director Holton informed Commissioner Lyons that the position of Treasurer is elected and is a three-year term. There are no requirements for the position. Director Holton informed the public that an outline of the expected responsibilities will be provided. Director Holton noted that the Treasurer is

the keeper of the funds of the Merrimack Village District. They are the signer on the account. The Board's responsibility is in approving what should be paid and passing on the manifest that lists out the detailed payments to be issued. The Treasurer can then issue the payment. The Treasurer also reviews the monthly reconciliations. Chairman D. Provencher informed commissioner Lyons that there was discussion of this being an appointed position, but there was concern that if the position were appointed the Treasurer would no longer be independent of MVD. The role of Treasurer as an elected position allows for a system of checks and balances on the internal operations. There are some municipalities that are moving to an appointed position for the role of Treasurer.

Chairman D. Provencher asked Superintendent R. Miner if he were suggesting adding a warrant article to see if the voters would approve the position of treasurer being an appointed position rather than an elected position. Superintendent R. Miner stated that he would like to discuss that option, noting that it may be the right time as no one has come forward to run for the open position. The commissioners were unsure of how that would happen and if there would be a conflict with Warrant Article 2, appointing a Treasurer. Director Holton noted that the Town of Merrimack has switched to an appointed position and MVD could ask how it was handled. More information on how to move forward will be presented at the work session on February 9, 2021.

Chairman D. Provencher noted that on Article 6 the written monetary number does not match the printed value number. The same is the case for Article 7. Superintendent R. Miner noted that those would be corrected. Article 6 will be proposed as \$248,163, and Article 7 will be proposed as \$100,000.

**7. Board of Commissioners to review the minutes from the October 19, 2020 Public Session, November 9, 2020 Special Meeting and November 16, 2020 Public Session.**

*TABLED*

**8. Board of Commissioners to review Action Items from previous meetings and those to be added from this meeting.**

The Commissioners reviewed the list of Action Items, removing tasks that have been completed.

**9. Old Business**

Superintendent R. Miner informed the commissioners that he had received a few updates from Jamie Emery of Emery & Garrett. He noted that the Preliminary Hydrological Report was submitted to NHDES and was found to be administratively complete and the formal technical review is being performed. The stainless-steel well screen has been ordered and is being built. The hope is to have that within two weeks to then install at the new Well 9. Superintendent R. Miner stated that if a public hearing is requested as the result of the preliminary report submittal, which will delay receiving comments from NHDES, Emery will likely attend the next BOC meeting to present a revised long-term pumping test plan and budget that will require approval from the MVD Board. The current set up was a preliminary budget pump test. Superintendent R. Miner also noted the installation of three new ground water monitoring probes as part of an equipment replacement program to support the ongoing monitoring of the aquifers.

**10. New Business**

*None*

**11. Superintendent's Report**

Superintendent R. Miner informed the commissioners that Public Service was at the Booster station on Tuesday, January 19, 2021, and again on Friday, January 22, 2021. The electricians started demo at the top of the hill for the transducer. The new equipment has been installed. Superintendent R. Miner stated that startup is close.

**12. Questions from the Public**

*None*

**13. Questions from the Press**

*None*

**ADJOURNMENT**

**MOTION BY COMMISSIONER K. AYERS TO ADJOURN  
MOTION SECONDED BY COMMISSIONER J. LYONS**

*A Viva Voce was conducted, which resulted as follows:*

Yea: Donald Provencher, John Lyons, Kenneth Ayers,

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Nay:

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**MOTION CARRIED**

**3-0-0**

The January 25, 2021 meeting of the Board of Commissioners was adjourned at 7:56 p.m.

Submitted by Amanda McKenna, Recording Secretary