



CITY OF DOVER

DOVER UTILITIES COMMISSION ~ MINUTES

Meeting Type: Special Meeting
Meeting Location: Conference Room – 271 Mast Road, Dover, NH 03820
Meeting Date: **Monday, March 9, 2009**
Meeting Time: **6:00 PM**

Members Present: Chairman, Gary Green, Otis Perry, Marty Coyle, Michael Earley, Mark Moeller, Jay Stephens

Alternate Members Present: Ted Mortner

Staff Present: Doug Steele, Community Services Director, Dan Lynch, Finance Director, Bill Boulanger, Utility Systems Supervisor
Jamie McCulloch, Water/Sewer Bookkeeping

1. ROLL CALL

The meeting was called to order at 6:00PM.

2. INVESTMENT FEES

Green gave some background and history. In 2007 a subcommittee was established to review the DUC rules and updates. DUC Rules and Regulations including the Investment Fee structure and methodology were presented to City Council on February 13, 2008 and passed. These are the rules being discussed in this special meeting.

Boulanger turned the meeting over to Lynch to provide background on how we get to the investment fee. Lynch explained how the table is used to get to a base fee for water and sewer. Capital assets are laid out at the top of chart, less depreciation for net capital assets. Long term debt is shown and a net figure for long term debt is derived. June 30, 2008 the debt to equity existing in the water fund is \$13,113,730.00 and sewer fund is \$33,950,759.00 is this is the value of the system based on the capital infrastructure. The number of users factored in... Green asked what a user is. Boulanger identified it as a metered customer, each connection. The derived number is their fair share of the assets in the network. \$1,710.00 is the projected fee for water tie-in and the \$4,600.00 fee for sewer remains unchanged. That's the base value for someone to buy into the system. Appendix B addresses how you identify different uses. Boulanger will explain the rest of the calculation after the base is established. First, questions were taken on the base rate calculation.

Perry said Lynch's table uses meters where Appendix B uses flows as a means to distribute these fees and they are not the same. One or the other should be used consistently and this should be flows. Perry also suggested that instead of dividing by meters, divide by flows for the last three years. Perry thought this would simplify the process and not change the ultimate amounts very much. Appendix C is the State Flows in gallons per day and we've expanded on this to make the distinction between different types of users. Lynch felt the most reasonable standard to buy in would be based on connections to the system. Volumes are more a component of billable rates for consumption or to calculate additional units. The base fee should be based on something that ties to the infrastructure versus usage or units. Stephens feels using connections does not reflect on usage being heavy or minor and this should be reflected in the buy-in. Perry took '06 and '07 flows, averaged and divided into 13 million investment value and came up with a very small number. If you divide it through, multiply and convert gallons to years, for a single family home comes to \$3,460.00 for a 1-bedroom home. This formula doesn't require a minimum. The customers could understand this formula. State units often use 2 or more bedrooms as related to a single family house. Green said our standard is 3 bedrooms and that's 450 per day so a duplex is 2 units. Perry said this is true but a duplex could have 4 bedrooms. There was some discussion about what a dwelling unit meant since it could mean between 1 and 4 bedrooms. Earley noted this was a significant increase and Perry indicated that he felt we have been significantly undercharging.

There was more discussion about how to use the capital investment and include it appropriately and various examples were tested. It was agreed that the major problem with the current system was not with the dollar amount derived but with the calculation of the investment fee. The current investment fee calculation is not only hard to understand but nearly impossible to explain or defend.

Investment fees assessed by the surrounding communities were discussed. It was agreed that if Dover fees were set too high there would be the potential for new commercial customers to select a different location for their construction. There was more discussion regarding what other communities charge and the need to know and assess these fees as Dover's fees are reconsidered. Boulanger looked at Somersworth, Rochester and Portsmouth in his last assessment of area fees when making recommendations for what's currently in place.

Green asked for two or three members to volunteer to continue to work on this. Earley, Stephens and Perry were identified to look into the investment fee structure and to come up with a recommendation to present to the Dover Utilities Commission. The Subcommittee was established and it was hoped they'd have a recommendation by the 30th. The 30th is a special meeting and the 16th is the regularly scheduled DUC meeting.

3. ADJOURNMENT

Motion: The motion was made to adjourn.

Second: The motion was seconded.

Vote: U/A.

Respectfully submitted, *Shari Bullen*, Dover Utilities Commission

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