

**CANAAN BOARD OF SELECTMEN
MEETING MINUTES
TUESDAY, October 25th, 2011**

The public meeting at the Fire Station was called to order at 6:45 PM by Chairman Reagan. Others present: Selectman Scott Borthwick, Selectman Marcia Wilson and TA Michael Samson. Members of the Public included Bob Scott

Motion at 6:45 PM to enter into executive session pursuant to RSA 91-A:3 II (c) (d) & (e) by Scott Borthwick second by Marcia Wilson. Unanimously approved.

At 6:53 PM Selectman Wilson made a motion to come out of non-public session. The motion was seconded by Selectman Borthwick and voted 3-0 by roll call vote. At 6:54 PM Selectman Wilson made a motion to seal the minutes of the non public session. The motion was seconded by Selectman Borthwick and voted 3-0 by roll call vote.

At 7:00 PM Chairman called the public meeting to order. Other members of the Public in attendance included Al Posnanski, Ellie Davis, Gordon Gagner, Sarah Brubeck (Valley News) Dick and Marty Pusey, Nelson and Maxine Therriault, Stella Butterfield, Bob Arnold, Phil Salvail, Ruth Conwell and Carol Cushman

Minutes of October 11, 2011

Samson indicated that he had not had an opportunity to complete the minutes and asked that they be deferred to the next meeting. The Board agreed.

School Street

Samson indicated that he had advised the resident who wanted to make School Street one-way full-time to seek support from the Road Agent and the Police Chief.

Zani Property Transfer

Samson proposed that Cardigan Mountain Land Surveys draft a recordable survey indicating the metes and bounds description for the access road into the former landfill site. Samson was directed to get a price for doing the survey work and seek purchase order approval for the surveying.

Propane Tanks

Samson reviewed the status on propane tanks and stated that the price to acquire the underground tanks from Rymes is \$9,400 which is the same as the price that Rymes paid Youngs. The price for the above ground tanks is \$4,604 and would be paid to Simple Energy. Bob Reagan expressed concern that the underground tanks might be leaking and would be expensive to replace. Bob asked what the age of the tanks was. Samson indicated that he thought they were about 12 years old. Bob indicated that they can be tested to determine if they are leaking or not. The consensus of the board was to get the underground tanks tested and find out how old they are. Motion by Scott Borthwick and second by Marcia Wilson to purchase the above ground tanks and get the underground tanks tested. Unanimous approval.

Year End Expenditures

Samson indicated that he had asked all Departments for year-end expenditures to come before the Board in December for encumbered expense. Samson indicated that he expected that there would be at least \$60,000 available not counting the FEMA reimbursement.

FAST Business Plan

Samson distributed the business plan for the FAST Squad. He noted that the FAST Squad had sufficient deposits to pay for the match on the building expansion and for a third ambulance. The variable cost for the proposed private pay transportation service is less than 15% of the billable cost. At that rate of return, and assuming that the major portion of the building expansion was paid by grants, the FAST Squad would need only 10 private pay transportation services a year to break even and as the assets would be fully paid, there would be minimal risk.

Hydrant Flushing

Samson reported that the Fire Department had agreed to undertake hydrant testing. George Lazarus indicated that they would be making up a schedule at their next meeting.

Municipal Water System

Scott Borthwick moved to recess the Selectmen's Meeting at 7:30 in order to enter a meeting of the Water System Commissioners to discuss proposed water and sewer rate increases. Motion seconded by Marcia Wilson. Unanimously approved.

Water & Sewer Rates

Samson made a detailed presentation on the reasons for the proposed rate increases. Copies of the relevant materials are attached. Basically, rates have not changed since 1998. During the first ten years of the sewer system the rates generated a surplus that built up a reserve of nearly a half million dollars. Since 2000, the rates are generating about \$50,000 a year less than what the water and sewer system is costing. The reserve account is virtually gone and rates need to be increased by about \$60,000 a year to fund operations and create an account that can pay for minimal replacement. This would be a 60% increase in rates.

As part of the study, the existing rates penalized the smallest users and subsidized the largest users three to one because the rates were designed around a high minimum usage threshold. The proposed rates looked at billing everything on a straight per gallon basis but ultimately settled for rates that subsidized large users about 1 and a half to one. Any less subsidy would result in rates that were as much as ten times higher for the largest users.

The new rates are based on actual gallons used and would use new radio read meters to monitor flows. Unexpectedly high flows would be reported to landowners monthly so that they could check for leaks. The rate will have a capital reserve charge, a capacity charge and a usage charge. The usage charge will be based on gallons (as would the

capital reserve charge) but there would be three tiers for rates with the lowest rate still be set for the largest users but at half the older subsidy rate.

Samson indicated that there were two more hearings to provide information and urged people to make suggestions on alternative rate structures as well as to seek information about their individual impacts. One suggestion was made to try to add more rate tiers to the system to reduce the impact for the largest users. Samson indicated that he would try that approach with the next computer models. Another suggestion was made to provide landlords more time to implement changes in their leases to include the higher water charges. Samson indicated that it might be possible to phase in the capital cost piece 6 months later than the user fee piece of the rates. He also suggested that Granite State Rural Water would be willing to check the individual properties to see if there was any major leaking. People questioned the quality of the water and Samson indicated that the changes made to the system in 2009 and 2010 resulted in five quarters of testing indicating no problems with the water system. A letter attesting to this is on the Town web-site. These changes rely on the use of both chlorinated surface water and water from drilled wells. The use of both sources minimizes chlorine residuals and the presence of radon in the water. These changes were funded from the reserve account which is now nearly depleted. The reserve account also funded the expansion of the rapid infiltration beds at the wastewater plant.

Hearing on rates closed at 9:30 PM.

Motion by Scott Bortwick to re-enter the Selectmen's meeting at 9:35 PM. Second by Marcia Wilson and unanimous approval.

Motion at 9:37 PM to enter into executive session pursuant to RSA 91-A:3 II (c) (d) & (e) by Scott Borthwick second by Marcia Wilson. Unanimously approved.

At 10:12 PM Selectman Wilson made a motion to come out of non-public session. The motion was seconded by Selectman Borthwick and voted 3-0 by roll call vote. At 10:13 PM Selectman Wilson made a motion to seal the minutes of the non public session. The motion was seconded by Selectman Borthwick and voted 3-0 by roll call vote.

At 10:14 PM Selectman Wilson made a motion to adjourn. The motion was seconded by Selectman Borthwick and voted 3-0 by the Board.

Robert Reagan, Chairman

Scott Borthwick

Marcia Wilson
Canaan Board of Selectmen