

Rye Water District Annual Meeting

Saturday, March 23, 2023, 10:00 a.m.

Rye Junior High, 501 Washington Road

Commissioners Present:

Ralph Hickson, Chair

Scott Marion

Rosalie Lopresto

Others Present:

Steven Borne, Moderator

Keriann Roman, District Attorney

Arik Jones, Superintendent

Dyana Ledger, Business Manager

Chris Berg, Wright Pierce Engineer

Newly appointed Commissioner Tom Mack and newly appointed Clerk Lindsay Murphy

Approximately 60-100 Rye Water District residents, checklist available

I. Call to Order

On March 23, 2024 at the Rye Junior High School, Moderator Borne called the meeting to order at 10:10 a.m. and led the Pledge of Allegiance.

II. Introductions, Moderator Borne explains procedures and rules of meeting and voting

Moderator Borne introduced the Rye Water District Commissioners: Ralph Hickson, Scott Marion, and Rosalie Lopresto. He also introduced District Attorney Keriann Roman, RWD Superintendent Arik Jones, and Business Manager Dyana Ledger. Moderator Borne explained the procedure and rules of the meeting.

III. Discussion of Water District Commissioner Election

Article #01 To choose a Commissioner for the ensuing three (3) years.

Motion to nominate Thomas Mack as 3-year Commissioner by Scott Marion. Seconded by Ralph Hickson.

No other nominations submitted.

Thomas Mack introduced himself as a Rye resident for 10 years and discussed his background as a certified professional geologist and hydrogeologist. He stressed the importance of having a clean water supply and looks forward to working with the District.

Commissioner Marion noted that Tom has a wealth of expertise and the Commission is thrilled he has agreed to run for this position.

Moderator Borne called for a vote - all in favor, unanimously. Motion to elect Tom Mack as commissioner passed.

IV. Discussion of Water District Clerk Election

Article #02 To choose a Clerk for the ensuing three (3) years.

Motion to nominate Lindsay Murphy as 3-year Water District Clerk by Steven Borne. Seconded by Rosalie Lopresto.

No other nominations submitted.

Moderator Borne called for a vote - all in favor, unanimously. Motion to elect Lindsay Murphy as district clerk passed.

V. Scott Marion – Ralph Hickson recognition

Commissioner Marion recognized Commissioner Ralph Hickson for his eighteen years of service with the Rye Water District. Commissioner Hickson has served on various boards and commissions in the Town for over thirty-one years. His dedication and service to the Town is remarkable.

The public thanked Commissioner Hickson for his service.

Commissioner Hickson noted that he appreciates the work that has been accomplished in the District over the years. He commented that it's been an honor and a privilege to serve the people in the District.

VI. Moderator Borne Introduced Article 3

Article #03 To see if the District will vote to raise and appropriate the sum of \$15,950,000.00 (gross budget) for the purpose of design, development, and construction of a water treatment facility (the "Project"), that will qualify the District for federal and/or state funds, and to authorize the issuance of general obligation bonds or notes of the District in accordance with the provisions of the Municipal Finance Act (NH RSA 33:1 et seq., as amended) in the amount up to \$15,950,000.00; and further to authorize the District Commissioners to issue, negotiate, sell and deliver such bonds or notes, and

to determine the interest rate thereon and the maturity and other terms thereof; and further to authorize District Commissioners to apply for, obtain and accept federal, state, or other aid, grants or other funds, if any which may be available for the Project, and use such funds to reduce the amount of bonds or notes issued or to pay debt service on the bonds or notes, and to participate in the State Revolving Fund (SRF) RSA 486:14 and the Drinking Water & Groundwater Trust Fund (DWGTF) RSA 485-F established for this purpose; and to authorize the District Commissioners to take any other action or to pass any other vote relative thereto. It is anticipated that the District will receive up to \$2,000,000.00 in principal forgiveness from the State Revolving Fund loan program. (3/5 Majority **Ballot** Vote Required).

This Article is recommended by the Commissioners 3-0
This Article is recommended by the Budget Committee 8-0

Scott Marion moved Article 3 to the floor for discussion. Seconded by Ralph Hickson.

Scott Marion opened discussion on why the article is important. The Rye Water District currently meets the maximum allowable contaminant levels for both the Federal and State regulations. Rye is currently under the State standard; however, the State standard will be changing and the District will not meet the proposed new regulation. Rye Water District is eligible for an attractive financial package from the State. A vote needs to be taken to accept these loans by May or the offer will be lost, and it will not be offered again. The boil order incident from 2022 made the District eligible for these funds based on perceived need because of contamination. If the loan is not accepted in May, the chances of RWD getting on the State Revolving Fund again are miniscule. Commissioner Marion noted that a vote is needed on the loan package. The loan package does not fully obligate the District to spend it all, as there are no penalties for early payback of the loan nor for not using all of the funds. He pointed out the interest on the loan is 2.8%. There is also principal forgiveness of 10% on the ten million dollar piece of the loan. There is also a million dollar loan that makes up these funds which will be 100% forgiven. The District is also eligible for a loan from the Drinking Water Trust Fund of just under five million dollars at 2.8%. Commissioner Marion went on to discuss the potential costs of the construction of the water treatment facility and operations.

Resident Rob Wright, 64 Alehson Street, asked about the preliminary implications on the District's tax rate due to the fees related to the bond. He asked if the rates will be based completely on use or if there will also be a tax impact.

Commissioner Marion replied it is too preliminary to determine. The District is in the process of a rate study with the firm Raftelis to help make these determinations. It's in the District's interest to base the costs more on water use. This information will be available over the course of this year.

Resident Joe Cummins, 990 Washington Road, commented that the contamination level per trillion is not considered too dangerous. He asked about the costs for the water treatment plant for construction, as well as yearly operational costs.

Commissioner Hickson replied it is estimated that the facility will require two additional full-time employees. It is projected that the costs for operating the facility will run approximately \$250,000 per year.

State Rep Jaci Grote, 124 Washington Road, commented on how fortunate Rye is to qualify for these loans and they probably will not be offered again. Ms. Grote, speaking as a resident of the Water District, asked for further information on the facility and the other elements that will be addressed by treatment.

Commissioner Hickson noted that a number of years ago, the District started a design for a facility to treat iron and manganese, which is an issue with the Cedar Run Well. At that time, the District met all the requirements imposed by the State, so the treatment facility was not built. The intent now is to add on to that original design to treat PFAS, which will probably be an activated charcoal system. Iron and manganese will be treated first before it goes into the filtering for PFAS.

Commissioner Lopresto stated that it will most likely be granular activated carbon (GAC). The District is also considering a resin for PFAS. The District has to treat the iron and manganese in the Cedar Run Well in order to use that water. The issue with the PFAS is it's solely in the Garland Well, but there is some residual PFOA in the Bailey Brook Well; however, it's under the 4 parts-per-trillion. The loan funds are going to be split equally for the iron and manganese problem, as well as the PFAS issue.

Commissioner Marion noted that the Cedar Run Well is kept offline most of the time, because of the levels of iron and manganese. He also noted that the Rye Water District is tight on water supply. In some cases, it can become dangerously low. If the District is able to treat the water and bring Cedar Run Well on fully, it would help provide a layer of buffering that is not there now. He pointed out that the District is also searching for more water. However, treating for iron and manganese will actually increase the District's ability to ensure there is fire suppression, as well as meet the resident's water needs.

Resident Howard Kalet, 90 Colbourn Road, asked how often the wells are tested especially near the dump site on Grove Road.

Commissioner Marion responded they are now tested quarterly.

Commissioner Hickson noted that testing is required by the State.

Resident Tom King, 535 Wallis Road, asked for specifics on the buildout period.

Commissioner Lopresto noted that the water usage rates are increasing 10% this year. For year 2025, the rates will increase even higher. The final completion of the facility is expected in 2029.

Resident Tim Losik, 525 South Road, asked when the payback of the loan will start and whether there will be other operational costs associated with the facility before it will be in full operation.

Commissioner Hickson explained that as the money is borrowed over the next few years, the District will pay interest on the construction costs, which is 1%. The full repayment of the loan will start in 2029, or after substantial completion of the project.

Resident Phil Winslow, 100 Harbor Road, asked how the cost of the treatment facility would be spread over taxation versus water usage charges.

Commissioner Marion replied that Rye is not in the position to be able to give answers on that now, as the rate study is still ongoing.

Resident Julie Tucker, 960 Washington Road, asked if the treatment facility will still go forward if the EPA doesn't change the PFAS regulations. She also asked if there should be a concern about the disposal of PFAS filters.

Commissioner Marion explained that if the EPA doesn't go forward, the Commissioners still think PFAS is an issue. The Seacoast Drinking Water Commission has been advocating for this. The District is moving forward like the new rule is coming into play; however, if it doesn't, it would certainly force a discussion and would likely be brought to the public. He reiterated that the District can get out of the loan without any prepayment penalty. Referring to the disposal of the filters, Commissioner Marion noted that it would be considered hazardous waste. Hopefully, it will be bound up in the activated charcoal filtering, so it's a bit more inert than it would be just out in the environment. There are facilities that specifically accept this resource.

Commissioner Lopresto commented that Portsmouth has a facility at the PEASE Tradeport. For the granular activated carbon media, it's \$78,000 and those are replaced about once or twice a year. She pointed out that Rye does not have the high levels that Portsmouth has, so it will not require as much media.

Resident Pat Losik, 525 South Road, commented that with regard to the tax rates in 2022, 2023, and 2024, the tax rate revenue was, in some cases substantially, higher than usage. In 2023, it was closer, but the projected for 2024 is higher. As she understands, taxes are for fire suppression and lines. The taxes are applied throughout the Rye Water District, whether there is a connection or not.

Commissioner Hickson explained that the taxes support the infrastructure and the water rates are to support operations. All properties within the Rye Water District pay a district tax.

Mrs. Losik asked the Commission's general view of tax versus usage.

Commissioner Marion replied that at this time, the District doesn't have a unified vision on this. He thinks they are interested in shifting more of this cost on to use, but this will be based on the rate structure.

Resident Reginald Goldie, 230 Parsons Road, asked how Rye PPFAS levels compare to other areas in the State and whether the estimated costs cover the anticipated five-year project.

Commissioner Lopresto stated that there was an article in the Portsmouth Herald that said seventy-one million people will be affected by municipalities that have PFAS in their water. In the State of NH, thirty-two percent of the municipalities have PFAS in their drinking water. Rye has the Coakley Landfill and the Grove Road Landfill. The issue is the polluters of the past in the 1950's and 1970's.

Commissioner Hickson explained that the District's engineering consultant, Wright-Pierce, has developed approximately twenty similar projects over the past few years. In their cost estimates, they look at the increasing price of construction and materials. They have also included a twenty percent contingency for expected increases in construction and labor.

Commissioner Marion stated that if the EPA passes the new rule with it having to be met within three years, there is going to be a "run" on construction companies and materials. Another advantage of acting earlier is to get ahead of the line and maybe get in front of the supply chain issues.

Commissioner Hickson pointed out that the District has the availability to prepurchase hardware; such as, vessels for the media, to hopefully save on inflation.

Resident Lindsay Gray, 18 Acorn Acres, asked what would happen if the vote fails and the EPA passes the new requirements.

Commissioner Marion replied that Rye would be obligated to meet the new ruling within three years. The District would fall off the eligibility list and essentially the costs would be higher.

Commissioner Hickson pointed out that the District would have to go to a bond bank at a much higher rate. The State loan is provided with no closing costs. A bond bank would require the District to pay closing costs, attorney fees, and other associated costs.

District Attorney Keriann Roman explained that with the State loan, the District can use what they need and pay it back as soon as they want. With the bond bank, the District would be obligated to take the full amount and it cannot be prepaid. It would be amortized over twenty to thirty years.

Dr. Tom Sherman, 296 Harbor Road, spoke in regard to how damaging and potent PFAS are to human bodies and overall health. He noted that there is a cancer cluster in Merrimack, which is related to PFAS. The lowering of the regulation levels is going to continue. This loan and new plant is an entire house filtration system that would benefit everyone in the District. Pease has a filtration system based on the composition of the PFAS. As a senator, he stated that this is a one-shot deal that the District won't get again and the residents need to make this investment. He encouraged the voters to vote "yes" and pass this article.

Resident Mark Epply, 267 Brackett Road, asked the longevity of the treatment facility.

Engineer Chris Berg noted that the facility will be designed for a 50-year lifespan. There will be some components that will need to be replaced and refreshed over the years to extend that lifespan from 50 to 75 years. It's a long-term investment with a twenty-year bond term.

Mr. Epply asked if the facility will be able to handle higher levels of PFAS, if they continue to rise over the years.

Engineer Chris Berg explained that if the PFAS levels increase, the refresh between carbon replacements (media changeout), would have to increase.

Mr. Losik asked about the costs of actual construction. He also asked about the communication process for the public moving forward.

Commissioner Marion replied the Commissioners are trying to be as transparent as possible, in terms of communication. If the money was available in perpetuity, the District would have a tight engineering design with clear construction specs. The first phase is to work on the construction specs. The Commission will have public meetings when those numbers are known and the public will be updated. By agreeing to this vote, it starts the process for construction; however, the public has the right to offer a petitioned warrant article to stop the process. The Commissioners have given their word to be as transparent as possible on the costs, as the information becomes available.

Commissioner Lopresto reiterated that the District is hoping for other sources of funding.

Resident Suzanne Barton, 114 Clark Road, reminded the voters to take a step back and look at the big picture, while trying not to get caught up in the details of the cost. She asked everyone to look at the cost in terms of whether it's worth investing for the individual and collective health of the community. The voters need to think about the next generation. The District is trying to fix what happened in the 1950's. This needs to be fixed, so that fifty years from now, children and adults aren't suffering from cancer caused by these issues. Everyone needs to own a part of the solution. There are options, solutions, and ways to help fix the water issues, if everyone is willing to do more than just focus on the tax rate.

Resident Bob McGrath, 6 Rands Lane, commented that this loan is a fantastic deal and the District should take it. However, employees are expensive; as well as electricity, maintenance of buildings, inflation, and contractors. There's a lot of unanswered questions and people need more clarification on the overall ongoing costs and what the process will be going forward. There needs to be more transparency and other options.

Commissioner Marion confirmed that the Commissioners are trying to be as transparent as possible with clear construction specs and there will be public meetings when the numbers are known. They look forward to the full support of the Select Board.

Commissioner Lopresto noted they are hoping for other sources of funding.

Mr. Cummins commented again on the potency of PFAS especially on children and on irrigation opinions.

Call to question by Nina Parrott, seconded by Jaci Grote.

Moderator Borne explained the voting process with secret ballot box and organized voting by rows.

At 11:42 p.m., Moderator Borne opened the ballot box for voting on Article 3.

Note: The ballot box for Article 3 was closed at 12:45 p.m. Ballots counted by Moderator Borne and District Clerk Murphy.

Vote: 93 (yes) – 9 (no)

Article 3 passed.

(See minutes below)

VII. Moderator Borne Introduced Article 4

Article #04 To see if the District will vote to raise and appropriate the sum of Thirty Thousand Dollars (\$30,000) to be placed in the District's existing Storage Tank Maintenance Expendable Trust Fund established for the purpose of maintaining the water storage tanks. This appropriation is in addition to the operating budget. (Majority Vote Required.)

***This Article is Recommended by the Commissioners 3-0
This Articles is Recommended by the Budget Committee 8-0***

Scott Marion moved Article 4 to the floor for discussion. Seconded by Ralph Hickson.

Commissioner Hickson explained that this is a fund that was established to lessen the impact of storage tank maintenance costs. It is anticipated that the District will be starting maintenance work on one of the tanks on Washington Road this summer. The current balance in this fund is approximately \$224,000.

There were no further comments or questions from the public.

Moderator Borne called for a vote – Vote: 53 (yes) 0 (no)

Article #04 passed by unanimous vote.

VII. Moderator Borne introduced Article 5

Article #05 To see if the District will vote to raise and appropriate the sum of Two Million One Hundred Ninety Thousand Three Hundred Four Dollars (\$2,190,304) for general District operations and to defray Water District charges for the ensuing year. This article does not include appropriations contained in any other article addressed. (Majority Vote Required.)

***This Article is Recommended by the Commissioners 3-0
This Articles is Recommended by the Budget Committee 8-0***

Scott Marion moved Article #05 to the floor for discussion. Seconded by Rosalie Lopresto.

Commissioner Hickson noted that this article addresses the District's operating budget. The proposed budget has a slight increase from 2023, in the amount of approximately \$30,800., which represents a 1.4% increase. The anticipated tax rate is .52 on the mil rate.

Mr. King questioned the capital expenditures in the budget.

Business Manager Dyana Ledger addressed Mr. King's questions and noted that the expenditure under the extensions and improvements line item is for ongoing water source investigation work being done by the District; specifically for the Brown Farm Lane property.

No further comments or questions from the public were heard.

**Moderator Borne called for a vote – Vote: 53 (yes) 0 (no)
Article #05 passed by unanimous vote.**

VIII. Open to other business

At 12:45 p.m., Moderator Borne closed the ballot box for Warrant Article #03 and called for a count of votes. The ballots were counted by Moderator Borne and District Clerk Murphy.

**Vote: 93 (yes) – 9 (no)
Article 3 passed.**

No further business was brought before the meeting.

Motion by Ralph Hickson to adjourn the annual meeting at 1:03 p.m. Seconded by Scott Marion.

Moderator Borne closed the Rye Water District Annual Meeting.

Respectfully submitted,

Lindsay V. Murphy, Rye Water District Clerk