

Why Sewer and Water rates are going up.

There have been no substantial increases in water rates for 10 years. There have been increases in the sewer rates yearly since 1995, but not enough to keep the sewer fund in the black. Additionally, in **fiscal year 2008 taxpayers stopped** subsidizing water and sewer costs. Any future costs are to be subsidized by the **ratepayer**.

**Sewer Rate History**

**Water Rate History**

<b>Date</b>	<b>Rate</b>	<b>% increase</b>	<b>Date</b>	<b>Rate</b>	<b>% increase</b>
7/1/93	\$2.63		7/1/93	\$3.29	0.0%
7/1/95	\$2.76	4.9%	7/1/95	\$3.29	0.0%
7/1/97	\$2.93	6.2%	7/1/97	\$3.29	0.0%
7/1/99	\$3.02	3.1%	7/1/99	\$3.29	0.0%
7/1/00	\$3.13	3.6%	7/1/00	\$3.29	0.0%
7/1/01	\$3.24	3.5%	7/1/01	\$3.29	0.0%
7/1/02	\$3.35	3.4%	7/1/02	\$3.29	0.0%
1/04/04	\$3.63	8.4%	1/04/04	\$3.29	0.0%
7/1/04	\$3.90	7.4%	7/1/04	\$3.29	0.0%
7/1/05	\$4.29	10.0%	7/1/05	\$3.29	0.0%
7/1/06	\$4.70	9.6%	7/1/06	\$3.45	4.9%
7/1/07	\$5.17	10.0%	7/1/07	\$3.63	5.2%
7/1/08	\$5.51	6.6%	7/1/08	\$4.04	11.3%
7/1/09	\$5.95	8.0%	7/1/09	\$4.19	3.8%

The **Clean Water Act** mandates how much water we can remove from Berry’s River thus the City needed to find additional sources.

Purchase of property on Route 11 where potential wells are located. The City applied for American Recovery and Investment Act funds to construct the treatment plant and connect that well into the system. Connecting the system will run about \$4.15 million in construction costs. The funding is funneled through the state revolving loan fund. The City gets a loan for the entire amount and then each year we are given 20% forgiveness or 30% forgiveness, whatever we qualify based on our sewer and water rates. We are paying interest on the entire loan for the entire length of the loan. In this instance the state is giving us 50% forgiveness upfront and then we only pay interest on the balance of the project. This only affects the **ratepayer** not the taxpayer. The **ratepayer** must pay interest on \$2.75 million.

We are burdened by increases in regulations. The Federal Environmental Protection Agency has certain "contaminants of interest" and we **must** do studies of those contaminants for the EPA.

Cost of debt service due to projects is also driving up rates. For example, \$7 million was spent on the east side to replace water mains. Then there was the South Main Street project. Also, any road reconstruction must repair the water and sewer infrastructure. The mandates by the federal Environmental Protection Agency and the New Hampshire Department of Environmental Services mandate procedures such as: We cannot allow clean storm water into our sewer system. This is an

additional cost to the ratepayer. Not all of the storm water has been rerouted. This is an ongoing cost.

Projected rates depend upon what bonds are sold. As the bonds are sold or the loan is taken out with the state those debit payments are coming in more than what we are taking off the books. Most of that is really directly related to the increases in regulations from EPA and DES. Long term indebtedness is what is driving up the rates.

We have an updated sewage treatment plant in Gonic; \$20 million in updates were mandated by the EPA and the DES that we have already spent. The plant treats 4 million gallons of sewage per day. Lydall, Inc. pays for 25% of our sewer fees.

Not everyone on water is on sewer. For example, on Old Dover Road, sewer only extends to just past DPW, city water extends to Lilac City Estates.

There are 28 pump stations in the system. Developers pay for extending the system but the city has to take over the new pump stations. The sewer system has to pay more in electricity due to the new pump stations.

The Federal Government used to pay for 80% of all federally mandated projects so that city (**ratepayers**) users would only have to pay for 20%. Now it is reversed with the Federal Government only paying for 20%, leaving us with the other 80% to pay, which drives our rates up.

The Federal Government is currently reviewing the permit for the wastewater treatment plant. The City may have stringent limits placed upon how much phosphorus and nitrogen be discharged into the Cocheco River. Metals such as lead, copper and zinc may also be required to be removed. Removing phosphorus will not be as expensive, but removing nitrogen will be very expensive; especially since the Federal Government may set the nitrogen limit to the limits of technology. This will affect the waste water plant and it is going to be a very expensive proposition the way the rules are being looked at right now. We could be looking at another \$40 million dollars on the plant in Gonic plus another \$2 million in annual operating expenses. It has not been mandated yet. It is based upon what is being called waste load allocation to Great Bay. There are big concerns about nitrogen levels in Great Bay and the effects on eel grass in Great Bay. They want us to go to the limits of technology. The limits of technology are not affordable for your average person. It is not affordable for a business that wants to stay in business. It is different here than other areas, it is even more expensive for us in New Hampshire because the colder it gets it makes the process more expensive. S.B. 168 is the legislation driving this. This has been modified to require only a study group at this time. One of the sponsors of S.B. 168 is our own state senator, Jackie Cilley. She is not in favor of the modified bill she is sponsoring the bill in its original format which could cost ratepayers \$40 million. ([www.gencourt.state.nh.us/legislation/2009/SB0168.html](http://www.gencourt.state.nh.us/legislation/2009/SB0168.html)) Seacoast communities are getting together to see if they can negotiate rather than going to the limits of technology.

The City has looked for ways to reduce electricity consumption and have used SolarBees (solar panels), which has saved us about \$400,000 in decreased electric costs. They also use blowers to

reduce electricity consumption and operating costs. But as new developments come on line and there are more pumping stations, the electric costs for the Sewer Department will go up again.