

MEMORANDUM OF UNDERSTANDING

WHEREAS, RSA 485-A:45-54 authorizes the New Hampshire Department of Environmental Services (DES) to acquire, plan, construct, and operate sewage disposal facilities to service several communities collectively known as the Winnepesaukee River Basin Program (WRBP);

WHEREAS, the WRBP serves the sewer users located in portions of the municipalities of Belmont, Center Harbor, Franklin, Gilford, Laconia, Meredith, Moultonborough, Northfield, Sanbornton, Tilton and the State-owned Lakes Region Facility, which is currently managed by the New Hampshire Department of Administrative Services (DAS), and these users are variously represented by the signatories of the Memorandum of Understanding (MOU), including the DAS, Bay District Sewer Commission, Belmont Board of Selectmen, Franklin City Council, Gilford Board of Selectmen, Laconia City Council, Meredith Board of Selectmen, Northfield Sewer District, Sanbornton Board of Selectmen, and Tilton Sewer Commission, and which are collectively referred to as the Member Communities in this agreement;

WHEREAS, the cost of operating and administering the Winnepesaukee River Basin Program is borne entirely by the Member Communities;

WHEREAS, RSA 485-A:52 establishes an Advisory Board, referred to herein as the Advisory Board or the Board, for the purposes of reviewing (a) matters of mutual concern to the Member Communities and DES; and (b) the WRBP annual operating budget;

WHEREAS, while it is recognized that the DES has effectively operated these facilities for the benefit of these communities since the inception of the WRBP over 30 years ago, the Member Communities have become increasingly concerned about costs to maintain and operate the Winnepesaukee River Basin Program sewage facilities, particularly the projected costs to communities to fund capital improvements to replace and upgrade the aging WRBP wastewater facilities infrastructure; and

WHEREAS, the Member Communities and DES share the goal to continue to ensure and improve the efficiency and cost effectiveness of the operation of the Winnepesaukee River Basin Program;

NOW, THEREFORE, incorporating the whereas clauses above and in the interests of continuing to improve WRBP operations, under the applicable statutes and regulations related thereto, the undersigned parties hereby agree as follows:

- 1 For all requests for contracts to plan, design or construct capital improvements that require approval by the Governor and Executive Council, DES agrees to include a letter from the Advisory Board Chair documenting the consensus and recommendations of the Advisory Board. DES will include this letter as part of the approval request package submitted by DES to Governor and Executive Council for approval of contracts for these purposes.
- 2 Under RSA 485-A:52, DES is required to submit an annual budget to the Advisory Board by DES for review and comment at least 60 days prior to the beginning of every new state fiscal year. Henceforth, DES will also provide its proposed biennial budget for the WRBP

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to the Board for review and comment every two years during the fall when DES is in the process of finalizing recommendations for the Governor's biennial budget.

- 3 By March 31, 2012, DES and the Advisory Board shall establish formal procedures for the review, prioritization and concurrence by DES and the Board of capital improvement projects. It is recognized that this work is well underway through the efforts of the Capital Improvement Program (CIP) Subcommittee of the Advisory Board, which includes members from DES and the Board, and routinely reports to the full Board.
- 4 By March 31, 2012, DES and the CIP Subcommittee shall have completed a review of the available information and studies concerning long term capital investment plans and will have outlined a scope of work for additional studies determined to be necessary. The results of this effort will be submitted to the Advisory Board and DES for future consideration.
- 5 By June 30, 2012, the Advisory Board shall adopt procedures, and incorporate these procedures into bylaws or equivalent, to establish a more formal structure for the Board to fulfill its advisory role to DES. The purpose will be to ensure that the Board has mechanisms in place to more formally and clearly provide the recommendations of the communities on WRPB operations to DES concerning budgets, operations and capital investments.
- 6 If deemed necessary by the Advisory Board after completion of the work described in Items 3 and 4, DES and the Board will solicit proposals for an engineering firm to develop a revised capital improvements plan that complements the existing information. The engineering firm will be selected by a selection team comprised of DES staff and an Advisory Board subcommittee subject to concurrence by the Advisory Board. Funding for this endeavor, if necessary, will be paid by DES using the special fund established by RSA 485-A:50, VI. The target completion date will be determined by the Advisory Board. DES and the Advisory Board would subsequently work cooperatively to implement agreed upon recommendations.
- 7 DES and the Advisory Board recognize that the existing methodology for cost allocation to the communities is outdated and requires revision based on more current information and data on wastewater flow and quality. DES and the Advisory Board shall work cooperatively toward the goal of developing revisions to the cost allocation formula for implementation for state fiscal year 2016, which begins on July 1, 2015. To accomplish this goal:
 - 7.1 DES has developed a plan for proposed flow metering locations where meters need to be installed or upgraded to ensure representative flow metering and will seek Board consensus regarding the plan in December 2011. This plan will be incorporated into the final design of the metering program
 - 7.2 By September 30, 2012, DES and the CIP Subcommittee will provide the Board, in draft form, alternatives for an updated assessment formula that takes into account information on "the volume and strength of the industrial, domestic, commercial, and all other waste discharges treated or the estimated volume and strength of the industrial, domestic, commercial and all other waste

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discharges" (see RSA 485-A:50).

- 7.3 DES and the Advisory Board shall work cooperatively toward the goal of completing the installation of new meters and/or upgrade of existing meters at selected flow metering locations and initiating flow metering data collection by October 31, 2012.
 - 7.4 By December 31, 2012, (or alternate date as determined by the Advisory Board), the Advisory Board will reach consensus on an updated assessment formula, including an implementation schedule for adoption of revised assessments, duration of the flow measurement period to be utilized to develop community rates, and the timeframe for future reviews and reassessments.
 - 7.5 For a period of time determined by the Advisory Board following installation of the flow meters, DES will submit quarterly reports to the Board, at least two weeks in advance of the meeting, on the progress of the flow metering study, to include flow metering results.
 - 7.6 By December 31, 2014, (or alternate date as determined by the DES and Advisory Board following installation of the flow meters), DES shall complete the initial flow metering data collection for the communities. (Note: Based on recent Advisory Board discussions, DES assumes that at least 1½ to 2 years of data will be required to establish "representative" flows for each community that will satisfy Member Community needs.)
 - 7.7 By June 30, 2015, DES will present the final analysis of the flow metering data to the Board for review, comment, and concurrence.
 - 7.8 DES will implement the new allocation formula for quarterly billing purposes based upon the approved plan developed in Item 7.4 above in accordance with RSA 485-A:50.
- 8 By April 30, 2012, and as necessary thereafter, DES, DAS and the Advisory Board agree to meet to provide the Member Communities with an understanding of state administrative costs as applied to state agencies such as the WRBP and discuss the feasibility of alternative approaches.
 - 9 By March 31, 2012, and as necessary thereafter, DES and representatives from the Member Communities shall meet to work cooperatively to evaluate possible alternatives to amend the authorizing statutes for the WRBP, RSA 485- A:45-54.
 - 10 By December 31, 2012, DES shall complete an ownership inventory study for the purposes of determining which existing properties, facilities or components of the Winnepesaukee River Basin Program are clearly owned by the State of New Hampshire and which properties, facilities or components have indeterminate ownership. DES and the Board will then develop a systematic approach to clarify the ownership of properties, facilities or components that are indeterminate.

- 11 If deemed necessary by the Advisory Board, by June 30, 2013, DES and the Advisory Board will have a study completed by an independent engineering firm on WRPB management, operations, regulatory compliance and maintenance procedures. This study will be designed to provide recommendations on potential cost savings measures. In addition to the evaluation of existing operations, this study will include evaluation of the advantages, disadvantages, costs and potential cost savings of (a) creating an independent sewer authority to own, operate or manage the WRBP under the sole authority of the communities and separate from the State of New Hampshire; and (b) privatizing operations of the WRBP facilities that are owned by the State of New Hampshire. Funding for this endeavor, if necessary, will be paid by the DES WRBP using the special fund established by RSA 485-A:50, VI. Selection of the engineering firm will be by a team comprised of DES staff and an Advisory Board subcommittee (if desired by the Board), subject to approval by the full Board. After study completion, DES and the Advisory Board will then work cooperatively to implement agreed-upon recommendations in a systematic fashion.
- 12 DES will continue to promptly comply with all reasonable requests from the Advisory Board members for financial reports and other data. The Board members agree that, in general, these requests are most efficiently and appropriately made by the full Board and not by individual members. DES will continue to provide the Advisory Board with a summary of the status of all on-going capital projects at the Board's regularly scheduled quarterly meetings.

The parties acknowledge that the dates set forth in this MOU may change by mutual agreement of DES and the Advisory Board.

Nothing in this MOU is to be construed as a waiver of sovereign immunity, such immunity being hereby specifically reserved.

In witness whereof, this memorandum of understanding is hereby approved as noted below:

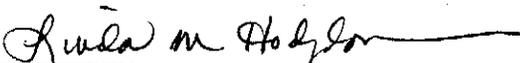
For the New Hampshire Department of Environmental Services:


Thomas Burack, Commissioner

Date: 2/9/2012

By the Member Communities:

For the New Hampshire Department of Administrative Services:


Linda M. Hodgdon, Commissioner

Date: 4/13/12

Winnepesaukee River Basin Program Memorandum of Understanding (continued)

For the Bay District Sewer Commission (representing users in Center Harbor and Moultonborough):

Neil A. Cowan
Neil Cowan, Chairman

Date: 4/17/2012

Duly authorized by vote of the Bay District Sewer Commission on the 5th day of March, 2012.

For the Town of Belmont:

Kyrene Beaudin
K. Jeanne Beaudin, Town Administrator

Date: 3/12/12

Duly authorized by vote of the Belmont Board of Selectmen on the 6th day of March, 2012.

For the City of Franklin:

Elizabeth Dragon
Elizabeth Dragon, City Manager

Date: 2/27/12

Duly authorized by vote of the Franklin City Council on the 4th day of April, ~~2012~~ 2011.

For the Town of Gilford:

Scott J. Dunn
Scott J. Dunn, Town Administrator

Date: 3/20/12

Duly authorized by vote of the Gilford Board of Selectmen on the 14th day of MARCH, 2012.

For the City of Laconia:

Scott Myers
Scott Myers, City Manager

Date: 3-15-12

Duly authorized by vote of the Laconia City Council on the 12th day of MARCH, 2012.

Winnepesaukee River Basin Program Memorandum of Understanding (continued)

For the Town of Meredith:

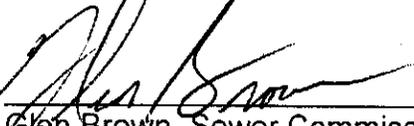


Phillip L. Warren, Jr., Town Manager

Duly authorized by vote of the Meredith Board of Selectmen on the 5th day of March, 2012.

Date: 3-20-2012

For the Northfield Sewer District:

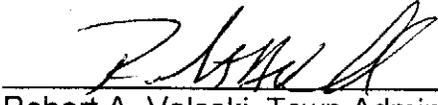


Glen Brown, Sewer Commissioner

Duly authorized by vote of the Northfield Sewer District Commission on the 22 day of March, 2012.

Date: 3/30/12

For the Town of Sanbornton:



Robert A. Veloski, Town Administrator,

Duly authorized by vote of the Sanbornton Board of Selectmen on the 2nd day of November, 2012.

Date: 3/15/12

For the Tilton Sewer Commission:



Peter Fogg, Chairman

Duly authorized by vote of the Tilton Sewer Commission on the 20th day of MARCH, 2012

Date: 03-29-12