

Sewage Treatment Plant Phosphorous Project Funding

The Newport Board of Selectmen has put the Federal Government EPA ordered Sewage Treatment Plant phosphorous project on this year's Town Meeting warrant because they have no other option but to do so. The Town's legal counsel agrees we must comply or be faced with the very real possibility of fines that could be as much as \$25,000.00 per day. If these fines are imposed, they will not be levied exclusively upon the users of the sewer system but will be levied upon the Town as a whole. This means that the entire Town will be responsible to pay the fines through property taxes. The bond article must pass for this reason. Defeat would only cost us additional delays and money for fines due to non-compliance and we would still have to build the project. Delay would also jeopardize our efforts to receive up to a 75% grant from the Rural Development Administration.

At recent Board of Selectmen meetings the Selectmen have received comments from sewer system users and non-users as to the appropriateness of having the cost of the mandated upgrade paid for exclusively by the users or by some combination of users and non-users. The Selectmen understand that there are good and reasonable arguments to fund the cost of this upgrade by either of these methods. What is absolutely clear and not debatable is that the project has to be done regardless of how the Town decides to pay for it.

Even though the project must be finished by the fall of 2012, the repayment of the bond debt will not start until 2014. The studying and engineering is being done now and must be kept on schedule so we don't run afoul of the EPA order. The project has milestones and phases that have to be met in order to be completed on schedule.

One of the advantages of having this extended timeframe before repayment starts is that the community can have a serious discussion about how the bond debt should be repaid. This is the reason the Board of Selectmen have not at this time put forth a specific recommendation on how the repayment should be structured.

The Selectmen decided to put a question on this year's warrant to gain community feedback on how to proceed. They would like to have at least a year to study the issue and hold public hearings to take comments from citizens and business owners. There are some excellent arguments on both sides of this issue and to do justice to the question a community discussion is warranted.

The Selectmen believe that any discussion of how repayment should be made must include detailed analysis of how user volumes affect costs on individual households and businesses. There is wide variation in volumes of water consumed by system customers which will have impacts on the amounts paid. There are also differences in property values between households and commercial/manufacturing parcels which also could lead to inequitable allocation of costs. The Rural Development grant we receive will

drastically reduce the user rate or property tax impact we see from this mandated project. **It is vitally important that we don't delay this bond approval.** If the bond fails it will jeopardize the Town's ability to get the best terms on interest rates and get the highest percentage of our cost covered. Additionally, bond failure also places us in the position of being fined by the EPA. The EPA has fined other communities for non-compliance.

The Board of Selectmen needs your help in deciding this issue; we must pass the bond article and we must collectively decide the best method of equitably distributing the repayment cost.

Daniel P. O'Neill

Town Manager
Newport, NH