

## **PUBLIC HEARING**

A Public Hearing was conducted by the Pennichuck Water Special Committee on Wednesday, March 3, 2004 at 7:01 p.m. in the Aldermanic Chamber

Alderman Brian S. McCarthy presided

Members of the Committee present: Alderman-at-Large David W. Deane  
Alderman David D. Lozeau  
Alderman Robert G. Shaw, Jr.

Members not in Attendance: Alderman-at-Large Steven A. Bolton

Also in Attendance: Alderman Lori Cardin

Alderman Kathryn D. Vitale

Alderman-at-Large Paula I. Johnson

Alderman Marc W. Plamondon

Alderman-at-Large James R. Tollner (@ 7:23 p.m.)

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**R-04-12**

**ADOPTING THE PROPOSED AGREEMENT AND CHARTER OF A**

**REGIONAL WATER DISTRICT**

Chairman McCarthy

I will ask for testimony in favor or against the water district charter. I would ask you to come forward to the microphone, state your name and address, and give your testimony. Please restrict your testimony to the wording of the Charter and whether or not we should take action on the Charter.

TESTIMONY IN FAVOR

Laura Kane, 7 Silver Drive

I am speaking in favor, but with some reservations. Reservation number 1 – I sat through all those meetings and when a conflict is a conflict it is a conflict. I still feel that the person in charge of the committee has a conflict. To me the Charter has never addressed whether or not you had a direct or indirect relationship with Pennichuck, and I think if you have a dual – what did we call that a dual – we talked about it one night a dual – that you have to speak to two different bosses so she is a Selectman for Amherst and that is one of her hats I guess you would say and the other hat is that she works for Stabile. To me that is a conflict because you would still – if it was up to me I would still be talking to my paycheck. I would be making sure I still had a paycheck. To me that is still a conflict. It has never been addressed. People bring it up and then it sho, sho, sho, and then it goes away. To me that is still a conflict.

Reservation number 2 – when I bought my first car I didn't know that I needed to go have it checked by a mechanic – okay – a live and learn situation you know you put it under your hat and now you know. My second car I had checked out. What I don't know for sure with this company is what is the physical condition of every single thing we are going to buy and when was it last maintained. What I am afraid of is we are going to get stuck with something that has not been maintained in so long that it is going to take us twice as much as the price to get it back up to something that we can use. If the sewers in the downtown area are any indication that really tells me something.

The third issue I have is that I am just not sure that we have assessed how much this is really going to cost us, and many of us have asked what does the bottom line look like. I see little pieces of this – we have to pay \$300,000 for this and \$200,000 for that and \$500,000 for that, but what is the total and what will that do to our tax rate and our water rate? None of us are hearing that we are just hearing about pieces and then we hear about this piece and then we hear about that piece, which just seems like a money pit from hell. You know it is not like I don't want to do it. I just have some reservations to things that get you a little worried about it. If you could just kind of calm people's fears about that then maybe we would go along if we knew a little more. I am just bringing that stuff up. Thank you very much.

TESTIMONY IN OPPOSITION

Bradley Whitney, 38 Fifield Street

I understand this is speaking regarding the Pennichuck acquisition is that correct?

Chairman McCarthy

It is about the Charter of the Regional Water District not about the acquisition perse.

Bradley Whitney

Well how do I explain my feelings over the whole project? I think I can do it. My concern is regarding – this all has to do with the purchase of Pennichuck – you want to have a Charter to explore the feasibility is that correct?

Chairman McCarthy

No the Charter is to form an inter-municipal agreement under the terms of RSA:53A, which would be a municipal water district consisting of several towns and perhaps the city.

Bradley Whitney

Well I have a short statement I would like to read – that I have had a lot of experience in business and I feel this way – without question private enterprise is more efficient than government in running most everything. If the city plans to hire an outside management company to run their water system keep in mind that management will be spending somebody else's money. The city will also be pressured by voters to put pressure on management companies not to make necessary expenditures that could raise water rates. Even though an outside company may manage it there would be a lot of pressure on local politics to put pressure on management I feel. My college professor told us when I was in college that partnerships are poison – partners are poison – so why do you want to take on partners? I think it is because the city is in deep debt and from non-essential spending and now the city wants to bring in partners to help buy something they can't afford by themselves. If the city is so fixed on owning a water company why should t city want to share ownership with neighboring, undeveloped towns who

will expand evermore. The city should do it themselves and sell water to them – of course the reason for bringing people is they can't afford to do it alone so they will crawl in bed and become beholden to thousands of outside residents who don't live in Nashua calling shots. I think it is a bad move.

Nashua ratepayers won't be sharing profits they will be sharing loses in my estimation. If you want more control the city can declare a buffer area where certain homes are that are built too close to the water that is a problem and take them by eminent domain for a natural hiking path or just allow the trees to grow up and move the buildings or whatever, but you could control the land yourself. The State controls the utilities and I think it would be easy to declare a minimum safety water level for Nashua's needs so that below which other factors will kick in – you know the Colorado River water level is controlled by government. The same thing could be done with the level of Pennichuck water so that the city is well protected and nobody would drain out the water that protects us.

Pennichuck is a well run company and companies always watch their inventory supply for the short and long term. I will say also that I do hold some stock in Pennichuck. You are not preparing for less than – at least I don't know, maybe you are, but you should be preparing for less taxpayer income to support government spending. In just 10 years Wal-Mart is New Hampshire's biggest employer. The reason is that their costs are less. Their prices are less. People think nothing of driving to Wal-Mart to save \$10. Why should they complain if their employer goes to China, India, and South Korea to cut payroll costs? What I am saying is that in the next 10 years we are all going to experience the effects of outsourcing to cut costs. You cannot stop a trend whose time has come. Outsourcing is a trend that will not be stopped by anyone.

Business is war. Competition dictates policy. Once your competitor outsources then you have to outsource or you can't compete. That is why I am afraid that if you spend money you have to plan on spending it on tomorrow's income not on today's affluence or what used to be affluence. There will be a lot of pain until the global economy we are in until there is a level wage playing field. There will be a lot of pain and suffered by Americans. I will leave you with some articles – these are only a token number of articles that I have just collected, but I have been collecting articles. I would have had you do more things, but I met the Mayor at the bank and I gave him information. Here is 1 – China's price for market entry – they want their technology – here is an outsourcing right on the page here and there is another one here – I will pass these out. Also I have a little article that I want to give to you that has to do with your understanding of why it is important to conserve and pull back. I had to compete with the chain drug stores. I saw them coming across the country just like outsourcing is starting now. I knew I had 20 years. When they came I had to drastically change the way I operated my business because I was operating with less money. They didn't have delivery service, they didn't have charge services so their costs were less and their prices were less so I had to turn around and offset that or they were taking business. I had to adjust, get rid of delivery, cut costs, and then I had the State of New Hampshire cut us \$1.15 a prescription, I had Blue Cross cut us \$1.85 – one year \$70,000 cut right off the bottom line. I had to let pharmacists go. I had to run it and I ran it profitably and

sold a profitable business, but it was hard to make those hard decisions.

My deep concern is that here we are you can see what happened to Wal-Mart because they have lower prices. These companies are going to courses – how to outsource. It will be big and it will be bigger and I alert you to be prepared so that what you spend today will be paid with less dollars in the future. I thank you very much for your time.

Donald Johnson, 5 Snow Circle

As currently worded I am opposed to the Charter. I believe the vote that was taken a year or so ago the issue that was on the ballot was passed by approximately a 3/1 margin relative to action by the City of Nashua absent outside towns. Just as a ratepayer it would seem to me the more people paying for something the less the cost is for everybody so whether or not it is a good idea to get them in and participate is a separate issue.

My concern with the Charter as written is we only have 1 vote and we have over 20,000 hookups. Way more than any other town that I know of. It seems to me that we should have a proportionate membership on any Charter relative to the number of hookups. As currently written I am opposed to the Charter. Thank you very much.

Mike Lowe, 6 Sheffield Road

As written I am opposed. There is no Preamble, which sets up the Charter Commission. You need a Preamble. There are no Rules of Order; critical and surplus are not defined. Nashua is not sufficiently represented. CEO rules – he is an employee and should not be voting. The way it is set up he is really and executive director and permit share – he sets the rules and controls the meetings the way it is now set up. There is no vice-chair. Please and thank you.

Paul Garant, 8 New Castle Drive

Mr. Chairman and members of the Pennichuck Special Committee and members of the Board of Aldermen tonight than you for providing the citizens of Nashua the opportunity to meet with you this evening and for the opportunity to share our thoughts on this matter. As I said last night a little more than one year ago the citizens of Nashua went to the polls and by a wide majority of 77% of the votes, the voters gave the Board of Aldermen and the City the mandate to acquire the Pennichuck Water Company.

The adoption of this Charter will signal the completion of a key component in the process to acquire Pennichuck and place it under local control. As is often the case when a multitude of parties meet to agree to a plan of action none of the parties involved leave the table with everything they wanted. This is a direct result of the negotiation process. Often one party gives a little to get a lot. What makes this work is that a small concession for one party may mean a larger victory for the group. This is compounded when one party is an 800-pound gorilla and the others are more like small rodents who scurry around to avoid being in the footpath of that gorilla.

Yes we have 73% of the connections served by Pennichuck. Yes we have 4,300 times the connections of the smallest community and nearly 15 times the connections of the next largest community served by Pennichuck. But our neighbor communities believe that the acquisition of the Pennichuck Water Company is so important to the future of the region that they are willing to concede to Nashua the absolute authority to set rates and approve capital improvement plans.

Yes this Charter does not guarantee that Nashua will always have the majority vote in all other actions taken by the District's Board of Directors, but this Charter does guarantee that Nashua will always have the majority and deciding vote on the two most important actions that board will take.

Under the scheme contained in the Charter, Nashua will be able to approve or defeat water rates proposed by the District and Nashua will also be able to approve or defeat all of the District's capital improvements Plans. To ensure that Nashua controls the water rates and the capital improvements plan we may concede our majority position, with respect to customer base, to sit as equals with our neighbors in deciding the resource plan and other actions of that Board of Directors will vote on.

Our neighbors believe that it is important to secure local control of the water resource and supply that they are willing to concede majority control to Nashua on rates and capital improvements. This vote should not be about absolute power but about ensuring that both the citizens of Nashua and the region have the opportunity to protect this vital resource. Make no mistake about it; it is not if but when Pennichuck will be sold.

We are all familiar with this bottle of water than comes from our neighbor the green State of Maine. The management of that company does not rest in Maine. It does not rest in any other country in the United States. The management of this company is responsible to a Swiss multi-national food and agricultural conglomerate called the Nestle Co. Do we want our resource to rest in the hands of an out-of-state corporation or worse yet a multi-national corporation with headquarters in some foreign country - a corporate entity interested in the bottom line and sustaining an ever-increasing dividend stream to its shareholders?

This vote is not about power it is about the future. It is a vote that requires you to step out of you role as local politicians and assume a greater mantel, to become statesmen for the good of the region. It is a vote that requires you to become visionaries. The voters of Nashua gave you a clear mandate. I urge you not to make the same mistake this August body made in 1897 when it failed to acquire this resource. I urge you to resolve minor issues that may remain to be resolved and approve the Pennichuck District Regional Water Charter. Thank you.

Alan Fuller, 93 Taylor Street

I am in favor of buying the water company and the voters voted 78% to do that. As the Charter reads right now I a, not in favor of signing that Charter. I think the city should move forward with

eminent domain as a city not as a region and buy the company, float some bonds, make the city whole for all the expenditures the city has put up so far to do this purchase, get that money back into the tax base, then work out the details with the region and go with a regional authority if that is what we want to do, but right now I think you should move with haste on the eminent domain. I think if you sign the Charter as it reads right now you are making a very serious mistake. Nashua represents better than 73% of the ratepayers, the total dollars coming in, and as that Charter is set up right now we will be funding a lot of the towns for a lot of the projects that they would like to do. I know that is not how you think it will be, but I have watched and I have gone to a number of the Charter Committee meetings, and I have watched Nashua get voted down again and again. Now sure they have the vote by customer on a few points, but there are other ways to word amendments and word things, and in all those situations that aren't detailed in that Charter it is a vote by member. In those situations it is 1 vote versus 16. All you need is a majority or even if it is 2/3 it doesn't matter.

The towns – most of the towns are not users of the water. The selectmen are going to look at the water company as a way of funding some of the little projects inside their towns. They will have no stake in it because they are on wells. Even Amherst only has 10% of the customers using Pennichuck Water and they didn't really care what they did to bond terrain and what was going to happen to the drinking water for the village and for Amherst. They will look at this as an opportunity to collect special projects that will fall under regional water company. As I say the citizens voted 78% to buy the company. I think we should buy it. Use eminent domain. Move forward and let's stop wasting time – get those bonds out, get that money back into the tax base – you have spent a lot of money already and will spend some more – get that money back into the tax base – you are going to need that money as this year goes on. I think that will solve some of your financial problems, it will make the citizens whole because you have already spent \$300,000 whatever the number is. Once the City of Nashua owns it then you can work out the details for regionalization. Thanks very much.

Barbara Pressly, 11 Orchard Avenue

I hold a similar position to the previous speaker. I am 100% supportive of your purchasing the water company. I think you have a mandate – it is rather unusual for you as political people to know that this one issue all of your constituents have already voted on it. It is not like other things that you are not sure how the people feel. This is pretty clear – they want you to buy it, it will probably cost a lot of money up front over the next 2-4 years to make that happen, but I think most of us feel that it is worth it in the long run that we as a people own, manage, and operate our own drinking water supply. I have some difficulties with the Charter as it is before you. I have some difficulty with the timing. If any of you have ever worked on a Charter Committee it is a very long and tedious effort. It takes time to think about it. It takes time to figure out exactly how it will work today, tomorrow, 5 years from tomorrow, and with a Charter it lasts forever and ever. It is not something that can be easily changed so what you agree to you will probably be stuck with and your grandchildren will be stuck with it too. I think it is absolutely imperative that you since most of you are seeing it for the first time that you take the time to understand it and to me assured that the citizens of Nashua are protected.

I played an initial role in support of the regional effort, and I think that probably is where it ultimately needs to be, but what you have before you is nothing that those of us who started this project envisioned. In fact in many ways it is just the opposite. The way this is structured this is a political entity. If you will notice that all the people on the Charter committee were the political people of the towns. When they were here the other night they even referenced – I think it was Alderman Deane asked the question gee have you spoke with your townspeople about this and they said no our townspeople really don't care that much. What you have before you is a reflection of what those towns wants for their towns. They don't have a lot of ratepayers in their towns so what you will get if those goes through in the condition that it is in, you will have 1 person from Nashua and you will have, let's say initially 10 towns join – 23 are now eligible – in 10 years you may have 25 – they can appoint anybody they want to. If it is any reflection as to who is on the Charter Committee it will be an elected official, it could be their public works director – you will have the decisions in our community made by the political people from the towns. They are not going to be everyday citizens like hopefully we will have, but it will be their political leaders. They are not going to represent the few ratepayers that they have they will be representing what that town wants not what is good for the water company.

Think about this what would a town want? Think about that. How could a water company serve a small town fairly far from here? The answer that I think is most obvious is development and profit. We all know that any future development where the water goes is where the development is going to go. You will have all of these townspeople pushing for the water pipes to come to their area because they need the revenue of the development. It may not be in our ratepayer's best interest to have that. We might need something different.

It sounds really great that they are going to be able to make the big-ticket decisions, and I wish after all these years that I have worked on this I wish I could tell you what all the other issues are, but I don't know. I don't know that anybody knows, but I have to believe that in the next 100 years there are going to be a lot of other issues that the City of Nashua will not have any control over, and I think before you agree to anything like this I suggest that you just find out what those other issues are.

I have tried to listen to your discussion and I think you all have brought up a lot of really good points; one of course is the representation. As you know that can be determined by 1 per 5,000 ratepayers, 1 per 3, 1 per 2 whatever you think would be appropriate, but I think it is important that you have that formula into the Charter. It doesn't do much good to have 5-9 representatives that sit out in the hallway or like here those of you who get to vote sit around the table and have all of Nashua's representatives sitting in the gallery like the rest of us do. You must have our representatives at the table, they must be educating themselves about the water company – they are the ones that need to know the details and the ins and outs.

If you mentioned this I apologize, but I haven't heard any discussion on some guidelines as to who can serve. I know the latest thing now you have another piece of legislation before you as

to how Nashua will select theirs. There are some good guidelines in that. Those were guidelines that were in the original Charter proposal and that was a couple of logical things; your candidate cannot be an elected official, your candidate cannot be a municipal employee, and guess what your candidate cannot be related or directly involved with the water company itself. Those are really important and logical restrictions and guidelines as to a person's eligibility to serve. Why don't you make that across the board? Why don't you require the towns to also abide by that? They should also have the same standards that the city is thinking now of imposing upon itself. Maybe you have discussed this, but I did not hear it in your discussions. The guidelines that you are going to impose upon Nashua's delegates I believe should be imposed on everyone and that would eliminate a lot of the potential conflict of interest.

I do believe there are significant flaws, and I hope that you will take the time to look at them. I think that the Charter truly is a separate issue from the acquisition. I have become very, very frustrated when the issues get blurred and I think it is unfair to you, I think it is unfair to the citizens to start to say now oh boy we just have to accept this Charter, if we don't they will turn us down at the PUC. I think that is really an outrageous argument and I hope you will not listen to that. Number 1 I guess the question would be would you rather have a town opposing your purchase or would you rather have your own citizens opposing your purchase because there are many of us who want the purchase but not this Charter and so I would strongly recommend that you totally separate the two. You might even think about tabling this for a year. It will take you multiple years to acquire through eminent domain. You take the time to understand it. You might even want to consider your own committee. That might be really challenging and important for each of you to either yourself or to have a delegate from your own ward and your own areas to start to form our own Charter Committee. Certainly what the towns have done is hard work and I think we all appreciate the time they have put into it. It is a clear reflection of what they want and I think it is important for you to consider it, but I think it is also important for you to now take a deep breath and say it is time for Nashua and Nashua's citizens to form their own Charter committee and to consider what is before you now as one of many of the possible options. Thank you. I wish you the best of luck in your deliberations.

Al Sewell, 5 Lincoln Ave.

I want to again not to belabor the point, but I want to reiterate my initial intent of getting involved in the acquisition and still is frankly – I believe firmly that the city needs to do that and move forward. I do have some concerns and share some of the same concerns of the actual Charter, the way that was written, crafted, and designed. Quite frankly the timing – I feel as though we are under an enormous amount of pressure and boxed into a corner if we don't approve this and basically rubber stamp this we are in a position that it will be turned down by the PUC what have you. Nashua's interest is not protected within that Charter the current way that is written. It is not protected by members on the Charter Commission, it is not protected, the ratepayers are not protected. I am here not only frankly as a resident but as a shareholder of Pennichuck. People need to know that. It was overwhelmingly supported and voted 77% I don't think that 77% frankly voted with the idea and the concept of the way that Charter was written. Nashua has not been informed throughout that process. Granted it has taken far too long, but we have no one to

blame other than ourselves. I think and I want to urge you very strongly to give full consideration of looking at that Charter very, very carefully. Thank you.

### TESTIMONY IN FAVOR

None.

### TESTIMONY IN OPPOSITION

Professor Bill Bonance, 3 Eastwood Drive

I just want to express my support for the previous speakers and I think it is important that we separate the issue of the Charter from the acquisition of Pennichuck. The people have voted overwhelmingly to acquire Pennichuck, and I frankly was shocked the other day when I saw in the paper that it took a deciding vote to continue. It is clear for example in one of the really important illustrations of what happens to privatization is that the people don't get served – you take a look at the medical system that we have in the United States today and that is a typical problem of what happens. It is really important to go ahead and not let Pennichuck be privatized by a private company. I urge you to continue really fast. Thank you.

Chairman McCarthy

I want to clarify that the article in the Telegraph this morning did not actually accurately portray the motions that were made at last evening's meeting of the Budget Committee. There was in fact never a motion made to return a negative recommendation on the appropriation of the money there was a motion to hold the appropriation in committee, which failed, which is the one that was referred to in the article. The committee never entertained a motion to return a recommendation for indefinite postponement.

Is there anyone else who wishes to address the committee on R-04-12?

Alan Fuller, 93 Taylor Street

I am coming up for a second time and the only reason for doing that is I just wanted to let everybody know that I am a stockholder of Pennichuck also. I think the best way to protect the watershed is to buy it and I think the best way to buy it is having Nashua buy it alone right now. Thank you.

Barbara Pressly, 11 Orchard Avenue

I too have 1 stock. I am sorry I didn't bring it, but since that seems to be important – I have a beautiful – I am going to have it framed. I have my 1 share. Thank you.

Chairman McCarthy

Is there anyone else that wishes to address the committee regarding R-04-12?

The Public Hearing was declared closed at 7:40 p.m.

Alderman David W. Deane

Committee Clerk