

Town Article 6 – Source Water Capacity Improvement Project (DWSRF Loan)

This article allows \$1,000,000 to be raised by bonds or notes for preliminary and final design of water capacity improvements for the Town water system. The Town is still under an Administrative Order by NH Department of Environmental Services (“DES”), which requires the Town to address capacity deficiencies in the Town water system. This will help with the Corrective Action Plan the Town is currently under. (1)

If this article is approved, the BOS would be authorized to apply for a Drinking Water State Revolving Fund loan, which would include a low interest rate. Because the amount is \$1,000,000, a public hearing was required and held by the BOS. (2) There is no forgiveness on this loan, just the low interest available for this purpose. Town Manager Ken Robichaud indicated the Town sought and has preliminary approval through the pre-application process with DES this past year, and the interest rate was 2.88% on a 15-year loan. (3)(4)(5) The actual interest rate won’t be assigned unless and until the legislative body passes this article and the town submits a Final Application to DES. (4)(5)

The Town Manager indicated that the BOS could have the payment come out of water revenue and water fund balance, and that future tax impact would be in 2026 and beyond, which is not possible to calculate now. This loan would be for the preliminary and final design of improvements to the town wells and treatment plant, which could include additional capacity, redundancy, filtering, *etc.* The construction will need to be funded separately in the future. (5)

If this Warrant Article fails to pass, then the Town will need to reapply for funding in 2025. Pre-applications are due by 5/30/2025. The CAP would not be violated if this warrant article doesn’t pass, but it would cut out an entire year of work to meet the 11/30/2029 deadline established by NH DES. (6)

There is no tax impact for 2025. Because the article involves a bond, it requires a 3/5 ballot majority.

A YES Vote would permit the BOS to negotiate bond or note terms and spend up to \$1,000,000 for a preliminary and final design of source water capacity improvements for the town water system.

A NO Vote would not allow the BOS to borrow these funds, or spend funds on design of source water capacity improvements.

Reasons why some voters might vote yes:

- To apply for a DWSRF loan, which provides low interest, and spend these funds on this state-required design of water capacity improvements
- Funding for this project will help the Town comply with the Administrative Order and plan the required water supply capacity and treatment improvements
- To allow the BOS to negotiate a bond or note, and to determine the rate of interest

Reasons why some voters might vote no:

- Uncertainty or unfamiliarity with the NH-DES DWSRF loan funding process
- Unknown interest rates on a potential bond or note
- Would prefer that the work be paid for by some other method, such as capital reserves

References:

1. NH Dept. of Environmental Services, Revised and Amended Administrative Order No. 23-004 WD, 4/26/2024, Source Water Capacity Deficiency, see pp. 7-9, <https://tinyurl.com/4tfsat2k>
2. Public Hearing, BOS meeting, 01/22/2025, minutes p. 3, <https://tinyurl.com/2s3rdca3>, and RCTV at timestamp [4:18], <https://tinyurl.com/4wnhdsed>
3. BOS meeting, 12/16/2024, at timestamp [10:28], <https://tinyurl.com/yhba3umz>
4. How the DWSRF Works, EPA, <https://tinyurl.com/4caut7w9> and NH DES DWSRF, <https://tinyurl.com/4k2vntsx>, and Interest Rates for DWSRF effective 08/01/2024 are 0.96% (5yr. term), 1.92% (10yr. term), 2.88% (15yr. term), 3.072% (20yr. term), <https://tinyurl.com/yyu65taz>
5. Budget Committee meeting, 01/02/2025, at timestamp [24:35], <https://tinyurl.com/4x7dm4yh>
6. BOS Recommendations, 2025 Voter Information Guide, 02/05/2025, <https://tinyurl.com/4cp63hdd>