

January 26, 2015

Work Session

Mayor Grenier opened the Work Session at 6:30 p.m. in the Executive Council Chambers at City Hall. Present were: Mayor Grenier, Councilors Higbee, Theberge, Gentili, Otis and Rozek. Councilors Morgan Allain, Remillard and Nelson were absent. Others present included City Manager James Wheeler, Public Works Director Michael Perreault and Barbara Tetreault *Berlin Daily Sun*.

Proposed Investment Policy.

City Manager Wheeler explained the City is required, per our Auditors, once a year to have Council vote and approve the current Investment Policy. There are no changes to the policy.

Councilor Rozek moved with a second by Councilor Otis to accept/file the Investment Policy. So moved, the motion carried. Councilor Higbee did note that #10 needs to be modified to reflect today's date. So noted, the change will be made.

HUD Conciliation Agreement.

City Manager Wheeler informed Council that this was a final agreement between the US Dept of Housing and Urban Development Assistant Secretary of the Office of Fair Housing and Equal Opportunity and the City of Berlin case number 01-15-0017-8.

A complaint was filed on Oct 7, 2014 alleging that the City of Berlin unlawfully discriminated against females by amending and enforcing its Code of Ordinances, Chapter 8 Housing, Division 1, Section 8-176, Article III Disorderly Actions in Non-Owner Occupied Dwellings on 12/20/2010. The complaint alleged that the Ordinance was enacted to hold landlords responsible for their tenants and required landlords to evict tenants cited for three or more incidents of "disorderly behavior" or risk losing their rental license and/or be subject to fines. The definition of "disorderly behavior" in the Ordinances does not address any reference to "domestic violence incidents or disturbances that do not require that a mandatory arrest be made."

Paragraph 2 explains the City of Berlin's position and without any admission of wrongdoing, the City agrees to settle the claims by entering into the Conciliation Agreement that lists general provisions and relief in the public interest with items such as monitoring, reporting and training.

A copy of the signed Conciliation Agreement will be available for public review at the City Manager and City Clerk Offices and on the City of Berlin, City Council website: www.berlinnh.gov

Councilor Rozek asked what the cost of training would be. The City Manager replied that it would not be a substantial fee since we could use the Housing Authority's training program for free.

Councilor Higbee inquired if we would be allowed to video tape the training session to use over again. According to the City Manager, we would be allowed to do so.

Councilor Rozek wanted to know what would happen if the Police Department wanted to add to the policy or make a change. The City Manager confirmed in order to add anything, they would need to amend the policy but the next time run it by HUD for their review before making any changes.

On a motion by Councilor Rozek with a second by Councilor Higbee, the Conciliation Agreement was accepted, as proposed, with all votes in the affirmative.

Proposed Bid Award for Sewer Jet Vacuum Truck.

Mike Perreault, Public Works Director, presented new and used bid results from three companies. His recommendation is to go with the low bid of \$289,364 from New England Municipal Equipment Co., Inc. He took the time to contact owners of vac sewer trucks and all had positive comments on the VAC.CON sewer-jet units. He and a supervisor made a site visit to St. Johnsbury, Vermont that has a similar truck setup like the one he recommends and they spoke highly about the performance, reliability and service of the VAC.CON. It is an employee owned business that works to lower cost and improve their equipment which is good business philosophy.

Councilor Rozek asked the chassis size of the proposed vehicle. Mr. Perreault replied it is an International. They can use parts and service is good according to the input from the mechanic.

Councilor Theberge inquired why purchase instead of leasing and how noisy is the unit. Mr. Perreault has money set aside for the purchase and the vehicle would come with a full one year warranty depending on the components. These units are very loud.

Councilor Rozek challenged why a used vehicle is more than new one? On the bid results presented by Mr. Perreault, he only sees a lower bid for new rather than used which is unusual. Also, there is no year for the used vehicle on the report. He doesn't mind buying the assembly new but do we really need a new cab and chassis? He asked how many miles per year does this type of truck put on since there is so much idle time. Could we get by with a used cab and chassis for \$100,000 less and put this new assembly on it? A Liberty International used truck can be converted to anything you want and a 3-4 year old truck will go a million miles. He asked Mr. Perreault to just think about that option instead of spending \$289,000. A garbage truck is different because it is on the road all year long. This truck sits all winter long and is not like a usual truck.

Mr. Perreault agreed to call the president of the company to see what they have for used vehicles.

The City Manager reminded Council that the low bidder is not for a used piece of equipment but for brand new and he also found that unusual.

Councilor Rozek stressed that an International is the best deal for a truck. It is a bare bones good truck for this application. He does not question what Mr. Perreault has done but wonders if we could get by with a used cab and chassis that was five years old with about 100,000 miles on it and would cost us \$100,000 or less.

Mayor Grenier does not want to wait because of the problems we had on Cedar Street where the Water Works blew their own line and blew a sewer line and debris got into the sewer line. We thought we had it cleaned out but the equipment we had is not that good. We need something that works in conjunction with Water Works to ensure that we don't damage people's properties again.

A suggestion from Councilor Rozek was to call Liberty International in Manchester and see what it costs for used 7400's. The Mayor added if you only save \$20,000 - \$30,000 it is not worth it. Councilor Rozek agrees you need to save \$100,000 to make it worth it.

Mr. Perreault will start with a call to VAC.CON and then check the others.

Councilor Gentili asked what the life expectancy is of a truck like that. It is roughly 20 years.

If a company is found, Councilor Rozek would like to know what the assembly time is. Mr. Perreault explained they build the components first and assemble it onto the chassis last. They put out a truck a day or roughly 30 a month.

Councilor Rozek suggests that Mr. Perreault call VAC.CON to get the cost of a 2015 cab and chassis with zero miles and then call if they have access to a used cab and chassis 3-4 years old with limited miles on it with those costs. He'd be happier to find that out, due diligence, we need to do that before we buy.

Mayor Grenier asked Mr. Perreault to bring his new information back to Council next Monday.

Sewer User Financial Forecast.

City Manager Jim Wheeler presented Council with a spreadsheet that he has been working on for a while. With the Treatment Plant upgrades coming to an end and once it comes to an end we will incur a debt payment. This was his forecast through FY'20 for the proposed sewer rate.

Mr. Wheeler pointed out that former City Manager Pat MacQueen carried \$477,000 in his spreadsheet but that amount is really more. His number was right because it was based on a thirty year term which the rural development money was a thirty year term. There is a state statute that precludes you from extending the term beyond the first issue of money. If we have interim financing and we did on this project, the date which we begin using the interim financing, the clock begins to tick. The first interim financing on this project was seven years ago. The City tried to pin down what the Bureau of Prison's needs were so all this time went by before we started construction. Seven years gets lopped off a thirty year term and hence the annual payments went up. He talked with the Bond Counsel, the city attorney and NH DES and there is nothing we can do because it is state law. The logic behind it is we don't want debt payments to exceed the useful life of the assets you are buying. The useful life of the assets starts today. It did not start seven years ago but that is not the way the law is written. In time we might be able to do something if we keep projecting forward and he will look at the impact on the sewer rates. He talked to NH DES and they may have a refinancing method. We could go a couple of years before we consider that.

The second item is the long-term control plan work for I & I work and related work. There are large numbers and those come from the long term control plan drafted by Wright Pierce and has been sent to the EPA. We are now in the process of working though the document. These are the estimates of the work intended to do in the next five years. It is permit driven so some of that money could shift from one year to another. Those are going to contribute to have effect on the sewer rate.

Table five is largely other revenues that we subtract out of money we need to raise. The way to moderate or regulate sewer rate is with the undesignated fund balance. One thing that former City Manager MacQueen did was to build up the UFB knowing we had this debt to pay for and Council was part of that decision. We currently have over \$7 Million. On that line item in the years when costs increase he is using \$424,000 for FY'15 for a flat sewer rate with no increase this year; FY'16 \$800,000 UFB for a sewer rate of 8.23 for a 3% raise. He looked at what would get us an average 2% increase over the next five years. FY'17 \$800,000; FY'18 \$1.3 Million; FY'19 \$1.4 Million and just under a million in FY'20. That gives on average a 2% increase in the sewer rate. The total UFB through FY'20 is approximately \$5.7 Million for a respectable UFB left. In this forecast he has also increased the sewer operating budget by 2% each year to be conservative. He did the same to the sewer rate but it is not cast in stone. The other thing not in this table is the accumulation of UFB from year to year. There usually is something returned to the fund but the chart does not capture that. The City Manager wanted to give Council the financial picture which is a conservative reality of bigger debt payments and the long term control plan work. There is nothing we need to do but go through this year, next year and keep an eye on it and react accordingly.

Mayor Grenier stated that we are in no imminent danger but it is good to bring these issues to the table so everyone understands. Three to four years from now as we continue to make debt payments we may be able to refinance if the rates make sense. The price of money will go up.

The Mayor asked Jim if he could project revenue from the Burgess Bioplant for next year. The City Manager replied approximately \$160,000. There is an item above it which is the one-time fee from them in the sewer agreement they negotiated. The \$362,000 payment is broken up and spread over several years to offset the long term control plan work so it might not play out that way.

Mayor Grenier added that it is a benefit to the public by having the Federal Bureau of Prison and Burgess Biopower on board. He would like to keep the sewer rate flat as long as possible.

Jim pointed out that you can see in item #2 the increases from the Bureau of Prison projecting higher flows based on most recent flow info information from the Water Works. Residential flow is flat. BWV is not selling more water in the residential segment.

Councilor Higbee is curious why the sewer bills only reflect three quarters of use.

Jim related that historically, the Water Works had shallow water lines and to keep pipes from freezing in the winter they began a running water program. That said, the winter quarter was taken out of use for sewer billing so they only use the other three quarters of water consumption to come up with a sewer rate. Now that the Water Works has upgraded the pipes it would be a good project to look into changing the billing of all four quarters again without causing an up roar. We would need to see what transition we could go through to get that started.

Mike Perreault suggested rather than bill once a year, we could send sewer bills with Water Works quarterly bills.

Better yet, Mayor Grenier suggested a semi-annual sewer bill to go out with the tax bills.

Councilor Higbee thanked the City Manager for presenting a nice, easy to follow spreadsheet.

Other.

Councilor Rozek in thinking about the new garbage truck that we have issues with, it occurred to him that after 2012, they came up with the catalyst burn in the exhaust. With that in mind, he asked Mr. Perreault, when searching for a cab and chassis for the vac truck to predate that regen system. It would be beneficial to the guys using it.

Adjourn.

There being no further business in work session, Councilor Rozek moved with a second by Councilor Higbee to adjourn the work session. The meeting ended at approximately 7:16 p.m.

Respectfully Submitted,
Debra A. Patrick, CMC
City Clerk