Board of Public Works
Meeting Minutes

September 29, 2016

A regular meeting of the Board of Public Works was held on Thursday, September 29, 2016, at 3:00 p.m. in the Auditorium at City Hall, 3rd floor, 229 Main Street, Nashua, NH 03060.

Mayor Donchess called the meeting to order at 3:00 p.m. and called the roll.

Members Present:

Mayor Jim Donchess
Commissioner Paul G. Bergeron
Commissioner Tracy Pappas
Commissioner Kevin S. Moriarty
Commissioner Joel Ackerman

Also Present:

Ms. Lisa Fauteux, Director of Public Works
Alderman-at-Large David W. Deane
Mr. John L. Griffin, Chief Financial Officer
Mr. Jeffrey Lafleur, Superintendent of Solid Waste
Mr. Andrew Patrician, Division Operations Manager
Mr. Steve Dookran, City Engineer
Mr. Derek Danielson, Senior Financial Analyst
Ms. Carolyn O'Connor, Finance & Administration Manager

MOTION: Commissioner Pappas to approve the amended Agenda as presented.
SECONDED: Commissioner Ackerman
MOTION CARRIED: Unanimously

MOTION: Commissioner Pappas to approve the Minutes of the Board of Public Works Meeting of August 25, 2016.
SECONDED: Commissioner Ackerman
MOTION CARRIED: Unanimously

Public Comment

Mayor Donchess

I would like to mention that Alderman Deane is here from the Board of Aldermen and I don't know if Alderman Siegel is going to be able to make it.

Aldermanic Referrals

A. **MOTION: R-16-069**: Commissioner Pappas to approve the easement AUTHORIZING THE CITY OF NASHUA TO ENTER INTO A TEMPORARY SKATEPARK EASEMENT AGREEMENT FOR THE DAVID W. DEANE SKATEBOARD PARK
SECONDED: Commissioner Ackerman
MOTION CARRIED: Majority, Pappas - Nay

Parks & Recreation Department

A. **MOTION:** Commissioner Pappas to approve the contract for design build services for the relocation of the current skateboard park with Artisan Skateparks of Kitty Hawk, North Carolina for the sum of $550,000. Funding will be through Department: 177 Parks and Recreation; Fund: Trust; Activity: David Deane Skateboard Park.
SECONDED: Commissioner Ackerman

Discussion:

Commissioner Pappas

I have no problem with the skateboard park, the only reason I find myself having to vote no is that I really think that the developer who had promised that they would help fund the skateboard park didn't so it's more a matter of principle for me. I certainly wouldn't want to deprive the kids of a skateboard park but I am very disappointed that the developer didn't hold to their word.

Commissioner Bergeron

I am happy to see us passing this skateboard park and am happy with Artisan Skateparks doing the design. Who approves the design once they submit the 90% clearance?

Director Fauteux

Our committee will be looking at it and also our engineering department as well.

Commissioner Bergeron

Okay, so this already falls under the Board of Public Works?

Director Fauteux

Yes.

Alderman Deane

When we built the last park it was a design build. What happens is when they start building it that's when the artwork and the transitions and everything fall and flow into place. They are going to start with a basic design but then as they go they see how things work. I don't know about how we are going to handle the approval process of the design work. It's going to be an as built to as we go. You are not going to go down there and all of a sudden see something 70' out of the ground. It will be similar to what we did down on Bridge Street, we had a contractor come in and we had a basic design concept and then they worked from there with the flow of the park. As it's been stated publicly numerous times, you can go to Manchester for instance and see a facility that didn't have appropriate flow and what ended up happening to it. It doesn't work and it doesn't get used. The thing with Artisan and some of the other people is that they are skaters and they know how things work and when we did that park we worked with Eastern Border and the skaters because that's their forte. I've always had Brian Fisk and James Powers of Eastern Border and they have always done very well for us. I know that James will be with Andy Duck the entire time this facility is being built. There is a lot of chatter out in the skatepark world right now about this project. Everybody's talking about it.

Commissioner Bergeron

What do we think our timeline is to possibly submit the plan and start the construction?

Alderman Deane

We are trying to get a conference call with Andy tomorrow. He wants to come up in October sometime, probably the second week in October and look at the site and meet with myself, Lisa, Brian, James and whoever else wants to attend the meeting is welcome to attend. We are going to go over the site plan and lay out a scope. If the previous legislation that was brought in, R-16-069; and by the way that was endorsed I believe by the entire Board of Aldermen. We have until July 1st to get things done. They have the motivation. The reasoning with Renaissance and their start and our finish and by July 1st they are going to get in as soon as they can break ground but by doing this now we are going to get ourselves in on their schedule and a commitment and we will take it from there and hopefully by July 1st it will be complete. I was talking to Brian about the parking. When we built the other park we had a lot of problems with people using it before it was done and Brian told me what Artisan does is they won't put the tops on and they will keep parts of the structure undone until the end because you can't use it without these certain parts being completed. Just from a safety prospective. James and Brian will be working with the public works department with some in kind things. You know if they need a load of gravel or something like that. That's what we did when we built the original park. If we didn't have in kind contributions from the public works department that park would have never been built, between the welders and the truck drivers and the machine operators; they all played a major role. Andy Duck from Artisan has no issue with in kind contributions and things of that nature. He would rather see more placed concrete than spending money renting things that we already own which makes a lot of sense. He is working against the ending of construction season as well so he is out in the mid-west right now. He said he would try to get here in the second week of October.

Commissioner Ackerman

One of the questions that I have, through the Chair, to Alderman Deane, is there any cost associated with dismantling the existing skateboard park. Is that part of this whole appropriation?

Alderman Deane

No, it's not.

Commissioner Ackerman

So will we need to address that as a committee at some point down the road, is that correct?

Alderman Deane

I would imagine that if somebody wants that removed they could remove it themselves.

Mayor Donchess

I think the way that will work is that on a certain date the city will transfer the title to the parcel and it will be subject to the easement and the day that the easement is over then they own the park. The Renaissance project will take it down.

Commissioner Bergeron

I believe it's in the agreement that Renaissance is responsible for taking it down when we walk away from it. There's nothing there that we want.

Alderman Deane

No there isn't.

MOTION CARRIED: Unanimously

Solid Waste Department

A. **MOTION:** Commissioner Pappas to approve the hiring of Mr. Michael Burnham of Nashua, NH, to the position of Scale Operator, Solid Waste Department. Starting yearly salary for this position will be $37,776. Funding will be through: Department: 168 Solid Waste; Fund: Solid Waste; Account Classification: 51 Salaries & Wages.
SECONDED: Commissioner Ackerman
MOTION CARRIED: Unanimously

Engineering Department

A. **MOTION:** Commissioner Pappas to approve Change Order No. 1 for the 2016 Sewer Replacement Project to Park Construction Corporation of Fitzwilliam, NH in an amount of $419,325. Funding will be through: Department: 169 Wastewater; Fund: Wastewater; Activities: Sewer Rehab and Sewer Structures and Department: 160 – Admin/Engineering; Fund: Trust; Activity: Paving.
SECONDED: Commissioner Ackerman

Discussion:

Commissioner Bergeron

Obviously this is work that needs to be done. Is this part of the master plan or is this just correcting existing problems that have just been discovered. I seem to remember some problems on Gillis Street.

Director Fauteux

This is our annual sewer replacement contract that we are just asking for a change to.

Commissioner Bergeron

So this is just scheduled work?

Director Fauteux

Yes, that's correct.

MOTION CARRIED: Unanimously

Solid Waste Enterprise Fund Presentation

Mr. John L. Griffin, Chief Financial Officer/Comptroller

How this will work is Superintendent Lafleur will give an overview with regard to the operations, which as you know predominantly includes collection and disposal. There have been some discussions both here and at the Aldermanic meetings of the purpose of the enterprise fund for solid waste as well as any other options that we may have rolling it into the general fund and the benefits and trepidations that may occur.

Mr. Jeffrey Lafleur, Superintendent of Solid Waste

This is just a quick overview of our operations at the landfill. The solid waste department services 23,000 households; about 21,000 tons of municipal solid waste is collected every year through our collection vehicles.

We collect municipal solid waste, recycling, soft yard waste and oversized items which include any bulky items and metal. We collect trash from residences, from city buildings, including Nashua Fire Rescue, 18 schools, the police department, the Nashua Housing Authority and the DPW site. The Four Hills Landfill was opened in 1970 and only residential and commercial waste from inside of the Nashua area is accepted there. The phase 1 landfill is 15 acres and most of that available capacity is filled right now and an intermediate cover has been placed over there. The phase 2 landfill is 13 acres with a life expectancy of 15 years. The filling in that phase of the landfill began in 2009; there are approximately 51+ landfill gas section wells on both phase 1 and phase 2 and methane gas from the landfill is generating electricity with a third party company named EPE. There is 60,000 tons of municipal solid waste and asbestos are disposed of in the landfill every year. The solid waste department provides post-closure monitoring, maintenance and reporting for closed city landfills including Atherton Park, Lincoln Park, Old Nashua Landfill, Roussel-Gardner Park and Shady Lane Landfill which is where the New Searle's School and Kirkpatrick Park are. The recycling center costs $5.00 per a permit per year. The hours of operations are Monday through Friday from 8:00 a.m. to 4:00 p.m. and Saturday from 8:00 a.m. to 1:00 p.m. Acceptable materials at the recycling center are electronics, books, clothing, mercury devices, tires, auto batteries, waste, oil and anti-freeze, single-stream recycling; scrap metal and appliances, soft yard waste and brush and construction and demolishing debris. Also inside the office we take ink cartridges, cell phones, rechargeable batteries and fluorescent bulbs. Of course household trash is also delivered to the recycling center. The composting operation; we take in over 8,000 tons of soft yard waste per year. Soft yard waste is managed for six to twelve months prior to being used as compost. Lastly, the household hazardous waste collection, we host the National Regional Planning Commission's household hazardous waste collections at our DPW garage at the street department. Eleven communities participate in this cooperative venture and 65% of the waste is oil based paint. Approximately 35 tons of corrosive, flammable and toxic materials are removed from waste stream annually. With that I will turn it back over to Mr. Griffin.

Commissioner Pappas

For the construction and demolishing, do we keep that in the landfill or do we transfer it someplace else?

Superintendent Lafleur

We ship as much as possible out to recycle it but not all of it gets shipped but most of it does.

Commissioner Pappas

Just to clarify you did say that even though we do take tipping fees that it's only garbage from Nashua.

Superintendent Lafleur

Yes, from the commercial residents here.

Commissioner Pappas

Okay so that would be from stores and apartments.

Superintendent Lafleur

That's correct.

Mr. Griffin

I would like to also introduce two of my colleagues, Carolyn O'Connor who is the finance manager for the Department of Public Works; and the Rose Evans is our Senior Accounting Manager. To put some

perspective on the operations, it's a $6.8 million operation at the landfill and what we have traditionally done is offset the shortfall in revenues that are shown on this page with a general fund appropriation and as you can see, since 2010, the general fund appropriation has been as high as almost $4 million in 2010, and most recently $3.7 million. That's essentially the difference between the $6.8 million that I mentioned and the amount of revenue that's taken in by the landfill. With regard to the financial accounting I will start off with some basic information. We have been consistently reporting the landfill operations as an enterprise fund for several years. A couple of benefits there is the readers who are generally our bond holders, rating agencies and the governance individuals, they understand how this operation works and they understand the need for a general fund appropriation. In addition, the enterprise fund in this case is to report activity that you as a Board, the Board of Aldermen and the finance folks want to capture costs and revenues in a single area which helps understand the cost and allows the readers, whoever they may be to ask questions and make changes as appropriate. The activities that I mentioned do not have to be fully met with revenues, i.e. upcharge fees, etc. A revenue stream can be the appropriation for the general fund so that's important. Really it's an enterprise fund which sometimes people say is really not a real enterprise fund but it is an enterprise fund from an accounting perspective. Importantly on the last note, reporting the solid waste activities as an enterprise fund helps us keep the cost associated with the collection and the disposal to include debt service, purchase of vehicles, depreciation of the vehicles, personnel costs and other costs in one area that can be managed effectively. As we go through the presentation I will explain what happens if we either roll it all into the general fund or separate the collection from the disposal.

With regard to moving the solid waste activities into the general fund a few things need to happen. The general ledger, we have a new organizational structure to move the enterprise fund as simple as stated from the green pages into the white pages in the budget and set up a solid waste department such as park rec, streets, etc. Payroll, we'd have to change the funding because as you know we have a few things going on with regard to the allocation of payroll. We have direct charge personnel that operate either the landfill or the collection. In addition to that we have certain management positions that we have allocated a portion of their time to the solid waste function to include the director, the accounting manager, the finance manager and a few others that help the Department of Public Works operate with management and then the direct allocations. That goes on already. One of the thoughts that we had was to investigate whether it made sense to split the collections to include the trucks, the personnel, etc. to collect the curbside waste and to get those expenses in the general fund and keep the enterprise fund, meaning the landfill operations as an enterprise fund. Rose Evans and Derek Danielson who is an analyst in my department went through an exercise to allocate costs into the landfill so in addition to the allocations that we do for the general fund for the landfill we would now have the challenge of allocating costs; splitting up the costs between the collections and the landfill operations. Mr. Lafleur's time would have to be split between collections and the landfill. When we went through that exercise we ended up with about $4.3 million of the cost of the landfill which is about $1.3 million short of making it an enterprise fund where the revenues equal the expenses. What would happen is we could talk about the curbside pick-up; what we could do is create a tipping fee on the curbside pick-up waste, the tonnage and simply come up with a rate that we could charge to transfer money essentially from the general fund. It would be an expense on the general fund operations and collections but a compensating fee that could be put in the landfill. The last thing that we probably want to do is split it up and have a deficit in the landfill if we are going to go to the trouble of moving the collections into the general fund. The configuration would follow that the general ledger would have a new organizational structure. We'd have to change the payroll charge, methodologies and then the financials. We have to date, separated the assets and liabilities on the balance sheet of the landfill and enterprise fund so we'd have to move those into the general fund. If you reviewed the CAFR, the Comprehensive Annual Financial Report, what you find on a lot of pages is general fund, solid waste fund and wastewater. What would happen is that we would need to take the solid waste out if we moved it all to the general fund we would basically have to eliminate that column but in footnotes explain to the reader what is happening because they would be interested in that. As far as our recommendation, based on what we have discussed to date, our analysis, it probably makes a lot of sense to keep the accounting the same as it is today. I actually plan on…I have a memo drafted to the Mayor, the Board of Public Works and the Board of Aldermen because Alderman Deane requested that I put this in writing. I

wanted to wait before I sent that memo out to get some of your thoughts, ideas and concerns. That's where we are today.

Director Fauteux

The landfill and the recycling still would not be a true enterprise fund; I just wanted to make that point. Over the years all of the tipping fees have gone back into the general fund so there's been no money that's been set aside to do the expansions that we have coming up for the phase 3 and phase 4; both the design for the phase 4 and construction of phase 4 and the construction phase 3. There's no way that the limited tipping fees that we have would be able to pay for that. Typically you would set aside revenue over the years to pay for a future expansion and we haven't done that, it's gone back to the general fund.

Commissioner Pappas

Was 15 years left on the landfill? Are we thinking about how we might switch from a landfill to say a transfer station?

Director Fauteux

We have more than 15 years.

Superintendent Lafleur

That was 15 years for the phase 2, we still have phase 3 that I am going for a design for which will give us another 15 to 20 years. I am also permitting for phase 4 eventually.

Commissioner Pappas

I know how quickly time goes by. I mean you don't start saving for college when your kid is 16. I really hope that we think in terms of a long-term plan so that we are not really stuck last minute. One of the things that we had talked about how much money was left over and one of things that I would really like to see is say it's $60.00 for a recycling cart; for us to subsidize the same whether it's $10,000 or $20,000. We can put in $10,000 for first come first serve who can get a recycling cart for say $30.00. The other comments that I have gotten from commercial users is they really want to recycle. This person couldn't believe how much cardboard was in the back of Alec's Shoe Store that was going directly to the landfill because we don't separate for the commercial customers. If we start taking steps like that to help extend the life cycle of the landfill and if we don't I think we are going to get ourselves into a crunch if these numbers aren't just exactly right. This is all a big guess as to how long the landfill is going to last and I'd hate for us not to have a plan in mind.

Director Fauteux

Technology and regulations are ever changing so it's hard to predict in 25 years what we might do. If it was today we could look at a waste to energy facility. There is one operating in Penacook right now or we could look at what it would cost to ship our trash somewhere else. I think that there may also be other technology that might allow us to go into our current landfill and maybe create some more space. There is some technology being used now in Europe. It's hard to say, a lot could change in the next ten years as to what might transpire. We do have some options.

Commissioner Ackerman

I thought the presentation was very good. I came to this meeting thinking that all we were talking about was phase 2 and then after phase 2 which here is a way that the landfill was going to done. I didn't realize that

there is phase 3 and phase 4 but my question to you, Director Fauteux, is that you mentioned 20 to 25 years is left, is that after phase 2 or is that inclusive of phase 2?

Director Fauteux

That's inclusive of phase 2.

Commissioner Ackerman

So we are still looking at a big thing. We ought to try to make some plans going forward to Commissioner Pappas' comments to mitigate the expense to the residents of Nashua to make sure we start doing some type of appropriation to be poised four, five or six years down the road. Are we going to see a big increase in the resident's taxes?

Director Fauteux

Do you mean for the expansion?

Commissioner Ackerman

For what is going to be available to us after the existing landfill comes to its life cycle. I'm just not sure if by putting the money back into the general fund is the wisest.

Mr. Griffin

One other point is that we do have certain monies that are in the budget that are put in for closure costs because that is a big item that historically may not have been accrued. You are talking about two things. One is the migration from the landfill services to a transfer station to haul material away and I think Director Fauteux who is an expert in this area, a lot of things have to happen because everybody is running out of space so there are probably a lot of businesses out there that are springing up like waste to energy.

Commissioner Ackerman

Superintendent Lafleur, what are other cities of our size doing to ensure the longevity of their landfills? Are they slowing down commercial dumping at all to make sure that it is available to the residents?

Superintendent Lafleur

We are actually pretty fortunate that we are one of the only cities in New Hampshire that has a landfill.

Director Fauteux

We are the only municipal landfill left in New Hampshire. There is a district landfill in Conway but that's in the final stages of closure and then Kisella has one in Bethlehem, NH, and then there is a landfill in Rochester, NH, that Waste Management operates. We are very fortunate to be able to control our trash in this city.

Commissioner Bergeron

So from a financial and accounting standpoint there is no benefit really of splitting this to public works?

Mr. Griffin

From a pure accounting perspective there isn't any benefit, it would actually cause more work plus notification to anyone who looks at our CAFR. I did ask that question yesterday to Superintendent Lafleur and he felt

comfortable that he could take the $6.8 million of costs and manage it effectively under the direction and leadership of Director Fauteux and then from an impact on the spending cap there is no benefit. What would happen in the spending cap; there is a line called general fund and operating $247 million and there is a line right underneath it which is solid waste $6.8 million. If we just moved everything up we just take the $6.8 million and move it up so there would be no benefit or detriment. You would just be moving something that was an enterprise fund where all of the costs and revenues are captured and moving it over the general fund and what would happen is you would have a separate cost center underneath the Department of Public Works' set of accounts and then on the general fund revenue side you would have the $3 plus million that we'd get in. You might lose a little bit actually on the standing of the cost drivers and the revenue streams of the landfill.

Commissioner Bergeron

So the landfill in of itself would run a debt that we would still have to go to the city to get $1 million plus at least, right?

Mr. Griffin

That's correct. The $3.7 million, if we move the collection out it would still need a creative tipping fee to true up. You can either call it a direct transfer and we need $1.3 million or you could say…

Commissioner Bergeron

I would essentially be charging the city's trash trucks a tipping fee coming in to cover the landfill cost with no benefit.

Director Fauteux

There is a lot of overlap between the landfill and collections. For instance, many of our operators go out on collections when they need them. That would be something that would be more difficult to track if we did it that way and vehicles as well.

Commissioner Bergeron

I think if we separate those out it would be easy for during tight budget years to say we will just raise the tipping fees over at the landfill but it would just be raising it on our citizens and businesses to try to make that whole.

Director Fauteux

Our tipping fee is already inflated.

Superintendent Lafleur

One of the problems with us raising out tipping fee is we would be scaring away our commercial revenue, they would go elsewhere.

Commissioner Bergeron

It's amazing to me how consistent the numbers are from 2010 to projecting out to 2017. In 2010, the general fund appropriation was $3.9 million and in 2017, we are looking at $3.7 million. We are running a pretty consistent operation there.

Mr. Griffin

For full disclosure and to give you comfort; and you probably saw this during the budget process, the things that we historically were able to cover in this budget we have to bond. They are long lived, soil wall expansion, gas extraction, planning for the phase 3 and permitting. I wanted to make sure that you understood that. We couldn't cover that.

Commissioner Bergeron

Right, it doesn't include the bonded debt.

Mr. Griffin

Previously some of the years had maybe $100,000 or $200,000 of those items but when you start expanding with $300,000 and $500,000 or a million you just need to bond it. It's allowable by the bond counsel and it makes sense because the value is going to be here for several years so you are not taxing today's taxpayer with something that is going to benefit them for 20 years. That's the rationale that is important for you folks to know that.

Commissioner Pappas

One of the things that we looked at in the past and it failed in front of the Board of Aldermen is that we have a $5.00 sticker fee. If we were to raise it then we would have to go through the Board of Aldermen. If we raised that would it help to offset the deficit or would that just go into the general fund?

Superintendent Lafleur

That goes into our general fund. It's part of revenues for the landfill which indirectly goes into the general fund.

Commissioner Pappas

So if we were to raise that fee; that would help offset…

Superintendent Lafleur

Yes, theoretically but it would be minimal. I only sell about 10,000 permits per year. The last few years I've sold 10,500 permits which is $52,000.

Commissioner Pappas

Right but if you doubled it.

Director Fauteux

But if you are looking at a $4 million appropriation then $50,000 just isn't…it would create a lot of…it's been argued that the taxpayers are already subsidizing the landfill to the tune of about $4 million so why increase the landfill. I think if we were going to do something like that we should really look at the recycling center as a whole and start making that more of a true recycling center in terms of people paying for what they actually bring in so it puts the burden more on people that are using it instead of all of the taxpayers. Again, I think our situation is a little bit unique in that we have a landfill so taxpayers are paying for that landfill so I think that they already feel like they are paying for those services already. I think that's an effective argument.

Commissioner Pappas

I do think that we could be a little bit more proactive. I think we should charge for electronics because that costs us a lot. I think that most other places do charge and I think if we got a competitive rate it would help to offset our cost. I feel very strongly that we should be doing that especially since the new appliances don't last long and that's a big expense for us is my understanding, is that correct?

Director Fauteux

That's correct, it is.

Commissioner Pappas

I would like to see us take a look at considering putting in a fee when people bring in electronics. I know that the argument is well then some people will dump it but there will always be people that will go down by the river and dump a couch or tires but most people I think will follow the rules. I don't think we would have the outcry about that as we would for the landfill sticker.

Mayor Donchess

How many pieces of electronic equipment do you think we have accepted in here?

Director Fauteux

It's a tremendous amount.

Superintendent Lafleur

Probably about 311 tons per year and the cost is somewhere between $75,000 and $100,000 per year that we ship out in electronics.

Mayor Donchess

311 tons is a lot. Maybe individuals t.v.'s and the like, that would be about 200 pieces per ton or 60,000 pieces in the course of a year.

Director Fauteux

It's a lot.

Mayor Donchess

We only charge if they bring in three for the year, right?

Superintendent Lafleur

The first two are free for the year.

Mayor Donchess

Do we keep records on that?

Superintendent Lafleur

Yes, they are on our scale software.

Mayor Donchess

We charge $5.00 for the third one?

Superintendent Lafleur

Yes.

Mayor Donchess

What do other places charge?

Superintendent Lafleur

Anywhere from $10.00 to $25.00 per unit, depending on the community.

Director Fauteux

Most communities charge for whatever you bring in.

Commissioner Bergeron

How are we keeping track of that, who is watching that at the landfill?

Superintendent Lafleur

We catch as much as possible coming over the scale and most residents are pretty honest about it.

Commissioner Bergeron

When people use the recycling center are they supposed to drive over the scale or are most people going around it.

Superintendent Lafleur

Yes, if they only have MSW (municipal solid waste) they can drive right around the scale and anything else they ship them over the scale.

Commissioner Bergeron

We essentially have a fee now. Do we have any idea for the 2 and 3?

Superintendent Lafleur

It's $5.00 for the third unit.

Commissioner Bergeron

Do we have any idea what that number is?

Superintendent Lafleur

No, I'd have to check. Most residents bring their two and that's about it. You don't see too many charges after that.

Mayor Donchess

So if we up this fee you are suggesting that if we charge for every item then we wouldn't get nearly as many items.

Superintendent Lafleur

I can't answer that 100%. We will still get some.

Mayor Donchess

Do you think people are bringing stuff in from other towns or from their friends?

Commissioner Pappas

I think so.

Mayor Donchess

That's not great. Yes, load up the truck because it's free over in Nashua.

Commissioner Pappas

I feel very strongly that we should really be charging for this because I think we are subsidizing others.

Superintendent Lafleur

To Commissioner Bergeron's point, it is difficult to watch everything and catch everything coming over the scale.

Commissioner Pappas

Right, we try to do it as it is so whatever we get is going to gravy.

Superintendent Lafleur

Absolutely.

Director Fauteux

I think it's hard to just focus on recycling. I think we either look at it as a true recycling center and charge for what comes in or we look at it as the taxpayers are already subsidizing it. I feel like it's one or the other.

Superintendent Lafleur

For instance, my waste soil, we used to make a small amount of money but now it's a charge. The fluorescent bulbs are a big one. We never charged for those before, residents can bring those in for free and they are over $1.00 per bulb now and tires too. Everything is starting to get a little more expensive at the landfill.

Mayor Donchess

We don't charge people for tires, right?

Superintendent Lafleur

No because we have the reclamation trust fund that supposedly covers that.

Commissioner Pappas

I think my mechanic charges $5.00 per tire so I assume that will come in commercial.

Superintendent Lafleur

No, they ship directly. We don't take commercial tires at the landfill, it's just residential tires.

Commissioner Pappas

I don't know who would bother to lug tires in; I'd rather just pay the $5.00 per tire.

Director Fauteux

We still get a fair amount of tires, you would be surprised.

Commissioner Bergeron

I think it's a little bit of what are we trying to accomplish. Are we try to reduce what's going into the landfill or are we trying to increase revenues and if we are trying to increase revenues then I don't think the dollar amount is enough there. Are we trying to keep stuff out of the landfill? If we increase the fees to the public by another $5.00 or $10.00 and we generate another $50,000 in revenue, back to the director's point, I've always felt a little bit that we are already paying for it through our property taxes.

Commissioner Pappas

The people who bring in their hazardous waste, I mean we already charge for some stuff.

Commissioner Bergeron

I understand.

Commissioner Pappas

We do charge for every single car that goes in there.

Commissioner Bergeron

How many residents a day on average, any idea?

Superintendent Lafleur

It depends on the day of the week. There are over 100 to 200 cars per hour that come through there.

Commissioner Bergeron

To a certain degree I would probably think that is people bringing things that normally might have an extra pick-up on.

Director Fauteux

The other thing you have to weigh is that if you increase, you have to weigh the additional revenue versus the dumping. Like if we charge for all electronics, how much…I mean we find a fair amount of abandoned items already. That will increase and that puts more strain on the department because we have to pick it up so I am not sure how much more revenue we would get from that.

Commissioner Moriarty

Didn't I hear that we take out 610,000 tons of recyclable equipment?

Superintendent Lafleur

300 tons.

Commissioner Moriarty

So if we got $10.00 per ton what would that bring in for revenue?

Mayor Donchess

300 tons times $10.00 is only $3,000 but what you are saying is that this 300 tons of electronics, right?

Superintendent Lafleur

Yes.

Mayor Donchess

So where that math came from was I was just thinking within a ton of electronics there are many individual pieces of equipment and I just threw out the number 200 pieces of equipment. If everyone had 10 pounds on average so were you to charge $10.00 per piece that would be $2,000 per ton times 300 is $600,000. There's no way we would ever bring in $600,000, we'd just get a lot less stuff.

Commissioner Pappas

But that would save us money.

Mayor Donchess

It would save us money on that particular isolated that. The director is saying that it might cause problems elsewhere though.

Director Fauteux

That number does not sound anywhere near…if we are paying $75,000 to $100,000 to ship it out then there's no way we are going to make $300,000 by bringing it in. Those numbers don't work.

Mayor Donchess

I'm sorry; it's $60,000 at $10.00 per piece.

Commissioner Pappas

I think the people who tend to bring their stuff to the landfill are folks who tend to follow the rules for the most part and I think they would pay.

Director Fauteux

Again, $60,000 is a small amount compared to what the taxpayers are already subsidizing the landfill for. I think we would be more likely to do that once we didn't have a landfill. Strong arguments have been made and I was a proponent of trying to raise fees and make the recycling center a true recycling center. We are the only community that does that but we are the only community that has a landfill and we are the community where our taxpayers pay $4 million to have the privilege of that landfill. I think there was a good argument that the Aldermen at the time made that we are already paying for those services so we would be kind of double charging people. I see a lot of dumping already and I would be concerned that would increase and for not a lot of additional revenue.

Commissioner Bergeron

I would agree with that and I think when the $5.00 started it was really just for accountability to make sure it was Nashua residents that were coming in and the $5.00 was revenue neutral.

Director Fauteux

It was certainly not a money maker.

Commissioner Bergeron

I guess I hear that the other part is about keeping stuff out of the landfill, how about the price of recycling, has that rebounded a lot? At one point we thought we had a big deficit and then in this years' budget we have the sale of recyclables at $220,000 with $7,400 showing as the actual for 2016. It's just a general question. Overall is that a market you follow, has the price of recyclables gone up?

Director Fauteux

It went up significantly and when the superintendent and I discussed it we decided to just go with a one-year contract because we were concerned with what the market was going to do. It has since come down. We are essentially just paying for transportation now and we are getting a little bit of money for recycling but that could change significantly so I would cautious about accepting commercial recyclables for free. For a while it looked like we were going to be paying a significant amount of money to ship out our recyclables so that would be a huge gamble for us to take and something that if it did happen and we did see the recyclable market tank again, we wouldn't have the money to ship it out.

Superintendent Lafleur

We would also have to redesign the recyclable area. We don't have the room to handle commercial recyclables.

Commissioner Bergeron

Do we have any idea how much more we could handle for residents? Is it at capacity now?

Superintendent Lafleur

No, I have room for some expansion but if we were to take in the commercial I wouldn't have the room.

Commissioner Bergeron

The toter's must be from a labor cost much easier to collect than the bins.

Director Fauteux

Absolutely.

Commissioner Bergeron

Back to Commissioner Pappas' point about getting the toter's to people, even if we can get the toter's to people who are currently using the bins. Have we given any thought to how we would do that? If we gave out the bins for free.

Director Fauteux

If we could find the money to do that it would be awesome.

Commissioner Bergeron

When a new construction home is currently built now in the city, what do people get?

Superintendent Lafleur

A trash barrel and two recycling bins.

Mayor Donchess

What does a bin cost?

Superintendent Lafleur

We spend about $5,000 per year and there are probably about 1,000 of them so $5.00 or $10.00 per bin tops. The recycling carts, we actually charge $60.00 per barrel but...

Commissioner Bergeron

I wonder if we could take a loss on the barrel at $60.00.

Superintendent Lafleur

Right now we are paying $63.00 or $64.00 with shipping.

Mayor Donchess

Everyone gets a garbage toter and that costs about $60.00?

Superintendent Lafleur

Yes, approximately.

Mayor Donchess

I wonder if we could add $100 to get a certificate of occupancy and with that they get recycling and garbage.

Director Fauteux

That's an interesting thought.

Mayor Donchess

Maybe we should at least talk to some people about that. I am sure there would be some that wouldn't like that.

Commissioner Pappas

Or let's say you give someone a $10.00 discount if they bring in a couple of bins, I don't know.

Mayor Donchess

This is only on newly constructed residences, right? When someone moves they just take over, they just take over what the other people have.

Superintendent Lafleur

Yes, except for the recycling toter; the toter is the resident's right now because they own it.

Mayor Donchess

If we subsidized, would they go out faster do you think? If the price was $30.00 instead of $60.00 would more people pick them up?

Superintendent Lafleur

I am selling 100 per month right now. Possibly they could go out faster. I don't want them to go out any faster because I am having a hard enough time trying to deliver what we are selling.

Mayor Donchess

How many do you think are out?

Superintendent Lafleur

About 6,000 recycling toters.

Mayor Donchess

And they are going up by about 100 per month so 1,000 per year.

Commissioner Pappas

It's actually not a bad gift to get for someone.

Superintendent Lafleur

That's going to be the issue if we do decide to distribute them to the rest of residents. The 1,000 residents are going to become unglued so I want someone's phone number.

Director Fauteux

We've been clear about that.

Commissioner Pappas

It's so much less of a hassle. The first year I got my $60.00 worth.

Superintendent Lafleur

Some residents don't even put them out bi-weekly they put them out once per month. It's a big convenience for the residence and it makes the neighborhood better because you don't have recycling rolling all over the place with these open topped bins.

Commissioner Pappas

If it were $30.00 I would get a house warming gift for one of my neighbors.

Mayor Donchess

What do you think if you had to estimate how many houses actually recycle?

Superintendent Lafleur

I think it's about 80%.

Mayor Donchess

Of how many households?

Superintendent Lafleur

23,000.

Mayor Donchess

So there are 10,000 without the toters.

Commissioner Bergeron

I was looking at it is to even put back the money in labor costs; I was just thinking any cost savings if people had toters from a labor standpoint. That's a lot of bins. Some have more than two bins.

Superintendent Lafleur

If we were to roll it out and everyone got toters then I would be running more automated trucks, one man with an automated truck.

Commissioner Bergeron

Back to Commissioner Pappas' point I wonder if there is any labor savings if we were to get the trucks with the arms and the bins out.

Superintendent Lafleur

With all of the collection that I do right now I don't think we would have much labor savings only because I need the manpower. We are running on a shoe string right now trying to pick up all of the materials curbside. I can't really say that we would save anything manpower wise.

Wastewater Rate Study Update

Mr. Griffin

City Engineer Dookran will be reviewing the projects associated with the wastewater treatment plant and infrastructure throughout the city. That sets a nice table for us to then go into the next presentation so you have a frame of reference of the cost drivers for the particular fund.

Mr. Steve Dookran, City Engineer

We have broken up the projects into three areas. The three areas are the combined sewer overflows or the CSO, collection systems and the wastewater treatment facility. When we discussed the projects that we completed in recent years, the ones that we are currently doing and then what we plan to do in the next few years. We tried to connect the spending as shown in the analysis. The first slide shows the overall wastewater system. The graphic points out all of the CSO discharges, we have nine for the falls, four in the Nashua River and five in the Merrimack River. The CSO system also includes a storage tank, the CSO for the discharge and the Sleuce Gate at CSO six. The collection systems include the combined sewers, we have 100 miles of those, mostly in the city and most of them are very old. In the last several years we have removed some of those in the separation projects. We have 190 miles of separate sewers and we have 13 sewerage pump stations, these are where we need to bring the sewer into the gravity system. We have about 30 miles of separate storm drains and many of which are outside of the inner city, outside of the CSO district. The system also includes foam water related features like retention ponds that we put in over several years and one other point is that this system includes the Merrimack River flood control auto levy which is about 1 mile long starting right at where the Nashua River meets the Merrimack River and going about 1 mile south of that along the Merrimack River. The third component of the wastewater system includes three treatment facilities, the sanitary treatment which has been there for many years and then two associated with the CSO program. The first one is the wet weather flow treatment facility which handles 60 million gallons per day when we have the heavy rainfall as well as the recently completed disinfection facility over on Bridge Street and that handles 91 million gallons per day. Just a quick look at the CSO program that was essentially completed last year, we spent about $59 million on several key components that the full section in that table. What's in progress is completing the Burke Street improvements and we have programmed $4 million for that and that is

nearing completion and the infiltration inflow removal which is commonly known as the II project and that was just about $4.5 million for the on-going projects and then for new expenditures related to the CSO would be about $200,000 per year. What's required by the CSO consent decree to monitor our progress as well as our success. This graphic shows the various CSO projects that we have completed. Just to touch on what's going on again, currently the Burke Street project, all of the infrastructure is in the ground and so we are scheduling the final paving in the coming weeks and that project will be completed at $4.1 million total. The 9" to 24" very deep sewer, it's about 20' deep and is over 3,000' and this shows the lining being put in and is a flexible fabric which you heat up with steam and it molds against the walls and it extends the life of the sewer for a very long time.

Commissioner Bergeron

That's been a long project over on Burke Street.

Mr. Dookran

Yes, at Burke Street we had a complete water system replaced and because the sewer pipe is so deep, a lot of services had to be redone. The services were just as old as the pipe. Also shown on that slide is the II removal project. We have an $185,000 study that is currently being undertaken. We have had to suspend that study a bit. This year has been so dry, we had meters in but the rains were just not coming so unfortunately money on the metering has been spent. We will have to come together again and try to figure out when we will get good rains next. We will relay that over to the EPA because it's a project that they want us to complete. Upon the completion of the last study we should have recommendations as to what we should do so we use the II from the system and we have projected it to be about one half of a million dollars but, that's an estimate and until that study is done we will not know. I mentioned the on-going annual projects, we have to do spending on the monitoring of the flows, we have overflow monitoring, meters at all of the overflows, the CSO dischargers, and that graphic shows you what we can see. We can get real time results, the rainfall as well as which overflows are discharging. The biggest part that's left to do is the post construction monitoring to really measure if we have been successful. That's through sampling testing, reporting and analyzing. Right now we have projected cost over six years but it could be many years beyond that until the EPA is satisfied with what we have done. Moving onto the collections systems; the sewers and the drains, the sewers, we have been focusing in the last several years on the old sewers, many of them 100 years old, many of them in very poor condition. We've spent almost $2 million per year for the last five years. What's in progress are the pump stations rehabilitations. We have 13 of those and are in the middle of designing improvements for most of these pump stations and that's a total of $8.4 million. The levy we have programmed $150,000 to do work that has been identified as deficiencies and we have $2.5 million dollars programmed for the overflow detention basin on Bridge Street. That was in conjunction with the Renaissance development. They have to take that land and be relocated or replaced with some of the pump stations so that's why that money is in the program as well as what we do when we reconfigure that in a section. For annual expenditures in the correction system we have $1.2 million per year on sewer rehab and that's looking at all sewers and working with them. For structures, the manholes and catch basins, a lot of those are obsolete and they need to be changed out and we usually spend that money with the paving program because that's the time to adjust these structures. We still carry some money for combined sewerage filling which was not included in the CSO program and this is for low lying areas in the city that are subjected to CSO discharges. Then there is $108,000 for storm water abatement. I want to make you aware of a permit called a MS4 permit for communities like ours. That permit expired in 2008 and the EPA prepared a draft that has been reviewed but not fully issued. We expect to get a new permit shortly. We expect to have to do a lot of work and we hope that permit comes to us in the near future. The following graphics just discuss the projects that I mentioned earlier. The CMOM, the practice of management of operations and maintenance; that is a project that is now being done as a planned preparation. We have hired a firm to prepare this plan for us and what this plan is going to do is tell us how we are going to program our resources for collection systems. This is planned to be ready in February of next year and will tell us how to program or cleaning to extend the life of the good sewers. It will also tell us which ones to replace

when they have failed or nearing failure and how to rehab those. Since it's underground we don't have a good assessment of what is underground so we need a consultant to prepare this plan and make it affordable and practical. We are going to use the Cartegraph System to help us do all of this programming. In the end we don't know how to carry a good estimate of what this is going to entail until we see that actual plan in place. The following graphics is the sewer rehab. This fiscal year I have been able to find enough increase and we will carry $1.6 per year and we have a one-time increase of $3.1 million because I felt that we needed to do a little bit more. When you get the CMOM results, I am guessing it's going to be a lot more than $3 million for sewers. The bottom graphic is just the kind of obsolete structure casting that we have to remove and replace. CSO flooding, this happens every now and then so we need to carry some money to figure out how to deal with this. Storm water abatement we have that as well. The recent rainfall in the last couple of weeks, the calls came in and we have to deal with this as well. It is usually associated with a culvert that has failed and we need to replace a culvert or catch basins that have problems. We also tried to use what we call a green system; it will bring gardens and forest pavement as appropriate and applicable. Now we turn our attention to the treatment facility. In the last five or six years we have completed three major projects, aeration, blowers in the secondary clarifiers the dewatering which is the sludge systems, the net metering for the electrical balancing and we've spent about $12 million in those years and what is going on right now is that some of them are in various stages of progress. The headworks upgrade, the Effluent Defoamant Chemical Building, primary tank upgrades, tank water booster station, air handling systems, phosphorous removal and storage and SCADA. Again, some of them are under design, some are under planning and some are upgrades and construction contracts that have been awarded, equipment has been ordered and construction is expected to start in December. The last graphic shows where some of these projects are going.

Commissioner Moriarty

Engineer Dookran, we have that new CSO on Bridge Street, the wet weather facility…

Mr. Dookran

That one we call the disinfection facility, cleaning and disinfection.

Commissioner Moriarty

We all took the tour when it was being built and it was massive, like two football fields. We had very little rain yet the one major rainstorm we had I read in the paper that there was discharge into the Merrimack River. Can you explain why that happened? Could that have been overworked already?

Mr. Dookran

I don't remember any recent rain.

Commissioner Moriarty

Yes, this summer.

Mr. Dookran

The current program under the consent decree has been designed to treat, to capture, store and treat up to the two year storm, it all depends on where the CSO is and we have nine of them. If you have a storm beyond the one year and in some cases the two year then the CSO will discharge and that's because the theory is that it's going to take the storm water or combined sewerage and treat it and then discharge it.

Commissioner Moriarty

Okay, so what was discharged into the river was treated?

Mr. Dookran

It was treated.

Commissioner Moriarty

Okay, well that was not clear.

Mr. Dookran

I should say that it was meant to be treated so I think it was treated. It always discharges at that point. There are storms that can get back into the system but when they exceed a certain amount it gets treated and it gets discharged.

Commissioner Bergeron

Is that done automatically?

Mr. Dookran

That's correct.

Commissioner Bergeron

Regard to the pumping stations, I know we had a couple of emergencies last year, one on Cheshire Street. Out of the 13 pumping stations, how many need to be upgraded?

Director Fauteux

All of the pump stations have to be upgraded, we are working on that now and are in the early stages of that. Andy has been probably more involved in that.

Mr. Andrew Patrician, DPW Operations Manager

We are in the process of looking at them right now. We just had a kick-off meeting last week.

Commissioner Bergeron

They are at various stages of life expectancy I would assume?

Mr. Patrician

Yes, they are different all over the city. Each one is unique.

Mr. Dookran

I am aware of at least one looking to see if they can eliminate it and put in a gravity sewer. If that's possible it and it is cost effective that's how they will go.

Commissioner Bergeron

When they build new construction, that's obviously something they look at. Are they trying to build more gravity versus the pumping station? Is the pumping station more expensive from the get go?

Mr. Dookran

I think I should let you know how most of these pump stations were acquired. They were done when development went in and in a location where they really couldn't get the flow by gravity so the most cost effective thing for them at the time was to put in the pumping station. Because they are a sub-divisions you don't put the pump station to the homeowners, the city takes the pump station and because of the government and its requirements you try to look to see if you can put a gravity system in.

Mayor Donchess

I think you mentioned that there are about 100 miles of sewer and stormwater in the combined system. I knew we did some separation. How many miles do you think of the formally combined system did we separate?

Mr. Dookran

When the separation was taken on in the mid to late 90's there were a total of 110 miles of combined sewers and as you know, the first program was the separation program. We separated about 11 or 12 so that leaves about 100 left.

Mr. Griffin

First I would like to thank Derek Danielson to my right, senior analyst in my group and Carolyn O'Connor who is the financial manager at the DPW. They worked extensively on getting this information that I am going to share with you.

Director Fauteux

I should also mention that Carolyn also works in administration and tirelessly keeps us on track to make sure that we set stay out of trouble so she is a huge asset to the division.

Mr. Griffin

From a backdrop perspective, as you can see from City Engineer Dookran's presentation, a lot of the things that we are doing here cost a lot of money. It's our objective financially to keep the rates that we charge our customers such that we don't over or under collect but we plan effectively and I'd like to say that upon my arrival in 2010, Mr. Gilbar, my predecessor, introduced the first rate increase in several years which kind of righted the ship and what we have tried to do is to strategically come before the Board of Public Works and then the Board of Aldermen for an approval. This is an ordinance that charges are associated with wastewater fees via ordinance. It's a toughest vote to take because I think as we all saw, a lot of the infrastructure is underground or in the southeast are of our city and you are not driving by it that frequently. With that as a backdrop we will switch to the rate revenue requirement analysis slide. A little bit of history and description of what we have done. We have analyzed the wastewater treatment fund accounting and financials from fiscal '16 projected out to fiscal '22. Revenues in '16 are projected at $13.1 million and this is an important fact, the volume metric revenues are 60% of the user fee revenues so the other 40% of the demand meter charge, they get charged per meter, per month and then you have flow based on meter reads on the commercial side, based on an average of winter usage on the Pennichuck meter reading side. With regard to the future we project that the increase of the $13.1 million to the need to have approximately $16.1 million in fiscal '19. We

have debt service payments and we are bonding most of the larger projects and are going to increase from $6.4 million and they are going to increase from $4.2 currently to $6.4 million in fiscal '19. The good news from my perspective is this measure unrestricted net assets as of the close of the books this past June is $14.4 million and that's a good thing. When Mr. Gilbar was here in 2009 it was $6.2 million in the red so we have been able to significantly help the financials associated with this particular enterprise fund. We do the annual review in November of each year and in this particular year we think it's important to, in this workshop to suggest that we need a rate increase. It's been three years since we increased the rates so we've actually done very well managing the finances of the facility. This will show that we recommend rate increases for fiscal '17 and '19 and it will take effect on January 1st and the importance of January 1st is in my first review of this I tried to do it simultaneously with the budget that takes effect on July 1st but it got kind of clouded. You are trying to pass an operating budget and there is a lot of intensity associated with that and this kind of was difficult to take away and look at it as a single item. The other thing that it does is it in the year you want to enact it you are basically getting half of the revenue that is generated by the rate increase. With regard to the current issues as City Engineer Dookran indicated, consistent EPA requirements and regulations; the aging infrastructure, things under the ground could be as old as 100 years and the treatment plant which we all know we need to take very good care of with constant analyses of the infrastructure over there to include the general plan but also the Capital Equipment Replacement Fund. In the state, similar to one of things that they basically pulled back on was the grants that they used to provide us so before 2009 we would get a project qualified and move it up to the state and do all kinds of great accounting and financial reporting and then they basically said we really don't have the money to continue that. There has been slight movement of the state providing grant funding but it's minimal relative to the scale of the projects that were just reviewed by the city engineer. By way of background on page 3, the last rate analysis was in March of 2013, which resulted in a 15% increase effective January 1, 2014. What's important about how you implement the 15% is as I mentioned, 60% of the revenue is based on flow and 40% is based on demand. If by chance, a lot on conservation takes place and people are using less water, which is a good thing actually, but if you put the whole 15% in that basket and you have a very dry year where people are not using that much water you are not going to get the projections that you want. I am recommending and we have been fairly successful at it to splitting the 15% amongst the demand charge and the revenue charge. When I first got here, Carolyn and I were kind of pulling our hair out of heads looking at that information and then we said we'd put it all towards the flow. But, you have to be careful because you don't want to overpay for the demand charge associated with the meter. There are a lot of costs associated with being a customer to include the meter readings from Pennichuck, the billing and everything else that was discussed here with City Engineer Dookran. As far as the history of the rate adjustments, in fiscal '04 there was a significant reduction. The fund had $26 million of unrestricted net assets and at that time the folks that were in our places suggested that it made sense to have a rate reduction. Then time went on and intense negotiations with the regulators, the CSO project went from maybe $35 million to about $150 million with the complete separation and then back to what first we implemented which is the CSO project strategically located throughout the city to bring it back to $65 million. These are the increases on a volumetric basis. Now we have a $2.05 per hundred cubic foot volumetric rate. As far as the recommendation, based on the best information we have, we are recommending another 15% increase. It raises the volumetric rate from $2.05 to $2.36. The average quarterly residential demand charge increase; this is where you are kind of paying for the meter at $27.77 to $31.94. The average quarterly residential bill, if you are an average customer, is almost $80.00 so the quarterly increase would be $10.37. With regard to the cost analysis, as you folks may recall, you approved the folks within the department in which you oversee, a real heavy look at what is referred to as the WERF, Wastewater Equipment Replacement Fund, and we've done a good job with that, what needs to be replaced and more importantly when it needs to be replaced. Based on current assessments, status, life expectancy, here's when you need to replace it so it's very helpful. It's very helpful for a couple of reasons, one is we have experts to help us and we have staff review it and not get penalized for spending money that is already budgeted, it's expected and sometimes you hear when the Finance Committee is reviewing things that there are a lot wastewater equipment replacement that are greater than $10,000 but there is a reason for that and that is because we have a nice study that tells us when we need to replace it. The equipment is old and needs to be replaced timely and I think you have seen that over the last several years. City Engineer Dookran made a nice presentation about here's what is going to kind of

happen over the next five years. The CERF for the next several years is $2.1 million, $1.9 million and $0.4 million. It can go up or down but over the last several months I haven't seen that. As far as the capital projects, as you know, because you get involved in the bonding process, but some are funded by debt and some are funded by cash. If you are funded by debt you are basically borrowing money and pay it off over 20 years or the state revolving loan fund and you pay it off over 20 years. You are kind of recognizing that the asset has more value than just one year so you are spreading it out over 20 years. If you fund by cash we have to watch that because that's an immediate drain on the unrestricted net assets position that I mentioned. What you are trying to do is to make sure that it is solvent but not overly solvent; not ultra-conservative because you folks have the ability working with the Board of Aldermen to increase rates if you need to so that's a good thing. This shows the spend based on the projects. We always like to compare ourselves to other communities in New Hampshire to include Derry, Manchester, Concord and Keene. You will see that we are the lowest on a volumetric basis and on an average basis for the average quarterly residential bill. I learned from a few attorneys here in the city and Director Fauteux that it's a double edged sword. If you are not the highest charging in New Hampshire then you probably have a lot of money to spend on projects that some of our regulators would like us to spend so we have to manage that effectively. It's not a bottomless pit because we do have customers to pay that bill but this gives us a level of comfort that we are in the range and I think maybe City Engineer Dookran can help me. One of the reasons why we are lower than some of these other communities is we were able to successfully negotiate the consent decree. Just think if the consent decree was full separation and it went from $65 million to $130 million that would have cost us a lot and would have manifested in rates now so I think we are in good shape there. As far as what our recommendation is which is the 15%, it funds normal operating costs, it meets the EPA requirements, it adequately funds reserves for future equipment needs, it funds improvements for cash and pays for the increase in debt service payments during the next several fiscal years that I mentioned as we roll from $4.2 million to $6.4 million. This was more of a workshop in that we wanted to share with you our latest information and for you to be able to ask us any questions. We will take those questions and if there is any future analysis that we need to do we can do that and then we position, with your approval, the ability to go for the rate increase and file an affirmative ordinance with the Board of Aldermen to get that timely enough to be able to bill the increase effective January 1st.

Commissioner Bergeron

Looking at the work schedule that has been updated, that has been updated on an on-going basis recently, fiscal year '19, do we still set money aside in the budget going towards the work schedule? How far out is the work planned?

Mr. Derek Danielson, Senior Financial Analyst

The work plan goes out 10 years but you still set aside the same amount of money so you make an annual payment to keep that true. That way in future years when costs are higher you don't have to make a higher contribution; it's covered in the balance that you are carrying.

Commissioner Bergeron

So what we are looking at in these figures is what we are looking to spend in these fiscal years but we are still going to be funded.

Ms. O'Conner, Finance & Administration Manager

Yes, it's a line in the operating budget.

Commissioner Bergeron

So the plan is always moving 10 years ahead each year?

Director Fauteux

Yes, that's correct.

Commissioner Moriarty

Just to clarify, this was on the agenda as an update so we are not looking for a motion today but at our next meeting we are looking to have a positive recommendation.

Mr. Griffin

As I mentioned, if you had any material questions where we needed to go back, the nature of this was a workshop so I want to be sensitive to your needs and be happy to come back but it's up to you folks.

Director Fauteux

You don't have any questions and are comfortable with it, I think we would like an approval to move forward.

Mr. Griffin

That would be helpful if you don't have any questions.

Director Fauteux

But if you have questions we will come back and vote on it another time.

Commissioner Bergeron

So we would be looking at an increase for January 1, 2017, so if we didn't approve it today we would have time to do it at our next meeting?

Director Fauteux

Is that an issue? You still have to get an ordinance into the Board of Aldermen that needs a first and second reading and our next meeting is not until the end of October. Does that give you enough time, Mr. Griffin?

Mr. Griffin

It would but if everyone's comfortable today then that's fine but I didn't want to press. How that would work is you would have a chance in your next late October meeting to approve it and we would introduce legislation in early November and then the first and second reading and then we would have a Budget Review Committee meeting and whatever other meeting needed to be held.

Director Fauteux

It would be fairly tight for you.

Mr. Griffin

It would be tight.

Director Fauteux

It would require a public hearing too.

Commissioner Moriarty

Mr. Chairman, what would you like this Board to do?

Mayor Donchess

I think that if you don't have any questions and you feel comfortable with the analysis the motion would be better now because it allows for a little more time to get the submission and approval from the Board of Aldermen. On the other hand, as Mr. Griffin said, if you have questions or are not comfortable with something then he is happy to come back.

Commissioner Ackerman

Mr. Griffin, on page 7 of your presentation, is the average quarterly residential bill for Nashua the $68.77? Is that current or is that after the 15% increase?

Mr. Griffin

That's current.

Commissioner Ackerman

Derry and Concord have rate point minimums and fixed charges. What does that mean?

Mr. Danielson

That means is that their meter charge covers the first say 5 CCF's of use so you pay this fixed $35.66 in Derry and then covers 5 CFF's of flow. After that the volumetric charge kicks in. Ours doesn't work that way. You pay the demand charge regardless of your flow.

Mayor Donchess

So does that collect more revenue for them or less?

Mr. Danielson

I believe it collects less.

Commissioner Bergeron

I would just say that looking at capital projects and expenditures that fiscal year '17 is $13.4 million and then $0.9 million and then none. I know that we have spent a lot of money there. I'm not surprised by it; I think we talked about it a lot that we would have an increase of 15%. It's not unexpected but I don't like it.

Director Fauteux

There's no question that it's an expensive plant to operate.

Commissioner Bergeron

I think at every meeting we have appropriated something of at least $500,000 or it feels like that anyway.

> **MOTION**: Commissioner Moriarty to approve a positive recommendation for the approval of a 15% increase in the wastewater user fee rate effective January 1, 2017.
> **SECONDED**: Commissioner Ackerman
> **MOTION CARRIED:** Unanimously

Commissioner's Comments

Commissioner Ackerman

Should we simply go back and revisit the earlier part of the workshop regarding Mr. Griffin's recommendation on keeping the accounting practices for the enterprise funds for the landfill?

Mayor Donchess

Do you think we need a motion if we are going to leave things as they are or were you looking for action on this?

Director Fauteux

I don't think we need a motion.

Mayor Donchess

It's really not an issue until the budget comes up.

Director Fauteux

I think it was more of a discussion. I think if we wanted to make a change then we would need a motion.

Commissioner Pappas motioned to adjourn.

Commissioner Ackerman seconded the motion.

Meeting adjourned at 4:50 p.m.