

PERSONNEL/ADMINISTRATIVE AFFAIRS COMMITTEE

JANUARY 4, 2021

A meeting of the Personnel/Administrative Affairs Committee was held Monday, January 4, 2021, at 7:00 p.m. in via teleconference.

Chairwoman Caron

As Chairman of the Personnel/Administrative Affairs Committee, I find that due to the State of Emergency declared by the Governor as a result of the COVID-19 pandemic and in accordance with the Governor's Emergency Order #12 pursuant to Executive Order 2020-04, this public body is authorized to meet electronically.

Please note that there is no physical location to observe and listen contemporaneously to this meeting, which was authorized pursuant to the Governor's Emergency Order. However, in accordance with the Emergency Order, I am confirming that we are:

Providing public access to the meeting by telephone, with additional access possibilities by video or other electronic means:

We are utilizing Zoom and the meeting link can be found on the agenda as well as on the City's website.

You can also join by telephone by dialing: 1-929-205-6099; Meeting ID: 839 8723 5303 and Passcode: 880178. The Public may also view this meeting on Comcast Channel 16.

We previously gave notice to the public of the necessary information for accessing the meeting, through public postings. Instructions have also been provided on the City of Nashua's website at www.nashuanh.gov and publicly noticed at City Hall and the Nashua Public Library.

If anybody has a problem accessing the meeting via phone or Channel 16, please call 603-821-2049 and they will help you connect.

In the event the public is unable to access the meeting via the methods mentioned above, the meeting will be adjourned and rescheduled. Please note that all votes that are taken during this meeting shall be done by roll call vote.

Let's start the meeting by taking a roll call attendance. When each member states their presence, please also state whether there is anyone in the room with you during this meeting, which is required under the Right-To-Know Law.

Alderman Kelly called the roll and asked them to state the reason he or she could not attend, confirmed that they could hear the proceedings, and stated who was present with him or her. The roll call was taken with 4 members of the Personnel/Administrative Affairs Committee present:

Chairman June M. Caron presided.

Members of the Committee present: Alderman-at-Large Ben Clemons, Vice Chair
Alderman-at-Large Shoshanna Kelly
Alderman Skip Cleaver

Members not in Attendance: Alderman Tom Lopez

Also in Attendance:

Alderman Richard A. Dowd
Alderman Patricia Klee
Alderman-at-Large Lori Wilshire
Alderwoman Elizabeth Lu
John Griffin, CFO
Lisa Fauteux, Director of Public Works
Dan Hudson, City Engineer
Dave Boucher, Wastewater Superintendent
Matt Sullivan, Planning Manager
Sarah Marchant, Director of Community Development
Carolyn O'Connor, Finance & Admin Manager

ROLL CALL

Alderman Clemons

I am here, there is no one in the room with me and I can hear everybody in the meeting. Thank you.

Alderwoman Kelly

Alderwoman Kelly is here, I am alone, and I can hear everyone. Alderman Cleaver?

Alderman Cleaver

I am here, my daughter is with me and I can hear everyone fine.

Alderwoman Kelly

We have 4 members in attendance.

Chairman Caron

Ok, thank you so much. Also in attendance, yes, would you please give us those who are also in attendance Alderwoman Kelly?

Alderwoman Kelly

I have a list ... sure, let's make sure I got everyone. I see Alderman Wilshire, I see Alderman Dowd, Alderman Klee. I also see Director Fauteux, Dan Hudson and Superintendent Boucher. Am I missing anyone?

John Griffin, CFO

CFO Griffin.

Alderwoman Kelly

Oh yeah that's right. CFO Griffin is also with us, thank you.

Matt Sullivan, Planning Manager

And Matt Sullivan, the Planning Manager is here as well.

Alderman Kelly

And Matt Sullivan, thank you.

Mr. Sullivan

Thank you.

Carolyn O'Connor, Finance & Admin Manager

And Carolyn O'Connor the Finance & Admin Manager.

Alderman Kelly

Thank you.

Chairman Caron

OK, thank you. So we will go to public comment. It is important that before you speak, that you please give your name and address so the transcriber knows who is speaking at any given time. And we will go from there. So Alderman Kelly, do you see anyone that has raised their hand for public comment?

Alderman Kelly

I am going to take a look, I just wanted to note for the record that I saw Director Marchant join us and Alderman Lu as well.

Chairman Caron

OK thank you.

Alderman Kelly

OK so if anyone would want to make public comment, please either raise your hand electronically or to the video. And I'll just mention it one more time, I actually don't see anyone Alderman Caron.

Chairman Caron

Ok then we will go to Communications, please?

PUBLIC COMMENT - None

COMMUNICATIONS

From: Lisa M. Fauteux, Director of Public Works
Re: Referral from Board of Aldermen – O-20-040

From: John Griffin, Chief Financial Officer/Comptroller
Re: Wastewater Fund – Rate/Revenue Requirements Analysis

There being no objection, Chairman Caron accepted the communications and placed them on file.

INTERVIEWS - None

APPLICATION TO LICENSE HAWKER'S, PEDDLER'S, ITINERANT VENDOR'S LICENSE - None

APPOINTMENTS BY THE MAYOR

MOTION BY ALDERWOMAN KELLY TO RECOMMEND THE FOLLOWING CONFIRMATION RE-APPOINTMENT TO THE BUSINESS AND INDUSTRIAL DEVELOPMENT AUTHORITY: LYDIA FOLEY WITH A TERM TO EXPIRE SEPTEMBER 13, 2023; THE FOLLOWING REAPPOINTMENT TO THE CABLE TELEVISION ADVISORY BOARD: ANDREW CERNOTA WITH A TERM TO EXPIRE JANUARY 1, 2024; THE FOLLOWING REAPPOINTMENT TO THE CULTURAL CONNECTIONS COMMITTEE: ERIC DROUART WITH A TERM TO EXPIRE DECEMBER 31, 2023; THE FOLLOWING REAPPOINTMENTS TO THE DOWNTOWN IMPROVEMENT COMMITTEE: MARY LOU BLAISDELL AND RICHARD LANNAN WITH TERMS TO EXPIRE DECEMBER 31, 2023; THE FOLLOWING REAPPOINTMENT TO THE NASHUA ARTS COMMISSION: JENNIFER ANNAND WITH A TERM TO EXPIRE FEBRUARY 1, 2024; THE FOLLOWING REAPPOINTMENT TO THE NASHUA HOUSING AND REDEVELOPMENT AUTHORITY: THOMAS MONAHAN WITH A TERM TO EXPIRE OCTOBER 31, 2025; AND THE FOLLOWING REAPPOINTMENT TO THE ZONING BOARD OF ADJUSTMENT: JAY MINKARAH WITH A TERM TO EXPIRE SEPTEMBER 11, 2023, BY ROLL CALL.

A viva voce roll call was taken which resulted as follows:

Yea: Alderman Caron, Alderman Clemons,
Alderman Kelly, Alderman Cleaver 4

Nay: 0

MOTION CARRIED

UNFINISHED BUSINESS - None

NEW BUSINESS – RESOLUTIONS - None

NEW BUSINESS – ORDINANCES

O-20-40

Endorser: Mayor Jim Donchess

INCREASING SEWER USE FEES RATES AND CHARGES

MOTION BY ALDERWOMAN KELLY TO RECOMMEND FINAL PASSAGE BY ROLL CALL

ON THE QUESTION

Chairman Caron

Director Fauteux, I know you're there so are you going to give a quick presentation to the Committee or are you handing it over to Mr. Griffin?

Lisa Fauteux, Director of Public Works

I am going to say just a few words and then I am going to turn it over to Mr. Griffin to go over the rate study, if that's ok Alderman Caron.

Chairman Caron

That's fine, thank you. Yes that's fine.

Director Fauteux

Good Evening Alderman Caron and Members of the Personnel Administrative Affairs Committee. I just want to introduce who is with me this evening; Frank Ayotte is here, he is our consultant from Hazen & Sawyer; David Boucher who is the Superintendent of Wastewater; Noel Osbourne who wasn't mentioned earlier who is our Operations Supervisor at the Wastewater Treatment Plant; Dan Hudson our City Engineer; Carolyn O'Connor who is our Finance & Administrative Manager for Public Works; and of course John Griffin, our CFO.

On December 8th, at a Special Board of Aldermen Meeting Frank Ayotte provided a presentation on Sewer User Fees; you have that presentation I believe, you should all have that. Our CFO also sent you the rate study. We are happy to go over that presentation again if you'd like, but I think maybe to start, with your permission Alderman Caron, it will make sense for CFO Griffin to begin with going over the rate study. And we will be happy to answer any questions after that.

Chairman Caron

OK, that's fine. So CFO Griffin, are you prepared to give us an overview?

Mr. Griffin

Yes, would it be possible, Madam Chair, to share my screen?

Chairman Caron

Certainly, if you can, that would be great.

Mr. Griffin

Let me see what I can do here. Can everybody see this particular worksheet?

Director Fauteux

Yes, we can.

Mr. Griffin

I thought I would start off the presentation instead of the where all the work is done as Alderman Dowd mentioned, but the one that you have to have magnifying glasses to see. But this one here is a good worksheet that we presented over the last several rate increases. Back when I first came in 2010, my predecessor and former Mayor Lozeau, Mr. Gilbar and Mayor Lozeau, they put together an increase for the first time in a while. And that increase is shown on line 9 in 2010 which was a 27% increase. That was volumetric only, and we'll get into a little bit of that. There's a demand charge associated with the size of the meter and there's the volumetric rate designed to capture the pricing and the flow.

But what we found out when I was asked by certain members of the Board of Aldermen at that time, how come the increase was so large and why do we come back again in 2012. As you can see there was a sizeable balance in the net unrestricted balance of the fund and there was a 27% decrease in the volumetric charge. Simultaneous to that, those of us that were here or learned from the former City Engineer, there was a change in the approach in the cost associated with the CSO Initiatives; Combined

Sewer Overflow. That created a significant drain on the cash position of the fund. So as you can see from '05 through '09 we actually got ourselves into a negative position.

So not to do that again, we don't generally have rate increases every year, most utilities, you are familiar with Pennichuck, you are familiar with EnergyNorth and the gas company and Eversource, they generally go in for rate increases every several years. So there was some questions on what have we done recently and why are we here before you today. So if you look at the net balance, you can see that it decreased from '10 to '11 back up in '12 significantly back up with the rate increase in '14. The other thing we did, this is a cash analysis, this isn't an income statement like a regular corporation. We ended up bonding or borrowing I should say the \$12 million dollars that we hadn't bonded when we first built the wet weather facility. So that really gave us a shot in the arm, so in 2014 the balance was about \$17.7 which is very healthy.

Several years passed, we came in right around the time Mayor Donchess took his role in the beginning of 2016/'17, we had another increase, 15% increase both demand and volumetric. And that put us in good stead from that time to now where we are recommending that we have another increase, back to back increases of 20% and 15% in 2021 this year and 2022 to get the balances, as you can see, into the '22, '23, '24 frame, get it back up to a comfortable amount of net assets within the fund. We are not trying to earn anything on this fund, we are trying to make sure that the net assets of the fund exceed the liabilities of the fund.

So I thought I would share that with you to give you a perspective with a \$470,000.00 estimated end of Fiscal Year 2021, it really would recommend limiting the amount of the increase or deferring the amount of the increase as this fund being an Enterprise Fund is predominantly funded by user fees, very little other fees that we can generate. And Mr. Ayotte in his presentation spoke very clearly about that, that source of revenue fund. The fund is basically designed for the users of the service to pay for the services that are expensed within the fund. So that would be if we could go back, I am going to see if I can unshare my screen unless there is any questions Madam Chairman if there's any questions, I'd be happy to answer.

Chairman Caron

OK so while we have this up does anyone from the Committee have any questions? OK, Alderman Clemons, please?

Alderman Clemons

Yes, I do. Thank you, so I guess my question is and maybe I am jumping the gun because maybe you were going to get into this. But why and this chart doesn't really explain why there is a need for the increases that we have, you know, each time. The one where they decreased way up top there in 2004, I can understand because if you reduce the amount of money you are taking in obviously the fund is not going to keep up. But I guess what I am asking is why do we need an increase I guess in the charge in order to keep this fund balance where it's at? Because if you think about it, we increase, I guess is it because we only do it every so often, every few years?

Mr. Griffin

If I may Madam Chair I can answer that a couple of ways. Number one is my very next slide and it's that one that is very difficult to deal with but I will try to expand it but the costs associated with the fund predominantly significant investments in infrastructure resulting in debt service payments far outpace any increase in this fund. Now the other thing you have to keep in mind, this isn't a growth fund. What I mean by that is that the City of Nashua is pretty much all built out and the charges, the volumetric charges associated with the residential in particular are based on Pennichuck Water usage for the period October through March of each year. So if you can imagine, and that's why we are recommending 2010 that the rate increase in 2012 not to just go volumetric, because people are actually

conserving water as well. So if you are thinking you are going to get income there and a rate increase from just the usage, we found that in that timeframe 2011 we weren't getting the revenues that we had expected. So that's why we went with the demand and volumetric.

The next slide I will show you is or the next worksheet is the increases and the costs that drive down to the bottom which is going to result in these ending balances. And then you can ask some good questions on that. I will say that as Mr. Ayotte indicated in under the management of Lisa Fauteux and the team, the operational costs have been lost increases, it's the infrastructure costs. You are replacing old infrastructure, some pipes of which have been in the system for 75, 80, 100 years. It's more costly to increase those, therefore, the cost of the debt service is really the particular issue when you try to articulate that. But I am going to stop sharing and then reshare if that's OK. Off I go.

Chairman Caron

OK, does anyone else have a question.

Mr. Griffin

(Inaudible) overlapping conversation.

Chairman Caron

I'm sorry is this Alderman Cleaver?

Alderwoman Kelly

No, that was CFO Griffin still. I am looking for other hands from Committee or Aldermen on the call. I see Alderman Dowd.

Alderman Dowd

Yeah just a couple of things. One, do we have a corresponding infrastructure plan year-to-year to anticipate our yearly expenditures. I can't believe that these things are catastrophic events that drive this kind of cost. The other thing is have we ever considered taking the historical data that you showed on that sheet and coming up with an average? And maybe even, if necessary, a yearly increase but a much lower increase? I'm not sure that – although some people might disagree – I am not sure that the increase cost of the average homeowner would be too shocking, although 20% is pretty high. But I'll tell you right now having been on a Board of a condo association, you kill condo association's yearly budget because you are asking for this to be applied the 1st of January. Their budgets are already out for 2021, now you are hitting them with a 20% increase in costs. They don't plan for that unless you tell them way ahead. And then, you know, if this goes out, they can plan for next January but I'm thinking a lot of condo associations, you are going to cripple their yearly budget, possibly even driving special assessments.

My way of thinking, I'd like to see us be able to plan ahead and say, OK right now we need an increase in January 1st of 2021, not a couple days ago. To me that's really impacting a large group of places here in Nashua; we have a lot of condo associations. So I guess I'd like to get some feedback on that. When I am looking across the expenditures and the increases and decreases, I'd like to believe that there's an Infrastructure Plan that anticipates costs out 2 or 3 years and not all of a sudden we are out of money so we have got to raise in retrospect. So if somebody could address that I'd appreciate it.

Chairman Caron

OK, go ahead Mr. Griffin.

Mr. Griffin

So this particular analysis is the analysis of operations, it basically lays out from a cash position all of the revenues and costs associated with the operation. The ensuing schedules B and C that lays out the plan, Alderman Dowd, that you are wondering or requesting. The plan goes out 7 years not 2 or 3 years. And we can get into that as we go forward with the schedules. But essentially what we are doing is we are taking a pretty static revenue base and increasing it on January 1st as opposed to July 1st as you can see on line 7. Those are the increases that would provide the needed revenue to result in the bottom line that's positive. As we go forward, we have expenditures predominantly personnel related and operation and maintenance cost associated with the plant and the operations of the sewer mains and services throughout the City.

Then we have non-operating expenses and that's the reserve for replacements, we have just similar to a capital equipment reserve fund, we have a wastewater equipment reserve fund that was most recently redesigned a few years ago which tells us that we need to fund \$1.6 million dollars a year to make sure we have enough money in the fund to systematically and timely replace equipment in the plant especially but also throughout the system with pumping stations, etc. We need those dollars to fund that effort. Buildings and improvements, pretty typical – half a million for this size operation. And the debt service payments I have highlighted this particular line as this shows the increase as we continue to invest in a number of infrastructure related projects. This shows the debt service increasing pretty significantly over the next several years from \$5 million in 2020 to about \$9 million in 2025.

As you recall, a few years ago you approved, the Board of Aldermen approved a comprehensive paving program and part of that program, there was significant interest on the part of the Aldermen at the time to make sure that we didn't pave roads and then dig them up a few years later because the sewer pipes needed replacement. So I know Mr. Hudson and Director Fauteux can explain that in a little bit more detail but that's why there's an increase in sewer infrastructure expenses, to keep pace with the \$7.5 million dollars' worth of paving we are doing every year.

Alderman Dowd

Follow up; if you are able to project out this many years on the, you know, and the paving project started about 3 years ago I believe, it may even be the 4th year I'm not sure. But were we not able to project the situation that's going to put us in for a 20% raise this year with no increases over the last couple of years rather than having gradual increases? I don't dispute the infrastructure costs, I am having a problem with the planning, the financial planning that drives us to all of a sudden have to put a 20% increase to keep from going negative on our fund balance. If you can project out to 2025, we should have been projecting 5 years ago and balancing these levels so that we don't have to have such a dire increase.

I guess the other thing is, I know some of the Aldermen are considering that we should space this out and not hit a 20% increase to January 1st. I don't know if that is feasible or what. But I still think I'd like to find out why we can't do a better balance planning on this account so that we don't have to have these dramatic increases. The first thing I saw when you had your previous sheet is the 27% reduction, we should have never done that. We should have kept a large balance in that account and I know where people are coming from because the money goes different places but without getting into that we need to know how much we need to have in this account on a continuing basis and level out the increases to account for that amount. I know the paving project caused a lot of street infrastructure to be torn up and replaced, granted. I saw some of those pipes they were ridiculous.

But when we did the bonding for the paving, we should have taken that into account. And correct me if I'm wrong, it doesn't look like we did. So I am just looking for a little more information on how can we not have these kind of increases going forward.

Director Fauteux

May I speak just for a moment, Alderman Caron?

Chairman Caron

Yes you may, Director Fauteux.

Director Fauteux

OK thank you. So Alderman Dowd, just to put it in perspective, you scare me when you use words like "dire" increases. It is \$15.83 per quarter on average, so it's not – that's \$15.00 per quarter. So 20% sounds like an enormous amount of money but it is – you know – any amount of money is a lot of money right? But it's not as bad as that might appear now. What really has put us in this position is back in I believe it was 2004 / 2006 when not only was the fund reduced but all of the retained earnings were spent. There was about \$26 or \$27 million dollars in retained earnings that should have been used in the future to fund the plant and that didn't happen; the money was all spent on honestly I think things that – and this goes back you know prior certainly to this Administration – spent on things that shouldn't have been spent on. And I think if we had had that money, yes we could have probably had more modest increases.

We have done exceptional planning for the treatment plant. I want to say that we have done an incredible amount of work. We have replaced pumps, we have made improvements to the blower buildings, the aeration basins have been replaced, clarifiers have been replaced, we've done half of the pump stations, we have done the heating and HVC system at the plant. We've done upgrades to wet weather, we've done all of headworks, we've done a lot of work and some of that drives, of course, these costs that we are seeing today. Now there are also a couple of other things, three other things really that drive this and that's, you have 2 new permits that have not even been issued yet. And those are both EPA Permits and we really wanted to get a better understanding, as much info as we could, prior to raising fees so that we understood exactly where we needed to be.

We also have a consent decree that we are currently negotiating. That's not finalized by any stretch. We've just upgraded wet weather. Once we see how our whole process is operating, and our collection system, then we will have a better understanding of what else we need to do from there. So there are a lot of factors that are sort of driving these increases and yes, certainly there could have been smaller increases but the net result would have been the same. We still would have needed this money and again I just, it's a very corrosive environment. I think it's very dangerous for us not to fund this properly because it's not only capital that we are talking about now. It's also just the general operating costs of this plant and this plant is our City's most important asset. If this plant isn't running properly, we don't have any place else to send our wastewater. So I just want to, I think we need to be very cautious about how we do this. We certainly can look to the future and having smaller increases and on a more regular basis, that isn't something that we've really – if you look at the schedule we've gone to sort of a little bit larger increases a little less frequently, but we certainly could look at different ways to fund it.

But it is only, it's \$15.00 a quarter on average. And then the next year is about \$14.25 per quarter, so again I think that these are not unreasonable increases to be able to fund the City's most important asset.

Alderman Dowd

If I could have a follow-up Alderman Caron?

Chairman Caron

Yes you may, Alderman Dowd.

Alderman Dowd

First of all I would never say anything negative about the work that your Department does, they do a phenomenal job. I am certainly not touching on any of that because you do what you need to do to keep the City moving and safe. And that is not the issue. I think what you said was it a \$30.00 a quarter or \$60.00.

Director Fauteux

It's \$15.83 to be exact for a quarter.

Alderman Dowd

So it's \$60.00 a year for the average homeowner. A condo association like the one I live in, that's a \$30,000.00 hit on one line item. And the question I have is condo associations budget very tightly. And while they might have contingency it's usually for things that they anticipate coming up. So condo associations are a lot different than regular homeowners. Having said that, with the COVID going on, you have a lot of homeowners that \$60.00 is probably very important right now. So I am not negating the need for it, I am just saying that we have got to come up with a better way of planning what we need for a balance in that account and never falling below that balance and planning ahead a year or two, for any increases in the amount. I would like to believe that we have the brain trust that we can do that both from the infrastructure side on planning ahead and on the financial side for knowing what we need in there and how we can keep it in there. To drop to that other chart you had like \$400,000.00 or something, instead of having like \$15 million, that's a huge difference and we can't plan like that. We've got to plan better. As far as what we do with this increase right now, I don't know. I'm not on this Committee for one thing. But I will tell you that I do have concerns over the amount being asked for right now. I don't know if we can spread it out. It just concerns me and I think that we need to see a plan going forward that mitigates and levels this out, you know, year to year. We can't have these kinds of increases.

Alderwoman Kelly

Alderman Caron?

Chairman Caron

Are you all set? Yes?

Alderwoman Kelly

If I could go?

Alderman Dowd

Yes.

Chairman Caron

OK thank you Alderman Dowd. Go ahead Alderwoman Kelly?

Alderwoman Kelly

Yeah thank you. So I want to piggyback a little bit on what Alderman Dowd is saying. I think everything, you know, what you've put forward and what needs to happen makes a lot of sense. I think from a planning perspective I have issue with us putting this in two weeks before the end of the year and then

implementing the next month where nobody really gets the opportunity to understand and also comment on the stuff. I assume we knew before December that this needed to happen. So my request would be that in the future we give us more time to talk about this. I think it's especially when it is directly affecting taxpayers, we need to give enough time to have that discussion.

Chairman Caron

OK Alderwoman Kelly, is there anyone else?

Alderwoman Kelly

Alderman Clemons.

Chairman Caron

OK Alderman Clemons?

Alderman Clemons

Thank you. Yeah I would agree with the previous two speakers. But I guess I am trying to figure out, I am trying to wrap my head around how ... so the costs have gone up 22% since the last time we raised the rates? Is that essentially what we are saying here? Because I am trying to figure out why we are doing 22% and where that's coming from. Like why is it that we have millions of dollars like we have \$6 million dollars in there but then it's down to \$470. Why is the rate that we have right now not keeping up, not keeping pace with ... is it the debt service is that the reason why?

Mr. Griffin

If I may, Madam Chair, I can (inaudible) Alderman Clemons, see where it says "Net Surplus Deficit from Capital Project & Expenditures" that is a \$4.3 million hit.

Alderman Clemons

Which line?

Mr. Griffin

This would be line 41 where it says, "Net Surplus", are you seeing ...

Alderman Clemons

Yeah I can see your screen, yeah.

Mr. Griffin

Those are the two drivers; in other words the revenues are less than the costs of the program. So there's a \$4.3 million dollar drain in Fiscal '20. And then another \$2.8 in '21 and as we put in the rate increase and do some other things like bond instead of paying cash for items, that helps us in Fiscals '22 and '23. And then we are back to the same problem in '24.

Alderman Clemons

I guess my question is why are we, with rates the way that they are, why are we using almost \$8 million dollars or \$7 million dollars in cash when we could stabilize that over 20 years doing a bond payment and keep that cash in reserve?

Mr. Griffin

As you may recall from your review of the wastewater budget, there are certain items that are more annual that Director Fauteux can speak to and City Engineer Hudson. But some aren't, they are just not, they are capital projects but they are not considered, they weren't considered bondable or using a State Revolving Loan Fund. That's what we are doing, if you look at line 31, we are not using any cash in those two years for the next two years.

Alderman Clemons

So can I ask another question. So are we basically, this fund here, are we basically – so what you are saying is that because of looking at it from a property tax perspective and perhaps that's definitely not the way to look at it because it is a user fee. But when we budget annually for property taxes right, we take in the exact amount of money that we spend. And so I guess what I am asking, I am questioning why that isn't the same process here.

Mr. Griffin

It hasn't been the process if I may. We can certainly shift to that which we are going to do in the next two years, taking things that were historically paid for with cash and bonding them. At the end of the day you still have to pay back the bond holders or the loan holders. We can definitely add when we see the \$8.17 million as a balance on line 55 a few years out, we can put in a modest increase for several years and keep track of it on that basis, we could do that.

Alderman Clemons

It just seems to me that you'd want to keep up with the demand projections rather than like you said, rather than look at this and then see the balance going down in those later years, I mean that's, you know, to me at least, that is not ideal and that's what happens when and then because we do that then we end up having this situation that Alderman Dowd was talking about which is you know we end up with these 22%, 23%, 27% increases. So yeah, I mean I would like to see a more uniform way to budget this that if you have to come before us every year to give us a 10 year projection or whatever it is, a five year projection then that's what you do and you come before us and we say, OK we have got to adjust the rate by a dollar. I mean people would rather, I would think people would rather pay a dollar a quarter every year than \$15.00. It's just ... I don't know, at least that way we can kind of budget and know and see what the future brings. Not to say that we don't now but what basically we are seeing here is large increases every so often to keep that up to date. So I guess I would just emphasize what the previous two speakers have said and that we should think about doing this a different way.

Chairman Caron

Thank you Alderman Clemons. Is there anyone else that would like to speak that is not on the Committee.

Alderwoman Kelly

I would, Alderman Caron.

Chairman Caron

Yes, OK Alderwoman Kelly.

Alderman Kelly

So my question is directed to Superintendent Boucher, I just wanted to see if you could give us, I know you talked about it a ton, I know you are at our meetings all the time. But I just wanted to dig in a little bit about the capital improvements and how much of that has been, you know, sort of circumstantial, you bringing on there were some issues with some of the product and if that will stabilize over time as well. So if you could just talk a little bit about that, I think that would be helpful too.

Dave Boucher, Superintendent Wastewater

OK, can you hear me alright.

Chairman Caron

Yes.

Mr. Boucher

Ok, Superintendent Boucher. Just to kind of give you a brief so you kind of know what the wastewater facility is about, you know, it is a facility that runs 24/7. And by nature the wastewater that comes in is corrosive, it's got bleach in it, cleaning products, waste from industries and commercial businesses. Human waste has got ammonia in it, high ammonia so it's (inaudible) we get sand, rocks, debris that comes in. So all of these things are corrosive to the infrastructure, our pumps, there's a lot of wear and tear. We have aged equipment that needs to be upkept, some of it needs to be replaced. We are modifying and adding new processes to meet new or more stringent regulations.

We also put in redundancies because the facility can't shut down but over the years we've done a lot of projects. Just in the three years that I have been there, you know, we've had over a dozen major capital projects. Director Fauteux has touched on a lot of them. A lot of it is just infrastructure that needs to be upkept. Just a few of them I have, we have water booster station onsite that's been rehabilitated, brought above ground and this boosts water pressure throughout the waste water facility so we can maintain the pressure. We are currently finishing up a primary clarifier upgrade that is upgrading the infrastructure of five tanks, an energy recovery facility upgrade, we are trying to finalize this year. And that's involved in putting in two brand new generators that can utilize our biogas along with natural gas, the power part of our facility.

We are finalizing a pump station upgrade, six of the pump stations out of 13 pump stations in the City. So that's gone well. We did an HVAC upgrade. The wet weather facility, we had a main piston upgrade last year and we just were finalizing the screen upgrades in that facility. We also had a digester gas tank painting upgrade and diaphragm changeout in that tank, that's also a large project. But all these things are, you know, have gone well to benefit the facility. I would also like to mention that we are putting together a work with an engineering firm and we are doing a 20 year facility plan. It's a living document, the engineering firm has been working with my staff, myself. We have gone through all of the different processes in the facility looking at the current state of the facility. We are looking at new regulations that are coming down the line so we will be able to plan ahead and look at, you know, what needs to be done. Hopefully we can move stuff around so we don't see the sharp increases and rate increases throughout the future. This is a 20 year outlook. So if something is dire we can put it, you know, at the front of the plate and move stuff around; move projects around. Sometimes you can't, sometimes like Director Fauteux said, we get two permits. We try to look at the needs that we are going to have for these new permits, but it's hard to tell. Sometimes, when you get a new permit, it tells you to do something the facility wasn't designed to do and we have to change things up.

But the facility is doing well, but like I said, it's a constant upkeep. I don't know if you've got any other questions I can answer.

Alderman Kelly

Yeah if I could follow up Alderman Caron.

Chairman Caron

Yes, you may.

Alderman Kelly

Yes I think those are a really good overview of all of the projects that are in the works and again, I appreciate your hard work and making all of that happen. You don't have to answer this now, but my question was like how many of those were like maintenance you are going to see every five years kind of thing and how many of those projects were, you know, something happened to the digester, it was more of an emergency, we probably won't see it for 20 years kind of things. And I think it's just more of a planning to the comments of previous Aldermen, if we can plan for some of this, not everything is going to be able to be planned, but what can we plan for.

Mr. Boucher

Yeah some things you can plan for, like the digester diaphragm upgrade. We know that the diaphragm lasts about ten years; so we can pre-plan that one. And tank painting, we try to replan for that. The infrastructure inside a tank, we know there's general maintenance. The current project we were doing was a redesign of the tank so it wasn't just replacing the infrastructure, it was redesigning it so it could perform better for us, remove sludge better because it was hanging up and causing process problems. So some of these are, we know the life expectancy; I think on your screen there we've got a wastewater equipment replacement fund so a lot of that stuff, a lot of that equipment that's tied into these projects, we kind of give a life expectancy to it and we know when it's near the end of life. So we can replan ahead, OK this year we are going to need to replace all these things. We can take a look at it see if we can push out some, but I don't know if that answers your question.

Alderman Kelly

Yes, thank you very much.

Chairman Caron

Ok, thank you Mr. Boucher. Anyone else? Alderman Lu? Yes you may.

Alderman Lu

I have a question. Alderman Lu. Thank you. I just wanted to be certain, I have questions and I would be happy to ask them but I just am wondering if Director Griffin will be finishing his presentation because I didn't want to ask questions that were going to be covered anyway. So should I go ahead and ask my questions or just allow the presentation to be completed?

Chairman Caron

CFO Griffin do you have more to add to your presentation?

Mr. Griffin

I would, at this point, I would suggest that Alderman Lu ask her questions and we may touch on them but I think we've covered a lot. Thank you.

Chairman Caron

OK, thank you. OK, Alderwoman Lu you may ask your questions.

Alderwoman Lu

OK, thank you.

Chairman Caron

You're welcome.

Alderwoman Lu

I thought Director Griffin you were going to go through the items the exceptional items that created the shortage. What I haven't heard, I understand that the wastewater plant has done a lot and I understand that, however, I think what you are telling us, it seems to me that we are concerned about a lack of planning and we are being told that I mean these items aren't they the business of running a wastewater plant, you know, the items that you have described to us. And I don't mean to sound rude, but that's the business of the wastewater plant I believe and what we are concerned about is the going from down to \$400,000.00. I'm also concerned about in 2025 we will be back at \$4 million. So I wondered about that item on the first page that Director Griffin talked about. But I am wondering if Mr. Boucher, you can or somebody can address the EPA Regulations that may have changed the environment for us and cost us money. And if you could also clarify what the permits that we got two permits, I am new to the Board and I am not sure what that means to us.

Chairman Caron

So CFO Griffin would you be able to answer Alderman Lu's first question concerning the work.

Mr. Griffin

Certainly. As I mentioned and hopefully I can continue to share this but if everyone can see line 8, Annual Sewer Infrastructure Improvements, that number used to be \$1.3 million and we paid for it in cash. Now it's upwards of \$5 million a year to be bonded. So it spreads out, when we bond or we get an SRF Loan we spread out the debt service over 20 years. And at some point it catches up with the cost. So I would say that the cost of the infrastructure that Director Fauteux, Superintendent Boucher and others have mentioned, that's the driving factor for a business that does not have an increase in revenue if the rates don't go up. A lot of times, I was in a utility for 25 years and I was the VP of Rates, we never had annual rate increases because the residents wouldn't, the ratepayers wouldn't take it. They wouldn't be interested, they wanted to fight that in Massachusetts through the Attorney General's Office.

It's a little different here, I think we can come up with something that's more manageable. But as Director Fauteux indicated whether it is 20% today, a little bit more tomorrow, the numbers are going to add up to about the same percentage to get a balance that's reasonable in the fund. So I guess in summary, Alderwoman Lu, it's not only the projects that Superintendent Boucher mentioned but it's that sewer infrastructure that's trying to mitigate collapsing of pipes and things like that. And as City Engineer Hudson will talk about, and he talks about it at length most of the meetings that I attend, is that camering of the pipes underground to make sure we can identify problems before they start. So it's very comprehensive but you know a lot of these things that have been discussed tonight we can take into account and model. But it could be an annual increase by Ordinance in the wastewater sewer rates, it could be, there's no prohibition against it.

Director Fauteux

Alderman Caron, may I speak?

Chairman Caron

Certainly Director Fauteux.

Director Fauteux

To one of the things that we could do Alderman Caron, I am hearing a lot of questions that were answered in our consultant Frank Ayotte's presentation, so we are happy to go through that again if your Committee wishes. But there's a number of things we talk about our permits and EPA. So the two permits and the consent decree that we are currently under are all from the EPA. So if I just speak to the consent decree first. Many years ago, the City decided to develop the CSO Program rather than fully separating as Manchester did. So right now we are in the evaluation phase of our CSO Program to determine how well our collection system is now operating as a result of all of the CSO improvements that we did.

So once we do that, there will be next steps that the EPA will require us to do. We don't know what those are yet because we haven't fully tested our system, so there definitely will be costs associated with that. They will likely be in areas where we are still having issues, overflow issues, they don't want to see our CSO's overflow; likely we will have to separate in some of those areas. We are hoping that's going to be minimal once wet weather is operating at full capacity, but that's one area.

The other thing is with our new permits, we are going to have more, the requirements are becoming more and more stringent. For instance, we have to build a phosphorous removal and storage facility for \$1 million dollars. The other thing, and again, Frank Ayotte and Dave Boucher can speak more to this, but we also, as a result of our permit, we have what's called CMOM Plan which is Capacity, Management, Operations and something like that. And that's \$5.2 million now part of that is coming all of our lines, determining what lines need to be replaced, catch basin cleaning, all of that. Looking at our whole collection system and the maintenance of that, our pump stations. So that's another thing that's driven by our permit.

But also there were a lot of operational expenses that are also driven by our permit because we've got to keep our plant operating, it's a very corrosive environment so there are upgrades that we are required to do in order for us to be able to stay in compliance with our permit. We have kept up with those improvements and what we are seeing now which CFO Griffin has mentioned is now we have a significant of debt service because a lot of that has been bonded. So now we are having to pay those bond payments. So we were put in a tough position when all of the retained earnings were spent. We all wish that hadn't happened and certainly there are other, we could have smaller increases more frequently. There's a number of ways that we could structure this. But I don't want anybody to think that ... there has been a tremendous amount of effort and planning that has gone on by a large number of people. And we do know what our costs are. And you know, we certainly could give more modest increases more frequently if that's what the Board desires. Alderman Lu, I hope that answers some of your question.

Alderman Lu

Yeah just to follow up, Director Fauteux. I wasn't clear but you answered my question but by what does that mean I meant financially. But thank you for giving me the whole rundown. So a lot of items are relatively recent, for instance the recent requirements of the permit of our permit is that correct?

Director Fauteux

It's really a combination. There are some requirements of the permit Alderman Lu, definitely. But it's also operational maintenance. So the things that would be in our WERF Plan that need to be funded as well, so the general of maintenance. We have just gone through a period fairly recently within the last 6 or 7 years where we have had to do a lot of upgrades just because much of our equipment was at end of life. So we've had to spend, if you look back 6 or 7 years, I don't think CFO Griffin is prepared to do that, but you can see that we have spent a lot of money just upgrading our equipment and making sure that we have redundancy and making sure that we have the power pumps. It's a very expensive facility to operate as you can well imagine.

Alderman Lu

Just one follow up, please Chairman, thank you.

Chairman Caron

Yes, you may.

Alderman Lu

So these ten pages of Estimated Effective Lives of every component of this system, it sounds like that is all planned out. So that would not be unexpected costs. But then you say that we have upgraded. So are you saying instead of simply replacing we have had to upgrade say incur expenses that are higher than our scheduled replacements appeared to be, is that what you are saying?

Director Fauteux

No. No, no I am not saying that at all. I am saying that we have a very well thought out plan and we actually have two consultants; Frank Ayotte is one of them. We also have (inaudible) Pierce and we have looked at this very closely and the costs are not unexpected at all. They are very well planned and thought out.

Alderman Lu

Thank you. The only item that hasn't been answered is that in four years it looks Director Griffin like we are going to be back to \$4 million, is that not lower than we want to be ever again?

Mr. Griffin

Madam Chair I can respond to that.

Chairman Caron

Please do.

Mr. Griffin

Yeah that just shows you Alderman Lu the degradation in the fund balance where the revenue is stable because there is no growth and the costs are going up i.e. the debt service associated with the infrastructure capital improvements. What we could do is in embed in that, in another Ordinance, the modest increases that Director Fauteux mentioned, 3%, 4%, 5% to keep that balance up more than \$4 million at the end of this period, Fiscal '25.

Alderman Lu

OK thank you, I'm all set.

Mr. Griffin

The one thing I would say is if the fund balance has a balance, it means that the ratepayers don't have more money in their wallets right? So there's a tradeoff between a fund balance that's positive in how much the fund balance should be. We've always thought that if we can run it at a positive net, net restricted fund balance it would mean that we are doing OK.

Alderman Lu

Thank you very much to both of you.

Mr. Griffin

You're welcome.

Chairman Caron

Thank you. Anyone else?

Alderman Kelly

Alderman Clemons has had his hand up and Alderman Wilshire does as well. She may have been there longer, I'm sorry I didn't see you Lori.

Chairman Caron

Ok so we will go Alderman Clemons and then we will do Alderman Wilshire, thank you.

Alderman Clemons

Ok, thank you. I have a question about the Legislation before us. So it would be effective January 1st, 2021 is that correct?

Mr. Griffin

Yes.

Alderman Clemons

What would happen to these estimates if it was put off by two quarters?

Mr. Griffin

So if you go back to the first page, this is a PDF Alderman Clemons so what would happen is that \$1.4 million would not be there.

Alderman Clemons

Would it be at zero?

Mr. Griffin

It would be zero because that's 10% of 20%, that's half a year.

Alderman Clemons

So in the end though we would be at, we wouldn't be in the negative.

Mr. Griffin

So the \$470 would be minus \$1.4 million. So at the end of (inaudible) if it's negative, I mean there's no requirement that I know of that it needs to be positive, as long as there's a plan to get it positive, (inaudible) a \$6 million dollar negative balance in 2009.

Alderman Clemons

So if it had a negative balance at the end, because that is the end of 2021 right?

Mr. Griffin

Right.

Alderman Clemons

What would the balance then look like I guess the next year, we would be down by a million or so?

Mr. Griffin

It would be a million, you'd never recover the \$1.4 million.

Alderman Clemons

OK so instead of the \$4.678 down at the bottom you'd be at like \$3?

Mr. Griffin

You see Alderman Clemons how it goes from – it goes on Line 6, it goes up to \$17.2?

Alderman Clemons

Yep.

Mr. Griffin

That's the \$2.8 plus the \$14.3 that's the math.

Alderman Clemons

I guess I am looking at the bottom line.

Mr. Griffin

The bottom line you would lose the next number would be \$1.4 million reduction as well.

Alderman Clemons

OK so we'd still be in the positive though at the end of that year.

Mr. Griffin

At the end of the next year, correct.

Alderman Clemons

I might suggest to the Committee that we do that. The only reason being is that Alderman Dowd brought up a very good point and that is that the condo associations have their budgets planned out already. And we can, if we are really serious about looking into stabilizing these rates and doing them over a certain amount of time, then really we would still be in a good position to do that and then we also wouldn't have to put these condo associations at risk either, because I would assume that it would at least give them a half a year to plan to modify their budgets or use some of the contingency for the incoming fee. So it is just something to think about I guess. Thank you.

Chairman Caron

OK thank you Alderman. I'm sorry?

Mr. Griffin

Madam Chair, John Griffin, CFO. I'd like to ...

Chairman Caron

Sure go ahead, thank you.

Mr. Griffin

So I just want to make sure I understand. If we did the increase effective July 1st are we also going to postpone the increase that is scheduled for next January 1st to the following July or are we going to do the increase July 1st and then January 1st? Because that's what is shown here Alderman Clemons is the phasing in of the 20% half a year. They kind of pancake on each other so there's a multiplier effect here.

Alderman Clemons

What I would suggest is that we do that we leave the rest of it in place but essentially look to plan, because hopefully maybe if we can get on this we can come up with a better schedule and the other increases won't matter if we are planning ahead. I don't know fast we could come up with something like that. But certainly at least in the future if we modified this so that people had six months to look at it and they knew when all the other increases were, even if they were coming up instead of this year it's only a six month increment in-between they will at least know about it. And then again if we can really seriously look at this and come up with something else, who knows between now and then we could have a better plan in place. So I guess it would be to just leave, to answer your question it would be to leave the January 2022 increase in there.

Mr. Griffin

And then just one final observation. We used to as you may remember Alderman Clemons, we used to put these rate increases in simultaneously with the tax increases which is a very difficult visual. That's kind of why we were picking a January timeframe. Now January timeframe, that affects the billings in

April so it's for flow on or after January 1st. So the July increase would be for September. We can work on the timing of these things, whereas the commercials are billed monthly, commercial and industrial. And the other thing is from what I've seen, people have been kind of reluctant to have increases annually but certainly could give it a lot of thought especially if they are in with 4%, 5%, 6% increase range. But certainly we could entertain an analysis and an analysis won't take long.

Alderman Clemons

Well if I could real quick on that, I mean essentially what we want to do right is have an amount of money in that fund balance that would cover emergencies plus 10% I would think, right? Isn't that kind of like the purpose of that would be the purpose of that going forward so that if something were to happen you could kind of foresee that and budget the rest of it? So that's kind of where at least my initial thought process goes but obviously there would be a lot more to it.

Mr. Griffin

Well it's a very good point, but the difference the material difference between a regulated utility and the City owning a wastewater treatment plant, the Board of Alderman is (audio feedback). Like Pennichuck couldn't operate like that because they wouldn't be able to ... they do have a particular rate mechanism that helps them get cost of capital, working capital, but they wouldn't be able to just turn around and do a rate change, that is fully litigated, as quickly as the Board of Aldermen could have an increase if necessary. So that's of little comfort but it's – those are the material differences that I see between an investor owned utility and a City owned wastewater treatment plant or water plant. Thank you.

Alderman Clemons

Thank you.

Chairman Caron

OK, Alderman Wilshire, you wanted to speak?

Alderman Wilshire

I did thank you. Director Fauteux you mentioned camering the pipes. Where are we in that process? I know it's been a multi-year process, are we 50%, 75% done or are we just in the beginning phases of that project.

Director Fauteux

We are more in the beginning phases of that project, but I will let City Engineer speak to that, Dan Hudson.

Alderman Wilshire

That would be great, thank you.

Director Fauteux

Dan you want to give an update on that?

Dan Hudson, City Engineer

Sure, I'll try I don't have a specific percentage for you, that's something we are working on right now is to make sure we get everything into our GIS system so we can more easily pull those facts and figures out.

You know, we've been focusing on the inner City area some of the older pipes. Eventually we will get out to the (audio cuts out) and a lot of that is newer pipe. So we continue to video but you know the need will get less and less until we can get to kind of a regular program, where we look at each pipe every 20 years or so. I would say right now we are still playing catch up, we have been doing a great job trying to catch those pipes and line them before they collapse and we should continue doing that, but there's still quite a bit to do.

Alderman Wilshire

Thank you. I didn't need an exact, I was just kind of curious where you were in that process, so thank you for that. Very much appreciated. I have a couple of other questions, Alderman Caron.

Chairman Caron

Yes, go ahead.

Alderman Wilshire

How crucial is it that we pass this tonight on to the Full Board. Can this wait until next month so you can figure out you know January and July and all that. I don't know who wants to tackle that, maybe CFO Griffin.

Mr. Griffin

If I may Madam Chair. January would be fine. You'd miss to the extent you had a rate increase effective January 1st, you'd miss the commercial that gets billed the beginning of February but you still have a lot of time for residential.

Alderman Wilshire

Thank you. Going back to the fund that was in the wastewater reserve I guess, we as a Board of Aldermen kind of had our hands tied behind our backs for 20 plus years with the ill thought out spending cap. And that money did get spent and in hindsight maybe we shouldn't have done that but at the time it was something, I mean it was there. Even at that time it was a difficult choice to make but we were really severely limited with the spending cap that was in place for that whole period of time. Yeah I guess that's all I have. Thank you.

Chairman Caron

OK thank you Alderman Wilshire. Is there anyone else? Alderwoman Kelly, is there anyone else?

Alderwoman Kelly

Yes, Alderman Klee, sorry.

Chairman Caron

OK Alderman Klee, you're up.

Alderman Klee

Thank you Madam Chair. I have a couple of questions if you don't mind. And kind of some statements. My first question is if we lowered that bottom line as was suggested by trying to put things off and I think this goes to CFO Griffin, does that affect our bond rating or how we are seen as a strong financial City?

Mr. Griffin

Madam Chair I can answer that. It wouldn't materially impact the bond rating.

Alderman Klee

OK so that's not going to be a negative, that's a good thing. And then I also have kind of a comment. I lived in a condo for a number of years before moving into where I am now. And one of the things that I learned was that when the condos budget was hit with something large like this, we individual owners were assessed, you know, we would get hit with a fee. We had a sinkhole at one time and suddenly had to come up with this money and we all got a \$1,500.00 could be paid over 3 or 4 years or something like that. The home owners are going to have to come up with this \$15.00 a quarter as Director Fauteux had mentioned.

If each of the condo owners got hit with a \$60.00 annual fee or whatever it turned out their percentage was, I don't think that's much different than the individual homeowners. So while I agree yes it goes affect the condo budget and they are going to have to do some scrambling, I think they are used to getting hit with some of these unknowns and I think that they will fare well. Some might be hit harder and so on but the individual homeowners are getting hit with this as well. I think we need to take that into consideration.

But the other question or comment I want to say is I want to agree with all of my colleagues that have stated that I think it's important for us to try to keep future increases to as small as possible. And I think the homeowners would probably prefer getting hit, even though we say \$15.00 isn't a lot and \$60.00 a year isn't a lot but everything increases every single year. So if they could expect that it's going to go up a couple dollars this year and a couple dollars next year; they may not feel it as much as getting hit with a \$60.00 annual. That's just my kind of comment on it. And thank you for taking my comments and questions.

Chairman Caron

You're welcome. Anyone else? Do you see anyone? OK.

Alderwoman Kelly

Alderman Dowd has his hand up.

Chairman Caron

Alderman Dowd, go ahead.

Alderman Dowd

Thank you. Just a couple of questions that have come up over the discussion. One first question I have is, is our bond expenditure rate exceeding our surrender rate. In other words, are we keeping up with the payments on the bonds or are we keeping increasing that, which is causing us a problem?

Mr. Griffin

I can handle that Madam Chair. I am going to the bond schedule.

Chairman Caron

Certainly.

Mr. Griffin

So this is the bonds, the bonds and the notes that are associated with the fund. So if you look at the top, that was what Director Fauteux called the CSO Projects, the watering, the storage tank, aeration blower, wet weather facility projects, etc. So a lot of debt has already been taken out Alderman Dowd on those projects and you can see the debt service associated, some of which are going to drop off as we go forward, sludge digester, net metering etc. And then down below is where we are now looking at additional debt, pump stations, we talked about that; primary tank upgrade, phosphorous facility, CMOM Sewer Infrastructure that's that, see that big number there? Over the 10 year period that's going to be about \$55 million. So that's where the debt service kicks in.

So we are definitely systematically and timely exhausting the current debt but we are adding more debt that is increasing the debt service.

Alderman Dowd

So our debt service is – we are not retiring out debt service, we are increasing our debt service which is probably not a great thing from a financial standpoint. The other thing is, whatever we do with this particular Ordinance, what's the potential impact on the Enterprise Fund Budget for 2022.

Mr. Griffin

It would be, well first of all it would be in development, but things that were funded by debt would just increase the budget by the debt service on that debt.

Alderman Dowd

So the debt service, that's my concern, the debt service is increasing so that the Enterprise Fund cost to the budget is going to increase which is going to exacerbate whatever our rate is in 2022, is that a fair statement?

Mr. Griffin

This particular Enterprise Fund is self-contained and revenue is equal to expenses. There would be no impact on property taxes.

Alderman Dowd

OK. The one thing about the condo associations is I can tell you in our condo association if we have an increase like from the City, they don't go out with a special assessment, that's not the way they operate. There's something in the budget that would have to give whether it is paving of streets or residing condos or whatever, it's that kind of hit. They don't go out, at least ours doesn't, go out and say, Oh we've got an increase from the City so we've got to go out and everybody give us \$60.00; it doesn't work that way. The payment of the condo fees covers all of the expenses, all of them.

The other thing is that if I'm not mistaken, somebody correct if I'm wrong but I just talked to Larry Goodhue today, is not the Pennichuck going out with a 20% increase request from the PUC? And that will hit this year and so there's a whole bunch of things that are hitting the taxpayers and this is not a good year for that to be happening. I'm not saying that we can't do something. I think we need to really look at this carefully as to how much we can afford to increase this fee right now. Are there any things that we can legitimately put off 6 months? You know, I mean I think we need to look at this entire infrastructure plan and see where we might be able to adjust this. Even if we went to, as Alderman Clemons said, go to say 15% or whatever percentage in July and then possibly add another percentage on the 3rd year, and I still don't see the analysis that says how much money we should have in this account so we never go to zero and what that number is. I haven't seen that either.

I understand there are some things that are dictated by the Government and we have to respond to that. But you know some of these things that are not bonded and I am looking at the life expectancy from 20 to 53 years. Maybe we are not hitting our bonding requirements correctly, instead of having as big a rate increase we do more bonding. Now yes the debt service will increase but we can plan for the impact over more years. I was looking at the infrastructure over the next 2 years which seems really high. And I don't think we are in a position yet where we have to develop that phosphorous treatment plant and if we do, where does that fit in and how much of an increase are we going to have to do when that hits? Or is that all going to be bonded and then our debt service is increased even more. I don't know, in my own mind I have a lot of questions and I think Alderman Wilshire, rather than put this discussion on a regular Board meeting, we perhaps need another Special Board Meeting so that all of the Aldermen can chip in, other people can comment because the feedback that I've been getting with limited knowledge of this isn't good. People are hearing tax increase of 10% or 8% or whatever in '22 and now we are hitting them with a 20% wastewater and Pennichuck hits them with 20%. It's not a good sign and I think we have to be a little bit more fiscally responsible right now. I don't know what we can do but I am certainly willing to listen to alternatives.

Chairman Caron

Is that it, Alderman Dowd?

Alderman Dowd

Yes.

Mr. Griffin

Madam Chair?

Chairman Caron

I was just going to ask if you wanted to answer any of Alderman Dowd's questions or concerns?

Mr. Griffin

Yes.

Chairman Caron

Thank you.

Mr. Griffin

Yes, thank you very much Madam Chair. As Superintendent Boucher mentioned, we've got several pages of what's called "wastewater equipment replacement fund". That fund works and I want to point, you had brought up the first line, Line 19, Reserve for Replacement is about \$1.6 and slightly increasing to \$1.622 that funds, if we put that amount of money in annually that funds that several million dollar replacement fund over the next 15 years. So that's the hurdle to fund that. We are not taking the cost associated with those are not those each piece of equipment and charging it in one year. We are raising money to have enough to pay for it when it needs to be replaced in the infrastructure. But it is a number, it's \$1.6 million that needs to be covered by the revenue each year. Thank you.

Director Fauteux

May I speak, Alderman Caron, it's Director Fauteux.

Chairman Caron

Yes, Director Fauteux.

Director Fauteux

Thank you. I think when we are looking and I do understand the tax increases and everything that's coming down. But I really want to caution the Committee and the Board of Aldermen to not properly fund the Wastewater Treatment Plant. That's a very dangerous thing because if we don't run this plant the way that we should and in compliance with our permits, we are going to, we could risk shutting the plant down, we could risk major fines. We are dangerously low, in my opinion, in this account right now. And I'm not a financial person, my only interest, I am certainly taking CFO Griffin's advice on this, but they have done this analysis and they have shown what we need. I think we are very dangerously low right now in our reserve. That really concerns me. This is a very, very expensive plant to run and if anything catastrophic happened, we really should have some money in reserve.

And as far as, there are a lot of things that you could put off. We could put off paving if we wanted to do that. The Wastewater Treatment Plant is not something that we can put off either maintenance or capital expenditures. These are things that have to be done in order to comply with our permit. This is a very, very important asset to the City and there's nothing we can do if this plant is not operating efficiently or shuts down. There's nothing we can do with the wastewater, we have no place to go. So I just want to be very cautious about, I know it seems like there's a lot of increases, I think this is a fairly modest increase though given what we are trying to do and the importance of this. This is the City, by far, the City most important asset. So I just, you know, my only interest is to make sure that this – we've done a great job the whole team that manages this plant and I would not want to see us go backwards. That's all.

Chairman Caron

Thank you, Director Fauteux. Anyone else that would like to speak? Alderwoman Kelly, do you see anyone?

Alderwoman Kelly

Yes, Alderman Clemons had his hand up.

Chairman Caron

Ok, Alderman Clemons, can you hold off so I can speak and then I'll go to you.

Alderman Clemons

Absolutely. Sure.

Chairman Caron

Ok, thank you. So first of all, this facility is in my Ward, not too far from my home. So I know how important it is to the City. It's not just a small group; it's the City as a whole. And we have in the past let things go so in the last 9 years that I've sat on the Board I have approved, voted for a lot of maintenance, upgrades that were neglected. So I think that's very important. But I will say this and I think a lot of my colleagues on the Committee and that are speaking out, to get this at the end of December, for us to approve something to start at the beginning of the year I think was not a good idea. Because there are a lot of questions out there and maybe to some people 20%, \$60.00 or \$100.00 a

year added to their fee may not seem like anything. But unfortunately we have had a year that has totally thrown everyone for a loop.

So I think that we really have to think about it. My feeling was, as Alderman Clemons mentioned, to move this to July and maybe do it July half and then in December do the other half. And then look at what next year brings or hopefully your Committee and group would bring back some financial analysis as to what we can do because obviously we should have something forecast, even if it's only five years out so that we can do smaller increases. I'm not sure and maybe Alderman Wilshire can chime in, that maybe this is something that we should bring as Alderman Dowd said for the Full Board to have conversation on and vote on at a Special Board meeting. But that's something that I can't decide.

I think it's very important, we need to make sure that the treatment plant is up and running, that we don't get fined from the Federal Government. And as we all say, the Federal Government makes mandates but they never give you the money to make those improvements. So I agree with Director Fauteux in that key, but I really have some concerns about this rate increase especially where we are just starting out and we are just hearing about this in January. So Alderman Clemons, I will let you speak.

Alderman Clemons

Thank you. So I want to just first say that I don't have any issue with what is on the table as far as the maintenance schedule or how you operate down there, anything like that. I think you do a great job, I think it's probably one of the best run Departments in the City. But what I am questioning is just the need to have \$8 or \$9 million dollars in cash sitting there. I don't know and I guess that's kind of where I am curious to see if we can do a little bit of a deeper dive and see if we can maybe make these, you know, figure out what the minimum number is that we want in that account and then adjust the rate increase to that. And maybe we have to do it over a number of years, you know, maybe it's higher at first just to get us to that point and then to maintain it, it is less as we go down the line. I guess I would like to see an analysis like that but my question would be to the CFO is how long would something like that take your office to produce?

Mr. Griffin

Madam Chair?

Chairman Caron

CFO...

Mr. Griffin

It wouldn't take long because you just reverse engineer we block in some comfortable number down at the bottom and just adjust the rate up top instead of letting it flow down you flow it back up. The way we've been doing it is a typical utility rate raking procedure where you are trying to get your cost of service, your cost of capital, things like that locked in and then you go a number of years making sure your shareholders are satisfied, your customers are satisfied. This here is a little bit more straight forward. You can create the rate annually.

Alderman Clemons

Is that something you'd be able to bring to a later meeting maybe as something for us to look at that puts into effect all of the needs that are laid out there in front of us?

Mr. Griffin

Right, the only caution would be as Director Fauteux indicated, this is a very complicated fluid set of issues that they deal with daily. So that's going to create the need of maybe that \$4 million being \$6 million. But you will keep a \$6 million dollar balance and do whatever it takes on the rate side with a little bit of cushion to the extent there's some conservation out there on the volumetric side so that you land on that spot. It wouldn't be like this traditional approach where it's a larger increase every few years instead of a smaller increase every year. But we can do that using this page right here that I'm looking at, just go back up and then make sure that the ensuing pages, all of those costs get duly spent. Director Fauteux and I and most of us don't want is we put off something that if we put in now we are going to save money in the future, that's kind of the thing. But it can be done, the analysis can be done, can be a workshop.

Alderman Clemons

I think, Madam Chair, that is something I would want to see especially considering our discussion here this evening. And at least give us an idea, you know, it would give us an alternative to kind of look at and decide as Board how we would want to go forward. I don't want to stifle debate but I would certainly entertain or support a motion to hold this at the Committee level so that we could get that and then look at a couple of different plans moving forward.

Chairman Caron

Is that it, Alderman Clemons?

Alderman Clemons

Yes.

Chairman Caron

Ok, so quick question to the Committee first, well no I'll go this way. CFO Griffin, if you had to put this together would you be able to get it done by a meeting for January 21st?

Mr. Griffin

Yes.

Chairman Caron

OK so to the members of the Committee that are here, we already have a date set for January 21st for another item that has to be looked at quickly. Would you be willing to put a hold on this to be discussed on the 21st of January for the Full Board meeting of January 26th.

Alderman Clemons

I have no problem with that.

Alderwoman Kelly

I am looking for other Committee members. Alderman Cleaver has his hand up.

Chairman Caron

OK, Alderman Cleaver?

Alderman Cleaver

Yes, thank you. I have no problem in putting it off to gather information as you say. But I would like to suggest that perhaps we could put off by a quarter the rate increase and have it go into effect April 1 and that way we have additional money but we have a chance to inform the public and have an adjustment period where people can get used to the idea of a rate increase.

Chairman Caron

OK, so I would think though if we are going to have a meeting to discuss this further with the analysis that CFO Griffin is going to provide us, then we could have that discussion on changing the rate and what month to start it, at that point because we would have to amend this piece of Legislation. Would that be conducive for you, Alderman Cleaver?

Alderman Cleaver

Yeah and that's fine, it would be part of the larger discussion.

Chairman Caron

Yes.

Alderwoman Kelly

Alderman Wilshire had her hand up.

Chairman Caron

OK, Alderman Wilshire?

Alderman Wilshire

Thank you. I agree with Director Fauteux, this is a very important asset to the City, always has been. When the bills come through to fix things, you have to fix them, you have to do it. There's no opportunity to say, Oh we will put that off three or four months. I mean we obviously just can't do that. I think it's a good idea to table this for now and take it back up. But I would like everyone to do is make sure you think about all the questions you might have for CFO Griffin before he puts something together and then we start throwing all kinds of wrenches into it. It's important, I think we should move on it and I think we should move on it rather quickly so thank you Alderman Caron.

Chairman Caron

Yes, OK. So then I am going to need a motion for this but I think that if anyone has any questions before the meeting on the 21st to CFO Griffin that you send it. But Mr. Griffin, you have a pretty good idea of what the Committee and other Aldermen are asking you?

Mr. Griffin

Yes, I do. Thank you.

Chairman Caron

OK, alright. So Alderwoman Kelly you put in for final passage of this piece of Legislation. Do you want to change your motion?

Alderman Kelly

Sure, I can change my motion to table.

MOTION BY ALDERWOMAN KELLY TO TABLE UNTIL THE SPECIAL MEETING OF JANUARY 21, 2021

ON THE QUESTION

Chairman Caron

OK, do we have any questions from any Committee members concerning the motion?

Alderman Kelly

Alderman Dowd has his hand up and I also have a question but he can go first.

Chairman Caron

So Alderman Kelly first and then Alderman Dowd.

Alderman Kelly

OK. I am perfectly fine keeping it in our Committee, I am not sure it was fully addressed with Lori whether or not we want to make sure that any questions from the Full Board are addressed and that may be where Alderman Dowd is going.

Alderman Dowd

Great minds think alike.

Chairman Caron

I was going to say I guess we are all thinking the same thing, go ahead Alderman Dowd.

Alderman Dowd

Yeah I was going to suggest as we've done many times in Budget that if people are sending questions to CFO Griffin, that at least the Committee here get copied, but I would suggest and it's up to Alderman Wilshire that they go through Donna and the entire Board has the questions shared so people know what questions are being asked and look for the answers and satisfy all of their concerns.

Alderman Wilshire

I am ok with that, I think the sooner you can get any questions or concerns to CFO Griffin, he's not trying to, you know, weave them in after he's already done up a new scenario for us. So yeah I am good with that, thank you.

Chairman Caron

OK then I will send out an email to Donna asking, telling her that this has been put off to the Special Meeting of January 21st and that she get out an email to all the Board Members that if they have any questions concerning the user fee, that they go to her so she can get them to CFO by Friday of this week. How does that work?

Director Fauteux

Alderman Caron, may I add one more thing after?

Chairman Caron

Certainly. Go ahead Director Fauteux.

Director Fauteux

OK thank you. I just would like the Committee also to consider that there a lot of variables and unknowns that we just don't have right now as well. So let's just keep that in the back of your minds when you are thinking about negative retained earnings because there could be other things that we are going to be required to do. We have two permits right now that have not been issued; there could be other requirements that we don't know of. And then we also have this consent decree that's hanging out there that the EPA has told us that there will be next steps, we just don't know what those next steps will be because we haven't, we really pushed back hard and told them, look – we want to test our current CSO Program before we decide what next steps, if any should be. But they have been very clear that there will be next steps so that's something else that is sort of an unknown. So just keep that in the back of your minds when you are thinking about the funding of the Wastewater Plant. Thank you.

Chairman Caron

You're welcome. Director Fauteux, I would suggest that as part of the analysis that CFO Griffin is going to do that you probably add a Memo concerning all of these permits and information that might come from the Federal Government that you have to take care of because we want to keep going because we are doing a fabulous, as Alderman Wilshire said, we are doing a fabulous job of getting the treatment plant up to where it should be and working and Superintendent Boucher has this on-going thing. So that will also help the Committee and other Members of the Board of Aldermen who might have questions, ok?

Director Fauteux

OK sure, thank you.

Chairman Caron

OK anything else.

Aldерwoman Kelly

Alderman Clemons has his hand up.

Chairman Caron

OK Alderman Clemons.

Alderman Clemons

Thank you, I appreciate it, just briefly in regards to other members of the Board I would encourage them to, if they have an interest or if they have questions to submit those questions like was said, but also to attend the Special Personnel Meeting. I am a big believer in doing the work at the Committee level, I appreciate and I think that the important thing is to know that all of the Chairmen and Chairwomen that we have always welcome members who are not on the Committee to come and participate.

So I think we can handle this in Committee successfully and then that way if you don't have a particular interest in this, you can have a nice night off and go and vote on it however which way you feel at the Full Board.

Chairman Caron

Thank you Alderman Clemons. OK so we have a motion to table until the January 21st Special Personnel Advisory Committee Meeting on Ordinance O-20-040. Do we have any other questions or concerns out there? If not, will the Clerk please call the roll?

A viva voce roll call was taken which resulted as follows:

Yea: Alderman Caron, Alderman Clemons,
Alderwoman Kelly, Alderman Cleaver 4

Nay: 0

MOTION CARRIED

Chairman Caron

So CFO Griffin, we will see you on the 21st along with everyone else.

Mr. Griffin

Yes.

Chairman Caron

Thank you all for taking the time to participate in this project. OK, Alderwoman Kelly?

O-20-41

Endorser: Mayor Jim Donchess

AMENDING THE ADMINISTRATIVE OFFICER ORDINANCE

MOTION BY ALDERWOMAN KELLY TO RECOMMEND FINAL PASSAGE BY ROLL CALL

ON THE QUESTION

Alderwoman Kelly

And it looks like maybe Director Marchant would like to speak on that.

Chairman Caron

OK so Director Marchant, would you explain to the Committee as to why we are looking to amend this position?

Sarah Marchant, Director of Community Development

Absolutely, good evening. And Matt Sullivan the Planning Director is also here with me tonight. Essentially we are looking to amend this Ordinance as we haven't had an official Administrative Officer in place for quite a while. This position has not been designated in quite a long time and the way that it was written required a specific designation when positions change, it gets left off, we forget and with specific Zoning Board appeals, Right to Know Law requests and lawsuits that occasionally come our way it is a problem to suddenly put in Legislation and get something in place. And so what we have proposed here is it has traditionally always been the Planning Director, we are looking to make to designate it as such and in the case of an absence of the Planning Director that it would come to the Community Development Director. And so that way we have everything in place so that if there is a need, we have been kind of operating this way anyways but if there was a need, it could be completely covered. So that is the quick explanation. I'm happy to answer questions and Matt is here as well.

Chairman Caron

OK so does anyone from the Committee have any questions to Director Marchant?

Alderwoman Kelly

I don't see any. Shall I call the roll?

Chairman Caron

No. Director Marchant, do you have someone in this position now?

Director Marchant

Yes Matt Sullivan who is here with us tonight, he came on board in October or September.

Matt Sullivan, Planning Director

September.

Director Marchant

And he is the Planning Director. September.

Chairman Caron

So he's been there awhile. And the Community Development Division Director is ok to sit in as acting...

Director Marchant

Yes that would be my position and in the absence of the Planning Director I have been sitting in in that position until we brought Matt on board in September.

Chairman Caron

OK, alright, thank you for those answers. OK since there are no other questions, would the Clerk please call the roll for final approval on amending O-20-041.

Alderman Kelly

The motion is for final approval of 20-041.

A viva voce roll call was taken which resulted as follows:

Yea:	Alderman Caron, Alderman Clemons, Alderman Kelly, Alderman Cleaver	4
Nay:		0

MOTION CARRIEDTABLED IN COMMITTEE**R-20-021**

Endorsers: Mayor Jim Donchess
Alderman-at-Large Michael B. O'Brien
Alderman Patricia Klee
Alderman Thomas Lopez
Alderman-at-Large David C. Tencza
Alderman Jan Schmidt
Alderman Skip Cleaver
Alderman Linda Harriott-Gathright

ESTABLISHING AN INFORMATION TECHNOLOGY STUDY COMMITTEE

- tabled at 6-1-20 mtg

O-20-010

Endorsers: Alderman-at-Large David C. Tencza
Alderman Thomas Lopez
Alderman Patricia Klee
Alderman-at-Large Lori Wilshire

CLARIFYING THAT COIN DEALERS ARE NOT SECONDHAND DEALERS

- tabled at 3-2-20 mtg

O-20-032

Endorsers: Alderman-at-Large Brandon Laws
Alderman Thomas Lopez
Alderman Jan Schmidt
Alderman Skip Cleaver
Alderman-at-Large Shoshanna Kelly
Alderman Elizabeth Lu

REDUCING THE FINE FOR OVERNIGHT PARKING VIOLATIONS

- Tabled at 10/28/20 meeting held jointly with Cte on Infrastructure

PUBLIC COMMENT - None

GENERAL DISCUSSION - None

REMARKS BY THE ALDERMENChairman Caron

So I just want to tell the Committee Members that (audio cuts out).

Alderman Clemons

June, are you there?

Alderwoman Kelly

I was just going to ask that but I didn't know if it was me.

Alderman Clemons

I guess we will wait a minute.

Alderman Klee

That's one way to leave things hanging. I just want to tell you that ...

Alderman Clemons

News at 11.

Alderman Dowd

It was something critical for everybody to understand but we don't know what it was.

Alderman Clemons

Hopefully she can reconnect.

Alderwoman Kelly

I just sent her a text to let her know, give her a minute.

Alderman Dowd

I was going to call her and give her some grief.

Alderwoman Kelly

We can call her and put her on speaker.

Alderman Clemons

We've done that before at a meeting once.

Alderman Dowd

Yes, we have. We can't adjourn, we lost the Chair.

Alderman Klee

Has she responded?

Alderwoman Kelly

One went right to voicemail, I'm wondering if she's having technical issues.

Alderman Dowd

Well Matt is still on, in your short time you are starting to get this ancillary assignments so you have been accepted.

Mr. Sullivan

Thank you. Yeah. Sarah offered and I felt I should step in, yeah. Thank you.

Alderman Klee

I worked for the Federal Government and our PD's used to say, "and other duties as assigned" so this is your other duty as assigned.

Mr. Sullivan

That's exactly right yes.

Alderman Dowd

It's part of your job description.

Mr. Sullivan

Yeah.

Alderman Klee

It looks like she's back.

Chairman Caron

Hello, can you hear me now.

Chairman Dowd

No, we all left.

Alderwoman Kelly

Yes.

Chairman Caron

I'm sorry for some reason it canceled out and I'm seeing all these text messages. So where did you lose me?

Alderman Clemons

You gave us a cliff hanger, you said, I'm going to tell you and then that was it.

Chairman Caron

Oh I don't know what I was going to tell you, that's why Alderman Clemons your face was like where is she? OK so I just wanted to remind the Committee members that our meeting that I had scheduled for January 21st was to have the new person that Treasurer Fredette is bringing on for position of Deputy Tax Collector, because we have to approve that position. So they will be there that evening and the reason he wants to bring the applicant in sooner rather than later because obviously he would like to have them train with Ruth Raswyck before she leaves at the end of February.

And then the other part of this now, we will have the discussion about the Sewer User Fees at that time. So please, if you have any questions, please get them to Mr. Griffin in a timely manner and then we will have all the information that we need so that we can present it to the Full Board on January 26th. You all can hear me, you all heard that right?

Alderwoman Kelly

Yes.

Alderman Dowd

Yes.

Alderman Clemons

Yes.

Alderman Cleaver

Yes.

Chairman Caron

Ok, alright. So that's all I have. Is there any, I think we've got everything else. Any other comments from Aldermen?

Alderman Kelly

I'm not seeing any other comments.

POSSIBLE NON-PUBLIC SESSION - None

ADJOURNMENT**MOTION BY ALDERWOMAN KELLY TO ADJOURN BY ROLL CALL**

A viva voce roll call was taken which resulted as follows:

Yea: Alderman Caron, Alderman Clemons,
Alderman Kelly, Alderman Cleaver 4

Nay: 0

MOTION CARRIED

The meeting was declared closed at 9:01 p.m.

Alderman Kelly, Committee Clerk