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COMMITTEE ON COMMUNITY IMPROVEMENT PROGRAM

February 27, 1996

6:30 PM

Chairman Robert called the meeting to order.

The Clerk called the roll. There were four aldermen present.

Present: Ald. Robert, Reiniger, Clancy, Domainque

Absent: Ald. Wihby (It was noted that Ald. Wihby was ill.)

Chairman Robert advised that he wished to address the Pine Island Center first, because one of the commissioners needed to attend a prior commitment, and noted he wished to address items 13, 19 and 27 together.

On motion of Ald. Domainque, duly seconded by Ald. Reiniger, it was voted to remove item 27 from the table for discussion.

13. Communication from Jay Taylor, Industrial Agent, requesting the Mayor be authorized to execute a Confirmatory Option to Purchase (Right of First Refusal) satisfactory to Blue Cross, subject to the review and approval of the City Solicitor.

(Note: additional information submitted by Jay Taylor on February 22, 1996.)

19. Communication from Toni Pappas, Chairman, Hillsborough County Board of Commissioners relative to the Pine Island 4-H Center.

27. Request of the Building Commissioner to demolish the Pine Island 4-H Center.

(Note: Tabled 12/5/95 in Committee on Lands & Buildings)

Chairman Robert noted this was a complex issue and that different people wanted to speak to it.

Ron Ludwig as Director of Parks, Recreation, and Cemeteries addressed the committee first. A handout was distributed to the committee. Mr. Ludwig stated they thought what might be of assistance to the committee was a brief overview that they had presented at a meeting as it related to all of parties involved

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with the Pine Island site. Mr. Ludwig stated that last October the building on the 8.8 acre site the city retains burnt. Mr. Ludwig stated before he got into that too much, it sent us in a big tailspin of what are we going to do with Pine Island, how does that relate to all parties concerned, being the County, UNH Extension Service, and City of Manchester who had formed a partnership to operate Pine Island. Mr. Ludwig stated he wished to have Ron Johnson address the Committee and provide some chronological dates, which would give everyone here a brief history because he felt it was important they realize what goes on at Pine Island, a lot of people were not aware of what has gone on there in the past and how this whole thing has developed, and he would come back to address the committee later.

Mr. Ron Johnson addressed the committee referring to the handout stating to give them a little bit of background, there had been a lot of issues, and a lot of different players involved at Pine Island. Mr. Johnson stated that Pine Island Park, probably a lot of people in Manchester remember it as the amusement park, and in the late 60's when the park was kind of running down and facing demise, the City stepped in, they were interested in developing that area had potential for light industry, the residents of Ward 14 at that time solicited the Board of Mayor and Aldermen to help to attain some of the property for park land, for the area of south Manchester. There were many different studies and he had chronologically put those in order of what happened, a urban park committee was put together and eventually some recommendations were made relative to developing some part of the property for educational, at that time Manchester was looking at setting a skill center or vocational educational center and one of the plans on the board (an illustration placed on an easel) to the right actually shows a plan done by the Planning Department in 1975 where they actually sited the skill center on the northern part of the property, and then the southern portion which is now Pine Island Park was retained as open space and park land. Mr. Johnson stated that that plan never went through, at the same time the city was through the Manchester Industrial Council were courting industry to come in and they finally got HOME Insurance interested in the property. Subsequent to that Amoskeag Industries knew that the City was interested in the property and they stepped in and they bought the whole 43 acre tract, which is on Pine Island Pond which includes what today we know as Blue Cross/Blue Shield and the Pine Island Park property. The Home Insurance eventually developed the parcel and they purchased the whole property from Amoskeag Industries, and then as a gesture to the City they gave the option to purchase the 8.5 acre tract of property we know as Pine Island Park. Through that transaction they put a Right of First Refusal in the deed for the park that it should always remain as park property, open space and used for environmental education, they didn't want to have any active development there. Mr. Johnson continued stating after that the City struck up a deal two years later, in 1978 with Hillsborough County, the 4-H program, and developed a lease which was originally a two year lease, it went from 1978 to 1980,

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and then it was subsequently renewed each year unless either party decided to back out of the agreement. So that was when the relationship between the City and UNH developed through the Hillsborough Cooperative Extension. Mr. Johnson stated it was kind of difficult, there are three players, Cooperative Extension also gets funding from UNH in Durham, so that is a second player in the overall scheme, but from 1980 until recently, until the fire occurred the City owned the property, the 8.5 acres, and we had a lease with Hillsborough County Cooperative Extension for the building and for them to run programs for environmental education. Over the last couple of years there was one important date that came up, when the last director came to Pine Island she had some concerns about safety for children there and she asked the Manchester Fire Department to do a walk through. Mr. Johnson stated he believed Alderman Clancy was involved through the walk through, through the Fire Prevention Bureau, and essentially they came out and said that the second floor of the building was unsafe for educational space, so restricted their use of the building to the first floor, which dramatically cut back on the amount of programs that they could do. From there they kind of took a step back and said we need to look at the long term future of the property, if they want to do development or improve the building, Cooperative Extension felt that they would have to get a lease from the City, a longer term lease and at that time they were talking maybe 10 or more years. If they were going to go after grant money or put any improvements into the building they didn't want to have the City renig and come back, with the current agreement the City could come back after one year and ask for the property back. So at that time we started developing a long term lease, the Parks and Recreation Commission requested the City Solicitor's office to look into that and we developed that program, then also a planning workshop was held where some Manchester architects and engineers came over on one Saturday and started planning for the future of the center. They volunteered their time, and we had on one day we got a lot of good ideas, we looked not only at the building but also access, there is a lot of problems with access on Brown Avenue and the driveway, so from there we developed some requests for the CIP Plan in fiscal year 1996 to look at, there was an adjacent piece of property that was for sale, it showed on this other map (illustrated on an easel) where the pink area was highlighted as Blue Cross/Blue Shield, and you'll see there is an out piece which is actually a private property, and the two green parcels there is a small cemetery there which is under our jurisdiction, and then the other larger green parcel is Pine Island Park. They looked at possibly acquiring the second property, that was a suggestion to help improve access into the site to alleviate the problem of coming down onto Brown Avenue. Mr. Johnson stated they worked with the group and they came up with ideas and then last fall, on October 23, 1995 the fire occurred. We were working at that time, the 4-H, in conjunction with the Parks Department had gotten a grant from the Bean Foundation to put a sprinkler system in the building and in fact the new 4 inch service was brought up to the building, and the

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sprinkler system was to go in any time, but the fire pretty much destroyed the building. Mr. Johnson stated he thought at this time there are a lot of issues, the County wants to look at the possibility of a longer term lease, and he thought this would give a little bit of the chronology on how it all developed and the various partners that are involved in the program. Mr. Johnson stated it had been a valuable program to the City they have been there for 18 years, they service over 4,000 folks through their programs, there are also countless other programs that have used the facility in the past, in south Manchester they have used it as a community center, it was open after hours for Boy Scouts, Girl Scouts, various other programs and it had been used quite a bit in the past, and he thought that the residents of south Manchester feel a loss there not only for the Pine Island Center, but for the facility as a resource.

Chairman Robert asked what Mr. Ludwig's vision was for this site going into the future.

Mr. Ludwig replied that now they get to the confusing part, where are we in relation to the County, the UNH Extension Service, and the City. Basically the agreement or the contract that Manchester had with the County basically said, and it was reviewed by the Risk Manager at that time, what would be a good number to carry for insurance since the County did insure the building, what would be an acceptable number so it would not overkill the county or whatever, the number of \$107,000 surfaced. The Risk Manager at that time felt comfortable that that would be sufficient funds to effectively accomplish whatever needed to be done, usually buildings of this type burn just one room its enough to fix it up, its like a multi-family dwelling, at this point or maybe its enough to clean up the site, to make the long and short of it, \$107,000 was basically what the City was guaranteed should there be a loss there. As we looked into the problem a little bit more it was determined that the County carried a blanket policy on all their property and effectively had spelled out that the County could go after replacement cost as it relates to Pine Island. Now that doesn't mean that the City he would assume would be expected to receive any more than the \$107,000 that was spelled out in the agreement, but it's basically up to the County to determine whether they want to go forward to secure replacement costs or whatever. Mr. Ludwig stated that about a week ago because it seemed to him like the County was going in this direction, the City was going in that direction and nobody was going in any particular direction, I got Ron to the side and said I think that we should at least get together and try to make some determination with the parties out there Alderman Domainque sat in, a couple of our commissioners sat in, and Ron and himself, Margaret Pratt Hagen from the County, Toni Pappas from Hillsborough County Commission with her financial person, Kathy Giacomponello, and they tried to say where are we all headed with this thing and in what direction do we want to go. They conveyed to us, Ms. Giacomponello, that they had on three separate occasions effectively tried to obtain

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replacement costs and they have been receiving negative responses all the time. He thought they felt pressure from other organizations that they should be going after replacement costs for this facility, but they also realized that there were a couple things that happened here, they start to incur additional legal expenses as chases that money goes along, that there is greater time allocated to the loss of the facility down there, in other words maybe the longer we go without something down there the out of site out of mind scenario it won't be there any longer, and they appeared from the County standpoint that they just wanted to end this thing. There was still some feeling out there that replacement cost is what they should go after but the City at this point doesn't have any legal obligation to any additional dollars over the \$107,000. that is not to say that the County might say if we can get 300,000 we'll fund that back to you also, he didn't know what was out there as it relates to that. Mr. Ludwig stated that subsequent to that meeting the County determined, he had suggested they just get this money, if the city was entitled to the money anyway they did not want to chase it down any further, turn the money over to the city they will get it into some kind of special account, he knew that aldermen frown on special accounts on some occasions, but get it into some escrow type of account where they could hold it and then make a determination of how is the relationship going to further develop for Pine Island, what's the City's commitment going to be, what's the County Commission's going to be and what's effectively the program is done by the Extension Service, however he feels that he would like to see them be a player, we are sitting here with a piece of land with some money that will put something back on the site, but maybe not enough at this point. Mr. Ludwig stated he thought it should be maybe like the UNH Extension Service should come forward with with some kind of business plan that says we are going to do programming, we are going to do maintenance if the building were to go back up, we are going to do short term maintenance, and we are going to do capital improvements as it relates to the building in the future and plan that out, and he thought they should come forward with a proposal to us and say and here is what we are willing to do if somehow you can get a building back on site. Now, that did not mean that the \$107,000 is going to do it, because they were already looking at chipping away at that to get demolition costs out of that and he would be back at some point, Armand Gaudreault and the Building Department can't come up with that money. He guessed that the County would still be on the hook for any liability that lies out there as we speak, if anybody gets hurt at this point because it is a structure and is not in good condition, it's ready to fall down, the snow is gone and the kids are going to start to hang around there, there is no question, so he had a concern in that regard, he wanted at least the site cleaned up, he thought there was a few ways they can go and he thought that maybe if they could get the money at least set aside for them maybe they could enter into some fund-raising, maybe they can do some additional grants, maybe there is other avenues to come forward with some additional funds for this

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project but he could not speak to those at this point, he would like to see the site cleaned up he did not know what further plans that the aldermen may be interested in for the area, he agreed with Ron Johnson that it is a beautiful area, we are not in jeopardy of loosing the area we can still maintain it as park land in the meantime, and he did not think that Blue Cross could come back there is a few bumps in the road with the right of first refusal here that he thought Alderman Domaingue would like to see cleared up as he watched at the last meeting as it related to the price per acre and some of the term which was very confusing when he read it, he asked Tom Arnold to clear that up he though he did and it more or less came out to a infinity as far as he was concerned but he still thought the aldermen had some questions as it relates to that, but he would like to speak that there ware a lot of good programs run out there, maybe the partnership was a little bit loosely defined for the number of years that it operated because the issues that related to maintenance always seemed to just fall by the wayside, we tried to help them in mowing the grass around when we could and some minor carpentry that needed to be done in the building because it was so old, but obviously the items as it does in our own system here, the \$5,000 or the \$10,000 items a lot of times seem to fall through the cracks and they were dealing with an extremely old structure. Mr. Ludwig stated that it was valuable, we didn't mind the relationship we had, he did not think they were prepared to take on any more maintenance responsibilities for the facility then they were in the past, and he thought that this put the emphasis back on the UNH Extension Service to come forward as he had said with some type of plan that spells out what they are going to do, program, maintenance, as the City turns it back to them maybe, and he thought that was the route, they were trying to develop a plan for them and maybe that is not the way we should be headed.

Chairman Robert noted Mr. Ludwig had touched upon the insurance noting he had seemed to see what came out of this before he made a decision on what the long terms plans were.

Mr. Ludwig noted that Commissioner Allen of Parks, Recreation and Cemeteries, was present, was an insurance adjuster by trade, and had some input unfortunately he had tried to get him at the meeting they had a week ago to address some of the concerns that he feels are related and some of the other things that we should pursue as it relates to insurance and replacement costs, but from Mr. Ludwig's standpoint and Mr. Johnson's standpoint, they were just looking to get the thing moving, not necessarily in the wrong direction, but there was no direction being provided. He saw snow melting, he saw a very ugly dangerous piece of a facility sitting out there and we may well be protected by the additional County policy but whoever was doing the coverage on the property we had a relationship to it and if somebody died in it he wouldn't be too happy about it, so that was where they were coming from. Whatever happens beyond that to this area he thought was for the aldermen to decide really at this point and

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to determine what direction they want the Parks Department to go in here.

Chairman Robert recognized Commissioner Allen and requested he address the Committee on the insurance aspects.

Commissioner Allen stated initially the settlement was supposed to be \$107,000, and a check was issued very promptly by the insurance company for that amount. I went down to the County of Hillsborough offices and looked at the insurance policy just to see what was available. At that time I found out it was a blanket policy which means that they insure many buildings, instead of a separate amount of money they insure them for a blanket amount, and the blanket amount is somewhere are \$35 million, and the way they arrive at that amount of money is the agent puts a statement of values on each building and in that case he assigned \$107,000 for this particular building, and they added that to another building which might be worth \$500,000 to another that's worth \$1 million and they come up to this big round number. The statement of values however doesn't lock you into that amount of money. The policy has a lot bells and whistles involved in it. Besides having coverage for a blanket amount, in other words we are covered under that policy and he met with Grey Cruise from Fernando Insurance Company, and I asked him a question, I said is the City of Manchester entitled to replacement cost coverage under the Hillsborough policy. He said yes. That was the end of the discussion I thought. I thought they were going to go ahead and proceed with making a claim under the replacement cost provisions of the policy. At that time I said that since I am an insurance adjuster and know about those type things it might be good for me to talk for the city and the county in regards to the building. There was a lot of discussion a lot of hemming and hawing, they had to talk to the other commissioners, I met with the other commissioners, and they kind of had their own agenda, the guy from Wilton said well how does that help Wilton, the guy from Nashua said how does that help Nashua, so nothing was really decided at that time. I talked to Toni Pappas about a week or so ago and I thought it was going to resolve that if we gave them a long term lease on the building, now we have been doing this for better than 20 years for \$1 per year, I thought we had been pretty fair to the County of Hillsborough giving it for a buck a year, I figure that since we are kind of partners that they would go ahead and proceed with the replacement cost provisions under the policy. It's not going to cost them a thing. I said I would do the talking for the County, I am not asking them to pick up any of the legal expenses, I just want to have the opportunity to talk to the person her allegedly said there is no coverage beyond the \$107,000. Right now I understand you have a check in hand for that amount of money, I suggest that it be put in escrow, and again I will talk to Toni or the other commissioners and try to be the spokesman for the person who talks to the insurance company in regards to that matter. But besides having coverage for \$107,000; there is also coverage in the policy for demolition

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removal, all kinds of things, so that is kind of where it sits right now.

Ald. Domaingue stated to Commissioner Allen you assumed someone was going to proceed with going after the replacement costs, who specifically did you think was going to go after those costs. Commissioner Allen responded that at that meeting Kathy from Hillsborough County had just been hired as the office manager and he thought she was the one that was going to proceed with doing that, but as far as he knew nothing had occurred as of now.

Ald. Domaingue asked if that wouldn't take an action by the County Commissioners to instruct someone in the County level to proceed with going after the replacement costs. Commissioner Allen stated either that or asking them, the County Commissioners, have him represent them in regards to the matter. Ald. Domaingue stated but to his knowledge no action like that was taken. Commissioner Allen responded no.

Ald. Domaingue stated assuming that the County Commissioners gave the go ahead to go after the replacement costs, how long could that process take. Commissioner Allen responded a month, a week, two weeks; that the policy is replacement costs and that means that as long as the building is rebuilt, identical kind of building rebuilt for...there is approximately 4500 square feet in the building, because of the weather and the early snows we had it was not possible for me to access all of the damage, but just picking a number, say \$400,000. is a replacement cost in the building, assuming that the building is a total loss, and replace the building, then you would be entitled to \$400,000. If for some reason you decided not to replace the building, and decided to cash in, which is called actual cash value, then from the \$400,000 figure or whatever the replacement cost number is, then an appropriate amount of depreciation would be deducted, and things that normally depreciate would be painting, carpeting, some trim, windows, doors, but framing and rafters really don't depreciate, unless they get rotted, so they are talking well over \$100,000 as being the actual cash value of the building right now. Even if they didn't go ahead and do anything, they should be getting more than \$107,000.

Ald. Domaingue stated if the county has the policy wouldn't it be up to the county commissioners to instruct an individual to go after it. Commissioner Allen responded affirmatively. Ald. Domaingue stated that the Commissioner was telling them that no one has given him that communication. Commissioner Allen responded no. Ald. Domaingue stated as far as the lease itself, the insurance policy, the blanket policy that covers replacement costs that he was referring to covers county property did it now. Commissioner Allen responded yes. Ald. Domaingue stated this is owned by the City. Commissioner Allen stated this policy did cover this particular building.

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Ald. Clancy asked if he had seen the building. Commissioner Allen responded that he was in the building very briefly after the fire because at that time it was told to him that there was only a policy for \$107,000 which I went in initially and it was kind of a no brainer that there was more than \$107,000 worth of damage; that after that time when I examined the insurance policy that was when I discovered that there was indeed a replacement costs policy on the building. Ald. Clancy asked if he would say it was a total loss. Commissioner Allen responded he could not say so at this time because of the snows he didn't.

Ald. Clancy interjected asking if Mr. Ludwig had seen it and if it was a total loss. Mr. Ludwig stated yes it was especially now because it's been open to the elements for a period of time for sure it was.

Mr. Ludwig stated he wished to clear up a couple of things because Commissioner Allen wasn't at the meeting that we were at and I was under the impression, and I could be wrong but Ald. Domainque was there, that Kathy Giacomponello had indicated that they had made three requests of the insurance company, he thought he had heard her say that to obtain replacement costs and they received three denials. Mr. Ludwig stated he did not have a document to justify that or not but that was what she indicated. She further indicated that for the county to continue to pursue the matter beyond that, which was subject to debate he guessed, they didn't feel from a cost standpoint that it would be worth their effort to do it, now that depends on what side of the fence you are on whether it is or it isn't. He guessed that they felt that the city contract said you are going to get \$107,000 we got it for you, here it is, you want to go more. Mr. Ludwig stated that Commissioner Allen could be 100 percent right here, I think we are at a crossroads as to whether we want to pursue or ask them, he did not think they want to do this.

Commissioner Allen stated he would like to talk to the person who said there was no coverage, and there would be no expense to anybody involved right now for me doing that, again I am not asking for anything from the county to bear any costs, there are procedures that which you can go to for example the insurance department will make decisions in regards to those types of matters also; that just because some guy says there is no coverage that doesn't mean that it is true.

Ald. Clancy asked Commissioner Allen who arrived at the \$107,000. Commissioner Allen stated he understood that was set 20 something years ago by the risk manager's office and at that time it probably was very appropriate, but it was never increased in the 20 years.

Ald. Clancy asked if the county was insured by Ferdinando. Commissioner Allen stated that they were the agent and the company he could not recall, though believed it was Great American. Ald. Clancy commented that the City was self insured. Commissioner Allen responded yes.

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Ald. Clancy stated if it was a total loss why didn't they get the ball rolling, get some bids and he thought Armand (Gaudreault) had money for demolition in his budget.

Commissioner Allen stated what he wanted to do first of all, they didn't want to tear the building down because assuming there is replacement costs, someone has to agree that the damages are x amount of dollars, they have to agree that there is a total loss, until that is done we don't want to tear the building down.

Ald. Clancy suggested that they should get somebody from Ferdinando's office to give an estimate. Commissioner Allen explained that Ferdinando's agency didn't do that, it would be the company; that in his opinion they are trying to pay \$107,000 and skate out the back door.

Chairman Robert asked Commissioner Allen if he was offering his services for the city, county and get it done in a fairly short amount of time. Commissioner Allen responded yes.

Ald. Domainque stated that since this was in ward 8 she could not tell them the value of this particular building and the program and they had probably seen a lot of the comments in the newspaper; that the Boy Scouts, in addition to all of the improvements that went on the building side also constructed a bridge, a dock, an oar house, because they do a lot of canoeing on Pine Island Pond, and it was just a wonderfully valuable educational area, and at the meeting that was referred to by Ron Johnson and Ron Ludwig from Parks and Recreation, it was very clear that movement was necessary because the county is looking at the city and at the project and saying well how committed are you for us to come back to this site. Ald. Domainque stated they looked at the feasibility of sending someone after the additional replacement costs and it didn't appear as if the county, from the message she got, the county had exhausted its ability to be able to go after that insurance money and they said we have \$107,000 now we would like to give you and at least that would start the ball rolling on the building of a building; that she had no objection certainly as a member of the Board of Mayor and Aldermen to going out to get more funds if in fact they are entitled to replacement costs, but she was concerned and she thought they had heard the concern echoed here tonight, that any further delay or the length of delay regarding that could indeed weigh heavily on the county and they could say well, what other sites do we have available to us, and she would hate to lose that program, it was so vital to the entire city. Ald. Domainque stated she respected the opinion of the committee, and certainly the opinion of Commissioner Allen, but they had to find a solution here because she did not think, the Commissioner had said he could do it in 30 days she thought that was marvelous.

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Commissioner Allen stated he would like to talk to the person that said that replacement costs coverage is not available to find out why he is saying that, he could not believe that was being done.

Ald. Domaingue questioned if they had the authority here. Commissioner Allen responded no, he had to have the county say yes you can do that.

Chairman Robert stated he was sure the committee would be sensitive to that, but this was a complex issue and he knew Jay Taylor has to throw in another angle to it.

Commissioner Allen stated one other thing, they had mentioned liability, there is coverage on that building unless it is removed, it was listed as one of the locations under their policy, if for some reason they remove it from their policy then the liability coverage would go too, he was not sure if that had been done or would be done.

Chairman Robert noted to Mr. Taylor that there were legal obligations here in reading the contract, it says that if we don't maintain the property in some sort of useful way we are going to have to make an offer.

Jay Taylor, Industrial Agent, addressed the committee stating there are, in terms of the original agreement with HOME Insurance Company, and there are three actions or lack thereof that would trigger this first refusal. Number one was that a park development were not completed by July 1 of 77, that's gone by the boards and clearly been taken care of. Number two, is if the city were to abandon the property as a park area, in other words failed to continue to maintain it as an active park area, and the third reason would be if the city were to decide to dispose of or sell the property to a third party. Mr. Taylor stated clearly the latter two of those options are under the direct control of the city and he understood it was not the intent of the city to dispose of this property and unless some action were taken to do that, it doesn't sound like the Parks department is interested in seeing the property go anywhere than under their control regardless as to whether the 4-H Center is rebuilt or not, so he thought from that aspect the risk of the city by this first refusal agreement is minimal. The city has the control of it in other words. Mr. Taylor continued stating he would like to just back up a little bit so they understand how this agreement was done, he was here when this was done in 1976, the original deal, so he had some first hand knowledge. HOME insurance was occupying a couple of floors at Hampshire Plaza, on a lease basis, and Ron has talked our pursuel of them as an active occupant of Pine Island Park, Amoskeag Industries did stand in for the city until the city was ready and there was a transaction that took place in 1976 between Amoskeag, the City, and HOME Insurance. Keep in mind that HOME insurance was intending to build at the time at least 400,000 square feet of space out there, they had a masterplan for four buildings, of about the

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same size of the two that are there now. So in order to protect their investment in that 34 acre property they asked for and the city gave them a first refusal on the additional 8.5 acres, which is the subject of the discussion tonight. If you are going to spend multi-million dollars in building a campus type development, it seemed like a reasonable request that we give them a first refusal on that property to protect them against some unwarranted or unattractive development that might occur on that property subsequent to their development, so that basically was the reason that the first refusal got there in the first place. In 1992 when they decided to sell the property to HOME Insurance, there were a number of agreements that were made as a result of transfer between the City and HOME some of which were deemed to be non-assignable, and some of which were deemed to be assignable, this first refusal was deemed to be assignable by both the attorneys for HOME, Blue Cross and the City Solicitor, and as a result in that so called development agreement that was signed in 1992 which they all had a copy of, the city agreed to provide Blue Cross with a confirmatory option agreement which would be satisfactory to both the City and to Blue Cross. These three conditions which would trigger the first refusal action were embodied in that agreement, there was no changes basically. The two changes that were made in the agreement they had before them tonight, versus the original one, was that the original first refusal had no time limit on it, this agreement does have a time limit on it, albeit, it's a lengthy one he would agree, but, it does have a time limit, it does expire at some point, the original one did not. The second change that occurred was that this original agreement was assignable, we have gotten them to agree that the current proposed agreement will be assignable only to related companies to Blue Cross or for example a company that might acquire Blue Cross, a company that might merge with Blue Cross, but it would not be assignable to an unrelated third party, so we got them to agree to that. The price of the land, the option price of \$8,000 an acre, was originally arrived at by an appraisal and that was the fair market value of the property back when the original transfer took place in 1976. Blue Cross did not agree to change the price when we tried to get it changed originally during this 1992 period, and I guess if I were in their position I wouldn't agree to it either, because why should I give up the right to do that if I don't have to, and I think they took that view. So the agreement that they had before them tonight is the result of a lengthy negotiating process between the attorneys for Blue Cross and the City Solicitor's office, and he might add one thing which Tom Arnold has undertaken as a result of the proposed decision to go ahead with replacing the building and that is the agreement as it stands tonight has no provision for providing replacement costs for the building in the event that the land were to transfer to a subsequent owner, we have asked Blue Cross's attorney to consult with his client about the fact if we were or the county or whoever is going to build a new building on that site and this first refusal option were to kick in at a subsequent date, we would at least want to be compensated for the land in addition to the fair market value of

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any building that would be put on it, so that change we hope is in process, and we'll be required to change the wording a little bit to incorporate that kind of a paragraph. So that is where we stand as far as I know right at the moment.

Ald. Domainque stated she was having a separate problem in addition to questions for Mr. Taylor, if in fact the City of Manchester has determined this to be a park area, and if in fact it is the intent of the Parks Department with the blessing of the Board of Mayor and Aldermen to continue it as a park area, she had a little bit of a problem understanding why we're talking about an issue that is purely contractual between the City and Blue Cross because she did not see where this particular agreement kicks in whether it's the old agreement or the new agreement, but be that as it may she would continue with her questions.

Ald. Domainque stated isn't it true Mr. Taylor that the 1992 Development Agreement not only assigned this particular right of first refusal option but it also assigned through the original agreement with HOME Insurance a provision for the city to provide adequate water and adequate sewer for any future development on that property, adequate traffic improvements at no cost to the owner of that property which is now Blue Cross/Blue Shield who has inherited that right.

Mr. Taylor stated to future development, he would have to take a look at the thing.

Ald. Domainque stated didn't they already get an awful lot of benefit inherited through the development agreement when they inherited the original provisions granted from the City to HOME Insurance, aren't they already benefiting quite a bit in those areas.

Mr. Taylor stated his recollection of the agreements on the water and the sewer is that those have been satisfied by the development that has taken place there up to this point. Given the fact that the original agreement was with HOME, he did not believe they agreed to provide unlimited expenses for future development to the Blue Cross. Mr. Taylor stated that was his recollection of the discussion.

Ald. Domainque stated as she read the development agreement, it assigned whatever rights and provisions that were in the agreement with HOME, and she referred to page 6 of the original agreement, section 3, that says "any requirement for an increase of capacity or enlargement of the lines servicing the property as a result of future development of the property will be undertaken by the city and at no cost or expense to HOME Insurance.

Mr. Taylor responded yes, that was the original agreement, however, he thought they would find in the subsequent agreement.

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Ald. Domaingue interjected stating and also on page 11, "that any requirement for increase of capacity or enlargement" and they are referring here to water "of the lines servicing the property as a result of future development will be undertaken by the City and at no cost or expense to HOME..." Ald. Domaingue referred to page 10, "a written agreement by the City to install the traffic controls and street relocation agreed upon by the City and HOME, and to undertake the installation of further traffic controls and street locations as may be required from time to time as a result of the subsequent development of the property." asking do they not inherit all those rights in the development agreement of 1992.

Mr. Taylor responded that he thought on some of those issues, the water and the sewer, it was decided at the time that the facility that is serving the property now are adequate to deal with any future expansion. Mr. Taylor stated that Blue Cross had no active plan that he was aware of to go any further, or to build anything further on it, this was not to say that they can't but they had no active plan that he was aware of.

Ald. Domaingue referred to page 3 of the development agreement signed in 1992 noting it did say "The City acknowledges and reaffirms that covenants and representations contained in the following letters..." and confirms that the rights of HOME under the letters are assignable to Blue Cross. Ald. Domaingue stated then they sight the letters saying something about the sewer service and the water service.

Mr. Taylor responded both of which he believed were adequate for the entire development which HOME was going to originally build.

Ald. Domaingue asked if he would agree that if Blue Cross/Blue Shield were to do anything further or have a need for increased capacity that that would be undertaken by the city at the cost to the City was this not correct.

Mr. Taylor responded he was not sure he would go that far, he was not sure he read it the same way she did.

Ald. Domaingue noted the City Solicitor's office was here and she was sure they could research that, but this was the way it read to her.

Mr. Taylor stated he thought they had gotten to the point where they acknowledged that the utilities were adequate for their use.

Ald Domaingue noted at that time. Mr. Taylor responded yes.

Mr. Taylor added that the traffic improvements had already been made, traffic signalization was already done, and it was done he believed with airport funds, so that had been taken care of.

Ald. Domaingue noted that the agreement spoke to anything in the future.

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Mr. Taylor stated he could not address the issue specifically because he was a little blank on exactly what was agreed to but he did not believe they could just go ahead and develop the property and allow the city to pay for everything, he did not believe that was the case, that was not the intent.

Chairman Robert recognized Richard Girard, Mayoral Assistant, to speak to the issue.

Mr. Girard stated the Mayor did receive the check from the County today for \$107,000 it's currently locked up in the vault at Finance and it's his intent to bring that check and the letter from the county forward at the next Board of Mayor and Aldermen meeting to be placed in an escrow account. Mr. Girard stated the Mayor, after conversations that his office has had with Parks and Recreation, is concerned about the complexity of the issue here with his insurance background he too has some questions and concerns regarding the coverages that Commissioner Allen spoke to, replacement costs, he also feels that there probably should be something about demolition costs in there and it would be fair to say that he concurs with Director Ludwig that if the county wants, the letter that Commissioner Pappas sent said if you give us a 99 year lease we can work out some sort of deal for the property, and the Mayor also has concerns over that, and there is a lack of direction here, the county hasn't expressed, it doesn't appear to anyone just what direction they want to head in, and there are issues if the county does want to put 4-H back there, or proceed in that area, whose going to rebuild, is the building or the land going to be leased, whose going to maintain it, whose going to handle a lot of those issues and be responsible for it, and until there is some sort of consensus and a plan that we can act on he did not think the Mayor was comfortable with the 99 year lease, that the county sent in Commissioner Pappas' letter. Mr. Girard stated so there are some issues and he thought appropriate city staff needs to sit down with various county and cooperative extension officials to try to iron something out here and figure out these details, and Commissioner Allen certainly should pursue the insurance questions and he knew the Mayor himself intends to call Kathy Giacomponello to ask some questions that his insurance background leads him to believe need to be asked.

Chairman Robert stated he would try to summarize everything, he was assuming that the committee would like to keep the property as city park land, he was assuming also that they would like to try to work something out to try to maintain the program. Members appeared to concur.

Chairman Robert addressed Mr. Girard, stating he was trying to put a time line on this, the county seems to be in a hurry or we want to be sensitive to programs, in us not being left behind, and also contractual obligations, asking what are we talking about for time here, it seems as though we have to look at the insurance angles before we really move forward on this.

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Mr. Girard responded that he thought this an accurate observation, from what he heard from Parks and Rec over the last couple days he was not sure that the county was in a hurry for much, if they are \$107,000 that we got under the insurance policy isn't going to get them far by anybody's estimation, and he could not give him a time line because although they would try to push it as quickly as possible because the insurance issues need to be addressed, and then there needs to be sort of a plan for the area with all of the parties concerned hammered out, certainly we can pursue that as expeditiously as possible but he could not tell them it would be a week or two weeks or three weeks, a lot of that frankly depended on the county, the cooperative extension service and Director Ludwig was right, they need to express a solid interest to us with some sort of a business plan for lack of a better term as to what they envision there and how can we make arrangements. But absent anything from the county it was hard to say whether they could do it in two weeks.

Chairman Robert stated that items 13, 19, 20 and 27 they really could not address right now because they have to look at it a little bit closer before we knock it down.

Commissioner Allen stated he thought so, they had to get involved with the insurance company, and we don't want to know it down until we come to some conclusion as to what the insurance policy is.

Ald. Domainque asked if they, as a committee, request that we get some form of report within a time certain. Ald. Domainque stated recognizing that the Mayor's Assistant has outlined the complexities of what their going to be talk about, she thought that it would at least help the committee if we could be updated say within a 14 or 21 day period of time as to where they stand, rather than let this go because if we do let it go without any action at that point in time she could see where the Blue Cross/Blue Shield might lean toward wanting to exercise their option, because we do have a commitment to maintaining this as a park.

Mr. Girard stated they could try to come back to them by the next meeting with some preliminary report, a lot of that is going to depend on Commissioner Allen because he has volunteered to go forward with the insurance aspects and he knew the Mayor was going to try to make some inquiries regarding that, so they could try to have something on the insurance. Mr. Girard stated to allay Ald. Domainque's concerns he knew the Mayor did not have anything at all in mind about not having that space remain park land, and it was his understanding that whether or not they put a building back on that site it was going to remain a city park land as it currently is, so he was not sure that the worry about Blue Cross want to exercise its option at this point was valid because he knew the Parks Department and the Mayor intend to keep that as park land.

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Chairman Robert stated so they would work at it as quickly as possible and would have some kind of update for the committee.

It was concurred that Commissioner Allen would go and see the Mayor tomorrow or the next day to see if he is available and they could sit and talk and take it from there on getting together with the county and see if they could get it resolved over the next couple of days.

Ald. Reiniger wished to thank Commissioner Allen for donating his professional services.

Ald. Clancy felt it was a good idea for them to sit and meet with the county and try to work it out.

Commissioner Allen noted that it appeared that this was what the county wanted, but they wanted the 99 year lease first, it was sort of bribery hanging it over their heads. Commissioner Allen noted the city had been a good partner for the last 20 or so years giving it to them for \$1.00, he thought Manchester was part of Hillsborough County and he did not understand why they were treating us like that.

Chairman Robert stated that the parties involved would have an update by the next regular CIP meeting, and requested a motion to table numbers 13, 19, and 27.

Ald. Domainque stated that perhaps it would make sense to separate item 13 from this as based on what Mr. Girard stated, it appeared that this would remain park land and would make the right of first refusal she thought moot.

Mr. Taylor suggested that given the fact that they need to finalize this language on the price of the building if one is to be constructed, it might be just as appropriate to table this until we get that worked out so they could come back with the final agreement, rather than do it piece meal. He stated he did not believe that whether there was a building on there or not it would not be an issue as far as the first refusal was concerned; that they were in no danger of being in default just because there was no building there at the moment, it did not require a building to be a park.

Ald. Reiniger asked if this property was in fact under the jurisdiction of the parks department. Commissioner Allen responded yes it was.

On motion of Ald. Clancy, duly seconded by Ald. Reiniger, it was voted to table items 12, 19 and 27 relating to the Pine Island Park property.

Chairman Robert addressed item 3 of the agenda, and items 6 and 7 were added to the discussion.

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1986 Budget Authorization:

3.30502 Northwest Elementary School - Closeout

A resolution amending the 1986 and 1996 community Improvement Programs by decreasing 1986 CIP 3.30502 Northwest Elementary School - \$7,281.31 (from \$200,000 to \$192,718.69) and increasing 1996 5.10155 School Recreational Facilities/Parking Lot Resurfacing - \$7,281.31 (from \$100,000 to \$107,281.31), and related budget authorization.

7. A resolution "Authorizing the Finance Officer to effect a transfer of Seven Thousand Two Hundred Eighty-one Dollars and Thirty-one Cents (\$7,281.31) from the 1986 CIP 3.30502 Northwest Elementary School to the 1996 CIP 5.10155 School Recreational Facilities/Parking Lot Resurfacing."

Ald. Reiniger moved for discussion. Ald. Domainque duly seconded the motion.

In response to questions, Ald. Hirschmann stated there was some money left over from the construction of the school. He had originally wanted to use the funds to build a sidewalk adjacent to the school, but there was a flood from flash melting and the funds needed to be transferred to the parks people to construct a retaining wall in the school yard. Ald. Hirschmann noted that the melting had caused flooding in four classrooms of the school.

Chairman Robert questioned Mr. MacKenzie stating the numbers were not clear, and understood this was a staff recommendation requesting he address the issue.

Mr. MacKenzie stated it was a staff recommendation; that Parks & Recreation handles all school grounds and the public building services handles the building itself, in this case there is a problem at the school grounds related to the slope adjacent to the school where it starts up towards Rock Rimmon hill, so they propose that Parks & Recreation handle the problem and in order to accomplish that appropriately they would transfer the money from the retainage left over from the original construction of the project to that account that Parks and Recreation handles.

Chairman Robert asked what the funds had been envisioned to be used for. Mr. MacKenzie responded that the money was the balance, it was actually a contractor retainage, there were a few items that had to be carried out ultimately that retainage was not paid off to the contractor.

In response to further questions, Mr. MacKenzie explained that this money would be specifically authorized into a Parks and Recreation account, School Recreation Facilities, for the purpose of fixing that Northwest School problem. The amount to be transferred was \$7,281.00.

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Ald. Hirschmann noted the current wall was wood, with a lot of erosion and looked about 15 foot area.

Mr. MacKenzie stated they were hoping to have the funding allocated to that account, that the cost may actually exceed that amount, but they were hoping to have it allocated so they could accomplish it quickly because they did not want this type of erosion and flooding to happen again at the school.

Ald. Hirschmann advised that he concurred that they were hoping to have it approved and addressed for this season.

Ald. Domaingue indicated she wished to move to approve the requested actions to accomplish the building of the retaining wall at the Northwest School.

It was noted that items 3, 6 and 7 should be taken together for approval to accomplish the transfer and authorization.

On motion of Ald. Domaingue, duly seconded by Ald. Reiniger, it was voted to recommend approval the budget authorization, and resolutions as presented.

Chairman Robert addressed item 4 of the agenda:

1995 Budget Authorization:

7.10115 Queen City Bridge Reconstruction Project -
Revision #1-Closeout

Mr. Thomas reported that the Queen City Bridge project was complete that they were asking to take the balance of \$16,000 and transfer it into their Bridge Maintenance Account so the first item went with items 8 and 9 of the agenda; that there was a little more work to be done on the Queen City Bridge and they planned to accomplish that through the Annual Bridge Maintenance.

Ald. Clancy moved to approve the requested authorization. Ald. Domaingue duly seconded the motion. There being none opposed the motion carried.

7.60321 Combined Sewer Overflow Facility Design -
Revision #1

Mr. Thomas advised that this would provide authorization to start up the design for the CSO projects.

Ald. Domaingue moved for discussion. Ald. Reiniger duly seconded the motion.

Ald. Domaingue stated the Combined Sewer Overflow project, asked if it was a federal project, a federal mandate. Mr. Thomas

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responded it was an unfunded federal mandate, it was tied to our treatment plant permit. Mr. Thomas stated the interceptor system and the treatment plant was designed with a city being a combined system allowing periodic overflows of storm water and sewage into the river, that was approved. Now the federal government is saying that you have to basically eliminate those periodic discharges.

Ald. Domainque stated if the question of federal mandates is kind of up in the air with congress right now, is this the wisest thing to do, to proceed under the assumption that that mandate will hold.

Mr. Thomas stated they had to proceed by law right now, there are certain time frames and requirements that they have to meet according to various time lines.

Mr. Girard stated to further respond to the alderman's question, as they may know Congress did pass legislation on unfunded federal mandates but it was legislation moving forward and it didn't take care of unfunded federal mandates that had been passed prior to, and the clean water act which is requiring the CSO legislation was one of them. Senator Smith actually chairs the subcommittee in the Senate that is overseeing the re-authorization of this, his office has been in contact with the Mayor's office and with EPD, to try to work to change the legislation to lessen the impact, unfortunately this appears to be a rather popular federal program and scraping it because it is not a funded federal mandate doesn't seem to be in the works but we are trying. Unfortunately, we do have to continue.

Ald. Domainque so moved to approve. Ald. Clancy duly seconded the motion. There being none opposed the motion carried.

Chairman Robert addressed item 5 of the agenda:

5. A resolution amending the 1996 Community Improvement Program by adding CBL Training FY 96 - \$4,950.00.

In response to questions, Mr. MacKenzie advised the reason they will get, for the CIP Committee, a number of these each year is that there are a lot of grants that come in that really aren't anticipated, they try to anticipate the federal, state and other grants as part of each CIP package adopted each year, but we cannot anticipate, grants sometimes come at odd times of the year, so these are amendments to the City's Community Improvement Program.

Mr. MacKenzie noted that this was an example of one of those type of projects being requested by the School Department, this particular one is Calculator Base Learning, this is a training

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series for school teachers, a grant for training, and he believed it would be carried out through the Science Enrichment Center in the Millyard.

Chairman Robert stated that he would like to see any grants like this in the future, he would like to see some kind of educational justification or at least a description of what is going on. He felt the committee would want to know a little bit about it as well.

Mr. MacKenzie stated they do get typically a short description from the School Department they could include in the package, and if they wished more description they could perhaps the specific individuals at the school department to discuss those.

Chairman Robert asked if this grant was a seed money type of grant or something that is here today and gone tomorrow, were they going to be requested to fund it later on down the line.

Mr. MacKenzie stated it was a one time grant, whether there would be requests later he was not sure. Mr. Jabjiniak addressed the committee stating it was simply a mini session over the summer for individual teachers to become more familiar, math and science teachers in particular, with their trade and staying current in their field of expertise.

Ald. Clancy asked if they would be looking for funding from the City next year.

Chairman Robert stated from his own experience this would not be a yearly thing, but he did not know.

Mr. MacKenzie stated that the school department does not normally request city cash money in CIP projects, the only cash projects for their educational program outside facilities come from state and federal grants. If they wanted to do the same projects they would have to do it out of their own operating budget, and that amount is approved in mass by the Board of Mayor and Aldermen, so they would have to shift their own priorities to fund this type of program.

Chairman Robert noted that the Committee would not be recommending that they would fund the project in future years, but they should accept the grant, they got it and it should be accepted and used for the purpose intended.

On motion of Ald. Domaingue, duly seconded by Ald. Clancy, it was voted to recommend acceptance of the grant funds.

Chairman Robert addressed item 8 of the agenda:

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8. A resolution amending the 1995 and 1996 Community Improvement Programs by transferring from 1995 7.10115 Queen City Bridge Reconstruction Project - \$16,670.56 (bond); and transferring to 1996 7.10103 Annual Bridge Inspection and Maintenance Project - increasing the budget to \$241,670.56 (\$225,000 cash and \$16,670.56 bond), and related budget authorizations.

On motion of Ald. Clancy, duly seconded by Ald. Reiniger, it was voted to recommend approval of the resolution and related budget authorizations.

Chairman Robert addressed item 9 of the agenda:

9. A resolution "Authorizing the Finance Officer to effect a transfer of Sixteen Thousand, Six Hundred Seventy Dollars and Fifty-six Cents (\$16,670.56) from the 1995 CIP 7.10115 Queen City Bridge Reconstruction Project to the 1996 CIP 7.10108 Annual Bridge Inspection and Maintenance Project."

On motion of Ald. Domaingue, duly seconded by Ald. Reiniger, it was voted to approve the transfer resolution.

Chairman Robert addressed item 12 of the agenda:

12. Communication from Robert MacKenzie, Planning Director, advising that the City has been awarded a federal grant in the amount of \$141,000 to develop ten interpretive displays, a signage program, and a visitor center in the Millyard.

Ald. Domaingue moved to accept the grant award. Ald. Reiniger duly seconded the motion.

Ald. Reiniger stated he wished to congratulate Mr. MacKenzie for his efforts on this. Ald. Reiniger stated it was great recognition of the great economic development potential of the historic millyard.

In response to questions, Mr. MacKenzie stated the reason the funds were going in the millyard was because this was identified by the state as a cultural and historic byways, and that designation came about after talking to all of the property owners in the area and also so the opportunity to get some funds to help some of the economic development in there. We worked with the Parks and Recreation Department in particular and Ron Johnson has raised considerable amount of private funds, foundations and corporations to help work on this. We also worked on the Economic Development Office and the Manchester Historic Association. So we teamed up to apply for this grant and we're matching it with a good chunk of private funds and we

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are looking to use the Central Business District revolving fund, which is a fund used for economic development in the Central Business area, which is a trust fund held by the City.

There being no further discussion, Chairman Robert called for a vote on the motion to accept the funds. The motion carried with none recorded in opposition.

Chairman Robert addressed item 10 of the agenda:

10. A resolution amending the 1996 Community Improvement Program by transferring from Central Business District Revitalization Fund - \$20,000; and adding 1996 CIP 6.50301 Millyard Tourism Initiatives Project - \$180,320.00 (\$141,120 federal, \$19,200 private, \$20,000 CBDRF), and related budget authorization.

On motion of Ald Reiniger, duly seconded by Ald. Clancy, it was voted to recommend approval of the resolution.

Chairman Robert addressed number 11 of the agenda:

11. Communication from Robert MacKenzie Re: Highway Department seeking authorization to apply for State Grant assistance for Combined Sewer Overflow and Cohas Brook.

On motion of Ald. Domaingue, duly seconded by Ald. Reiniger, it was voted to recommend approval of the requested authorization.

Chairman Robert addressed item 14 of the agenda:

14. Communication from Frank Thomas, Public Works Director, requesting authorization to apply for a State grant for the Closure of the Dunbarton Road Landfill.

Ald. Clancy moved to discuss. Ald. Domaingue duly seconded the motion.

Ald. Clancy commented were they not mandated to shut it down by the first of the year and it got extended to July 1, noting they had to do something.

Mr. Thomas stated the landfill would be closed by June 30, 1996, they will run out of capacity, and the closure design is well underway, they have already applied for the state revolving loan and this now would be the 20 percent grant which would pay 20 percent of any bonding costs for completed work.

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In response to further questions regarding his budget, Mr. Thomas stated that some of the funds were gone to snow removal activities over the winter.

Ald. Clancy moved to approve the request. Ald. Domaingue duly seconded the motion. There being none opposed the motion carried.

Chairman Robert addressed item 15 of the agenda:

15. Communication from Barbara Vigneault, Director, Elderly Services Department, advising that the lease agreement for the East Side Senior Center facility is up for renewal in November of 1996 and that the lessor must notify the landlord by May 1, 1996.

Ald. Domaingue moved for discussion. Ald. Clancy duly seconded the motion.

Ald. Clancy asked what the actual rent was per month, he had heard it was \$7,500. but he could not find it.

Chairman Robert stated he got a ballpark figure of \$67,000.00 per year just in rent, and they need an extra \$6,000.00 in expenses to make the place go.

Ald. Clancy stated that was a lot of money for rent.

Chairman Robert commented that it was his impression, and he had heard it discussed by other people that this is a rather high sum of money and they may be able to do better elsewhere.

Ald. Clancy commented he understood to move out required a 3 month advance notice.

Chairman Robert stated he believed so, and commented that he was not really happy about this, he felt they could do better elsewhere, and wanted someone to look to make sure. Chairman Robert stated they could ask Barbara to look, and maybe some staff. Chairman Robert noted he spoke with the Mayor's office and they said they would like to look a little bit too.

Ald. Reiniger commented that he did not know if there would be a possibility of trying to negotiate with the owners of the building a different rent arrangement also, perhaps this could be one of the options along with looking for a new site.

Ald. Clancy asked who owned the building. Ald. Reiniger responded it was a new owner, he could not remember the name.

Chairman Robert stated that he did not know if who the owner of the building was a relevant question, but he thought what Ald. Reiniger suggested of looking elsewhere and trying to negotiate a

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better price with the property owner was appropriate, suggesting it be referred to staff.

Mr. Girard stated it might be appropriate to ask the Mayor and his office to look into it inasmuch as the Mayor is currently preparing his recommendations to the Board regarding the budget. It fell in line with that process.

Chairman Robert stated okay, and that he believed Barbara should be involved in that as well.

Mr. Girard felt the Mayor's office could handle it, and would if the Committee so desired.

Ald. Domaingue stated she had no problem with that, but did want to remind the members that they had a date in which they had to notify of May 1, and hoped they could get something quickly within the next 30 days.

Mr. Girard stated the Mayor had to make his budget recommendations to the Board by April 2 he would assume that it would be wrapped up by that time.

Ald. Domaingue asked what the expense number given earlier referred to.

Mr. Girard advised that it was a triple net lease, we pay all of the utilities in addition to the rent, so it was for heat, electricity and custodial care. In response to further questions, Mr. Girard advised that these numbers were included in the Elderly Services budget, but were not included in the rent.

On motion of Ald. Domaingue, duly seconded by Ald. Clancy, it was voted to refer the matter to the Mayor's office.

Chairman Robert addressed item 16 of the agenda:

16. Communication from Danais Realty regarding a proposal land exchange to resolve encroachment in the area of Wolf Park.

Mr. Bernard Nardi of Danais Realty addressed the Committee, with a second representative from Danais. Mr. Nardi stated they were here tonight representing Thornton and Thornton PA of Manchester who owns five house lots that are situated at Wolf's Park in the Wolf Park parking lot, and what has happened here the five house lots have an access on Wheelock Street which is the designated city street. Unfortunately the client purchased the property in 1989, the property was assessed at that time for \$120,000. and at the time after he took title to the property he had one of the lots under contract for sale and realized that Wheelock Street did not exist any more and that the grandstands from Wolf Park are built on the street as well as the fencing of the park and

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as a result he has no road into his buildable lots, as a result the property he cannot develop or build on. As a result he has been carrying these properties since 1989 at the value of \$120,000 and is liable for and has been paying the taxes on the properties. The taxes are \$4,380 a year, unfortunately he is two years delinquent at the present time, he was successful last year in having the property reevaluated and the valuation is now \$65,000. however, he has not received the benefit of that reevaluation due to the fact that he is behind in the tax payments. Now what had happened here, we have a map here showing Wolf Park, (which was held up for viewing). Mr. Naulty referred to the map commenting on where the existing ball field was, the grandstand location came in to Wheelock Street which was highlighted, and the ballfield protrudes out into the corner lot. Mr. Naulty stated in addition the five lots, the first three are parked on at this time as part of the activities that go on at the ballfield, the final lots do not have spaces on them but some of the lots, the first three were parked upon. Mr. Naulty stated basically the owner of the property is in a position where he can't build houses on these five lots, he can't get the benefit of these five lots, and needs to bring it to your attention to try to bring about a resolution. It is also important to note that the landowner wishes to work with the community here, and we have come in the spirit of cooperation.

Mr. Nardi stated originally they thought because it was Parks and Recreation land on which the encroachment had occurred we identified five house lots that were owned by Parks and Recreation up near Derryfield County Club and we originally went before Parks and Recreation and submitted a land swap proposal for five home lots that they own however we were denied our proposal, and as a result of that denial we came, we were referred to this committee as being the forum in which to present this problem in which to work out some sort of a resolve either to make a determination in fact a taking has occurred and that the landowner should be compensated at a reasonable value of the five house lots, or make a suitable like exchange for some property that the city may own, house lots that may be available for this man to develop as he intended with this property on Wheelock Street.

Mr. MacKenzie commented that these lots, which he was familiar with, there has been a request quite a few years ago in relation to this property, but since there is no public improved street frontage on these lots, they are basically landlocked at the present time, they are not buildable lots right now. Mr. MacKenzie noted that this was not to say that they could be if improvements were made, but they do not have, under state law, they do not have frontage on an improved public street. Mr. MacKenzie stated secondly, there has been some zoning changes related to this as an R-2, two family residential district, that somebody in the city should research to see if there are actually five lots remaining or whether there may have been changes that reduced the number of those lots. Mr. MacKenzie stated thirdly

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the encroachment is not actually on the property of the owners it is on the old paper street that runs adjacent to these lots, so there are a couple of issues related to that, one is that if it was older than 20 years as of a specific date it has lost public status, that means it may revert to adjacent property owners, but that hasn't been apparently demonstrated. Mr. MacKenzie stated in this particular case he thought it would be appropriate to refer it to City Solicitor because there are a number of legal issues involved including issues such as adverse possession. Mr. MacKenzie stated he did not know if Tom Arnold had any comments as well.

Mr. Nardi stated he wished to address one issue here, with regard to whether or not there are five buildable lots at the site the landowner has been taxed for five buildable lots since he took possession of them in 1987.

Assistant Solicitor Arnold stated not being familiar with this issue he was reluctant to comment other than to say ordinarily adverse possession does not apply to a city meaning that you cannot gain title to city property via adverse possession under the present state of law in New Hampshire. As to the status of any paper street at the time he would need more information he would be making a rather uneducated guess at this time, if the committee wished his office to research it further they would be willing to do that.

Chairman Robert suggested that staff have organized themselves to deal with issues such as property disposal, a team which is made up of people from Planning, Assessors, Building, Tax, City Clerk, MEDO, and the Solicitor.

Ald. Clancy asked if Ron Ludwig if the land was valuable to Parks and Recreation.

Mr. Ludwig stated the original proposal from the Danais Company was a land exchange on Hanover Street opposite the Alexander Parking lot, we receive numerous requests for this piece of property being that the golf course is built on about 112 acres which is probably 20,000 less than a golf course should be built on we are very protective of grounds that abut the golf course, beyond that this particular parcel of land has some brook and important drainage areas that tie in for them that they would need access to and more than somebody just giving us a right of way to do that, we need to bring equipment in there on a regular basis to lower those levels to drain from Bridge Street Extension, that was how they accomplished it on a regular basis, going through the proper permitting process, so this was the reason the Parks and Recreation refused it. Mr. Ludwig stated we did not think they wanted to just protect the golf course, it did not lend itself to traffic in and out, as well as other people expressing an interest. Did they have something else they were willing to exchange for Wolf Park, no, not at this time.

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Chairman Robert noted that the staff committee would want to have his recommendation or input on that.

Mr. Girard stated a point of order to the Chairman, the Committee of people he just listed is a committee that more or less exists by ordinance for the disposal of surplus property. With all due respect he thought they had legal issues that it would be appropriate for the solicitor to figure out before they went through this, they were not talking about disposing of city property. It had not been declared surplus by the city.

Chairman Robert stated he would stand by his recommendation because it seemed to be more of a complex issue.

Mr. Nardi stated I wondered if your question could be answered, I believe your question was whether or not the property that is the subject matter of why we are here is valuable to parks and recreation and he did not know if that was answered.

Mr. Ludwig stated yes it was valuable.

Ald. Domaingue stated the bleachers where were referred to as an encroachment by Mr. Nardi which was later determined not to be.

Mr. Nardi stated they were an encroachment on the street in.

Ald. Domaingue asked if they were there when the property was purchased in 1989 by the current owner.

Mr. Nardi stated he would have to refer to parks and recreation.

Ald. Domaingue stated the purpose of her question was whether the owner having seen those bleachers sitting there bought the property anyway. Mr. Nardi stated he did not know when the bleachers were put in.

Mr. Ludwig stated he had a lot of wear and tear but he was not that old, his historian stated since the 40's. Mr. Ludwig stated when he went to West High School and he graduate in 1969, they were there then. It had been awhile.

Ald. Domaingue moved to refer the matter to the staff committee. Ald. Reiniger duly seconded the motion. The motion carried.

Ald. Domaingue questioned the purchase price of \$120,000 for the parcels in 1989. Mr. Nardi advised they were purchased for \$75,000 but assessed for \$120,000. Ald. Domaingue asked what the acreage was. Mr. Nardi advised 50 X 100 times 5 lots.

Mr. Nardi asked if the committee was empowered to grant relief with regard to the tax liability that exists, and whether or not things could be stayed until they resolved the matter with the city solicitor's office.

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Assistant Solicitor Arnold advised that the Committee did not have the authority to abate taxes, that would be the Board of Assessors.

Ald. Reiniger asked if when referring these matters to staff, can they assume a report would come back in a timely matter. Discussion ensued where Mr. MacKenzie advised they would meet and would try to get back as quickly as possible, these issues do become complex, there is a listing of properties that the staff committee and former Lands and Buildings has dealt with in the past and is trying to take care of and dispose of, they would try to respond back as soon as possible recognizing the complexities of land issues.

17. Communication from Atty. Donald Kennedy, representing Joseph P. King who has indicated he would like to buy back property on So. Mammoth Road, Tax Map 796, Lot 14 which was tax deeded on November 21, 1994.

Ald. Domaingue moved for discussion. Ald. Clancy duly seconded the motion.

Atty. Kennedy was not present. The clerk advised she had spoken with Atty. Kennedy and noted that traditionally the "SPOT" or staff team has reviewed these sorts of things and brought back statements or recommendations or status of the property; that sometimes people write in thinking it is one thing and it is another and we need to verify the tax maps and that sort of stuff; that the property would have to be conveyed through ordinance that is the only way it could be done because it has been taken, so her suggestion was that this communication be referred to the staff team for report, and Atty. Kennedy was made aware off that as well and did not appear to have a problem with it.

On motion of Ald. Domaingue, duly seconded by Ald. Clancy, it was voted to refer the request to the staff team.

Chairman Robert addressed items 18 and 20 noting that because of the new committee structures it was not clear as to what committee has jurisdiction over these; that whatever the committee decides to do he would ask for some sort of ruling from the City Solicitor to decide where these should go in the future.

18. Communication from Ron Pappas requesting a carnival license to be utilized at Stark Landing on April 11-21, 1996 for the 3rd Annual fundraiser for the Central High School Football team.

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20. Communication from Lisa Stanton, on behalf of Big Brothers/Big Sisters of Greater Manchester, requesting permission to hold the July 4th celebration with Clyde Beatty - Cole Brothers Circus at the Riverfest lot location (Hobo Jungle) on June 21, 22, and 23, 1996.

Chairman Robert recognized Mr. Girard.

Mr. Girard stated these items are not here because of the committee restructuring, they are here because there is a question about the property down by the river, the so-called Hobo jungle and the impound lot. In days gone by the Traffic Committee and Administration Committee used to approve the use of those areas and issue the permits and licenses necessary. Since the area has been developed the Parks and Recreation Commission has been somewhat inundated with requests to use it for various functions. There is a question as to who has the authority to allow the activity to take place. I guess it's somewhere it's technically park land or may be park land, the impound lot is controlled by the Police Department, and there is a question as to whether or not that may be park land so at a recent commission meeting of Parks and Rec the issue was discussed and they were supposed to have sent a communication to the Board of Mayor and Aldermen asking for a clarification. In the meantime contacted the City Clerk's office, they put these items here, on the agenda to raise the issue as to who the Parks Commission or the City has got "jurisdiction" to use the land. It would be the recommendation of the Mayor's office, it has been discussed with the City Clerk's office, that the question is to whether land is actually park land or just regular city land be referred to the City Solicitor so that they can come back with a recommendation so that the city will know who the appropriate authority is in the meantime it would be appropriate to allow the Committee on Administration and the Committee on Traffic to proceed as they have in the past which is to approve the permits and issue the licenses, etc. for this area so that these activities can take place. This Committee does have the authority in light of any other absence to allow this space to be used, so they have to say yes you can use it, it is city land and then traffic and administration will have to say this is what needs to be done for this to happen, and hopefully we can get it ironed out once and for all. Mr. Girard noted that it really wasn't much of a problem before that area got blacktopped.

Ald. Clancy moved to approve the request of Ron Pappas subject to the approval of Traffic and Administration Committees. Ald. Domainque duly seconded the motion. The motion carried.

Ald. Domainque moved to approve the request of Lisa Stanton subject to the approval of Traffic and Administration Committees. Ald. Reiniger duly seconded the motion. There being none opposed the motion carried.

Ald. Domainque moved to refer the question of jurisdiction to the City Solicitor. Ald. Clancy duly seconded the motion.

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Ald. Reiniger stated he had been working with Mr. Johnson on the property, because it is certainly some of the most outstanding river front property which would afford quality access for the citizens to the river. Apparently a study was done over ten years ago to coordinate, the assumption was it was already park territory and it was to become part of the heritage trail and then to be linked in with the railroad beds on the west side as a very large bicycle and jogging area and he would hate to think there was any question about this being a park area, he did not think this was subject to development or anything else at this point, but maybe the parks people could clarify.

Ron Johnson of Parks and Recreation stated what Ald. Reiniger was referring to was a study that was done in 1980 on Manchester's River Fronts. At that time the City Coordinator's office was looking at redevelopment in the Amoskeag Millyard, not only the Merrimack River park site but what is now gateway park, arms park and all of these parks were masterplanned out. They did look at the area that is referred to as Hobo jungle and we have other renderings that were done in the office for this area, and they were looking at mixed use as the alderman referred to, recreational areas, they had talked about amphitheaters, bike trails, at that time the property, the city owned the parcel from Commercial Street down to the railroad trestle bridge, this was in 1980 when they looked at the study. The study called for the city to go through and purchase another piece of property which was from the trestle bridge south to the Granite State Packing parking lot. At that time, he had some communication, in 1982 the City Solicitor's office had communication to our department stating that the land had been purchased, the southern tract of property he believed it was about 19 acres, was purchased and given to the city for the river front park study. During the 1980's not much really happened through the redevelopment proposals except for the development of the parking lot at the end of So. Commercial Street which also has the Stark Landing boat ramp and again we worked with the City Coordinator's office to develop that parcel at the time. The communications I have, we have the warranty deeds and I know a couple years ago the Assessor's office was trying to document all city property and I did give them copies of the deeds, they say that it transfers as city property but a lot of the communication, there was also a study done in 1980 where there is a subcommittee of the Board of Mayor and Aldermen that looked at the whole river front park study and there is a motion to accept the planning documents that were done and it kind of took off and that is how all of the redevelopment in the millyard started, so there was some precedent that it was park land but I don't think that it was actually designated as park land. The City planning maps show it as park land, I think the masterplan shows it as park land so it's always been assumed to be park land, but I don't know if there has been an official action by the Board of Mayor and Aldermen, there was that action in 1980 that accepted the proposal, but perhaps maybe not the actual transfer to our

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jurisdiction. The issue has come up since the area has been developed into a Riverfest site and now they are requests for carnivals, circuses in the area, I think what we are looking through from the Parks Department is just a clarification, if it is going to be park land, designated as park land and these studies followed through in the future then it should go through. The parcel that everyone refers to as Hobo jungle is actually split in two by the trestle bridge and we currently have a grant through New Hampshire Department of Transportation to purchase that one acre piece that would bring the two pieces together and make it one continuous property. That grant is also in combination with the purchase of the B&M Railroad on the west side of Manchester to the Goffstown line.

Ald. Domaingue asked if the grant was contingent upon it being park land or not. Mr. Johnson responded the current grant is not contingent, it was just a, we had a request to purchase the railroad border and currently the city owns the trestle bridge over the Merrimack River which carries the gas line, but the one acre approach from the main track yards to the trestle bridge was still owned by the B&M and that was part of the whole parcel when we purchase the two mile section on the west side so there's really no contingent that it be park land. We look at it as Ald. Reiniger referred to as hopefully someday maybe a connection for bike trails and jogging paths and that would be the connection to the west side.

Mr. MacKenzie stated that there had been a lot of work looking at planning for this, as park areas, but it has also been factored into other planning projects including potentially a parking area for the civic center, also been looked at for design of certain storm drainage structures, its been considered for lease of parking spaces for millyard owners, that's why the 200 spaces were created, so I think that the multiple use aspect does have to be considered in any action that the Board does take.

Chairman Robert stated so the full Board really needed to decide what they wanted to do with it. Mr. MacKenzie concurred stating that he thought a park role would play a factor but they had to take into account that this may be a multipurpose type lot and they can not rule out at this point if the city in the future moved ahead to a civic center this particular area will be critical towards the success of that.

Ald. Domaingue asked if that would eliminate this area from being used from bike and jogging paths. Mr. MacKenzie responded no, he saw it as being developed as a multipurpose park type facility; that the area specifically along the river should be park land but the area currently paved has to be looked at as potential for multiple purposes.

The clerk noted that when the area was paved over it was represented to the Board as a temporary move which was why there was not a whole lot of money put in it. It was intended to

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temporarily house Riverfest, carnivals, circuses and so forth, that was the way it was presented to the Board and the Board directed the Highway Director to get that done and it was Highway funds that were taken up and utilized to put that temporary pavement over there. Ms. Johnson noted that this was done a year or so ago, perhaps Mr. Thomas could address that, but this was the way it was represented to the Board of Mayor and Aldermen and that was the action the Board took last year. Ms. Johnson noted that she had no record showing a transfer, normally there is an official action of the Board transferring a certain parcel to Parks, that is not to say that Parks does not have jurisdiction or does not utilize other city lands that may never have been officially turned over. Ms. Johnson stated that they placed those items and the whole question onto the committee's agenda because it was the City Clerk's opinion that it was a city property at this point in time and that this committee should at least review that and try and determine the best way to work out an agreement for all parties concerned with the property. Ms. Johnson noted that the Traffic Committee has for many years taken action with regards to what is commonly referred to as the impound lot, and that lot was originally established for the purpose of leasing spaces for the millyard area, and it has been part and parcel of many plans that have come through the Traffic Committee over the years, which is why those items are normally referred to the Traffic Committee, and the Administration Committee. The Administration Committee handles licensing, and the Traffic Committee had jurisdiction over the impound lot. Because we have now paved over the other area it raises the issue of who had control over that, and parks obviously had an interest and understood it to be under their control, understandably because they have done a lot of improvements to the property as well. I think that the idea originally was to coordinate parks, and traffic committee and administration and just sort of leave it in that direction, and get Lands and Buildings to pretty much sign off in that direction, but right now the issue now becomes under what jurisdiction is it and what is the best route to take to get the use of it at least on a temporary basis to get these carnivals to be able to operate.

Alderman Domainque stated the question of jurisdiction is not going to impede the ability of these two groups to be able to utilize those lots are they.

Chairman Robert stated he believed not, but he thought for the future they should know where they stood. I'm assuming Planning would sort this out, who is going to use it for what.

Mr. MacKenzie stated he thought it would be ideal if the departments involved in there are perhaps four or five that deal with this could look at the site and come to an agreement on what's the long term best multiple use of the site, and keeping in mind that we have economic development interests in the area, we have Highway Department interest in the area, an impound lot, and certainly and Parks and Recreation interest in the area, and

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maybe if we got together and ironed out potentially some agreement on that.

Chairman Robert asked if that included everybody.

Mr. MacKenzie asked Carol who had jurisdiction over festivals, riverfest, etc.

Clerk Johnson responded that the City Clerk's office is involved with the licensing portion, and depending on where the location is it could be the Traffic Committee or whatever. The thing I would note is that you are going to have two more carnivals I'm sure to utilize that property because Memorial traditionally looks to the Huse Road area and that is under development, or will be shortly, I think the Nault property may not be available this time around, and West High School usually does something for their teams so I suspect you will get a couple more and I believe the Parks Commission has had some discussion on whether or not to approve these items as well. Our problem comes in as who do we send these people to for permission to use the lot. Everybody comes to us with the request and we need to say this is what you need to do, which is why we placed it on this agenda cause we saw it as a city property and figured it was going to raise the issue if nothing else. I don't know, I have not spoken with the parks commission, and I know Ron has met with them, I don't know what their opinion of use for carnivals is other than I understand there may be some feeling that they should be charged for it.

Mr. Ludwig stated I think I can clear that up a little bit. The reason this started was I received a request from Lisa Stanton, Big Brothers/Big Sisters,

Obviously the Parks and Recreation Commission has a keen interest in anything that really was designated and should be used as park land. We do not have immediate plans for that area and we are fully aware that anything done at that sight could quite possibly be apprehended in the future as it relates to the civic center or centerplex or whatever as it relates to parking. So we don't have immediate plans for it but we think that protecting it as park land which we honestly feel it's been designated as in the first place through all the past studies that come along, that it is in fact park land. But let's get back to what probably is the real issue is that how do I tell Lisa Stanton who says to me well I was told to inquire at Parks and Recreation Department for use of this area. That puts me on my journey to what did you get -- well I already got the parking lot -- well who told you you could have the parking lot -- well that goes through traffic -- so I call Tom Lolicata -- and says yes that goes through traffic -- and he calls me back the next day and says but I don't have anything to do with it. I said so my god if this girl is on this journey then where the heck am I going and we are on a real mission here, and then he calls me back and says the Police Department and the City Clerk's control the use of the parking lot, which still doesn't answer my

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question as to who controls the riverfest site that we have never been asked to respond to before, so now I'm off on this huge mission I'm back to Ron Johnson as do you think that's our land and Carol Johnson do you think that's our land, well she thinks it's Manchester's land, and we think it's park's land and the bottom line is if we can work something out that we could tell people and if it means it's a joint effort between City Clerk and Police and Parks on a temporary basis, gosh let's do it and let these people do their thing down there. After speaking with the Parks and Recreation Commission, they are saying if it's designated if it is in fact parks land and another agency is going to control it, we would just like to receive something in writing that says we're going to control the entire area, it is park land but we are going to take control of the entire area, and send that to us so we know we don't have a liability to approving whatever goes on in the area, if we are going to be in charge of it then we will step to the plate and be in charge of it I guess is the simple matter but let's come up with something, and that might be with Mr. MacKenzie here that says we can allow use of it for the time being.

Mr. MacKenzie stated if I could just perhaps list the agencies that may have some interest in it because there is a lot interestingly. Parks and Recreation, Highway EPD, City Clerk's office, Police Department, Economic Development Office has also been involved in an adjacent parcel, and perhaps our office could act as a referee.

Alderman Domainque asked if it was rather prophetic that we are talking about a circus in the middle of all of this. Is there some way that we can get to the bottom of this without drafting these associations through a muddied process, this is really getting circus oriented.

Mr. MacKenzie stated we would like to clear it up.

Mr. Girard stated the recommendation would be this, to basically while the solicitor and others are trying to sort out whether or not it is parks land or anything else, a recommendation would be to have the process that was in place prior to this committee's awareness of the issue, remain in place and that is to allow anyone who wants to use the lot to get that permission from the committee on Administration and have Traffic Committee do what it does in these issues and once the appropriate staff figures out what land it is and what would be appropriate then this committee can make recommendations to the Board and that will sort of set the standard for what will happen thereafter. And that frankly is a process that all of the organizations that have dealt with the city for fairs and licenses whether it's that spot or somewhere else are familiar with so you won't be throwing them into the muddy waters.

Mr. Ludwig stated so that leads me to my questions so requests to our department get directed where.

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Mr. Girard stated should go to the City Clerk's office for referral to the Board of Aldermen and then to the Committee on Administration.

Mr. Ludwig stated so I never should have got it in the first place.

Mr. Girard stated well actually it was a good thing you did that.

Chairman Robert stated we are going to sort this all out within a reasonable amount of time he presumed.

Alderman Clancy asked if someone comes now to rent Hobo Jungle for a circus, who do they go see, City Clerk. Chairman Robert responded yes.

Alderman Hirschmann stated he sits on the Committee on Administration and they already approved the request that they saw for the carnival license. What we didn't know is the date for the carnival license it could be used for an impound lot in April so we didn't know so that was why it was sent here.

Chairman Robert inquired as to where they were at. The Clerk advised there was a motion on the floor to refer the question of jurisdiction to the City Solicitor, and maybe they wished to refer that to the staff team of Planning, Solicitor, City Clerk, Parks, Highway. It was noted that the motion made for referral to the City Solicitor was Alderman Domaingue by Alderman Clancy and it was suggested that they add the other departments and let the City Clerk coordinate those departments.

Alderman Domaingue moved to refer the matter to the City Clerk for coordination of appropriate parties to get together and return with one decision. Alderman Clancy duly seconded the motion as restated. The motion carried.

TABLED ITEMS

On motion of Alderman Reiniger, duly seconded by Alderman Domaingue, it was voted to remove the following item from the table.

23. Communication from Susan Lafond, Welfare Commissioner, regarding negotiations with Grace Church on potential exchange.

(Note: Tabled 2/6/96)

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Alderman Reiniger moved to receive and file the communication stating that the deal in question has fallen through and they are working on something else so this is no longer applicable. Alderman Clancy duly seconded the motion. The motion carried.

Alderman Domaingue moved to remove the following item from the table. Alderman Clancy duly seconded the motion. The motion carried.

22. Discussion regarding 9.9 percent EPD billings.
(Note: Tabled 2/6/96 - communications from City Clerk, Ald. Hirschmann, and Tom Seigle enclosed)

Mr. Girard advised that this item could take a while and perhaps they would like to clear out the rest of the items so the department heads who don't want to be here can leave.

Chairman Robert suggested they remove the transportation related items, numbers 24, 25 and 26 from the table for discussion.

Alderman Clancy moved to remove the following items from the table. Alderman Domaingue duly seconded the motion. The motion carried.

24. Communication from Frank Thomas, P.E., Public Works Director, requesting to replace some older equipment.
(Note: Tabled 8/29/95 in Committee on Transportation)
25. Communication from Ronald Ludwig, Director, Parks, Recreation, & Cemetery Department, submitting a prioritized vehicle and equipment replacement listing for consideration by the Committee.
(Note: Tabled 11/20/95 in Committee on Transportation)
26. Communication from Francis J. Monnelly, Assistant Fire Chief, requesting funds to replace five (5) vehicles in the Fire Department's fleet.
(Note: Tabled 11/20/95 in Committee on Transportation)

Chairman Robert stated he requested a statement from Mr. Houle, there is a little bit of money but not much.

Alderman Clancy asked how much funding was available. Mr. Houle responded in bond balances there was \$36,852., in the cash FY96 \$362.24.

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Chairman Robert outlined the amounts left in the bond balances by years asking if these funds could be used for the requests presented. Mr. Houle stated he reviewed the question with Finance, the automobiles for Fire did not qualify for bond, the \$36,000 balance for the Parks request or the Highway request was not sufficient. Highway needed \$150,000. for its vehicle and Parks and Recreation would be satisfied with a backhoe they would still be short another \$20,000. The funds were not there to assign to a specific vehicle unless the department has some matching funds it could provide.

Chairman Robert asked if either department head could provide the matching funds option, the only other option would be to wait until the next budget year.

Mr. Ludwig stated he knew the troubles the last transportation committee had which were passed onto this committee as it relates to how we were asked to apply for monies available, etc. this is just my way of telling somebody that cares that the cemetery department has two riding lawnmowers that are in extremely poor condition when we want the place to look in really nice condition by Memorial Day and I am not going to accomplish that with next year's request, we will attempt to get by, I don't think this can be bonded.

In response to questions, Mr. Ludwig advised that the lawnmowers are \$12,000 a piece; not for the large tractor style but bobcat front deck type mowers.

Mr. Thomas stated the prior committee had a request as part of the bid for collection services there was a replacement of a refuse packer as part of the bid. That was somewhat contingent on utilizing monies that they would get from selling some surplus equipment which they have and hopefully they would not need to do yard waste collection and would be able to sell that equipment come spring. A possibly to spend the \$36,000 would be to allocate it to Highway, allow them to make up the difference of a new packer which is somewhere in the \$85,000 range, with equipment that they sell.

Alderman Domaingue asked if Mr. Thomas thought they could sell the packer for something in the \$50,00 range. Mr. Thomas responded that was correct, he forgot the exact number they identified but there are four or five used refuse trucks that they would be selling once they gave up the yard waste collection operations. At the time the bid was put together about a year ago there was an estimated value of about \$15,000 per truck, it would probably be a little less now because there is another year of wear and tear, but if you take the \$36,000 and allow them to sell the equipment they can make up the balance, anything over and above what they can get for the equipment would go back into the MER account for reallocation next year.

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Alderman Clancy questioned sale of the trucks and breakdowns. Mr. Thomas advised there would be spares, but it was intended always, if they remembers July 1 of last year they were suppose to be out of the yard waste business and they didn't and hopefully within the next month they would be out of it by contract. There were two trucks going out on a biweekly basis during the peak periods there were four trucks going out, those could be sold once they sign a contract for yard waste which he hoped would be done within the next month.

Chairman Robert asked if the bond money could be used for the Highway request presented. Mr. Houle responded affirmatively.

In response to questions, Mr. Thomas advised that they would be selling at least four vehicles previously estimated at \$15,000 a piece value though probably less now anything over the need for the packer would be going back to the MER account.

Alderman Domaingue questioned if they could take the returned cash from Highway and turn it over to Parks towards the lawnmowers.

Discussion ensued where it was noted the cash could be so allocated and upon receipt could be expended for such purpose and that there was \$20 million in requests for the next FY and they would see the total city need in the upcoming budget deliberations. Mr. MacKenzie advised that he knew of no other available bond balances that could be used for this purpose.

Within discussion Mr. Girard suggested they could receive and file the Parks request because it was an informational item that they needed the equipment, Fire knew it was not going to receive the funds this year and that could be received and filed and it would be appropriate to receive and file director Thomas' request since they knew what he wanted to do and it had nothing to do with what was on the agenda. Mr. Girard noted that as part of the budget the MER was a complete mess, through the budget process the Mayor wanted to straighten it out, they've worked with Mr. Houle who was assigned Fleet Management responsibilities a year or two ago and he has developed an overall city-wide inventory which tells in a consistent format what the city has and what departments and in what condition and has attempted to set up a replacement schedule and we will be bringing that forward as part of the budget process with recommendations. It was clear they could not fund all of the requests but it would give the committee something it hasn't had in the past and that is an ordered set of information and priorities that it can respond to.

Alderman Clancy moved to authorize Highway to sell the packers upon the BMA approval of the yard waste contract, purchase the packer from bond funds and cash balances, and further to authorize Parks to purchase a lawnmower from the cash balance. Alderman Domaingue duly seconded the motion. The motion carried.

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Mr. Girard stated that the Mayor continues to have discussion with the School Department but the Challenge Consortium of \$100,000. the Mayor would recommend that that be taken off the table and referred to Finance Committee and approved.

On motion of Alderman Reiniger, duly seconded by Alderman Clancy it was voted to remove the Challenge Consortium portion of the resolution from the table.

21. A resolution amending the 1996 Community Improvement Program by adding Serve America FY 96 - \$3,000, School to Work FY 96 - \$80,000, and Challenge Consortium - \$100,000.
(Noted: Tabled 2/6/96)

On motion of Alderman Clancy, duly seconded by Alderman Domainque, it was voted to approve the \$100,000 Challenge Consortium and keep the remaining to project appropriations on the table.

Chairman Robert advised that they would now address item 22:

22. Discussion regarding 9.9 percent EPD billings.
(Note: Tabled 2/6/96 - communications from City Clerk, Ald. Hirschmann, and Tom Seigle enclosed)

Chairman Robert requested Mr. Thomas to address the committee.

Mr. Thomas began by providing a brief history to the members, stating back in 1990 the Board of Mayor and Aldermen approved a five year rate structure and this sewer rate fee structure was basically approved to fund the treatment plant expansion that was being proposed. At that time it was estimated that a \$30 million bond would be required to expand and upgrade the treatment plant and in addition to cover increased operation costs. In 1992 the Board granted our request to defer the rate increase for one year. This was typical, these rates would be established based on projections of operating costs or capital costs needed for the interceptor system or the treatment plant itself, and as we got into the schedule many instances we found that there was enough cash to handle what was anticipated and we recommended that increases be deferred and typically that happened. Also in 1992 the Board of Mayor and Aldermen transferred existing sewer debt that was in the CIP. Prior to 1992 sewer projects were funded through the capital improvement program, bonded and of course paid off with city tax money. In 1992 a list of projects that had been completed that the city was paying off the bonds on, that debt was passed on to the sewer

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user charges, so there was an expansion of the role of the sewer user fees in 1992 from just more than running the treatment plant and expanding the interceptor system of the treatment plant. In 1994 we were directed to establish a rate schedule which would permit the funding of major capital sewer projects. Our directive was to put together a rate structure that would fund \$3 million worth of capital sewer projects each year. The reason for this directive, and again ultimately from the Board of Mayor and Aldermen, was that a lot of major sewer projects had been identified and carried in the CIP for many years without funding, and this list of sewer projects because of the magnitudes of the estimated costs just kept getting bigger and bigger without any end in sight. The Board of Mayor and Aldermen ultimately directed us to put together this rate schedule which would fund \$3 million a year in capital work. In 1995 we recommended to the Board of Mayor and Aldermen that the scheduled rate increase of \$1.75 that was to go into effect in January of 1995, first of all be lowered to \$1.55, and deferred until January of 1996. And that is the rate increase that went into effect this year. As I mentioned on a couple of different occasions the Board of Mayor and Aldermen's philosophy on how to fund major sewer projects changed in two phases. In 1992 and again in 1994, and the philosophy was to take those types of projects that was typically bonded through the CIP and refer it over to the sewer user charges and instead of bonding those projects, two develop a mechanism to fund these projects by cash, which obviously in the long run is a lot cheaper. And that is how we have arrived at the rate we are today.

Mr. Thomas stated he had a list which was distributed that identifies a handful of the sewer projects that had been identified for funding through sewer user fees. As they could see the total on the list was in the \$50 million range and if there is any hope of eventually funding these projects the sewer user fees is a means of doing it. Mr. Thomas stated what are the sewer user fees funding over the next 10 year period. We are in the midst of designing the CSO work. That will be funded with sewer user fees. The waste water treatment plant we've had an ongoing effort to reduce odors from the treatment plant down to something that we feel is a reasonable level. This has been ongoing. This has been identified through the treatment plant expansion work and now there is another phase where we propose to cover the aeration tanks with actual covers, and then purify the air or treat the air that comes out of these covers. That is a \$6 million project that will be funded through user fees. In addition the priority for sewer projects focused on the Cohas Brook interceptor. This inceptor had been designed at least in a preliminary fashion, it was always determined as a requirement in the city's facility plan as far as providing sewers in the city, and was never funded when there was a 95 percent state and federal money because during the days of the clean water act funds the Cohas Brook interceptor had a very low priority because the focus was try to abate pollution into water bodies and the Cohas Brook interceptor didn't directly do that. Right now,

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Cohas Brook Interceptor is the priority, the first phase of this interceptor which would run from the waste water treatment approximately up to Cohas Ave just north of Bodwell Road is estimated to cost \$14 million. We propose to do that in two phases, but again that project is going to be funded by sewer user fees by cash. In addition to that first phase of the Cohas Brook project what was identified through the CIP process as a priority to try to protect our last swimmable lake in the city which is Crystal Lake. In conjunction with Cohas Brook phase one approximately \$2.5 million would be spent to develop a sewage system to pick up all the homes in the Crystal Lake area. Right now starting in the year 2001, those projects that I just mentioned would be basically completed and we would be going into the Cohas Brook interceptor phase II, which would bring the interceptor from Cohas Ave. up to the Youngsville area. What the construction or completion of this interceptor will allow, at least these phases, for a lot of south and east Manchester that there presently not sewage on septic system to at least have a trunk system where we can then go out and construct lateral sewers. An example, there has been a lot of discussion regarding a new school in the greenwood court area. That area has no sewage. Once this Cohas Brook Interceptor, the first phase is built, we can now then put in a lateral sewer up into that area. Quite frankly that sewer extension will most likely be funded with sewer user fees priorities will tend to shift around. After Cohas Brook Interceptor phase II is constructed there is a third phase which would take an interceptor sewer down Bodwell Road or in that area of Bodwell Road to the Auburn town line. So you can see that what we have for projects projected over the next ten years are major, well worthwhile, and we are probably in the range of \$25 million worth of work. Once we finish this ten year projection of work, as they can see from the \$50 million list there is still many project out there that could be funded with sewer user fees.

Chairman Robert stated the Board of Mayor and Aldermen decided to fund these projects in this manner. Could you highlight some of the rationale for their decisions back a few years ago as to why they chose this method over another one.

Mr. Thomas stated previously major sewer projects were funded through the capital improvement program. The projects were bonded and typically the bond was paid off over a period of time, however, there's been a lot of demand over the years for capital projects to be funded through the CIP program. The Board of Mayor and Aldermen has set a cap on the total amount of projects or the total impact on the tax rate that the CIP program can have. As a result, these major sewer projects have always been deferred. Especially Cohas Brook Interceptor because people have had no sewers, they've been on septic systems so if a septic system failed instead of it being a city problem the pressure to correct the issue was always on the home owner. So they always shook out on the bottom of the list because of mainly the price. When the Board made the decision to shift the burden over to the

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sewer user fee, the logic there was in a couple of areas. Number one, the sewer user fees being charge for sewer related issues. A capital sewer extension is a sewer type related issue. In addition, the directive was to develop a rate structure where the sewer user fees could generate approximately \$3 million a year that could be allocated for capital projects. So instead of bonding it, and paying back twice what you are borrowing, now you are paying cash, your raising the money before you are spending it, and the rate structure that has been put together will ultimately generate \$3 million a year forever.

Chairman Robert commented on the bonding issue stating there is a cap on how much we can bond, maybe he could refer to Mr. Girard who has worked on the Mayor's budget, commenting there seems to be a limit as to how much we can bond, and having a number of projects that we are looking at potentially to bond, could we do the projects we are looking at plus this.

Mr. Girard responded we can't even do the projects we are looking at. As a matter of the tax rate the limit that the Board has set on the amount we can spend in debt service is about \$3 per thousand. It's not indexed as a percentage of the tax rate. It's flat at \$3, and we are investigating it as a percentage of the tax rate would give us some more mobility in that area without adding a burden to the taxpayer. Currently and I don't want to make any news here we are reviewing CIP requests and if I'm not mistaken the bonded part of that is up around \$80 million. In a typical year, for example last year and again this year we are looking at being able to bond roughly \$11 to \$12 million of that. So if we had to re-add the sewer part the sewer bonding and construction into the tax rate sewer projects I wouldn't want to say wouldn't be done but as they can see there is already a demand for the city's bonded capacity in each budget and it makes a difficult job all the more so.

Chairman Robert stated it may be appropriate, the Deputy City Clerk used to work as the City Interim Coordinator and felt she could expand on the Committee's understanding.

Clerk Johnson stated at one time the Board of Mayor and Aldermen appointed me Interim Assistant City Coordinator because there was no City Coordinator or Assistant. During that time, in serving in that capacity there was some discussion about moving the sewer portions over to the sewer. As Richard pointed out your capacity on bonding it's a self imposed limit that the Board has set as part of its financial plan and part of the CIP in the past. The \$3.00 limit was set as an approximate portion of the rate at one point in time, also was equivalent to what at one time as a percentage. The decision to make the shift was actually done the year after I left, it was at the recommendation of John Snow. After discussions with Highway, the Mayor and several other people in the City. The CIP has always received many requests for capital improvements. The buildings were not being addressed and that was a major concern of the Board. The dollar amount

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ties to what needed to be done in the city buildings alone was more than what the capacities were for many years to come, and parks projects as well. I see Ron sitting back there and it reminds me that there are several parks projects that fall under capital improvement as well. So the decision was consciously made by the Board at that time to shift the sewer projects because they would never get done and needed to get done and every alderman had several concerns. There was Cemetery Brook in the center city area, there was the Cohas Brook Interceptor for the south end, there was Crystal Lake on the east side which was getting polluted to the point that it was going to have to be closed, so the shift was made for those reasons. There was just not another availability of funds other than increasing that self imposed limit for bonding which would ultimately cost you more money than cash, and figuring either way yes the taxpayer is paying, but at least it was paying in terms of a user fee so to speak.

Chairman Robert asked Mr. Girard if he knew what the actual amount that anybody would lend the city and how close they are to that.

Mr. Girard stated he didn't really understand the question.

Chairman Robert said I know we have a good credit rating, but even if we wanted to raise the cap.

Mr. Girard stated it was not advisable to raise the cap. The cap right now is roughly 10 percent of the city's tax rate and from discussions with the Finance Department with bond counsel and rating agencies they really don't like to see cities exceed that roughly 10% of the tax rate going to debt, and they really discourage cities and towns from exceeding 10% of their operating fund for debt service.

Chairman Robert stated so in other words we are almost maxed out.

Mr. Girard advised that we are riding the edge, and have been for some time. It's a function of the tax rate and its been hovering around the 10% mark and we have been maxing that out every year that I've been here which is four now, and we will be maxing that out again this year. When I say maxing that out I'm only talking about being able to bond \$11 or \$12 million because of the problems you had with the tax base and the tax rate and everything else.

Chairman Robert recognized the Deputy Clerk.

Clerk Johnson stated with regard to the 10% issue that Richard just stated that is true. In discussions years back on how to set that rate, or the self imposed limit that you are doing, it's not advisable to go over your 10% limit you always want to leave some for catastrophe or whatever and so if you get up around 12 or 15% then you don't have anything left for a real catastrophe

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situation. The limit is something that is self imposed but has been highly recommended by all financial advisors of the city. By laws of the state you could set pretty much any limit you wanted that anybody would let you borrow, but there are percentages of your tax base that you can use but the recommendation of all financial advisors is to not go over that 10-12% bracket which you have been in right along for quite a while. It was increased I think from about 8% to 10% just a couple of years ago.

Mr. Girard stated and that is more or less because you are dealing with a static figure as a number on the tax rate rather than a percentage of it, so it fluctuates with the tax rate. At \$3.00 you are a little over 10%.

Chairman Robert asked if we had to build or construct these things, is the federal government breathing down our necks to do this.

Mr. Thomas responded we are not under any mandate or directive, however, as I mentioned the Cohas Brook Interceptor, I don't know how you can define a better sewer project. Here we are looking at south and east Manchester that has no sewage. The homes that are developed in these areas for the most part are developed in areas that are wet, that aren't conducive to subsurface disposal. That when these subsurface disposal systems fail, the cost to replacing them are tremendous. In addition, the only areas of Manchester that are really left for development is the south and easterly portions of Manchester. They haven't been developed to date because there is no sewage. An example, in the end Bodwell Road was developed but it was developed by a contractor putting in a private pump station and a private force main that's probably two or three miles long to pump the sewage from the end of Bodwell Road to the Airport. I think besides addressing a serious lack in infrastructure in a major part of the City it's also providing for future development opportunity. I here every week that I'm at the Board meeting that the tax base has been shrinking, etc. and this is in a way an investment in the future.

Chairman Robert asked the Committee for their impression, do they want to build these things.

Alderman Clancy stated it was an excellent idea. Chairman Robert stated if they wanted to move ahead they had to decide how they were going to pay for it, the Board referred it to us and perhaps we will want to tell them we want to do it differently.

Mr. Thomas referred to Alderman Hirschmann's letter stating it basically was in three different areas and we talked about the bonding. 9.9% increase in the sewer charges yes, that is a fairly large increase. However, when you take a look at what the average sewer user charge in Manchester is, and we furnished a little tabulation in your agenda. Manchester is by no means high at all. 9.9% was a large increase but it still is keeping us in

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a reasonable range compared to other municipalities. The alderman noted we have this deduct meter that homeowners can install on their houses if they do a lot of outside watering. We do put out the word on that. Matter of fact the notice that came with the sewer bill of the rate increase had a statement right on it that notes that the Board of Mayor and Aldermen has approved a deduct meter and basically if you are interest call us. And there has been quite a few of these deduct meters gone in. That was proposed by the Highway issue, however, keep in mind that the more deduct meters go out there the less water consumption that gets utilized for billing for sewer user charges and if you are looking at generating a certain revenue ultimately if there is enough of these deduct meters it may add a few cents to a future rate increase. But the word has gotten out as far as we were concerned that was the best way of getting notice out to the people, they are getting their bill, they are getting the notice of the increase, and we are saying they have the ability to put on the deduct meter.

Alderman Hirschmann thanked Mr. Thomas for the information stating he thought it was very good. Alderman Hirschmann asked if Mr. Thomas had a revenue forecaster as part of his budget stating you are talking about all of these expansions, obviously there is going to be a lot of sewer users added to the city's service to pay off the debt service. That's why my question for the 9.9% is it necessary because I know you are going to do a Cohas phase I, phase II, III and all of these other things, and I know there are many users that are going to come on line. That was my impetuous for the question of the rate increase. I don't really question whether you have to collect sewer charges, but 9.9% was the issue that I was kind of bringing up.

Mr. Thomas stated you would not see an immediate benefit to the extensions. As I mentioned the Cohas Brook Inteceptor is the main line. Yes, as you are going by areas you are going to be picking up some scattered houses that are going to be able to connect directly in. You are not going to get the full benefit of an area wide sewage system until the lateral sewers are built such as the Crystal Lake project. Once that's built everybody in that Crystal Lake area will be able to connect on. Ultimately down the road what you are saying may have an effect but in order to get that cash in your pocket up front you have to have these rates being proposed down the road in place.

Alderman Clancy asked as you put these sewer lines in different areas, these people who have all septic tanks, do they have to tie into the city or can they still have their septic service.

Mr. Thomas responded they can keep their septic system as long as their septic systems are working fine and conform to the Health Department. The only time that we can order them to connect is if they have a failing system.

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Alderman Clancy asked if a person feels they want to tie in, will it cost the city more, if they want to go from the house to the street who is going to pay for that.

Mr. Thomas stated it would be the homeowner that pays for that. However, again if they abut the work we would typically work with the abutters and we don't people digging up the streets after we repaved them and typically we would provide lateral house services to the property line or chimney because quite frequently a sewer service like this would be very, very deep.

Alderman Clancy stated so in other words when they are doing a project they would more or less advertise we are going to be putting in a sewer service line anybody wants to tie on.

Mr. Thomas stated they would urge everybody to tie on.

Alderman Domainque asked if there was any future increase in the sewer rates tied in to this long term program or is that last increase which brings it to 9.9 the end of the increases.

Mr. Thomas responded no. In order for us to continue to fund \$3 million a year in capital improvements, the sewer user rates will continue to increase over an approximate 8-10 year period as projected. Mr. Thomas referred to a chart stating every time there was an upward movement there is a rate increase. The bottom line represents what we project would be a requirement to run the treatment plant, the operation and maintenance, and the upgrade of the treatment plant and the inteceptor system. In order to continue to fund the \$3 million level a year you can see that the rates are going to continue to increase over approximately an 8 year period. This is a very rough projection and it would be modified, but there would be an approximate doubling of what the average sewer bill is.

Mr. Seigle stated they are at \$1.55 we project going to like \$2.50 in the time period that Frank mentioned.

Mr. Thomas stated yes, that was the average typical home would see an approximate doubling in their sewer user bill for the year.

Alderman Domainque asked at the end of that 8 to 10 year period of time do their rates go back down to 1996 levels.

Mr. Thomas stated no but at that time the City will continue to bring in \$3 million a year forever.

Alderman Clancy asked where that money would be going. Mr. Thomas responded capital projects.

Chairman Robert stated capital projects, was he talking once they were built they were going to repair them.

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Mr. Thomas responded no. The \$50 million on the list that is identified we could put easily another \$25 million in sewer related projects on that list if we wanted. 10 or 20 years down the road there is going to be other priorities other sewer related issues that come up and what this rate structure allows is after you reach a certain point it flattens out and stays at that rate and continues to bring in that \$3 million a year that we could put towards capital projects. If we reach a point in time when there is no more sewers to build the alderman is right there could be a reduction in the sewer user charges but I would think at some point operating costs would catch up to that rate because if you look at the lower the operating costs of the waste water treatment plant continues to go up as public service rates increase, labor costs increase, their are chemical cost increases so even if you stay flat up there eventually the lines will intersect.

Chairman Robert stated he hears there is an odor control problem down on the south end, asking if the correction was involved in that.

Mr. Thomas responded yes, as mentioned there is \$6 million that is going to be earmarked to put covers over some of the open tanks and the air that is generated will be purified. Up to now major investments have been made in odor control measures but as you eliminate one odor another odor becomes a little more prevalent, I think overall the odor problems have improved over the years and hopefully this will go far to eliminate most of the nuisances.

Alderman Domainque stated at least 7 of the 15 listed here effect the ward that I am in, one of them directly effects the waste water treatment plant which I live above. Crystal Lake is certainly in Ward 8 so I understand the necessity for all of these projects, you don't have an argument with me on any of that. You said that it would be cheaper than bonding to do the user fee and I would question, okay, maybe it's cheaper except that what we seem to have done is we have replaced the bonding that rightfully should have gone toward these projects because they are a necessity, sewer are a necessity, and we have replaced that bonding with other projects, we turned around and taken the sewer projects and made them funded by user fees. Now I've got people who have not had sewer for 30 years in Ward 8, who have continued over those 30 years to contribute their tax dollar to all of those other bonded projects, while they waited to get sewers. And now, I've got people who have had the benefit of the sewers who are paying almost 10% increase, which I'm sure Alderman 12 does and everybody else, they are now paying that extra increase which is projected to double in the next 10 years because they have the privilege of using the sewers they got under the bonded program. I'm a little confused about the relationship here and the transfer of the bonded debt and the fact that we seem to have taken what should have been a city responsibility for the taxpayers, provision of sewers, and turned

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it into a user fee item. Mr. Thomas has said that he doesn't think that the individual rate here for the users charge is high and I would say to you that is relative, because when I talk to seven seniors in a row in a given weekend on fixed incomes that's a heavy increase to them, that's quite an impact. The notice that was referred to that was in the mailer that tells them about the deduct meter is small print, I don't know whether they noticed it or whether they didn't notice it, but I think the minimum we can do while we try to unravel this problem is to at least provide a little more information in the future to the users. I understand that it might take away from the amount that you are actually charging them for, but by the same token I consider sewer use to be a necessity and these people have been very patiently paying for other bonded items waiting for sewers that never happened. I think it's time we found some relief for those people. I don't consider doubling of the sewer fees relief.

Alderman Clancy asked what she suggested.

Alderman Domainque stated well in 1992 the Board of Mayor and Aldermen took it upon themselves to take that package of bonded money and replace what should have planned for sewers building onto the sewer system and replacing it with other projects and do a user fee for the sewer projects, and all I'm saying is do we need to revisit that maybe because I think we have a responsibility here. Education. Are we going to get to the point where if we are not going to bond schools we are going to charge an educational user fee for every parent who has a child in school to pay for the facilities. I mean that's what we are coming down to here.

Mr. Girard stated I think in outlining what Alderman Domainque has just outlined she has pointed up the problem. When they moved the sewer from the tax base, when they moved that bonding from the tax base to the user fee, frankly they didn't have all that much of an impact on the bonded capacity of the City. In other words it's not like there was a \$5 million chunk that was removed from the city's bonding that got moved over from sewer fees and then filled up with \$5 million worth of projects. This move was considered by the Board and supported by the Board by a large because the sewer projects which you are correct are a necessity weren't being done, and the rationale for moving it was to create a funding mechanism that would get them done in a manner though expensive that's least costly to the taxpayer and to the rate payer because bonding adds significantly to the cost. The sewer projects were falling by the wayside in no small order when it had to be bonded on the city's side and we had to carry the debt service in the tax rate. That's why it got moved. So you are not talking about a significant amount of money that was shifted out of the city's CIP bonding and into the sewer rate user fees. There wasn't a big chunk of space that got filled in with other projects.

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Chairman Robert stated they could have other departments or people break out numbers to further clarify where the money has gone, and how we can best address this issue. When you look at a budget we make decisions on spending money a lot of different ways. When you say that a Board in 1992 to spend money in a different way and to put this in a different direction, I'd be very interested to know what their thinking was, where the money went, maybe we could use this as a guideline going into the future. We spend a lot of money and it all fits together somehow.

Alderman Domaingue stated it seemed to be a new and interesting way to hit the taxpayers one more time, and if it weren't for the fact that it is hard on people on fixed incomes, you've taken a program that should have been the responsibility of the city to provide a necessity and you have just shifted it from being paid for by every tax paying citizen to be paid for only by those who are currently using the sewer system.

Mr. Girard stated but it is also an equity issue alderman because you had taxpayers supporting bond issues for sewers who don't have sewer service, but I don't know how you go back and first of all let me say that neither the mayor nor the aldermen took this shift in 1992 in how to spend the money very lightly it was a very hot topic of discussion that involved a number of city officials and a protracted debate at the Board of Aldermen and I think the Board at the time had a very good feeling and I'm sure that Alderman Robert who was there at the time would bear that out of what it was being presented with and what it was doing, but the bottom line is, and I understand your frustration at what do you do with people of fixed incomes and how do you provide the services, the bottom line is that it got shifted for three basic reasons, one the projects weren't getting done, two the Board had hit a wall with its bonded capacity which was only aggravating the fact that the projects weren't getting done, and three the equity issue you had whatever sewer bonding being done picked up by the whole city which yes is a necessity but there's a significant portion of citizens on the west side, on the south end, on the east side, that aren't getting the services so they were paying for services that they were not getting. Those were the driving principles. And frankly, I'm not sure that the mayor or the Board at the time and I'm not sure now that anyone has a better idea of how to take care of these projects and still try to address the fiscal constraints that we have. I know it's difficult but I don't have an answer for you, about how to go about it in a manner that accomplishes everything we want with what some would consider to be an acceptable rate increase. I don't know what is acceptable or not.

Alderman Domaingue stated that 10% is not acceptable on a fixed income.

Chairman Robert recognized the Deputy City Clerk.

Clerk Johnson stated just because I was part of that process somewhat, the year before with the sewer issues and whatnot. When the presentation was made to the Board initially on the transfer of one issue to the other, there was probably about \$1 million a year that was going in, and Frank can correct me if I'm wrong, but my recollection was we had a project on the west side for about \$450,000, we had CSO at about \$200,000, we had a few other things in there, but it was around \$1 million to \$1.5 million a year that was going in, and it was nowhere near going to touch anything that was before the Board needed. In addition to that you had landfill closure which was coming in at an estimated \$12 million at the time. That was a major issue that the Board was grappling with at the time, and that was also part and parcel I think of one of the reasons why. Because they had some major things that they couldn't put off and they had no choices on one of which was landfill closure, and the solid waste issue itself had not been resolved at that point. So, I'm not advocating any position or any rate increase, please understand that, but when you say transferring one to the other, sitting here and having the knowledge that you are not talking about transferring \$4 or \$5 million worth of projects you are talking about \$1 million or so a year that was going into sewer projects which was definitely not adequate for the city. It was recognized by everybody that it was not adequate, that sewer is a necessity as well.

Alderman Hirschmann asked if there was an analyst on Mr. Thomas' staff that would tell him how much a 9.9%, a dollar amount, the increase, how much money would that give you, is there a number.

Mr. Seigle stated they do a revenue versus expenses tracking.

Alderman Hirschmann stated I'm interested in the revenue part.

Mr. Seigle stated it takes us about 22 cents to raise \$1 million. What we've done, you have to understand, that this has been kind of a mixed bag over the years. All of the main interceptors and the treatment plant. The capital cost of those has always been on EPD, so we have approximately 45% of our budget every year goes to debt retirement. Now when we got transferred the other million that Carol's talking about, then we had to make up for that, and then we were directed to develop a program to be able to do some of these projects that we need to do at the rate of approximately \$3 million a year so we did a projection through the year 2008, of our revenues and expenses and what would it take to accomplish what we have been told to accomplish. We have some money now that's built up so we are drawing that down so the rate increase doesn't have to be as steep as it was if all of a sudden we had to raise \$3 million. If we had to raise the \$3 million this year we would have to raise the rate by 66 cents per hundred, so we are drawing down what we already have and we raised the rate by about 15 cents or whatever it was. It's projected that two years from now we will be back, if the Board continues to want to fund these projects, for another rate increase.

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Alderman Hirschmann stated so the only way around these rate increases is to slow down your projects.

Mr. Seigle stated either that or bond them some other way.

Alderman Hirschmann stated or bond them partially or in full.

Mr. Seigle stated that there was no way they were going to get sewers to some of these parts of town unless we start this Cohas Brook Interceptor. It was planned back in 1979, and we just never had the funds to build it.

Alderman Domaingue stated there was no question in her mind that these projects need to be done and they should have been done at least 20 years ago. I would ask if there was any way that this committee can even look at or recommend someone looking at plugging back into the bonding process a portion of this cost so that the increases that they are talking about as a result of these projects is not such a tremendous hit on the sewer users at least until they can begin to draw in some of that revenue because doubling it from where it is now you are chasing out of the city, and that's not an exaggeration. Alderman Domaingue asked if they could spend some time in looking at whether there is any feasibility in adding some of these projects on a bonded basis whether it be a year from now, tow years from now, folding it into the our bonded debt, to offset that sewer rate.

Chairman Robert stated he would be more than happy to do that, he thought the CIP people would calculate that, maybe Finance could calculate that.

Mr. Girard stated it was possible to do what Alderman Domaingue has suggested, the question is though what are you going to sacrifice to add that debt onto the tax side because it's not like we have room to play with, that's the question. What are we willing to sacrifice to do. It can be done.

Chairman Robert stated we can have them run some numbers, I think it would be quite surprising to see where the money has been going over the years and I look forward to it, especially going to the full Board.

Alderman Domaingue stated it was not a matter of sacrificing, it's a matter of as projects become finished replacing that project with what we consider as a Board to be a priority which is a necessity called sewers.

Mr. Girard stated you have obviously the right and the ability as a Board to do that. The only point I'm trying to raise alderman is if you retire that debt and transfer the sewer stuff onto the other side you are eating into your ability to bond other projects in the city that need to be bonded whether they are middle schools or roads or parks or anything else.

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Alderman Domainque stated she understood that, but you have done that to people that have been waiting for sewers for 30 years. You have made them wait and pay for these other projects and it is high time we put the priority on the necessities.

Chairman Robert asked if they could have the finance people working with the CIP people and these people bring us back some sort of options in that regard. Chairman Robert stated he meant what's the different scenarios, what could we do, what could we recommend.

Mr. Thomas stated again, I think the finance department can do that with the CIP requests that have been submitted. I think just to follow up on what Rich was saying, typically when I make my requests to CIP we put together about 10 pages of requests. We know realistically maybe the first four requests has some chance of getting funded, and what has happened in the past is even though I agree with the aldermen and I promote Cohas Brook 100% and these other sewer projects, I was never able to place a high enough priority on these type of projects because quite frankly right off the bat number one priority for the highway department is street reconstruction. We need to ear \$700,000 worth of salary credits and the roads are in terrible shape, and every year you can go down the list. I think if you look at all the CIP requests, and I don't know what the bonding level is, but you probably exceed that half a dozen times over. If you ask your departments what are your top five priorities, those are the ones that are going to get approved, there's going to be a lot that will be down low on priorities.

Chairman Robert stated he understood but he felt that is what people wanted to air that so they can decide what they want to do. Mr. Thomas stated he thought CIP and finance had that now as far as that information now between the requests. Alderman Robert asked if the could ask the three of them to collaborate and bring it back the next time around.

There being no further business to come before the Committee, on motion of Alderman Clancy, duly seconded by Alderman Reiniger, it was voted to adjourn.

A True Record. Attest.

Leah Beumer
Clerk of Committee

