

COMMITTEE ON COMMUNITY IMPROVEMENT

April 20, 1999

6:15 PM

Chairman Reiniger called the meeting to order.

The Clerk called the roll.

Present: Aldermen Reiniger, Wihby, Clancy, Pariseau, Girard

Messrs: R. Ludwig, R. MacKenzie

Chairman Reiniger addressed Item 3 of the agenda:

Communication from the Parks, Recreation & Cemetery Director seeking the Board's consideration of the removal of five aquatic facilities from the operational portion of the Enterprise budget and fund in the tax portion of the Parks Division.

Alderman Pariseau moved the item for discussion. Alderman Girard duly seconded the motion.

Alderman Pariseau asked, Ron, can you handle it. What would that mean to the tax rate?

Mr. Johnson answered it is climbing. We have been going up and up in expenses for the swimming pools. We are up to about \$250,000 per year operationally but more than that I am putting in anywhere from \$15,000 to \$30,000 of Enterprise money for patches to Raco Theodore and to a lesser extent Livingston because most of the water goes out the bottom and down to Lowell I guess before it stops. It is a toughie. Without the Enterprise money in the last four years, I would probably have had to come to the full Board asking for some dollars just to make some patches so that I don't make any kind of issue about modifying a pool. Raco Theodore fits that bill this year. We have about a \$15,000 or \$20,000 patch to put on that.

Alderman Girard asked, Mr. Ludwig, when the Enterprise was set up, the pools were put in and there was a \$650,000 subsidy that was a pass through to the Enterprise to support school recreational facilities, was any of that money also to support pools or was it strictly to support schools.

Mr. Ludwig answered I am not sure at the time it was developed...you were involved more than I was but I think that has been difficult to determine. I know over the last four years we have tried to determine exactly what portion the School Department should represent.

Alderman Girard stated honestly the logic of the \$650,000 was the difference between what the expenses were at the time and what our revenues were at the time of everything that belonged in the Enterprise fund. I was under the assumption that pools were taken care of by that subsidy but you are saying now that is not the case.

Mr. Ludwig replied there are a lot of things that are happening in the Enterprise and, again, we are not the Water Works and not EPD. You can't just set a rate of 10% and say we are going to move forward and people will pay it and we are going to expand the sewer system or something like that. We are looking at a far different animal when it relates to an activity that people don't have to do. What we are seeing is a loss of revenue as it relates to anything as much as \$30,000 or \$40,000 at an ice arena to a bad year at a ski area. We have seen a difference in revenue too. Ice rates, to the groups that we can do it to, junior hockey we have gone up 10% across the board for them for the last 10 years. Golf, we have gone up 33% or 34% in the last three years so we are extending ourselves up in the categories that we can. The unfortunate thing that has happened to us in the ice business right now is in the next month and a half we are going to be surrounded by three ice rinks to the north, east and south which are Hooksett, Exeter which is an AHL facility and in the not too distant future the Salem facility with two sheets of ice. What we have seen here regarding the ice business is individuals jumping around for prime time ice which is something we all know and prime time ice means if everybody in this room was skating at the JFK at 11 PM at night for \$100 an hour but we can go to Hooksett at 7 PM at \$130 an hour and we divide it up \$2 a piece and we all skate at 7 PM. I have seen a decline in my revenues while we have tried to maintain expenses. At the same time, health insurance costs, and these are big hits that I think we all realize that the Enterprise has had to observe.

Alderman Girard asked have you isolated the operational costs for the pools. You have the operational costs and you have the repair and maintenance. Do you know what those costs are?

Mr. Ludwig answered I know the operational costs are running around \$250,000 right now.

Alderman Girard asked if you were to get an operational subsidy from the City that would cover those operations so that you could keep the pool in the Enterprise, would that be agreeable to you. The reason I ask that is if we take the pools out of the Enterprise, I would be concerned that the pools would be

competing with all of the other infrastructure needs that the City has which is probably why they are in the condition they are in now. At least if we could support them within the Enterprise, then you as the Manager of those facilities could pay them the attention they needed to be paid as long as the operations are carried by the subsidy. I see where it is an unfair burden on the Enterprise because it generates no revenue for you.

Mr. Ludwig answered I think that the City...swimming pools are a difficult thing for anyone to swallow and they can make any of us look very bad if we want to. We operate them for 8 or 10 weeks a year. They are high-ticket items. They are very sensitive to the geographical location in which they lie and I am not going to go any further than that. There is no payback on a swimming pool. To answer your question, I think the City did a fairly decent job in going in and renovating Dupont Pool three or four years ago and I sat back saying why spend the money on that facility but if you saw how much it was used, you would have a different opinion of that and that is the truth of the matter. Livingston was built in 1934 and not a thing has been done to it. I can swear to that. Nothing has been done except for painting at Livingston Pool. I guess if you are asking me to buy into the short-term capital improvements that we would need to make, is that what you are asking?

Alderman Girard stated your letter basically is asking the Board to take the pools out of the Enterprise and bring them back onto the tax rate. I am asking you if there is a middle ground. Can you keep the pools in the Enterprise if the City subsidizes the operation and if so what level of subsidy would you need in order to make it work. I think that is the question.

Mr. Ludwig replied that is hard to say. We have done the engineering on Raco Theodore for instance. We have already identified it. We have identified the condition and some of the changes that should be made if you want to repaint a place like Raco Theodore pool. I think we should because it is the only 50-meter pool in Manchester and that means a lot to a swimmer versus 25 yards versus 50 yards, versus 50 meters. It is an improved thing so I don't think it would be a wise recommendation to say lets not do anything with the Raco Theodore pool but we have had Kimball & Chase do engineering work and they have attached some good cost numbers to the repair of that facility and again we are in the \$600,000 to \$650,000 range when we have to bite the bullet.

Alderman Girard asked you have operational costs and I don't mean to belabor this but I am getting to the question. You have operational costs to do any of those restorations or any of those repairs you are going to incur bonding costs which means you are going to have debt service so the question is, is there a way to keep this stuff in the Enterprise so that the pools get managed the way they should and repaired the way they should and if so what would the subsidy need to be from the City to keep...because I would rather have the Enterprise issue the bonds. I would

rather have the Enterprise handle the management and I would rather have the City subsidize the operation rather than take it all back on to the tax side because I don't think it would get done the way it needs to be done on the tax side.

Mr. Ludwig replied I am not sure that we could go out and support a bond to the tune of \$650,000 for that renovation.

Alderman Wihby stated I disagree. If it is not revenue producing, it shouldn't be in the Enterprise fund. They should maintain that fund that was set-up to have all of these things pay for themselves within that fund. If it is not paying for itself, it should come out and be part of the Parks budget. It shouldn't stay in the Enterprise fund because I don't see any disadvantage or advantage one way or the other. If it doesn't pay for itself, it belongs out of it. If it is paying for itself, it belongs in. I think the question more is what happens if we don't do that now. Right now you are taking \$200,000 or \$300,000 and you are taking money out of something else that generated the money and paying the pools. If you don't have to pay for the pools, what are you going to do with that money? What are you going to fix, the golf course?

Mr. Ludwig replied again, Alderman, we have identified and it has taken us a few years to do that but we have a master plan for the golf course. One at the McIntyre Ski area. We have initiated a large site improvement up there right now to get us the parking that we feel we need to make McIntyre a more viable entity as it relates to generating income. We are moving out of the Alpine Ski business up there and going into winter recreation which means tubing, which means snowboarding, more teaching and those kinds of things. We have a couple of hundred thousand going into the site improvements so that we can bring the people to that facility.

Alderman Wihby stated which generates more revenues for the Enterprise fund.

Mr. Ludwig replied hopefully, but with the pool drag on us we can't move to the next phase. This next phase at McIntyre, we need to improve snow making very badly up there. It takes us too long to make snow and once we have had bad weather conditions instead of it taking us 24 hours to get up and running it takes us three days. That is too long.

Alderman Wihby stated if you have to pay for the pools, you won't be able to fix that situation.

Mr. Ludwig replied we won't be able to move forward with bonding some of these projects and we just need to be able to do it.

Alderman Wihby asked so you want \$300,000 taken out of or put into pools.

Mr. Ludwig answered I have a number here that is, I believe about \$280,000. I would like to be able to come back with a real good number on that. Rick Riddle wasn't able to come with me tonight as his grandfather passed away. It is between \$250,000 and \$300,000.

Alderman Wihby \$300,000 would be put into your budget and you would be able to operate the pools and taken them out of the Enterprise fund and we will do it over a two-year period. Is that better than nothing?

Mr. Ludwig replied it is better than nothing. It slows us down, but if we have to we have to.

Alderman Girard stated what I was getting at is whether you take the pools out of the Enterprise and carry the operations on the tax side or you pass the subsidy through to the Enterprise to support the pools, the effect on the taxpayer is the same. I am only saying that I believe it should probably be left in the Enterprise with that subsidy because I think as part of the Enterprise Parks & Recreation will be able to do the work it needs to do to operate and repair and restore the pools than if we put it on the tax side and have to start pitting pools against parking and police stations and libraries and everything else competing for bond money. They can do the bonding for that work through the Enterprise and we can pass the subsidy through the City.

Alderman Wihby replied I thought that the way the Enterprise fund was set-up was to take care of itself with the items that are in there.

Alderman Girard responded with all due respect it was set-up that way because when that Enterprise was created the only entity that carried itself, and that was closed, was the Derryfield Country Club and with the exception of the Country Club I don't think any of the facilities break even. I think it is the only one that does. McIntyre, if it has a good year, may carry the expenses. The golf course now is subsidizing everything anyway so if you were to remove and I agree that pools are different because they generate no revenue and Gill Stadium generates next to no revenue. If you were to remove every item that didn't carry itself, you

would remove everything but the golf course. That is why that \$650,000 subsidy was passed through under the guise of the school athletic facilities which is legitimate because they do maintain the school facilities, but that is where that \$650,000 originally came from was the difference between what those facilities were generating in revenue and what their expenses were when the Enterprise was created. Wasn't it knocked down to \$400,000+ in the last fiscal year?

Mr. Ludwig replied what happened was the School Department had a concern that their chargeback was wrong.

Alderman Girard stated so that \$650,000 is still going then but that Enterprise falls apart without that \$650,000 so it doesn't carry itself without a subsidy anyway.

Alderman Clancy stated, Ron, you know as well as I do that the kids in the City deserve the pools open all year round. You have to get something for these kids, especially the kids in the Center City. Some of their families don't have any cars and that is the only place they can go. I saw where you were thinking about charging for pools. Don't charge anybody as far as I am concerned. The kids in the center city, that is the only place they know in the summertime. 90% of the kids that go up there have to take a shower before they even go into the pool. I am dead against charging anybody but as far as fixing the pool we should budget that out as to which pool should get maintenance, especially Hunt Pool. I go there myself to take a swim.

Alderman Girard asked are we going to recommend that it be removed from the Enterprise fund and be subsidized. Do you want to subsidize the Enterprise with it or take it out of the Enterprise?

Alderman Clancy and Alderman Pariseau answered take it out.

Alderman Pariseau moved to take the five aquatic facilities out of the Enterprise Fund and have them be funded in the operational (general fund) budget of the Parks & Cemetery Department. Alderman Wihby duly seconded the motion.

Alderman Girard stated I agree that the pools need to be taken care of but I want to vote no. I think the pools should be left in the Enterprise fund and I think the Enterprise should be subsidized because I think they can be better taken care of with a subsidy in the Enterprise fund.

Alderman Clancy stated they are not making any money.

Alderman Girard replied I am saying we should add to the subsidy. I am not disagreeing with you that the pools need to be taken care of.

Alderman Wihby asked is that a true statement. Are you (Mr. Ludwig) going to take better care of them if they are in the Enterprise fund?

Mr. Ludwig answered I know that the Alderman is on the same side as everybody in this room. I just don't understand why. I don't agree with him. We are going to do the best thing and make the best recommendations.

Alderman Pariseau asked if the pools are taken out of the Enterprise fund are you going to do a lousy job.

Alderman Girard answered the operations aren't going to change. He is still going to do the operations but if he needs to go and renovate Raco field or Livingston pool and we take it out of the Enterprise, he has to come to the Board of Mayor and Aldermen and we have to do a general obligation bond like we do with every non-Enterprise department. If he wants to do those bonds within the Enterprise, he can do it within the Enterprise and not have to compete with the general obligation bonds that we issue. It is an Enterprise bond at that point and I think that is going to lend itself better to restoring those facilities.

Alderman Pariseau asked the red tape you mean.

Alderman Girard answered no; he just won't have to compete with the taxpayer-funded side of the budget.

Alderman Wihby stated I don't think you can do a revenue bond for a pool if it is not generating any revenue.

Alderman Girard replied he doesn't do revenue bonds. How much bonding do you do now for the Enterprise?

Mr. Ludwig asked how much have we done thus far.

Alderman Girard stated you have done bonding through the Parks & Recreation Enterprise that has not ended up in the general fund. Is that accurate?

Mr. Ludwig replied yes. We have done lights at Gill Stadium, site work at McIntyre, light repair and JFK. They haven't been issued, I suppose and aren't in our budget yet but we are into it.

Alderman Girard asked what kind of bonding otherwise may or may not have been done if it had to come to the tax side.

Chairman Reiniger stated could we get a recommendation from Mr. MacKenzie.

Mr. MacKenzie replied I really don't have a recommendation. I just have a comment. If the intent is to make sure that the Enterprise as a unit remains competitive in the long-term, by taking out the pools the rest of the Enterprise has got to be more competitive. I think that is an important consideration and if it is going to be competitive in the long-term by taking out the pools, I think the Board would seriously have to consider that especially if there is no revenue being generated at all from the pools.

Chairman Reiniger asked what about the bonding issue.

Mr. MacKenzie answered it comes down to whether Parks & Recreation really think that they could bond money from the balance of their program for the pools and I think that technically the Bond Council might have some difficulty creating Enterprise, which are revenue bonds, they might have trouble saying we are going to allow revenue bonds to improve a pool that generates no revenue. That is something that the Finance Director would have to check.

Chairman Reiniger called for a vote on the motion. The motion carried with Alderman Girard being duly recorded in opposition.

Deputy Clerk Johnson noted that Items 4, 5, and 6 have been removed from the agenda. The Airport requested that we remove them from the CIP agenda and from the Board's agenda.

Chairman Reiniger asked should we table them.

Deputy Clerk Johnson stated no because it is going to be resubmitted in a different form. In Item 5, we do have various School Department projects resolution.

"Amending the 1999 Community Improvement Program, authorizing and appropriating funds for various School Department Projects."

Alderman Wihby moved to approve the amended resolution. Alderman Pariseau duly seconded the motion. Chairman Reiniger called for a vote. There being none opposed, the motion carried.

Alderman Girard asked these are all Federal funds coming through. No tax money here on the school projects?

Mr. MacKenzie answered I will check with Bill on that but I do believe this should all be grant money.

Chairman Reiniger addressed Item 7 of the agenda:

Communication from the Director of Planning relative to future use of the Brown School noting that funds in the amount of \$12,500 have been set aside in the FY2000 project "City Space Improvements" to match a similar amount of funds from the Library to conduct a feasibility and schematic design analysis.

On motion of Alderman Clancy, duly seconded by Alderman Pariseau, it was voted to approve this recommendation.

Mr. MacKenzie stated the Committee asked what the City should do so I am recommending that. It is our intent to do it. The money is earmarked. If the Committee concurs with that, we will move forward.

Alderman Girard asked, Mr. MacKenzie, has there been a private sector interest at all in this school or has the City done anything to solicit the interest of private developers to see what kind of use this school might be put to to put it back on the tax rolls.

Mr. MacKenzie answered no; the City has not done anything specifically. I suspect there might be interest for reuse of the building perhaps for housing if it were subsidized through one of the housing programs but we have not put it out as available yet. I think that given the very limited amount of property that the City owns, that this particular property has a lot of land area and that type of land area being flat it might be valuable to the City in the future.

Alderman Girard stated there has been a lot of talk about using it as a Library or something else. Given the potential for the development on Hackett Hill and trends that you are seeing with the school numbers, do you see a time in the near future when there will be a need for more school space on the west side? Hackett Hill goes back into development and Northwest is already overrun.

Mr. MacKenzie replied given the City's agreement with the EPA and DES on the CSO program, it is our intent to see if we can negotiate for the purchase of a portion of that area that used to be considered at one time for a very major development project and that could significantly reduce the amount of development on Hackett Hill. There is likely going to be some additional development up there, but certainly not close to what was originally envisioned to be a 3,000 dwelling unit project about a decade ago. I do note now in looking at the growing trends that elementary enrollments, even on the West Side, are starting to decline and with the major expansion at the Parkside Middle School, the middle school itself on the west side will be fully adequate and now we are seeing the enrollments at the elementary level decline.

Chairman Reiniger addressed Item 8 of the agenda:

Communication from the Parks, Recreation & Cemetery Department
Director requesting the acquisition of a Fire Department 1986 Ford Crown
Victoria to replace a severely rusted 1987 cruiser with 128,000 miles on it.

On motion of Alderman Pariseau, duly seconded by Alderman Girard, it was voted to approve this request.

Chairman Reiniger addressed Item 9 of the agenda:

Petition for discontinuance of a portion of McQuesten Street.

On motion of Alderman Girard, duly seconded by Alderman Pariseau, it was voted that this street has been released from public servitude under the provisions of RSA 231:51.

Chairman Reiniger addressed Item 10 of the agenda:

Request of Timothy J. Wood, Trustee, for a sewer use abatement.
(Note: EPD recommends abatement of \$409.20 be granted.)

On motion of Alderman Girard, duly seconded by Alderman Pariseau it was voted to approve the request for a sewer abatement for property located at 50-52 Orange Street in the amount of \$409.20.

Chairman Reiniger addressed Item 11 of the agenda:

Communication from Krzysztof Staszkiwicz expressing dissatisfaction with current bus service and submitting major changes as outlined in the enclosed.

On motion of Alderman Pariseau, duly seconded by Alderman Girard it was voted to refer this item to the MTA for review and to make a recommendation back to the Committee.

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

A True Record. Attest.

Clerk of Committee