

SPECIAL COMMITTEE ON SOLID WASTE ACTIVITIES

March 3, 2008

Immediately following Lands & Building

Chairman Roy called the meeting to order.

The Clerk called the roll.

Present: Aldermen M. Roy, O'Neil, Osborne, Lopez, Domaingue

Messrs: K. Sheppard, P. Corcoran

Chairman M. Roy addressed item 3 of the agenda:

3. Update on recycling and solid waste contracts.

Chairman M. Roy recognized Kevin Sheppard, the Public Works Director.

Mr. Kevin Sheppard, Public Works Director, stated curbside recycling is going great. We have seen increases in tonnages over the past years, now that we've gone to weekly recycling. One of the issues before the City is our contract with Corcoran Environmental. The contract calls for Corcoran to build a single-stream facility on Dunbarton Road. I think that's where we are right now as far as our contract goes. It's just a question as to how we move forward with that.

Chairman M. Roy asked will you give us an update on where that contract and process stands from the City's viewpoint?

Mr. Sheppard stated the contract was signed approximately two years ago. Corcoran Environmental is supposed to have a facility built by March of 2009. They did start the planning and zoning process. At that point I believe they pulled their applications. I guess that's where we stand with the City side. Corcoran has come forward and talked about other potentially looking at other sites in the City.

Mr. Patrick Corcoran, President of Corcoran Environmental Services, gave an update as to where this project stands and how it could be moved forward.

Mr. Corcoran stated we are a private company that was invited to participate in the RFP process. We came in with our eyes wide open hoping to solve the solid waste problem for the City of Manchester. Primarily the focus of tonight's discussion,

from my company's standpoint, is I need direction from the Solid Waste Committee to get the ball back rolling. We met a tremendous amount of opposition late last summer trying to get this sited at the Dunbarton Road location, both politically and with residential opposition. We were told essentially from the Mayor's office that this would not be built on that road. And for whatever reason, for whatever claims, we were told to stop trying to pursue that Dunbarton Road site. We have looked at other sites inside the City of Manchester, and since October of last year, have been trying to negotiate with the Public Works Department to resolve and make offerings back and forth on where we could go or how we could go, or what concessions could be made to assist in allowing CES the option to be out of its obligation to build on Dunbarton Road, but to try to build something within the City or to purchase something within the City. Our intent is still to bring single-stream recycling to the City of Manchester, saving the City \$62 and change per ton for every ton that we are able to recycle. Over the last two years, my company has spent close to \$600,000 trying to develop this for the City. I cannot do two things. That is, I cannot still be obligated on Dunbarton Road and try to pursue new projects within or without the city limits.

Chairman M. Roy stated not to correct you because you're usually great with the business of solid waste, but it was \$62 when we started five years ago and now its \$67.50 per ton. You can see what our time delays have already cost the City, as well as cost you.

Alderman Domaingue asked what other sites have you looked at throughout the City of Manchester?

Mr. Corcoran stated we've had developers take me to a handful of different sites within the City. We looked at the building which was the Associated Grocer's building; we looked at a building on Gay Street; we looked at the industrial park near the Union Leader on Industrial Park Drive. So we've looked at three separate sites. We've also looked outside of the City in Merrimack and Hooksett. So we've looked in close proximity.

Alderman O'Neil asked am I correct that we really have three options? I guess two of them were always there and a third one is new. We either deliver a piece of City-owned land, Dunbarton Road or another location in the City, and the deal can remain the same. Is that a true statement?

Mr. Corcoran stated correct.

Alderman O'Neil stated option two is we change the language on Dunbarton Road and allow it to include the opportunity for you to purchase land – a private deal in the City. But that would change the revenue figures. Correct?

Mr. Corcoran stated purchase land and building.

Alderman O'Neil stated the third option, which is the new factor in this thing, which I think we've all seen in the papers is this discussion about a single-stream facility in the Concord area. I'm not sure because I'm not an expert on this subject, but I'm not sure the state of New Hampshire, at least our Merrimack Valley Region, can support more than one of these. In my opinion, if we don't make a move on the first two things we talked about, we may be trucking our recyclables to Concord.

Mr. Corcoran stated quite honestly, it's going to cost a lot of money for us to truck it to Concord.

Alderman O'Neil asked but that is a potential option if we don't do something? Is that a true statement?

Mr. Corcoran stated yes.

Alderman O'Neil stated and that's out there. I don't know where it is, but it's out there.

Mr. Corcoran stated absolutely.

Alderman Osborne asked what kind of square footage are you talking about in a site?

Mr. Corcoran stated we are looking at a minimum of probably 7 to 10 acres and between 70,000 and 100,000 square feet. You also need loading docks and/or the ability to tip trailers and equipment inside, for which you need height. You need a minimum of 26 feet high inside.

Alderman Osborne stated do any of the sites you looked at interest you?

Mr. Corcoran stated yes. The one in Merrimack fit perfectly; the one on Gay Street was tight, but could potentially work, and the Associated Grocer's would work, with a tremendous amount of modification needing to be done.

Alderman Osborne stated so these are three sites you could look into?

Mr. Corcoran stated yes, sir.

Alderman Osborne asked and the cost looks good in all three sites?

Mr. Corcoran responded no.

Alderman Osborne asked are they way out of line, all three of them? Or is one of them in line, or close to it?

Mr. Corcoran responded two are in line, the other one is not.

Alderman Osborne asked so you need a recommendation from this Committee in order to move on, to know what you're going to do to get off the other end of it?

Mr. Corcoran stated I need a direction from you folks.

Alderman Lopez stated I didn't hear that remark you made about why you withdrew your application from the Planning Board.

Mr. Corcoran stated there are a handful of reasons. First, the Mayor who signed the contract that we originally signed publicly stated around September 13th, that he was opposed to going into that site, claiming that an industrial site right off the highway would be far better. So we have the contract signer representing the City publicly stating that it's not going to go to the site that he signed. Issue number two is we met all kinds of opposition. When you invite somebody into your house, you don't throw trash at them as you allow them through the door. So, private business wants to do business with the City of Manchester. My company met all kinds of opposition to do business the way we intended, the way Public Works, the Solid Waste Committee, and my company intended to do business. Honesty, hard work, get it done. Thirdly, this saves the City of Manchester a tremendous amount of money. This needs to be up and running for you folks to start saving this money. I'm on a timeframe to get going. Going into an existing facility, an existing building, allows me to potentially even still meet our deadline of three years after the contract is signed. So, moving me into potentially something that is already constructed allows me to meet my third obligation.

Alderman Lopez stated all contracts are approved by the Board of Mayor and Aldermen, so you still had that opportunity to move forward to go to the Planning Board. But you decided to withdraw based on the comments.

Mr. Corcoran stated yes, with three legal representatives standing behind me.

Alderman Lopez stated knowing that there's opposition from some other locations, if we take Dunbarton Road out of the contract, Mr. Sheppard, what kind of stipulations...I know we're talking about places. Is it only three places in the City of Manchester you can go or are there more places than three?

Mr. Sheppard stated this may be something for the City Solicitor. I would think that any location he finds would be subject to the approval of this Committee and the Board of Mayor and Aldermen. I think he should go out and look throughout Manchester and find out if there are any other alternative sites here in Manchester and come back to this Committee with a full, revised proposal. I would ask the City Solicitors' opinion on that as well.

Mr. Tom Clark, City Solicitor, stated I would recommend that if you are going to amend the contract to release the Dunbarton Road obligation, you put some stipulations in that require that he come back to this Committee if he finds a site. I think it is very appropriate that this Committee has a say in where it eventually does go.

Alderman Lopez asked do you think there are more than three places in the City of Manchester that could hold a facility like this? I know there is opposition from this Alderman and that Alderman, but are there more than two or three?

Mr. Sheppard stated I can speak from experience from when we looked for property for a new Public Works facility here in Manchester. There are not many large pieces of property left in Manchester that could house the Public Works facility, never mind a recycling facility. People need to remember a recycling facility is not a transfer facility for trash. It's plastics, paper and items like that. So, based on what I remember from looking for a new Public Works facility, there are not many sites left in Manchester. The Dunbarton Road site was a possible site. I believe industrial parks, as well, are potential locations. I don't believe that residential neighborhoods here in City have potential sites, and I don't think you'd even find ten acres here in the City.

Alderman Lopez stated if we were to put a stipulation tonight and authorize you to go and come back to the Committee with a place that you select, is there a lot of money involved in doing that or is it just a matter of saying, I think this site will work? How much more money would you put into this project? Maybe the question is this: If we just walk away tonight and say we're giving you a stipulation to go find a place in the City of Manchester and come back to this Committee before we release you from Dunbarton Road, is it going to cost you a lot of money to do that?

Mr. Corcoran stated it cost about \$225,000 for me to get as far as I did with the engineers and the state DES. So whatever site I'm able to go into next or potentially go into next, I have that kind of capital tied up again. So it's not an opportunity for us to take a shotgun approach at this. I need another site; I need another site soon. I won't be able to meet your obligations, and you're still going to be paying \$67 a ton to get rid of your trash. So, I need to get moving.

Mr. Sheppard stated what is the cost to look is more the question.

Chairman M. Roy stated right, I'll narrow it down, because one of the things I talked to some of the Committee members about is reconvening this meeting or another Solid Waste Committee meeting following next Tuesday night and having, at that point, current sites brought to this Committee that the Committee can hash out and talk to you about that are current, acceptable sites. You would then get clearer direction. If you came back and said this one is in, this one is out, this industrial park works, but there's no buildings available, this City piece of land doesn't work. What is the cost of that, besides time?

Mr. Corcoran stated I have a preferred site, if that matters. The site at Gay Street is a preferred site. Its height does meet the needs; it's zoned industrial which is a big hurdle; it has rail siding which helps with traffic issues. It is an in and out, in that you can come off of the highway within less than a mile of the facility, unload your material and get back on the highway to get out of the area. This material will be coming from towns in the area. The one issue that's really difficult for me to answer is time. We just missed recently an opportunity to get material from the town of Goffstown into the City of Manchester's project – pockets, I guess would be the better way of putting it. That material is no longer available. Two weeks ago we put a bid in for the town of Bedford. It's likely we might not get that material as well. We are missing opportunities. My business is suffering because of that. The City's bottom line pocketbook is suffering because of that. The longer we delay, the longer this is hurting both of us.

Alderman Lopez asked where is the site, just for clarification?

Mr. Corcoran responded this is the industrial park off of Brown Avenue.

Alderman Domaingue stated I'd like to keep this moving as quickly as possible as far as an analysis is concerned, but I'd like to see not just the preferred site outlined, but maybe a couple alternatives in the City of Manchester – what the cost of retrofitting them would be and what the issues are with each site. I really need a clear outline because I don't have any figures, and I don't have any numbers and I don't have any site plans to work with at the moment.

Alderman Osborne stated no matter where you try to put something like this, nobody is really keen on it. No matter how you look at it, it's a tough situation. I think, like you've mentioned, you have to put it next to egress and so on, getting in and out as quickly as you can, and I think that Brown Avenue, as much as I hate to say it, and I don't like to say it with all the residents around there, but it is kind of commercialized there in the first place, with a lot of traffic. I don't know what your traffic schedule is going to be – mostly morning or evening or all day long. How does that work if it was on Brown Avenue? Your trucks, in other words.

Mr. Corcoran stated we've paid a lot of money to find out when those trucks arrive and depart.

Alderman Osborne stated I understand that you have just as much right on the road as anybody else out there.

Mr. Corcoran stated we have a traffic study and I can certainly get that back to you. But our traffic study is that these trucks leave early in the morning, and they come in...their first dump would probably be before noon, and their second unloading probably around 3:00.

Chairman M. Roy asked so is it twice a day?

Mr. Corcoran stated some of these trucks. The City trucks would fill up quickly.

Alderman Osborne asked and how many trucks would that involve?

Mr. Corcoran stated we would be going to five trucks because your recycling is going out.

Alderman Osborne stated so five trucks twice a day.

Mr. Corcoran stated that is just the initial start-up.

Alderman Osborne stated I don't think you'd even see them, that small amount of trucks compared with the traffic that's already there. You probably couldn't even pick out those trucks. So I think you're in a good area there. I would like to see you off of the Dunbarton thing and get out there and do something, that's for sure. The more we put it off, the worse it's going to get.

Alderman O'Neil stated Patrick, the best thing we can do tonight is get rid of the language regarding site specific on Dunbarton Road and give you flexibility. That flexibility may or may not include a facility in Manchester. Correct? The best option may be in Hooksett or Merrimack.

Mr. Corcoran stated correct.

Alderman O'Neil stated I don't think we should limit this just to the City of Manchester. Wherever the site ends up is going to affect the rest of the deal regarding revenue sharing and items such as that. We need to be aware of that. If we don't provide public land, we are not going to get the same deal. And I'm okay with that. We've got to be realists about this.

Mr. Corcoran stated quite honestly, in the seven different negotiating meetings we've had between the City and Public Works since last July, there have been concessions from my company back to the City about the City's tonnage, about profit sharing, about host fees. We've certainly stepped a long way away from this being a profit sharing opportunity. This is a host fee. If we are able to bring this facility into Manchester and allow the City to reap its rewards, have employment in the City, keep these trucks local, there is an opportunity for the City to have a host fee.

Alderman O'Neil asked is there a facility within 60 or 90 miles of Manchester that is a single-stream facility?

Mr. Corcoran stated absolutely.

Alderman O'Neil asked could you provide for Kevin, or if you want to list them tonight, just a list? I've heard different discussions about what they...some people reference them to the old landfills that we had with stuff blowing all over the place. I don't believe that is necessarily the case, but if you can provide a list of facilities that would be similar to what you would propose, that would be great.

Mr. Corcoran stated absolutely.

Alderman Osborne asked how much would the City lose by going further? If you didn't go to Industrial Park Drive and you went to Merrimack or wherever you wanted, how much does the City lose by doing this?

Mr. Sheppard stated per the existing contract, the host fees over a ten-year period were somewhere in the neighborhood of \$900,000. What Patrick is saying is obviously we'd lose the host fees and we lose revenue sharing.

Mr. Corcoran stated if we're in another community, they'll want the same sort of opportunity to allow us to be in that community. So this was an opportunity for the City of Manchester to have it in the City of Manchester.

Mr. Sheppard stated Patrick's total revenues over the ten-year period, in the existing proposals, based on projections of tonnages and other items, is about \$1.4 million.

Alderman Domaingue stated I'm sorry, Kevin, I didn't hear that. Could you repeat it please?

Mr. Sheppard stated based on the original proposal that Corcoran Environmental submitted and based on assumed or estimated tonnages going across his scale, the ten-year revenue is \$1.4 million, estimated, based on projections.

Alderman Domaingue stated what I don't want to see is a proposal come back for facility sites outside the City of Manchester. If we change the language and open it up, I'm sort of reluctant. I'd rather do it in a two-step process and open it up within the City of Manchester and then look outside if we have to.

Chairman M. Roy stated while I agree with Alderman Domaingue that I'd like to look at sites only within Manchester, I think the timing and political atmosphere of getting this done is that now we have to look at other options just so we can avoid paying per-ton to have this hauled away to either CES or some other contractor. So, what I'd like to do is not take any action on the language tonight, but ask that we have a meeting seven or eight days from now and have CES come back with all potential sites and maybe a one-page summary of the pros and cons of each site, and then the Committee can react to them.

Alderman Lopez stated I'm a little confused. If we go to Merrimack it's going to cost us \$67 a ton. Is that correct? If you came back to the Committee and said I can find a facility in Merrimack or Concord and we want release from Dunbarton Road, is it still going to cost us?

Mr. Corcoran stated you're absolutely correct. For every ton of trash that the City gets hauled away...

Alderman Lopez stated it's going to cost us. I thoroughly agree with Alderman Domaingue. I would like to see you in the City of Manchester. If I'm going to vote to release you from Dunbarton Road, is there any place in the City of Manchester? You say there is only one other place in the City of Manchester, so we're wasting our time, or are there other places in the City of Manchester? We'd like to work out some type of deal. We're going to lose \$10 million by not going to Dunbarton Road over a period of ten years, I think. Correct me if I'm wrong.

Mr. Sheppard stated the lease payments were \$364,000, the host fees were \$928,000, and the revenue sharing was projected at \$1.4 million. So the total revenue was about \$2.7 million. But the other cost I think you're thinking of is the savings in solid waste costs, should we go to a single-stream which we'll see either way.

Chairman M. Roy stated if we don't go forward with the contract with CES...Right now the \$2.7 million is just the negotiation by hosting within the City, the revenue and the tipping fees that we're going to receive. If we don't go forward with CES, we're now not only not getting that money, but we have to pay someone to haul it to wherever CES locates.

Mr. Sheppard stated my assumption is we have a contract with CES for single-stream recycling. My assumption is that that is going to move forward and we will see those savings. Maybe I'm wrong, but I didn't realize that maybe this Committee is looking at other contractors besides CES to provide single-stream.

Chairman M. Roy stated I don't believe we are now, but if the deal so dramatically changes and Patrick either can't find the site or isn't our contractor, we've swung the pendulum in the whole opposite direction from where we started or where we were a year ago. We can't just make assumptions. Right now everything is up for discussion. We can't just make assumptions that it's only \$2.7 million. The way this has gone over the last three years, we could be paying Waste Management the \$67, as Patrick alluded to earlier, which would be a very large detriment to the City.

Mr. Sheppard stated believe me, I don't try to minimize \$2.7 million.

Mr. Corcoran stated you currently are paying over \$3.1 million right now to get rid of the City's trash based on 48,000 tons at \$67 a ton, per year.

Chairman M. Roy stated so this is an 800-pound gorilla that is not going away. So we either need to move forward or...

Alderman Lopez interjected I don't have any problem in the stipulation releasing from Dunbarton Road, providing that he comes back to this Committee and tells us where in the City of Manchester he would like to go. Because I agree with you that we need that revenue, too. Otherwise, it's going to cost us \$67 a ton to ship it out of Manchester. Now, if we can't vote on a location in the City of Manchester, that's a different option that the Aldermen will have to make a decision on. I think, in a reasonable period of time, you can come back and say, there are two places I'd like to go and we'll go from there. I agree with the City Solicitor that

we should have the final say-so on just releasing from Dunbarton Road. I'm not fully in favor of that without a stipulation.

Chairman M. Roy stated I agree.

Alderman O'Neil stated let's be perfectly clear and not leave here thinking anything else. If Patrick needs to buy a piece of property and a building or a piece of property and put up a building, the deal is going to have to change. The revenue numbers are not going to be the same. That's the real world. Am I correct on that?

Mr. Corcoran stated absolutely correct.

Alderman O'Neil stated we shouldn't just say because it stays in Manchester, the deal is...That's not true. We are not delivering a public piece of property to him. That was the deal. And I'm okay with that, but we can't sit here and say he has to go out and purchase a piece of property at a significant amount of money, and a building, or put up a building, and that the deal is going to stay the same. It's not. I'm concerned that some here think the deal is going to stay the same and they're going to be surprised when it comes back.

Alderman Lopez stated I don't think that's true.

Alderman Domaingue stated I don't think that's true either. What I do want to see is some effort. I'd love to see Dunbarton Road released from that contract. I don't think I've made any bones about that from the get-go. I'd like to see it in an area that's industrial and not a residential area. I consider Dunbarton Road to be a residential area. My constituents consider Dunbarton Road to be a residential area. That being said, I would like to see two or three site proposals within the City of Manchester. They are out there. Brown Avenue is one of those options where we're looking at building a facility where you have easy ingress and egress off the highway. I'd like to see, if there's retrofitting, if he's buying, how the numbers are changing and then we'll make a decision. It will be an informed decision.

Mr. Corcoran stated the concept of CES picking out Dunbarton Road as a site...The City had a permit, already in hand, to build a MRF, a Materials Recovery Facility, at that site. So, Dunbarton Road wasn't a new concept that CES brought. That site was developed many years ago when the landfill was active. It happened that the residential population grew around where the landfill was. So CES didn't pick out Dunbarton Road, first of all. Secondly, I need a little assistance from you folks. If I start poking around and find different sites here in the City of Manchester, aren't I alerting potential buyers to hold their price? So I

just need a little assistance. If I say if we just name five or six different places, my position is now weakening a little bit with opportunities for negotiation. So I need a little assistance from you.

Alderman Osborne stated we seem to be going away from East Industrial. What's the story with that one? You mentioned that one, didn't you?

Mr. Corcoran stated that was just land, so that would have to be acquired land.

Alderman Osborne asked is that City owned? It's not? Okay. It's going to be tough to get ten acres of land in Manchester. Let's face it, it's just not going to happen. Everybody in every Ward in the City will be against something like that. If we had ten acres, we'd be taking out half the City here. So it's just not going to happen.

Chairman M. Roy stated I would ask, if Mr. Sheppard concurs, that we give eight days to come back with site summaries and potential locations. And I ask the Solicitor, at that point could we go to non-public to protect negotiations.

Mr. Clark stated we'll find a way to protect these negotiations, yes.

Mr. Sheppard stated Patrick requested ten days.

Mr. Corcoran stated unfortunately, I'm taking my family to a business meeting in Vail, Colorado, tomorrow night so I won't be back in town until Tuesday, at the earliest.

Chairman M. Roy stated I was looking at the eight days just to satisfy the speed of this. Would two weeks...how about the following Monday or Tuesday?

Alderman Lopez stated Patrick, you didn't hear the City Solicitor, but he said he would find a way to protect your interests in any negotiations.

Mr. Clark stated I was asked if there was any way we could go to non-public in the event you came back with site specific information and we will find a way to protect that information.

Mr. Corcoran stated I appreciate that, thank you.

Chairman M. Roy asked Kevin and Patrick, would 4:00 on March 18th be early enough?

Mr. Corcoran responded absolutely fine.

Chairman M. Roy stated if we could have the information on each property given to us set up either on a spreadsheet or so the members can page through it, we will have exactly one hour. That's a full meeting night so we'll have 4:00 PM to 5:00 PM to get together, discuss it, and the Solicitor will keep everything private for your negotiations that needs to be private, and then we'll come out with a report to the full Board that evening.

There being no further business, on motion of Alderman Lopez, duly seconded by Alderman Osborne, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee