City Finance Committee Minutes

June 2, 2014 City Council Chambers – 7:00 PM

Present: Mayor Bouley, Councilors Todd, Herschlag, McClure, Champlin, Werner, Grady-Sexton, Shurtleff, Coen, Keach, Bennett, Nyhan, Matson, White Bouchard, and St. Hilaire.

BONDED DEBT: Deputy City Manager Lebrun provided a brief overview of bonded debt, transfers, and capital outlays as noted on pages 40-1, 40-2 and 41-1 of the proposed budget.

The Mayor opened a public hearing on this portion of the budget. No testimony was received.

Councilor Bennett moved tentative approval of the bonded debt portion of the Budget. Councilor Coen seconded. The motion carried unanimously on a voice vote.

<u>CAPITAL IMPROVEMENT REVIEW</u>: The Mayor made some brief opening remarks. He noted that several members of the community were present to offer public testimony concerning the FY 2015 CIP. He suggested that the Finance Committee change its customary process and take public testimony prior to reviewing the CIP by project category. It was the consensus of the Finance Committee to proceed with the Mayor's proposal.

Public Hearing: The Mayor opened a public hearing on the proposed FY 2015 CIP.

Charlie Russell, resident, offered public testimony concerning CIP #18 Storrs Street Extension and CIP #40 Langley Parkway. Concerning CIP #18, Mr. Russell stated he was in favor of the Storrs Street North Extension to South Commercial Street / Horseshoe Pond. He noted that the North End Opportunity Corridor TIF District is generating a significant financial surplus and that nearly \$26 million of incremental value is being released to the City's General Fund, School District, County and State. He urged the Council to expedite construction of the proposed roadway in order to improve traffic flow in Downtown. Mr. Russell also spoke in opposition to CIP #40 Langley Parkway, stating that he felt this project was not necessary if relatively minor improvements were made to traffic signals throughout the downtown area.

Len Woodward, resident of 13 Edward Drive, addressed the Finance Committee concerning CIP #78 Annual Highway Program. He discussed the poor condition of Edward Drive and his understanding of how the schedule for rebuilding the road has evolved over time. He urged the City Council to expedite reconstruction of Edward Drive in the Capital Budget.

Janet Brown, resident of 2 Irving Drive, addressed the Finance Committee concerning CIP #78 Annual Highway Program. She discussed the poor condition of Irving Drive and related safety and drainage issues. She urged the City Council to expedite reconstruction of this street in the Capital Budget.

Bethany Page addressed the Finance Committee concerning CIP #78 Annual Highway Program. She discussed the poor condition of Edward and Irving Drives and related safety and drainage issues. She urged the City Council to expedite reconstruction of these streets in the Capital Budget.

Ellen Schaffer, resident of 34 Irving Drive, addressed the Finance Committee concerning CIP #78 Annual Highway Program. She discussed the poor condition of Irving Drive and related safety and drainage issues. She urged the City Council to schedule the road for reconstruction in FY2016.

As there was no further testimony, the Mayor closed the public hearing.

Following the public hearing, the Finance Committee conducted a review of proposed FY 2015 projects by program category.

- 1) Airport: Staff noted that several airport projects were supported by Federal and State funds. These grants would be presented to the City Council for acceptance and appropriation separately from the adoption of the FY 2015 budget, should such funding sources become available in the future. Projects reviewed in this category were as follows:
 - i. CIP #75 Airport General Improvements: \$95,000 for Hangar 3 roof replacement.
 - ii. CIP #77 Airport Snow Equipment Removal Building / Equipment: \$512,778 for construction of a garage bay and purchase of a new dump truck with snow removal attachments.
 - iii. CIP #468 Airport Runway Pavement Maintenance: \$500,000 for design of Taxiway A South reconstruction scheduled for FY 2016 and FY 2017 (\$6.2 million).
 - iv. CIP #492 Runway Protection Zones Obstruction Removal: \$228,000 for acquisition of easements and removal of vegetation.
 - v. CIP #534 Airport Tie Downs: \$166,668 for design of tie down refurbishment and expansion scheduled for FY 2016 and FY 2017 (\$1.95 million).
- 2) Arena: Projects reviewed in this category were as follows:
 - i. CIP #64 Arena Improvements: \$30,000 Chiller system upgrades, \$40,000 for exterior signage replacement, \$15,000 for Arc / Flash electrical improvements. A brief discussion ensued regarding the Arena. Specifically, Councilor Herschlag discussed a transfer from the General Fund to the Arena in the amount of \$16,030 to pay debt service on locker room improvements constructed nearly 20 years ago. He also questioned the budget for proposed signage improvements. Staff explained that the City Council, at the time, approved use of General Fund moneys to support those improvements and that there is approximately 2 years remaining on the life of this debt service.

- 3) Bridges: Staff noted there were no projects proposed for FY 2015.
- 4) Cemeteries: Staff noted there were no projects proposed for FY 2015.
- 5) Community Planning / Implementation: Projects reviewed in this category were as follows:
 - i. CIP #506 Historical Surveys: It was noted that this project is a placeholder for potential Certified Local Government Grant funds for historical surveys of properties and neighborhoods. Such grant funds would be presented to the City Council for acceptance and appropriation later in the fiscal year if awarded.
- **6) Downtown:** Staff noted there were no projects proposed for FY 2015.
- 7) Economic Development: Staff noted there were no projects proposed for FY 2015.
- 8) Fire Vehicles: Staff noted there were no projects proposed for FY 2015.
- 9) Golf: Projects reviewed in this category were as follows:
 - i. CIP #107 Club House & Maintenance Buildings: \$20,000 for HVAC improvements for the Pro Shop.
 - ii. CIP #235 Grounds Improvements: \$150,000 for the following improvements:
 - a. \$70,000 for culvert improvements at the 12th, 14th, 16th greens and 15th tee box.
 b. \$30,000 for drainage at the 2nd, 10th, and 16th fairways.

 - c. \$20,000 for cart path repairs.
 - d. \$20,000 to crack seal the parking lot.
 - e. \$10,000 for various tee box improvements.

Discussion of the \$70,000 in culvert replacement ensued. Staff noted that the proposed funding source is capital closeout moneys from the General Fund. It was noted that the culvert replacement was associated with the recently completed pond improvements, which were undertaken to support winter recreational opportunities as opposed to golf related activities. Therefore, use of General Fund moneys was appropriate in this instance.

iii. CIP #530 Golf Course Equipment: \$35,000 to replace a front mower.

Councilor Herschlag stated that he wanted to reduce the Golf CIP by \$26,648, which represents the amount transferred from the General Fund to support debt service on previously completed club house improvements. A brief discussion ensued; however, no action was taken on this issue.

- **10) General Services Vehicles:** Projects reviewed in this category were as follows:
 - i. CIP #121 Vehicle and Equipment Replacement: Staff reported that \$619,794 is proposed for:
 - a. \$300,000 for two new sidewalk tractors. These would replace 2004 / 2005 "Holder" brand units. Currently, the City has 4 sidewalk plows, as well as 4 skid steer units also used seasonally for sidewalks removal.
 - b. \$270,000 to replace the City's 2002 grader.
 - c. \$49,974 for replacement of a 2003 1-ton pickup truck with snow plow.
 - ii. CIP #512 Emergency Vehicle Repairs: \$10,000 for FY 2015 miscellaneous, unanticipated repairs to vehicles. This amount was reduced from \$25,000 in previous years.
- **11) Information Technology & Communications:** Projects reviewed in this category were as follows:
 - i. CIP #2: \$176,700 for replacement of computer hardware and software.
 - ii. CIP #130 Photocopier Replacement: \$9,100 for replacement of photocopiers in the Finance Department's Accounting, Office of Management & Budget, and Collections Divisions.
 - iii. CIP #297 Geographic Information Systems:
 - a. \$39,027 Tax Mapping Updates (Phase 3A of 6 phases).
 - b. \$10,500 for routine data layer updates.
- **12) Intersections:** Staff noted there were no projects proposed for FY 2015.
- **13) Other Vehicles:** Projects reviewed in this category were as follows:
 - i. CIP #569 Parks & Cemeteries Small Turf Equipment: \$70,000 for the replacement of two all-wheel-drive mowers and one out front mower.
 - A discussion of this item ensued. Councilors inquired as to why all wheel drive equipment was needed. Staff noted that all-wheel-drive has essentially become the industry standard over the past several years. Discussion about the average age of Parks and Recreation equipment also ensued. Staff reported they would provide the Finance Committee with a supplemental report detailing the age of all large equipment within the Department.
 - ii. CIP #575 Police Vehicles: Staff noted that this is a new project in FY 2015. Historically, these funds have been carried in the operating budget; however, this item was moved to the Capital Budget in FY 2015. Essentially, this is an accounting change to make large equipment purchases more transparent to the community, as all major equipment purchases will now be in the Capital Budget.

A brief discussion ensued about the useful life of police cruisers and whether they met the definition for a capital purchase. Staff noted that cruisers are generally used in the front-line marked fleet for three years, and then moved to the unmarked fleet for approximately an additional two years.

- 14) Parking: Staff noted there were no projects proposed for FY 2015.
- 15) Parks & Open Space: Projects reviewed in this category were as follows:
 - i. CIP #352 Open Space Protection: \$500,000 placeholder for potential purchase of conservation lands during FY 2015. Staff noted that should any properties be identified for purchase during FY 2015, such funding would be appropriated through a separate public hearing process at that time.
 - ii. CIP #557 Memorial Field: Total of \$262,861, of which \$200,000 is proposed for replacement of the concession stand which was demolished in 2011, as well as \$62,861 for Arc Flash assessments and related electrical improvements.

A detailed discussion of the proposed funding for the concession stand ensued. Several Councilors discussed their recent personal experiences with food and restroom issues at the park. They also discussed how the concession stand impacts Booster Club's efforts to sell food as a fundraiser to support local athletic organizations. Other Councilors also discussed whether it would be appropriate to construct a new concession stand without a new master plan for the Park.

A discussion of recreational priorities developed by the Recreation and Park Advisory Committee also ensued. It was noted that a concession stand was not among their top priorities. Councilor White Bouchard noted that dredging of the Kiwanis boat launch near the Everett Arena (CIP #60 for FY 2016) was a higher priority for RPAC over the concession stand. Several Councilors discussed the recreational and cultural importance of the Merrimack River, as well as the economic development benefits of promoting public usage of the river.

16) Public Buildings: Projects reviewed in this category were as follows:

- i. CIP #63 City Wide Recreational Improvements: \$260,000 for the following improvements:
 - a. \$175,000 for wood floor replacement at the Green Street Community Center, as recommended by the 2010-2011 Needs Assessment.
 - b. \$85,000 for interim repairs to Keach, Kimball, Merrill, and Rolfe Park pools. Repairs would be undertaken in spring 2015 for the summer 2015 pool season. Staff noted that roughly \$1.590 million is recommended during FY 2016 2021 for replacement of these pools.

- ii. CIP #65 City Hall Repairs: \$85,000 for the following improvements:
 - a. \$70,000 for Arc Flash & electrical improvements at City Hall, the Annex, the Police Station and the Auditorium.
 - b. \$15,000 for sprinkler alarm improvements at the City Auditorium.
- iii. CIP #323 Combined Operations & Maintenance Facility (COMF): \$147,682 for the following improvements:
 - a. \$50,000 for concrete repairs & floor grates.
 - b. \$17,682 to repair the Public Properties Office roof at the Hall Street Wastewater Treatment Plant.
 - c. \$65,000 to enclose three-sided cold storage building.
 - d. \$15,000 for Arc Flash and electrical improvements.
- iv. CIP #408 East Concord Community Center: \$3,500 for sprinkler repairs. It was noted that the property is currently being leased and, therefore, the improvements are necessary, although the City plans to ultimately divest of the property per the 2010-2011 City-Wide Community Center Needs Assessment after the new facility is completed.
- v. CIP #443 City Wide Community Center: \$651,730 of additional funds to complete the design and construction bid documents for the new Multi-Generational City Wide Community Center on Canterbury Road. These funds supplement approximately \$130,000 appropriated in FY 2014 to start final design. Construction is proposed for FY 2016 in the amount of \$11.4 million. Staff noted that a public input session was scheduled on June 24th at 7:00 PM at the Heights Community Center as part of the current design effort as funded in FY 2014.
- vi. CIP #551 Library Maintenance: \$35,000 for roof repairs at the Main Library (parapet & elevator shaft roofs), as well as \$20,000 for Sprinkler System repairs and improvements.
- vii. CIP #576 General Facility Repairs: It was noted that this is a new project for FY 2015 and replaces a previous CIP for emergency facility repairs. Funding is proposed as follows:
 - a. \$6,400 Library air conditioning improvements.
 - b. \$5,700 Miscellaneous lighting improvements.
 - c. \$5,860 Waste oil tank improvements at the Combined Operations and Maintenance Facility (COMF).
 - d. \$5,900 for replacement of partitions at the Green Street Community Center.
 - e. \$1,140 for replacement of the customer service desk counter top at the Code Administration Office.

17) **Public Safety:** Projects reviewed in this category were as follows:

- i. CIP #252 Fire Station Improvements: \$50,000 roof repairs, primarily at the Manor Station on Village Street.
- ii. CIP #484 Police Station Improvements. \$550,000 for various door, window, HVAC, paint, and carpet improvements.

18) Sewer Collection: Projects reviewed in this category were as follows:

- i. CIP #91 Sewer Main Rehabilitation & Construction:
 - a. \$25,000 interceptor access road maintenance.
 - b. \$108,000 for construction of new sewer main to serve the Dollar General store being developed on Fisherville Road near Thirty Pines. Staff explained that this would be paid for by the developer of this project. It was also noted that the sewer will be located in the sidewalk, thereby not disturbing the recently reconstructed roadway.
 - c. \$350,000 to rehabilitate and replace 1,600' +/- of sewer main on Village Street, near Beede Electric, as part of the final phase of CIP #35, Route 3 North.
- ii. CIP #275 Sewer Pump Station Improvements: \$599,299 for the following:
 - a. SCADA software & hardware improvements for remote control of public stations.
 - b. Design of the Mountain Green South pump station replacement.

19) Sewer Treatment: Projects reviewed in this category were as follows:

- i. CIP #89 Hall St WWTP Odor Control: \$40,000 for air sampling to determine effectiveness of recent odor control improvements in order to help plan and prioritize future improvements.
- ii. CIP #104 Hall St WWTP Improvements: \$525,000 for the following:
 - a. Design of various electrical improvements.
 - b. Replacement of the emergency generator.
 - c. Design of improvements to various pumping systems.
 - d. Assessment of existing sludge equipment.
 - e. A structural assessment of bio towers and chlorine tanks.

Construction of these improvements is proposed for FY 2016 in the amount of \$3.8 million.

- iii. CIP #245 Emergency Sewer Plant Repairs: \$53,000 for unanticipated repairs which may occur during the coming fiscal year.
- iv. CIP #466 Penacook Waste Water Treatment Plant: \$85,000 to design improvements to the electrical and fire alarm systems. Construction of these improvements is proposed in FY 2016 for \$625,000.

- 20) Sidewalks & Streetscapes. Staff noted there were no projects proposed for FY 2015.
- 21) Solid Waste Management. Staff noted there were no projects proposed for FY 2015.
- **22) Storm Sewer:** Projects reviewed in this category were as follows:
 - i. CIP #571 I-93 / Horseshoe Pond: \$600,000 for a watershed study, design, and construction of drainage improvements, including issues at the Kimball Jenkins School of Art. Of the total project cost, \$460,000 (77%) will be provided by grants from the State of New Hampshire.
- **23) Street Corridor Improvements:** Projects reviewed in this category were as follows:
 - i. CIP #35 Route 3 North: \$2,509,000 for the final phase of roadway reconstruction. Funds will be targeted to that portion of Route 3 located between Stark Street and Borough Road.
- **24) Street Rehabilitation:** Projects reviewed in this category were as follows:
 - i. CIP #78 Annual Highway Improvement Program: \$1,137,500 to accomplish the following:
 - a. \$877,500 overlays for 15 streets.
 - b. \$150,000 crack sealing.
 - c. \$85,000 for drainage improvements.
 - d. \$25,000 for emergency overlays.

This is an increase from the FY 2013 level of \$1,112,658. In addition, the Paving Manager position will now be paid from the General Fund, not from this CIP project, thereby providing an additional \$80,000 +/- for pavement improvements.

- 25) Streets New Construction: Staff noted there were no projects proposed for FY 2015.
- **26) Water Distribution System:** Projects reviewed in this category were as follows:
 - i. CIP #84 Water Main Cleaning & Lining: \$20,000 to design refurbishment of water mains located within the following roadways: Fernald, Kearsarge, Lawrence, Mill, Ormond, Winthrop, Fifield, Hullbakers, Welch and Elliott. Construction of proposed improvements is scheduled for FY 2016 in the amount of \$800,000.
 - ii. CIP #85 Water Main Replacement: \$20,000 for the design of water main replacement for Walnut Street, Cross Street, and Community Drive. Construction of proposed improvements is scheduled for FY 2017 in the amount of \$1.8 million.
 - iii. CIP #224 Water Meter Replacement Program: \$180,000 to replace approximately 800 water meters city-wide.

- iv. CIP #347 Water Storage Tank Repairs: \$25,000 to clean and re-seal the Primrose Tank, which serves Penacook Village.
- v. CIP #448 Hydrant & Valve Replacement Program: \$56,000 to replace approximately 30 water valves and hydrants city-wide.

27) Water Treatment: Projects reviewed in this category were as follows:

- i. CIP #88 Water Plant Improvements: \$1,253,554 for chemical process improvements Phase 2, which entails the replacement of chemical tanks and pumps, as well as the installation of new emergency containment systems for spills.
- ii. CIP #254 Water System Emergency / Unanticipated Equipment Replacement: \$50,000 for unanticipated equipment repairs.
- iii. CIP #332 Water Plant Security: \$25,000 placeholder for potential federal funds (\$20,000) for improvements to security systems, such as video monitoring and gates. It was specifically noted that funds would not be used to extend the fence line along Hutchins Street.
- iv. CIP #372 Waster System Pump Station Improvements: \$300,000 to replace the generator at the Broad Cove Road / Contoocook River pumping station.

FINANCE COMMITTEE WORK SESSION

The Mayor provided a brief opening synopsis of what he believed were substantive issues discussed during the CIP presentation. He then invited City Councilors to make a motion tentatively approving the proposed FY 2015 CIP.

MOTION: Councilor Herschlag moved to eliminate the \$16,030 transfer from the General Fund to the Arena for debt service associated with previously completed locker room improvements. Councilor Nyhan seconded. Discussion ensued. It was noted that this arrangement has existed for approximately 18 years, as previously approved by the City Council at the time the debt was issued. It was also noted that only two years or so remains on this debt. Councilor St. Hilaire stated that he is a member of the Arena Advisory Committee and noted that the Arena's financial proformas for operations and capital improvements have been, in part, predicated on this financial support from the General Fund. Without this support, the Arena would need to delay improvements, change its operations, or increase fees. Other Councilors inquired whether this was an appropriate discussion, as it was not directly related to the proposed CIP. After additional discussion, Councilor Herschlag withdrew his motion.

MOTION: Councilor Herschlag moved to eliminate the \$26,480 transfer from the General Fund to the Golf Fund for previously completed improvements to the Club House. The motion failed for lack of a second.

MOTION: Councilor White Bouchard moved to eliminate \$200,000 for the Memorial Field Concession Stand (CIP #557), to expedite \$60,000 for the Kiwanis Park Boat Ramp (CIP #60) from FY 2016 to FY 2015, and to instruct the City Administration to work with RPAC to explore alternative food vendor / concession options for Memorial Field for recommendation to the City Council. Motion was seconded by Councilor Matson. Motion carried unanimously on a voice vote

CIP #78 Annual Highway Program: The Mayor made remarks concerning the importance of refocusing the annual highway program from major arterial and collector streets to local subdivision roads. He noted that the City has made major improvements to Route 3 North, Manchester Street, Regional Drive, and Langley Parkway in recent years. He also noted forthcoming improvements to Loudon Road and Main Street. With the major collector roads now in good condition, he stated that neighborhood roads need to be the City's priority moving forward. Towards this end, the Mayor proposed that the City move forward with a \$2 million "catch-up" bond in FY 2016 (in addition to the customary \$1.1 +/- million in road funding) to begin implementing this goal. Discussion of this proposal, as well as the City's methodology for rating the condition of roads, ensued. It was noted that the City is currently on a 30 - 40 year schedule to repave most local subdivision roads.

MOTION: Councilor St. Hilaire moved the following:

- 1. That the City Manager review the current highway program schedule and re-prioritize the schedule of roads specifically to expedite improvements to local subdivision roads, subject to gas, water, and sewer improvements that might need to be undertaken prior to roadway reconstruction.
- 2. That the following roads be added to the FY 2016 road program: Edward Drive, Irving Drive, Checkerberry Lane, Oakmont Drive, Fox Cross Circle, Fairview Drive, and Country Club Lane.
- 3. That the City Manager provide the City Council with a funding strategy to support a new \$2-\$3 million bond to support additional road improvements, including potential use of anticipated gas tax revenues.

The motion was duly seconded. After additional discussion, the motion passed unanimously on a voice vote.

MOTION: Councilor Nyhan voted to delay the proposed \$651,730 from FY 2015 to FY 2016 and construction funds in the amount of \$11.4 million from FY 2016 to FY 2017. The motion was seconded by Councilor Herschlag. Discussion ensued. Councilor Nyhan stated that he proposed this amendment as he does not believe the City will have the financial capacity to undertake this project given other pressures on the City budget. Other Councilors noted that this project has been under consideration since 2001 and discussed the poor conditions of the existing community centers. After additional discussion, the motion failed on a voice vote.

Additional discussion ensued about pools at various parks. However no action was taken.

City Finance Committee Minutes June 2, 2014 Page 11 of 11

MOTION: A motion was made to tentatively approve the Capital Budget as amended. The motion was duly seconded and passed on a voice vote.

The Mayor noted that the final public hearing on the budget is June 5th at 7:00 PM. He invited the public to attend.

The meeting adjourned at 10:20PM.

Respectfully Submitted,

Matthew R. Walsh Director of Redevelopment, Downtown Services, & Special Projects