

COMMITTEE ON COMMUNITY IMPROVEMENT

April 2, 2024 at 5:15 PM

Chairman Morgan called the meeting to order.

The Clerk called the roll.

Present: Aldermen Morgan, Terrio, Kantor, Long, Burkush

Messrs.: A. Thomas, M. Gomez, A. Beloin, P. Croasdale

1. Summary of abatement requests submitted by Fred McNeil, Chief Engineer.

*On motion of **Alderman Long**, duly seconded by **Alderman Burkush**, it was voted to approve.*

2. Amending Resolution and Budget Authorization providing for the decrease in funds in the amount of \$550,000 from CIP 212322 ARPA - Community Health Worker Program for reallocation in the FY 2025 Budget.

Alderman Long asked do we still have that health worker working with seniors.

Anna Thomas, Public Health Director, answered we do.

*On motion of **Alderman Burkush**, duly seconded by **Alderman Long**, it was voted to approve.*

3. Amending Resolution and Budget Authorization providing for the acceptance and expenditure of funds in the amount of \$20,000 for CIP 510812 Adopt-A-Site.

Mike Intranuovo, Office of the City Clerk, stated there is an amended letter in front of the committee members.

Mark Gomez, Chief of Parks, Recreation & Cemetery, stated I want to clarify. It looks like there was a mix-up in terms of the cover letter that was attached to this particular item. With your permission, I'd like to read into the record the correct cover letter, and ask that the letter goes forward with the item to the full Board.

Chairman Morgan:

Last year, the drive into Prout Park was named after the late General Richard Vercauteren. General Vercauteren grew up and played sports in Manchester prior to a distinguished military career. This naming was done at the suggestion of Senator Lou D'Allesandro and with the full support of the Board of Mayor & Aldermen.

In December of 2023, Gail Vercauteren, wife of the late General, donated \$10,000 to Manchester Parks & Rec. She has now followed that up with an additional \$20,000 donation.

We in Parks & Rec deeply appreciate Mrs. Vercauteren's generosity and commitment to our mission. Her philanthropy continues an admirable legacy of civic spirit, as exemplified by her husband's honorable service to our country. We are grateful she has made these donations as an acknowledgement of the important role parks and recreational opportunities can play in the development of young men and women.

By way of this communication, I am requesting that the Board of Mayor & Aldermen accept a \$20,000 donation from Mrs. Gail Vercauteren into the Adopt a Site CIP #510812.

Alderman Terrio stated Mark, you had mentioned you wanted to do something nice for the family because they had donated such a large sum of money. Did you have something in mind?

Mr. Gomez replied we honored the late General last year with a ceremony at Prout Park, which is in your ward of course. I know Mrs. Vercauteren was very grateful for us doing that as part of naming the roadway into the park in her late husband's honor. At this point what we are trying to do is make sure we spend the money in a way that reflects the wishes of Mrs. Vercauteren and we continue to have conversations with her about that.

*On motion of **Alderman Terrio**, duly seconded by **Alderman Long**, it was voted to approve.*

4. Amending Resolution and Budget Authorization providing for the transfer and expenditure of funds in the amount of \$184,630 for CIP 610024 Winter Emergency Shelter.

Alderman Terrio stated in my mind, it is critical to have the shelters open in the winter time from November to March when people's physical health is in danger. It is also my understanding, correct me if I'm wrong, that we are now looking for funds to keep it open. This money would be to keep it open over the summer, correct?

Adrienne Beloin, Director of Housing Stability, stated when we opened the winter shelter we called that CIP project the Winter Shelter project. We never changed it after we made the various decisions to extend the shelters. The first time we were only open for three months and then we extended it a couple of months after that, and then we extended towards the end of FY24. This is to get us through our current funded year until July 1.

Alderman Terrio stated I'm assuming you have had discussions with the Mayor's Office.

Ms. Beloin stated yes.

Alderman Terrio asked that we are looking for money to keep the shelter open in the winter, is that correct.

Ms. Beloin responded no. This is literally to fund the shelter that we have been operating at Beech Street, the 40-bed shelter that we opened last winter, all the way through until June 30. We are just asking to transfer the money from one account to another to make up for a shortfall of funds to get us through our regular expenses until the end of June.

Alderman Terrio stated it is my understanding that going forward after July 1 the city is looking for the money to keep the shelter open. That would mean we haven't found the money yet.

Ms. Beloin responded yes. I believe there are ARPA funds that are being dedicated towards keeping the shelter and the operations of the Engagement Center open until November in the Mayor's FY25 budget plan.

Alderman Terrio asked so you are saying he has found the money.

Ms. Beloin answered I think it is proposed in the budget plan to keep the shelter and the operations that we currently have open all the way through until about November. The goal is to transfer to a community partner to take over operations, and the city would no longer be operating it.

Alderman Terrio stated Alderman Long, I was under the impression the Mayor was still looking for the money going forward after the summer.

Alderman Long replied no; he found money through November. Also, there is a non-profit that we are looking to have take it over. However, they need four to six months and that is why the money is in there until November. It is to help them until they can set themselves up.

Alderman Terrio stated to clarify, I thought going forward over the winter they haven't identified those funds. So you are saying until November we are good, but after November we are not funded.

Alderman Long responded no, it will be a non-profit that is running it on their own. They will assume that. I assume it is going to be a winter shelter. Will they assume the winter sheltering also?

Ms. Beloin answered that is unclear. The winter warming that we do is in addition to any winter sheltering that we do. There is a good chance that any winter warming we do will be at the Engagement Center site because that is a great location that is available in the evening. The idea is whether it is the community partner, who we haven't identified yet, that will take over the operations we hope in November and that is the aim just because it will take us that long to identify someone and setup transitioning plans. From December through March when we need warming again, that is a different pot of money. It is mostly paid for through the state, and that contract can be coordinated however we want to and wherever we want to. It could likely be by that partner, but it could be by a different partner as well. We would help steer that. Two separate activities if that helps.

Alderman Terrio stated I'm hoping to get some more answers from the Mayor's Office. I support what you are doing, I'm just concerned about the funding going forward. I don't think...if we table this to get more answers from the Mayor's Office when is this money due by?

Ms. Beloin replied I can pay the bills. The money that we are going to be using for the next few months to get us through the end of this year is for our contracted expenses: our staffing contract that we pay monthly, etc. Those bills will get paid even if this transfer doesn't happen, but we need to make good on the transfer. It is the idea that we need to balance it by the end. This \$184,000 has nothing to do with after July 1.

Alderman Terrio stated this is only going to take a week or so, so I don't see this as a problem.

Alderman Long stated as far as tabling this, this gets us through July 1. There are questions, and I get that for after July 1. I had a conversation with the Mayor so I know what he is looking to do. I agree with that. I wouldn't move to table this. This is assuring Director Beloin that she has the funding. Does this money include triage?

Ms. Beloin asked what do you mean by triaging.

Alderman Long stated services for homeless at the Engagement Center.

Ms. Beloin stated it is everything we are doing in the space. It is staffing, food, supplies. It is keeping everything on track with no new changes, just keeping our regular bills in shape to get us through.

Alderman Long asked are the non-profits are helping, knowing that this money is there through July 1. I think it would help getting them more involved.

Chairman Morgan stated Director Beloin, you were given a budget July 1 for the entire year. Why do you need this money?

Ms. Beloin stated it is significant that we...it is hard to estimate the cost for these things. We have a minimal budget. We try to maximize donations every way we can and save costs on anything. There are sometimes incidentals that you can't assume or costs that were more expensive than we imagined so as we get closer to end of the year, this is where we are falling short. I may not need to use all the funds. I just thought that if we had it in a similar account that was already within Housing Stability, I thought let's move it over and that way we had everything we need without coming back to the Board.

Chairman Morgan asked could you provide detailed expenses of what you're going to be using this for.

Ms. Beloin answered sure.

Chairman Morgan asked can you give that to us now.

Ms. Beloin replied I can arrange for it and send it to you.

Chairman Morgan stated that would be great. Based on the fact that we want to wait to see what the expenses are, I would like to see a motion to table this item.

*On motion of **Alderman Terrio**, duly seconded by **Alderman Kantor**, it was voted to table the item until detailed expenses are provided by the Housing Stability Department, with **Alderman Long** and **Alderman Burkush** being duly recorded in opposition.*

Alderman Long stated the explanation is right in our packet.

5. Amending Resolution and Budget Authorization providing for the acceptance and expenditure of funds in the amount of \$300 for CIP 610024 Winter Emergency Shelter.

*On motion of **Alderman Terrio**, duly seconded by **Alderman Long**, it was voted to approve.*

6. Amending Resolution and Budget Authorization providing for the acceptance and expenditure of funds in the amount of \$2,029,500 for CIP 713524 North River Road/Bicentennial Drive Roundabout (CMAQ).

*On motion of **Alderman Long**, duly seconded by **Alderman Kantor**, it was voted to approve.*

7. Amending Resolution and Budget Authorization providing for the acceptance and expenditure of funds in the amount of \$35,000,000 for CIP 713624 Administration Building and Distribution Garage.

Alderman Terrio asked it is my understanding you are going to be doing a presentation to the full BMA, is that correct.

Phil Croasdale, Water Works Director, answered yes two weeks from tonight.

Alderman Terrio stated I have gotten a lot of communication from people that are concerned. As you know, we entered into a consent agreement with the EPA and our water bills went up drastically because of that. The emails I have been receiving are from people that are concerned that our bills are already going up, and \$35,000,000 is a substantial amount of money. When I read the packet, it sounds like a lot of the money is not going to be funded from billing. I know you are a self-supporting entity.

Mr. Croasdale stated what I will present to the Board in a couple of weeks will show that. First of all, I want to talk briefly about the project and the \$35 million number. I have gotten a lot of calls about that. I got two opinions of probable cost from two different consultants that are reputable. One came in at about \$18 million and one came in at \$35 million. The \$35 million was with \$14 million of contingency. Take that out, it's just the way it was. I will show that at the presentation. My expectations are that the project will come in somewhere in-between that or substantially less. I anticipate to have about \$5 million cash on hand, and then bond the rest over thirty years. I have some information now if I can hand it out. These are copies of some of the slides I will show to

the full Board in a couple weeks. When I looked at this, when you do a cash-flow, you make a series of assumptions. As you can see, I am projecting anywhere from a 2% to 3% annual rate increase for water service use charges and fire protection, a 1% annual increase for other revenue, and 3% escalated for salaries and O&M costs. We are going to continue our CIP work, but I don't intend on stopping our normal operations for this. We will continue CIP work. We spend about \$1.2 to \$2 million a year on relay, cleaning, lining, and other distribution work, and whatever costs are necessary at the treatment plant to maintain that operation. In my cash-flow projection, I am projecting over the next ten years another \$10 million in bonding for other projects that we are going to need. We are looking at a couple tanks, and more improvements to a couple facilities. I am projecting a \$1 million additional water usage from wholesale and new development. I will show you at the time where I will get that money from. We signed into an agreement with Southern New Hampshire to provide up to 3.1 million gallons of water a day. Right now, we are pumping about 500,000 gallons a day to Southern New Hampshire. You can equate 1 gallon to \$1. If we can increase that by one million gallons a day, just for one million gallons a day, that is \$1 million a year. That would be added revenue for the operation. We are going to take \$2 million from our capital reserve, and anticipate about \$7.3 million from additional MSDC reserves over the next ten years. MSDC is the Merrimack Source Development Charge. It is a source development charge that we used to finance the new plant on the west side. In the packet I handed out, you will see the cash-flow projections over the next ten years. I don't want to get into it; I know we don't have a lot of time. If you look at the bottom line, cash operating at the end of the year, we have a healthy cash balance at the end of the year. This cash-flow projection includes a debt service that is going to be needed for this new project. If you look at the schedule of the existing debt service, that is what we are paying now. That is what we owe, the first column. If we brought another \$10 million in, we are borrowing \$3.5 million this year that you approved a month ago and that is part of this. The middle column is the Administration Garage new debt. This is based on a \$30 million loan, which I anticipate being much lower. A \$30 million loan at 4.09%, which is the existing rate and the last rate that was given at the NH Municipal Bond Bank over 30 years. I also anticipate if we go through the bond bank, the first two years I can get interest only. If we do general obligation bonds to the city, I think I can get the first eight or nine years interest only. The projected debt service is that fourth column, net increase to FY24. What that column means is if you look at the first number, \$215,000, that is the net increase to the 5.164% that we are paying in FY24. The debt service goes up by that number. You can see where the debt service increases to a high of \$2.5 million more than what we are paying in debt service today. If you look at FY2035, and that is where I have to get to for this project, because in 2034 we pay off the last debt service payment for our ozone and filter building, which is \$2.5 million a year. Basically, that is paid off and we are just exchanging debt for debt at that point. We will actually be paying less debt service including this new project, than we are paying debt service today.

Alderman Long stated I thank Alderman Terrio for bringing it up because I got a few calls, too, from people who were concerned. The \$35 million is \$29 million for contracts and the design. You are confident that is the number at minimum?

Mr. Croasdale replied yes at maximum.

Alderman Long asked is it going to go over the \$35 million.

Mr. Croasdale stated I am not asking to actually bond right now. I am asking that this project moves forward. The intention is, over the next year or so, we will actually do the preliminary work and go out for qualifications and then proposals. We will get a consultant and do all the preliminary work, the geo-tech work, and the on-site work. Then they will go onto the design which will take about a year. When they get through 60% design, they can give us a pretty solid cost estimate on what the project is actually going to come in at. At that point, we will be looking to bond if it is still a viable project. If the project comes in at \$40 million, we will probably say we really can't do it right now. If it comes in at \$30 million or less, I am looking at my cash-flow projects and I said this is a doable project and we can move forward with it. This committee and the full Board will have to make the decision at that time whether or not they want to move forward with the project.

Alderman Long stated as far as you know today, you don't have in your mind that this project will increase the water rate. For this project. I know you may have in a 30-year bond, you may increase the water rate and I get that but it is not specific to this project correct?

Mr. Croasdale answered that is a sit-down discussion. It's not a yes or a no. It is included in all the costs to run the water system.

Alderman Long stated that is the concern I heard.

Mr. Croasdale stated right now, if you go quickly to the schedule on the next page, I gave the history of all of our rates since 2006. I can tell you in 1987 the rate was \$0.87. We didn't raise the rates until 2003 and then raised them four times four years in a row 50% to pay for the ozone and filter building. From 2007 until 2012, we didn't raise the rates. In 2013, we started looking at things and what was happening to us was that our costs and our revenues were going in different directions. It wasn't a good financial situation to be in. We started trying to meet revenue with operating costs and debt service. From 2013 through 2024, we raised the rates typically anywhere from 1.5% to 3%. In 2023-2024 we did 7% and 9%. A couple years ago, our chemical cost went through the roof with inflation and our power cost went through the roof with inflation. It tripled. We are a big power user. Power and chemicals are 60% of our O&M cost. Those went through the roof, so we needed to raise the rates. From 2025, with this project included, through 2034, I am looking to raise the rates anywhere from 2% to 3% a year. I think that is reasonable. If you look further on this schedule, it will show you what the cost would be to a rate-payer if we raise the rates. Right now, currently in 2024, the average rate-payer is paying about \$368 a year for the water usage and service charges. That is based on 120 CSF, which is 100 cubic feet. That is a unit of measure that we use to bill people. If I raise the rates these percentages in 2034, that will go up to \$481, or about \$10 a month. To me, that is reasonable. If you look at the last column, the affordability index, the household medium income for the City of Manchester when I looked at this three or four years ago was \$62,087. It has probably gone up by now. Using the \$62,087, the State of New Hampshire Department of Environmental Services says that the affordability index for Manchester, you as the rate-payer typically should be able to afford 2% of the household medium income. Two

percent of \$62,000 is \$1,200. If I put in these rate increases it would be \$481; that would be 0.7% of the 2%. It is one-third of what the State says you can afford for water. We are going to keep it very affordable for the rate payer. If you look at the last page, Manchester Water Works is currently the lowest rate in the State at \$36.62 average monthly cost, using 10,000 gallons of water or 1,300 cubic feet. If you look at the column between the towns and that column, you see 2028-2030. That means if we raised our rates 3% a year, and these other towns kept their rates static, it would take until 2028 to charge as much as Laconia. We would have to go to 2034.

Chairman Morgan stated we have five minutes. Sorry to cut you off.

Alderman Long stated you are being very reasonable when I look at the rates compared to the other towns.

Chairman Morgan stated Mr. Croasdale, I apologize. We just don't have the time.

Alderman Terrio stated we are going to send this to the full Board for a presentation. We can discuss it there.

Chairman Morgan stated Mr. Croasdale will provide a full presentation to the full Board.

*On motion of **Alderman Long**, duly seconded by **Alderman Burkush**, it was voted to approve.*

8. Communication from Kate Waldo, Park Projects Manager, requesting a revision to the project description of CIP 510923 - Precourt Park - South Soccer League.

*On motion of **Alderman Burkush**, duly seconded by **Alderman Terrio**, it was voted to approve.*

9. Communication from Caleb Dobbins, Highway Chief Engineer, requesting that funding in various line items be adjusted for CIP 712222 ARPA - Neighborhood Environmental Improvement.

*On motion of **Alderman Long**, duly seconded by **Alderman Terrio**, it was voted to approve.*

10. Communication from Ryan Cashin, Fire Chief, requesting authorization to seek reimbursement from the NH Department of Safety for Fire Department members that attended the Haz Mat IQ Air Monitoring class.

*On motion of **Alderman Burkush**, duly seconded by **Alderman Long**, it was voted to approve.*

*There being no further business, on motion of **Alderman Terrio**, duly seconded by **Alderman Long**, it was voted to adjourn.*

A True Record. Attest.

A handwritten signature in black ink, appearing to read "Matthew Terrio", with a stylized flourish at the end.

Clerk of Committee