

MINUTES OF THE FINANCE COMMITTEE
CITY COUNCIL CHAMBERS
February 21, 2024 – 4:00 p.m.

Committee Members present: Councilor David A. Witham, Chairman
Councilor Dennis Messier, Vice-Chairman
Councilor Marty Pepin
Councilor Kenneth Vincent

Administration/Staff present: City Manager, Bob Belmore
Finance Director, Scott Smith
Director of Public Works & Utilities, Michael Bobinsky
City Engineer, Amber Hall
Police Chief, Tim McLin
Fire Chief, Mark Dellner
Director of Planning and Community Development,
Michelle Mears
Planning Secretary, Anna Stockman
City Clerk, Kristen LaPanne

Others Present: Henry Herndon of Community Power Coalition of New
Hampshire

Chairman Witham called the meeting to order at 4:00 p.m.

APPROVE PAST MEETING MINUTES OF JANUARY 22, 2024

Councilor Messier made a motion to approve the minutes of the January 22, 2024 meeting. The motion was seconded by Councilor Pepin and passed 3-0-1. Councilor Vincent abstained.

COMMUNITY POWER COST SHARING AGREEMENT & MEMBERS SERVICES CONTRACT

City Manager Belmore provided a draft of the Cost Sharing Agreement and Members Services Contract to the Committee as well as a PowerPoint printout that Mr. Herndon provided. Manager Belmore explained that the Agreement and Contract language is consistent for all of the Coalition members and that any language changes would require the Community Power Coalition of New Hampshire to request an amendment with all of the other member communities of the Coalition. He asked Mr. Herndon to present to the Committee the Coalition Policies relating to the Cost Sharing Agreement and Member Services Contract.

Mr. Herndon began his introduction with acknowledging that agreeing to and signing the Cost Sharing Agreement and Members Service Contract is the next step needed in order to implement the program within the City of Somersworth. He summarized the Risk, Rate and Reserve Policies which has an overall objective to meet customer electricity requirements, obtain best available rates, maintain rate stability, and to develop and maintain financial reserves to ensure long-term customer benefits.

Mr. Herndon spoke about the Energy Portfolio Risk Management Policy including risk exposures, strategies and parameters, risk control, roles and responsibilities, and policy compliance. He shared that the Coalition has staff and a Risk Management Committee dedicated to risk mitigation efforts. Mr. Herndon outlined the Retail Rates Policy, the Data Privacy and Security Policy, and the Financial Reserves Policy. He noted that the Coalition has beat the rate of Eversource three consecutive times during their rate setting cycles. He also explained the rate options for customers which includes the default Granite Basic, or optional Granite Plus, Clean 50% and Clean 100% options.

Councilor Witham clarified that customers would be defaulted to Granite Basic and would need to opt in to one of the other three options if they chose to. Mr. Herndon confirmed Councilor Witham's statement. Councilor Witham also inquired about if the State sets a reserve maximum. Mr. Herndon confirmed that the State does not, and that it is set by the Coalition.

There was a brief discussion pertaining to the reserve fund which is a joint reserve between all of the Coalition's member communities. Mr. Herndon also mentioned the possibility of the City later determining to start their own project reserve fund which is optional. Councilor Witham questioned if data breaches regarding credit cards is covered under the Coalition's insurance. Mr. Herndon was not able to confirm that but stated that he would report back with the answer.

Mr. Herndon went on to review the Cost Sharing Agreement including General & Administrative Costs, Direct Project Costs, and Member Services Costs. Councilor Vincent inquired about any risk to the City of Somersworth or the customers. Mr. Herndon confirmed that the City is shielded from any liabilities. Councilor Messier asked about the Coalition being audited. Mr. Herndon responded that the organization is audited annually by a third party. He also added that liability is a key component of the agreement between the City and the Coalition.

Mr. Herndon mentioned that the City is also required to appoint a representative from the City as the Authorized Officer, he stated that that person would need to attend an annual meeting which is the Risk Management Meeting. Additionally, Mr. Herndon shared that there are also early termination provisions within the agreement

Councilor Witham thanked Mr. Herndon for presenting to them and being available for questions and answers through this process. He questioned if the Cost Sharing Agreement and Members Services Contract is the same across the board with all other community members. Mr. Herndon confirmed that the Contract and Agreement is indeed the same for all member communities. Councilor Witham feels confident with the current language being that it was vetted through the other member communities and their legal counsels.

Councilor Vincent made a motion to sponsor a Resolution authorizing the City Manager to execute the Community Power Coalition of New Hampshire Cost Sharing Agreement/Member Services Contract and to approve the Associated Policies and to appoint Finance Director Scott Smith as the Authorized Officer for Member Service Decisions. The motion was seconded by Councilor Messier and passed 4-0.

City Manager Belmore confirmed that Mr. Herndon plans to attend the City Council meeting scheduled on Monday, March 18th for the expected second reading of the Resolution to answer any questions.

PUBLIC SAFETY COMMUNICATIONS REPEATER & HIGHWAY RADIO BAY STATION

City Manager Belmore stated that this Committee had previously voted to authorize an upgrade to the City-wide radio system for an amount not to exceed \$95,000 on January 22, 2024. He explained that there was a miscommunication and the cost is actually a little over \$124,000 for the entire project. He added that staff are also waiting to hear back from the Hilltop School contact regarding any cost to the City on upgrading needed electrical work at the former Hilltop School, the reason for the electrical work is because the current electrical is not sufficient for the installation of the needed repeater.

Councilor Witham mentioned that the City has a formal agreement with Chinburg for the City's radio equipment on top of the former Hilltop School, however, he does agree with Councilor Pepin's previous comments regarding the possibility of looking at moving those to the new Hamilton Street water tank down the road.

Councilor Pepin made a motion to sponsor a Resolution to authorize the City Manager to use ARPA funds to contract with 2-Way Communications to replace the radio repeater and to update the Public Works Department base station for an amount not to exceed \$130,000 which includes contingency. The motion was seconded by Councilor Vincent and passed 4-0.

PERMITTING, PLANNING, CODE SOFTWARE

City Manager Belmore provided the Committee with a detailed proposal regarding new online permitting software for the Planning and Code Offices . He added that Michelle and her team reached out to other communities for input and feedback on their software as well as testing demos to find the most cost effective and user-friendly software program for the Development Services Department's needs.

Director Mears noted that Planning Secretary, Anna Stockman, has been heavily involved with the software and its demo testing. Of the software program demos they experienced; they are recommending contracting with SmartGov. She added that utilizing a software program has been a goal for the whole Department. Director Mears noted a few key software features including an online portal available to third party vendors, residents and commercial that includes permit application and management, code inspection scheduling and more.

Councilor Witham questioned if the processes for the Departments are currently done manually. Director Mears confirmed that they are manual processes. She also added that there is a mobile app option that can be utilized by the Code Office which would allow staff to document necessary reports/items when they are out in the field. Planning Secretary Stockman added that there is a 6–12-month implementation period and software training is included with the cost.

Councilor Witham inquired about the uploading of existing data. Director Mears stated that it was something that they looked into, however, the cost was significant. Manager Belmore added that within the Code Modular, there is capabilities for scheduling inspections available.

Councilor Witham questioned if there is a monthly fee. Director Mears confirmed that there are startup costs for the first year and then an annual fee going forward which will have an increase of 3% each year. Manager Belmore added that the Department is looking into a 5-year contract.

Councilor Messier questioned if people will be forced to use the online system. Manager Belmore confirmed that while online will be an option, people will continue to have the option to come into the office to work with staff face-to-face and fill on applications that can be found on the City's website without using this software.

Councilor Vincent inquired about how the software will be paid for when the ARPA funding runs out. Finance Director Smith stated that he would expect that the cost would be shared with the Cable Fund and then the rest would be built into future budgets.

Councilor Messier made a motion to support a Resolution to authorize the City Manager to enter into a 5-year contract with SmartGov for the Development Services Department Code and Planning Offices software. The motion was seconded by Councilor Pepin and passed 4-0.

CONSTITUTIONAL WAY COMPLETE STREETS BIDS & BONDING / PRIVATE PROPERTY WALLS ON CONSTITUTIONAL WAY

Public Works Director Bobinsky reported that they held a pre-bid conference prior to the opening of the bid which was a well-attended event by vendors. He noted that the bids received were all relatively close and that staff and Wright-Pierce Engineers recommend awarding the contract to N. Granese & Sons.

Councilor Messier spoke about N. Granese & Sons' experience and ability, and he listed a couple of other communities that they have worked within and having good project outcomes. Councilor Witham mentioned that the vendor had also recently worked on Dover's water main and he has no objections.

Finance Director Smith explained City staff's recommendation to fund the project by issuing a bond payable within 15 years. He explained that the cost of the project bid came in at \$2,073, 006, and that with 5% contingency and \$120,000 necessary to contract with Wright-Pierce for resident inspection and engineering, the total project cost is almost \$2,300,000. Director Smith suggested the three funding sources for the project are as follows: \$1,700,000 from the General Fund, \$275,000 from the Water Fund and \$321,000 from the Sewer Fund. He informed the Committee the recommendation is to issue a Bond Anticipation Note to fund the project this spring, and then issue the Bond in the fall. The City has a bond that was issued for High Street improvements expiring in Fiscal Year 24-25. By

timing it and issuing it in the fall, the 15-year bond would increase the tax rate by approximately \$0.05 for fiscal year 2026. Councilor Witham questioned the breakdown of funds. Director Smith confirmed that the recommendation came from Wright-Pierce Engineers based on the total project cost. Councilor Witham commented that he feels \$0.05 is reasonable and reason enough to move forward with the project in his opinion. Councilor Messier asked if the City should be adding construction contingency. Director Smith responded the 5% contingency was recommended by Wright/Pierce Engineers.

City Manager Belmore provided a memorandum to the Committee pertaining to the private retaining walls along Constitutional Way belonging to Shiva Market and Coolidge Law Firm. He stated that the City has not received favorable responses from the two entities regarding the repairs needed to the retaining walls. There was a brief discussion about if the walls were up to code and if the property owners were aware of the 5-year moratorium that will be in place at the completion of the Constitutional Way Complete Streets Project. City Staff confirmed that they have sent notices to the property owners and Councilor Messier suggested sending notices that explain the 5-year moratorium.

There was an inquiry about protecting the wall during construction and City Engineer Hall confirmed that there is language within the contract with the vendor that protects all non-project areas from damage which is standard contract language.

Councilor Messier commented that he would like for there to be a traffic plan that allows traffic to flow to area businesses along Constitutional Way during the construction.

Councilor Pepin made a motion to Sponsor a Resolution to authorize the City Manager to award the contract to N. Granese and Sons to construct the Constitutional Way Complete Street Project, and to sponsor a second Resolution to authorize the City Manager to sign a contract with Wright-Pierce Engineers for resident inspection and engineering services associated with the Constitutional Way Complete Street Project, and to sponsor a third Resolution to authorize a 15 year bond to construct the Constitutional Way Complete Street Project. The motion was seconded by Councilor Messier and passed 4-0.

There was further discussion regarding a crosswalk between the Highland sidewalk and High Street sidewalk which was raised at a City Council meeting. Wright-Pierce Engineers looked at this and said it would cost between \$14,000 to \$17,000 to implement it. Councilor Witham confirmed that that section is outside of the scope of the project. Councilor Messier recalled an issue with the draining rainwater putting a stop to the City wanting to put in a crosswalk across High Street to the sidewalk on the opposite side. Councilor Witham stated that the options would be to add the crosswalk and keep the other or to add the crosswalk and to remove the crosswalk from the opposite side. The Committee agreed to take no action regarding the crosswalk in question. There was also mention of a restricted sight line for vehicles turning right from Constitutional Way onto High Street due to poles and other obstructions.

WATER/SEWER RATES

City Manager Belmore noted that the Committee received rate analysis charts which provide scenarios of both the water and sewer rates at 5% and 10% increases over a 4-year period. Finance Director Smith stated that the water and sewer funds are both currently healthy funds, and he reviewed the estimated total revenue and expenses and explained the cash surplus/deficit. Director Smith noted that there are several water/sewer projects going on and a number of other larger projects coming up, the City is taking in less than is being spent.

Director Smith noted that he provided the Committee with projections on a series of four increases as this is how such data has been presented in the past. He added that he would recommend authorizing an approval for a one- or two-year period where the funds can then be reviewed again by the Committee.

Councilor Messier stated that he is in favor of the increase, but he inquired about where Somersworth's rates line up with other local communities. Director Smith confirmed that Somersworth's rates are slightly less, however the rates are close to both Dover and Rochester's water and sewer rates. There was some additional discussion about the water and sewer rate analysis projections provided by Director Smith. Councilor Witham stated that he is in favor of a 2-year rate increase and he agreed that there is a number of projects in the works including the replacement of the Hamilton Street water tank.

Councilor Messier made a motion to sponsor an Ordinance for a water and sewer rate increase of 10% for two consecutive years. The motion was seconded by Councilor Pepin and passed 4-0.

METER REPLACEMENT FUNDING

Finance Director Smith reported that the water meter replacement project is nearing the end of the residential portion of the project. He added that the City determined there to be about 3,056 water meters needing to be replaced, and in order to complete the remaining almost 400 meters, the project needs \$125,000 in additional funding that was not accounted for. Director Smith stated that the project has been very demanding and he would recommend that the remaining 335 commercial water meters be scheduled out over the next year and be completed by City staff.

Councilor Vincent questioned how the project fell short of funding. Director Smith answered that during earlier discussions regarding the project, staff thought that there were more newer units and that was not the case. Director Smith recommended the additional funding be split between the Water and Sewer funds to complete the project.

Councilor Vincent made a motion to support an Ordinance for a supplemental appropriation in the amount of \$125,000 to complete the Water Meter Replacement Program. The motion was seconded by Councilor Pepin and passed 4-0.

Councilors Witham and Pepin commented that the replacement of their water meters was easy to schedule and the replacement itself took approximately 10 minutes.

NEW FIRE STATION BUDGET UPDATE & CONSTRUCTION PUNCHLIST

Councilor Witham stated that he requested this item be added to the Committee agenda as he was looking for an update pertaining to the cost of the project and any punch list items that remain to be completed. He also requested an update regarding the grant funds that were originally awarded for the Fire Training Tower and the proposal to re-purpose those funds.

Councilor Vincent commented that he attended a breakfast that was at the Fire Department which was very nice but he had some concerns with the finished drywall in the kitchen and the large crack he noticed in the entry of the station that he would like addressed and whether or not it is covered by the contractor's warranty.

Fire Chief Dellner shared that they are working on the issues mentioned by Councilor Vincent and he hopes to have the remaining punch list items completed before his interim term is up. He noted that the remaining project budget funds available are around \$113,735, and he expects that the project would need another \$13,000-\$14,000 to be completed leaving around \$100,000 in surplus. He reviewed the project close out items list with the Committee and added that they are looking into any repairs that can be covered by a warranty and working closely with the contractors to address those things.

Chief Dellner mentioned that the Department staff are looking into options for the close out items as well as addressing the foyer of the station and ways to make it more user-friendly to residents. There was also discussion regarding some type of fencing or tree line to deter people using the neighboring ball field from driving through the property. Councilor Messier commented that he favors a tree line as opposed to a fence. Councilor Witham stated that there is money left within the budget for this project to be completed and he agrees with looking into items that could be covered under the contractor's warranty. Chief Dellner added that there is an apparent issue with the radiant heaters in the hallway of the station that they are looking into the warranty to have fixed. He commented that the building is beautiful and that the City should be proud of it.

Finance Director Smith pointed out that the project was funded by three sources and that any remaining funds once the project is complete, will go into the unassigned fund balance.

Councilor Witham inquired about the grant from the Department of Housing and Urban Development (HUD) that was originally awarded for the construction of a Fire Training Tower. Chief Dellner shared that the grant award is in the amount of \$120,000, and due to the approval coming in late and being much less than what was required to build the Tower, City staff requested to re-purpose

the grant funds and recommends utilizing the money on other training avenues and equipment. It was confirmed that HUD approved the re-purposing for training and training equipment.

Councilor Witham commented that he was happy to learn that the City would be able to re-purpose the grant funds. Councilor Pepin shared, with the Committee, dollar amounts of training and training equipment that was provided to him at the Public Safety meeting held on February 7th.

Chief Dellner also mentioned working on a write-up for a new FEMA grant to cover the remaining 3-year replacement CIP project of the Fire Department's SCBA/breathing apparatus. Councilor Messier had concerns of purchasing the breathing apparatus all at the same time due to the fact that they may all need to be replaced at the same time in the future when they reach their end of life. Chief Dellner stated that as long as the City includes a replacement plan, he would be confident in purchasing the equipment all at once with a grant.

Councilor Witham thanked Chief Dellner for all of his work. He inquired about the sprinkler break damage and if the repair work is almost complete. Chief Dellner confirmed that the repair work is almost complete.

REPORTING

There was no discussion.

MISCELLANEOUS

City Manager Belmore informed the Committee that he plans to introduce the 2024-2025 Budget Ordinance to the full Council during the scheduled March 18th City Council meeting and scheduling the Public Hearing for the Budget Ordinance during the following meeting on April 1st.

Councilor Witham stated he would sponsor the Ordinance by request.

Finance Director Smith mentioned that the Committee and Council will need to approve the 1st year purchase of the Fire Department's breathing apparatus which is budgeted for \$108,000.

Councilor Pepin made a motion to sponsor a Resolution for the purchase of the Fire Department's breathing apparatus (SCBA) and award the contract to Fire Tech and Safety of New England for an amount not to exceed \$108,000. The motion was seconded by Councilor Messier and passed 3-0-1. Councilor Vincent was excused.

ADJOURNMENT

Councilor Messier made a motion to adjourn. The motion was seconded by Councilor Pepin and passed 3-0-1. Councilor Vincent was excused. The meeting adjourned at 5:32 p.m.

Respectfully submitted, _____

Kristen LaPanne, City Clerk