



Minutes of City Council Meeting Monday, July 12, 2021

ROLL CALL OF MEMBERS

The meeting was called to order at 5:30 p.m. by His Honor, the Mayor, Dana S. Hilliard and, upon roll call, the following Council members were present: Pepin, Vincent, Dumont, Austin, Michaud, Witham, Cameron and Paradis (arrived at 5:45 p.m.). Councilor Gerding was excused.

PLEDGE OF ALLEGIANCE

Councilor Austin led the Pledge of Allegiance.

NEW BUSINESS

ORDINANCE

- A. **Ordinance No. 1-22** – Supplemental Appropriation for the New Fire Station Building Project on Maple Street

Councilor Witham made a motion to suspend Council rules to allow for a second reading of Ordinance No. 1-22. The motion was seconded by Councilor Pepin and passed 7-0 by roll call vote. Deputy Clerk Ramsey performed a second reading of Ordinance No. 1-22 by title only.

There were no amendments presented and His Honor, Mayor Dana S. Hilliard opened the floor for discussion.

City Manager Belmore stated that this Ordinance refers to the intended use of Fund Balance to provide advance funding towards this project with the anticipation that Grant Funding will replenish these funds. Belmore explained that the City Council's fund balance policy is to have a fund balance between 5% and 17% of the City's total expenditures. If the Council decides to use the \$240,000.00 towards this project the fund balance will be 8.7% which is within the policy. The American Rescue Plan Act (ARPA) funds is targeted here to be used for a portion of the ventilation system costs. Currently, the City is estimated to receive a total of \$1,252,926 and \$600,000.00 of that amount is being proposed towards this project. Belmore explained that there is not a process for pre-approval for the use of the ARPA funds, but it is up to the grantee to follow the rules when receiving the funds. City Staff has been researching allowable uses for these funds. One of the allowable uses is for "ventilation improvements in congregate settings". Based on our understanding, utilizing this funding toward the ventilation system in the new Fire Station is an allowable use of the funds.

Mayor Hilliard stated that there is not a motion on the floor but without objection from City Council they can proceed with discussion pertaining to Ordinance No. 1-22, knowing that before a finalized vote can take place a public hearing is required and will be scheduled for July 19, 2021.

Councilor Whitham stated he has met with the City Manager and Deputy City Manager to develop a funding strategy. He thought about ARPA funds but was not sure what type of restrictions would be associated with the utilization of those funds. Whitham explained that ARPA funds became available after COVID and if not for COVID this project would not have been eligible to use those funds. ARPA funds are geared towards heating and ventilation systems and after looking at the project it was determined that \$600,000.00 could be used to offset some of the gap in funding. The other option we have available is the use of a portion of the fund balance. Whitham further explained the fund balance can be used for emergencies or unforeseen costs and feels that this is one of those circumstances.

Councilor Whitham made a motion to table Ordinance 1-22. The motion was seconded by Councilor Austin and passed 7-1. Councilor Dumont voted no.

RESOLUTION

A. Resolution No. 1-22 – Vote to Authorize an Increase in the Bond to Construct a New Fire Station at the Location of the Current Fire Station on Maple Street

Councilor Pepin made a motion to suspend Council rules to allow for a second reading of Resolution No. 1-22. The motion was seconded by Councilor Whitham and passed 8-0 by roll call vote. Deputy Clerk Ramsey performed a second reading of Resolution No. 1-22 by title only.

There were no amendments presented and His Honor, Mayor Dana S. Hilliard opened the floor for discussion.

City Manager Belmore stated he would like to highlight some of the information given to the Council from the Fire Station Building Committee meeting, the Bond Payment Schedule, and City Staff. Belmore stated the bond for the 7.7 million was for 25 years and this payment schedule is for 30 years and the thought process was to keep it at a level debt issuance. He also mentioned that a note from the bond bank stated that the use of 4% interest cost was for conservative budgeting purposes and they believe it would come in at a lower rate. He mentioned they projected an estimated tax rate increase of .26 cents from the original estimate of .27 cents because of the extension of the bond term from 25 years to 30 years and the increase to an 8.1 million dollar bond. Belmore informed the Council that the amount billed to date for project related work is \$279,552.00. Belmore also mentioned that the Council has aligned this project with the retirement of the Police Station Bond. If the project is delayed to a later time, using all the information gathered the tax rate increase would be around .47 cents because the Police Station Bond would be retired.

Councilor Vincent requested clarification on the extension of the bond going from 25 years to 30 years will put on another 2 million dollars of interest on the bond. Vincent also mentioned that this economy will go down because this economy cannot sustain itself, and feels that the price will go down if the project is delayed. He is not against a new fire station but does have an issue with the cost.

Mayor Hilliard stated that there is not a motion on the floor but without objection from City Council they can proceed with discussion pertaining to Resolution No. 1-22, knowing that before a finalized vote can take place a public hearing will be required and will be scheduled for July 19, 2021.

Councilor Pepin mentioned that there is money already invested in this project with the architect's, and the construction management company that should be considered before delaying this project. Pepin stated that he as well was not happy with the situation but after listening to Mr. Dubois at the last Fire Station Building Committee meeting he understood why the price has gone up. Mr. Dubois explained all they had done to ensure we are getting the best price for this project. He feels that if this project is delayed it will be more costly.

Councilor Dumont emphasized that he feels that the fire department is essential to the City's growth. He also mentioned that when the Council voted for the 7.7 million he voted no because that was over the amount projected in the CIP. Dumont also expressed concerns pertaining to knowing what this project will actually cost, and when construction starts if the temperatures will be ok for curing materials. Dumont also mentioned reasons to consider using the National Guard building that was given to the City. Dumont would just like everyone to think about delaying this project until they can understand what the actual cost will be and for the pricing to come down, because he feels that some people in Somersworth will not be able to afford the amount in front of them now.

Council Whitham wanted to point out that they do have a guaranteed maximum price (GMP) of 9 million dollars from Harvey Construction. Whitham continued to explain that the 7.7 million dollar amount that was approved by Council derived from the specifications given to Port One Architects. Once the construction management company (Harvey Construction) was hired they proceeded to gather all the information and started the process of crunching the numbers. After Harvey Construction gathered all their pricing from the sub-contractors for the project, they came with the GMP of 9 million dollars which includes some contingency funds. Whitham continued to express his concerns with delaying the project which include the interest rates rising, the approval of a tax rate jump that it will take to do the project, continuing with the programmatic needs that are being met with this project.

Councilor Whitham made a motion to suspend Council rules to allow inquiries from Finance Director Smith and the City's consultants. The motion was seconded by Councilor Dumont and passed 8-0.

Councilor Pepin stated he has served on several Committees and feels that they look at projects like this with a forward approach while considering what will be needed in the future for a growing City like Somersworth to avoid having to do the projects again.

Councilor Vincent expressed his concern with spending their constituent's money and would like the Council to consider delaying the project.

Councilor Vincent inquired with Finance Director Smith what the tax rate is for \$279,000.00, Smith stated around .27 cents.

Councilor Dumont inquired with Director Smith about the actual cost for the project, Smith stated that the amount is 9 million dollars. Smith stated that the 9 million dollars is coming from two funding sources, the supplemental appropriation of \$840,000.00 and the bond amount of \$8,160,000.00. There is also an amount of \$39,100.00 that has been spent for the conceptual design.

Councilor Austin requested clarification on what happens if the project does not cost the entire 9 million dollars. Smith stated you can make a payment towards the principal of the bond or you can use the funds for another qualified project.

Councilor Whitham inquired what the tax rate would be if they decided to proceed with a 25 year bond. Director Smith stated he does not have that figure but will have that for Monday July 19, 2021 Council meeting.

Council Whitham inquired with Harvey Construction Manager Mr. Dubois pertaining to the process they have done to get to this point. Mr. Dubois stated they reached out to over 700 contractors for the BID process. He also explained one of their missions is to do the best job for the best cost because they are working for the City. He also explained what has happened with the market to cause the increase that everyone has seen. Mr. Dubois ensured the Council that what funds are not spent on the project will come back to the City. Mr. Dubois also stated that he reached out to all the bidders to ensure that the prices gathered are guaranteed for 30 days so the City would have some time to decide what they would like to do.

Councilor Vincent inquired with Mr. Dubois if this is the highest, he has seen costs go up and wouldn't he anticipate costs going down. Mr. Dubois stated that yes this is the highest he has seen all materials go up at one time, but does not know where the market will end up when things level back out.

Councilor Dumont inquired about the contingency money and what happens if those funds are not used. Mr. Dubois stated that the \$200,000.00 that Harvey Construction has for this project will be returned if it is not used and also assured the Council that all funds not used will be returned.

Councilor Vincent would like the soft cost items researched to see if there could be some cost savings.

Councilor Pepin stated that the Fire Station Building Committee brought this back to the full Council because the fire station building that was proposed and approved by the Council for the amount of 7.7 million dollars is now going to cost 9 million dollars. Pepin also stated that the contingency funds are used for change orders that happen during the project.

Councilor Whitham requested clarification on how the tax rate is affected when a bond is paid and how it is affected when another bond is approved.

Councilor Whitham made a motion to table Resolution 1-22. The motion was seconded by Councilor Dumont and passed 8-0.

ADJOURNMENT

Councilor Whitham made a motion to adjourn the City Council meeting. The motion was seconded by Councilor Cameron and passed 8-0. The meeting adjourned at 7:17 p.m.

Respectfully Submitted,

Ammy Ramsey, Deputy City

Clerk