



CITY OF DOVER

CITY COUNCIL - MINUTES

Meeting Type: Workshop Meeting
Meeting Location: Council Chambers - 288 Central Avenue, Dover, NH 03820
Meeting Date: **Wednesday, January 3, 2007**
Meeting Time: **6:00 pm WORKSHOP**

1. PLEDGE OF ALLEGIANCE

Those present: Councilors Cheney, Ciotti, DeDe, Keays, Mayor Myers, Deputy Mayor Hindle, Councilors Scott, Trefethen, and Turner. Also present: City Manager Joyal and City Attorney Allan Krans.

2. DISCUSSION RE:

A. River Street Pump Station

The Mayor stated there are more CIP issues on the agenda. Just prior to coming on TV they took a tour of the River Street Pump Station along with some members of the public to review some items that need to be updated.

On January 10th is the scheduled public hearing on the CIP for folks to speak at. Also on the 17th we have set aside the evening to adopt the CIP. He then turned the meeting over to the City Manager.

Joyal explained there was a resolution on the agenda last month to overhaul the pump station and it was tabled so tonight there was a tour of the facility. The River Street Pump Station is not just a pump station; it is also a pretreatment plant. River Street has a number of processes that are built into the building and make it a little more complicated system. On the resolution was a proposal to expend last years CIP monies to upgrade the pump station and to replace the pump variable speed drives as well as energy savings with the variable drives. The project was put out to design with a company called Dubois and King; this is currently in the process of being built; that project was brought to our attention and the plant is about 20 years old and in need of upkeep. That station is not something we can let deteriorate. There are new technologies and systems that can be put in there. They took a comprehensive look at the station and when we put in new processes some concern was expressed about the odor control. A portion of the study was for other odor control measures; in the last CIP \$650,000 was approved, the balance we were able to use prior capital improvement money; there is some savings associated with that and he plans to get the money for this study from this money. The engineers have told them there is \$650,000 to overhaul this station. At this point there was \$650,000 that had been authorized plus, a portion has been spent, the balance of what is recommended for this year and the following year would be used to fund the recommendations of this study.

Hindle followed up and asked is there a further breakdown of the money to update the facility and the amount that is anticipated for the odor mediation for the facility, he is looking for a breakdown of the dollars.

At this point says Joyal as he listed items there is a breakout of process improvements, building structural improvements, mechanical improvements, code compliance items, including various components of odor control, one of the proposals is to build a lifting system so employees are not lifting them by hand and it will also protect them from the weather. These are process improvements that are being done to the plant. Hindle stated again before the



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resolution came up for debate from the developer that informed us there would be costs associated with the mediation of odor control. Joyal disagreed saying any improvements above and beyond that would be absorbed by the developer. DeDe stated in his opinion the study is like sticking his fingers in a dark hole. The engineering study would be the factor for them to determine what they can do. In order for the council to have some working knowledge and to know what choices can be made the \$47,000 is really necessary. As we go forward we need to use the most effective method of going forward. Keays stated after we have this study done and it comes back for \$657,000 who is going to pay this amount. Joyal says he has added \$200,000 to the CIP to be paid by the sewer rate payers. If there are newer technology measures the developer will be negotiated with for them to pick up the costs for their development. Keays asked if the city manager honestly thinks the developer will agree to pick up the tab for the odor control. Joyal says this will all have to be negotiated with the developer. Keays cannot support something he is not sure of and that plant is just 14 years old. Joyal corrected that it was built in 1991 and he does not think that it is in deplorable condition. The Mayor heard tonight this building was anticipated to have a 20 year life to it. He also heard the manufacturer of the pumps is no longer going to make these pumps. The Mayor tried to clarify we have two different issues, the odor control was a by product; this is not going above and beyond the expectancy. It takes 8 months to build the pumps. He thinks any developer is going to be looking for additional steps for odor control.

Keays says the council in 1991 or 1992 added a sewer tax that was supposed to take care of all these problems that we were going to run into but they have been using this money for everything but these improvements. This should not even be in the CIP as there was money that was supposed to take care of this. And now here you are before the CIP and he cannot support this. Keays urged him to talk to someone that was on the 1992 council.

Trefethen stated as he reads the CIP the money from the actual improvements are coming from the capital reserve; this is not coming from the CIP. This will have no impact to the property tax payer.

Turner learned from the tour and it was a compelling explanation. This is a resolution for consultation services; it seems to him we already know what we need to do. We already know we need a building for loading and weather control so what does \$47,000 cover that we don't already know. Joyal says it gives us details and beyond that there are sizing and capacity issues. Also if you change this system how does it affect that system. Joyal says this will give us a benchmark so that we will be able to gauge when we go out to bid on this. Joyal says if it's definitely not in a deplorable state then it is in pretty good condition.

Scott says last spring we had a tour of the waste station on Middle Road; and the engineer was quite knowledgeable, doesn't he have enough knowledge to provide these types of services. Dede says with all do respect the decision before us is to determine the need to expend \$47,000; this will give us the knowledge and this is a highly technical area. There are many questions until they are dealt with effectively. This is a key part of the infrastructure to know we are looking at the right kinds of choices. The Mayor added tying in with that is the item in the CIP from the sewer fund for \$650,000. Ciotti asked if the State was going to do a 20% contribution. Joyal says not for the study but for the actual construction, we will pursue it.



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Ciotti stat to the City Manager that Pease as well as Sanford has a similar system put in and did they have odor control over and above what we are proposing. These were for specific odor control issues stated Joyal.

B. Arena Finances

Joyal says they probably read in the newspaper we have closed the books on FY06 and unfortunately it is not positive. He wants to explain the concerns and what he is pursuing and would like their feedback. He gave the history of the arena. It was intended to be self supporting and has been off and on. Around 2000 here was a marketing study done and put forth by the arena commission. Then the recreation advisory board was convinced into putting an additional sheet of ice to make it usable year round instead of just having a seasonal operation. As a result they have taken on a loan or a mortgage. They have tried to raise funds however there is still a considerable debt. There is no money to cover the cash flow to pay off its debt. The arena has been going along and paying its expenses, they do not have sufficient reserves on hand to support its mortgage payment. The city has recognized this on its balance sheet. Each year when the auditors look at the finances of the city and continue to note there has not been a turn around in the number. He had a handout (see council folder of 1-3-2007 for handout) with a note on the study done in 2003 that they thought would turn the finances of the arena from red to black. The staff has gone above and beyond with staff time, etc but the recommendation was a concern there were windows of time where the ice was not in use. The other issue was the rates have not kept pace with the times. The recommendation was they would significantly raise the rates; there was also a component of fund raising that given the amount of time they used the arena these groups did commit to make payments for the next 20 years. In exchange they offered these groups a reduce rate of \$148. The consultant has said these groups should be approached and they should try to negotiate a rate increase, he listed additional fund raising formats.

The intent was to generate more money not only on the ice but in the concession stand; the girl scouts and boy scouts were also approached to use the Arena. The payroll expense was not out of whack but the consultant thought there could be a better use of staff. There was a reorganization of the staff and scheduling changes that were made. Another area is utilities and energy consumption. They will have a resolution to do a lighting retrofit for more energy efficient lighting in the arena that will be funded by a grant. The concession stand has showed a very positive return. Also there is a skate pro shop and all of these have been revamped. The cash flow situation is the issue here tonight.

We are now at the close of books in debt \$256,000 in addition to the 2 million dollars. He is very concerned and the further recommendations he has will have some impact on the programs and the rates. He was going to increase the rates to over \$300. ; Eventually you will drive people away but he believes the rates need to go up significantly. This will cause a burden for a number of groups that use the facility. This will have an impact on whether these children will be able to participate. Secondly they could contract this out to a third party. He would like to put a proposal out to companies that operate ice arenas. Even if we close up the arena we would have to pay the mortgage. He would ask a contractor to provide some mechanism in the proposal to maintain the facility. Also we have contractual obligations with



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the original donors. Lastly we have good employees that work up there and he would like to encourage the contractor to keep them on. This is simply to transfer the financial risk to a contractor. It has been suggested that the city dedicate the gravel fund to take the burden off the arena. There are examples of how this is done in other communities. Also they will notice he has marked some of the municipal rinks; he listed some of these examples.

Trefethen asked if we had a similar cash flow analyses on the indoor or outdoor pool would we not also see the exact same thing. The City Manager confirmed this. The outdoor fund is heavily subsidized by the general fund. We are dealing with the decision that placed the arena into an enterprise fund; it is not any different than these other facilities. This was a sales pitch of many years ago. This is a city facility we own it, we run it so we have to manage it. He would want to see the numbers on what is going to happen to the rates if we contract this out. The majority of money and ice time from DHS is raised by the boosters club. But there is a rate of diminishing returns.

Scott asked for a complete financial statement for the last 3 years; he needs these numbers before he can make a decision. The City Manager will find them and email them to the council. A member of the Arena Commission has no access to the information. The City Manager will send it to him. Keays has listened to Trefethen and he does not agree with him because we would not run a Police Department in debt for 2 million dollars. He thought with one sheet of ice they did a decent job but with 2 sheets they have not. He won't support with them running in debt every year. He thinks this is the taxpayers in the long run that will have to pay. His suggestion is to close a sheet down in the summer and maybe open a soccer sheet up there. We are now in such a financial state we have to do something. He is looking at the figures here and how Rochester's ice is \$196. per hour and they have finished in the black for many years; we could take a lesson from them.

Hindle asked if we don't have a legal concern with privatizing this facility. The City Manager says we would have to look at that issue. Hindle also wants to know if we have looked at an outside contractor to do the maintenance. The City Manager says we have done that but they have time available and it would not be efficient. Hindle also asked that Beecher had asked the now City Manager to oversee this operation a couple of years ago. What happened to bring us to this point because at that time he offered them a ray of hope. The City Manager says there were some unreachable expectations that were created and they were a drain on the arena. There were some conferences also the zamboni had to be replaced and shortly after they had to purchase another one for the other sheet of ice; the other issue is the rates, it has not been kept affordable for parents and kids in the area. The rates should have escalated much sooner and much higher. The debt is what is hurting the arena; it does not generate enough to pay its debt. Hindle is the only council left that was on the council back then and was opposed to the additional ice but we are at a point now where we need to do something. He is glad we went with the Furland consultant but we should have done it earlier. We need to try and find ways to rebound; it is a facility that is utilized on a daily basis. He is also concerned about the kids that are not able to afford this luxury. The Mayor thinks he has more insight than the others other than Hindle. In the 70s this was set up as an enterprise fund; when the business plan was brought up to add another sheet of ice for better or worse this is the way it was set up. He was on the committee as chair previously when Furland was brought in to see if they could turn it around so he does have some knowledge. He reiterated that the City Manager knows these recommendations intimately. The trend was improving but utilities have



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gone up every year since the consultant was here and we did not keep the trend going. We took back concession; we had rock and skate night and Camp Kool there. The Mayor continued we are still losing money and we need to look at possibilities. He thinks we have more non Dover residents that use our ice as opposed to using our pools. To what extent is it fair to put the debt on the Dover taxpayers for non residents; do we continue to run this business; we need to look at this over the next few months. This is not for a lack of effort a lot of hard work has gone into this. He is not in favor of pricing people out of the market but is looking to be fair to the users and the people of the community.

DeDe says the issue again is non resident usage is 60% which is a high number but they are paying to use it. The number that uses it on the weekend is a staggering number; staff has done a great job of marketing and he too has been impressed with the dedication of staff there. It is unfortunate that we are unable to turn a profit. He finds it difficult to believe that other towns are not having an issue with the rates.

Turner asked in making a comparison from arena to arena do they all keep their ice all year round. The City Manager says no and Keays says no. There is no over head with the roller blade hockey. He wants to know how many of them for over 200 per hour are seasonal. Turner asked when we melt the ice in Dover the City Manager says the end of April for the home show. When did we go year round turner asked. Gary says the first rink could never run year round; he thinks it was in the early 80s it was built and that was one of the objectives when they built the second sheet which was to run the rink year round. Turner says since we know there is an ice season is there a profit drop gap that we can see when we do a good profit. The City Manager referred him to the cash flow sheet and when the revenues come in. December, January, February and March are break even months. And in June the cash goes out the door to pay the debt service. Turner asked is there a way to shut it down for a few months of the year. The City Manager is looking at the lesser of two evils.

Ciotti wonders if we can extract the summer month's income to see how much the second sheet of ice is dragging this down. The City Manager says the utility costs during the summer are driving it up and we would need to generate the income to have a smaller loss. The City Manager says there are seasonal fluctuations with energy costs.

Keays asked Gary Bannon the number of hours the ice is being used. Gary says 5 am until 11 pm Monday to Friday so we still have the generators running. Gary says right now this weather is not helping us. Discussion ensued about the times of ice use. DeDe says one of the ideas is to change the accounting of when the revenues come in that they are applied but the accounting system that it would take is not in place. Gary says they do bill in advance for ice use.

Cheney says about the savings options; she wondered under where the energy account was. The City Manager says it is under supplies. Maybe the \$200,000 should be spread out over the year. The City Manager just wants to let the council know what the situation is and what the staff and he will be working on. Maybe we should make a subsidiary out of the general fund.

The Mayor added he would like a user round table to discuss the issues. He will throw this out to the Recreation Advisory Board for them to do or else he would be glad to facilitate it. This is a situation that needs to be corrected and he wants to be proactive.



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C. Capital Improvements Program

The Mayor asked when the Planning Board was expecting to meet with the Council. Ciotti thinks next Tuesday.

Hindle asked before we vote on the 17th when the north end station came up for debate DeDe and Turner had requested an outline of different calls and a breakdown of calls. Turner wants a thumbtack into a map of every fire and ambulance call. The City Manager says they will have something before next Wednesday.

Hindle also wants to know about street improvements and he wants a list of the streets they will improve. The City Manager can provide a list that they have at this time.

Trefethen says it would be helpful next Wednesday for the public and for them to give some kind of indication on which line items they may or may not be approving. That may be useful information for the folks. The Mayor is in favor or running through these items again.

Scott wants to look at the amount being retired; he understands it is about 6 million. It looks like we want to spend 21 million more that we are retiring.

Turner supports Trefethen's idea about indicating what we would support. He also wants to know the total outlay for fire as well as water in the city.

The Mayor wants an "O" for operating and "D" for debt or "R" for reserve fund beside it. Also the Mayor would like people to throw out how a councilor would like it financed.

Scott stated in answer to DeDe's comment on 1 million on the tax bill. Scott thinks they are concerned with when the City Manager says we included the dollar impact on the average single family home. The debt authorization would be a \$67. increase for an average home valued at \$289,000. It is \$70. for the full debt authorization for a grand total of \$21 million which is the general fund portion.

Scott wonders how far we are from the debt limit. The City Manager says it includes this resolution and if adopted the city would be using 42% of its unused capacity the school would have 85% the water fund would have 93% remaining.

Trefethen says so \$70 on the tax bill of the average home for the debt financing is what you are saying. Hindle cannot give a straw vote until he has heard from the public and their opinions so he does not understand the basis for a straw vote tonight. Trefethen says he has received many emails about the list in the CIP. They seem to be going with the idea that the majority is going to go with the list. He also thinks it would be well worth their time to state if they are not going to vote for it. Hindle says it is the public's right to speak for 2 or 4 or 8 hours and for them to listen to the public opinions then the council would form their own opinions. Cheney concurs with Hindle as there are items that she has not decided on as yet.

Scott does not think that in Ward 3 folks focus in on project A, B or C; he thinks they focus on the bottom line and the question is what do we really want to limit the overall framework to.

The City Manager says there will be a public hearing on the agenda on the debt operation next week and that has been published. The second item is the non debt items and there will also be a public hearing and it will then be the following week for voting. The third thing is they will be voting on this book and they also need to look at the 6 year plan as well. So there is some merit to going through the various projects.



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Turner thinks doing a straw vote is just that, straw; the vote can be changed but it is initial direction, especially when some of the topics are pertaining to certain portions of the city.

3. ADJOURN

Trefethen moved seconded by Hindle to adjourn at 9:15 pm with all in favor.