

**MINUTES - WORKSHOP  
DOVER CITY COUNCIL  
COUNCIL CHAMBERS  
FEBRUARY 23, 2000**

**6:00 PM**

**NON PUBLIC SESSION RE: Land Purchase**

**7:00 PM**

Members Present: Andrews Parker, Berry, Boc, Hindle, Mayberry, Nossiff, Reese and Schmidt.

Members Absent: Dunnington

**1. DISCUSSION RE:**

**A. Waste Management Contract**

Jeff Pratt, Solid Waste Coordinator reviewed the proposed 5 year contract extension (7/1/00 – 06/30/05) with Waste Management (See 02/23/00 meeting folder).

**Curbside Recycling** - will see an annual savings of \$1,692 and will include a spring yard waste collection (1 week) and recycling at the schools. The Major difference would be in billing as Waste Management would incorporate the items from the recycling center into a flat rate per month fee. Currently Dover receives multiple bills for a variety of items each month.

**Bag N Tag Collection** – Current costs are \$16,750/mo and \$201,000/year and will not change but WILL include the costs for the municipal dumpsters. The current cost for dumpster's is \$12,784, therefore resulting in an annual savings of \$12,784.00.

**Disposal Rates** – will increase from the current \$47.47 per ton to \$56.50 per ton effective 07/01/00 and then increase to \$65.00 per ton effective 07/01/01 resulting in an annual increase of \$38,000 per year.

Reese stated that this is a 19% increase in the first year and feels that this is a very high inflation rate. He asked what the prior fees had been.

Jeff stated that it was 45.00 in the first contract but before this contract it had been 53.00. He stated that communities are mostly paying above \$65.00 currently.

Reese stated that landfills have a limited life and asked what is Waste Management's projected expectancy beyond this 5 year contract extension?

Jeff stated that nobody really knows, but feels that Waste Management will open more cells if the State will allow the permits. He stated that Waste Management has taken steps to reduce volume and project being open until at least 2010.

Andrews Parker asked if the bag prices will be increased.

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Jeff stated yes and referred to the graph illustrating the Residential Solid Waste Fund Balance (estimated). He stated that a price increase is expected to be necessary in 2003.

Berry stated that the Solid Waste Advisory Commission should perhaps consider increasing the bag prices before we get to a deficit situation. Secondly, he has a procedural question regarding whether citizens should be contacting Waste Management directly if they have a collection problem, or must they go through the City.

Jeff stated that they should go through the Environmental Programs Office and if it is after hours, there is an answering machine to leave a message and the issue will be addressed the next day.

Boc asked how much money was originally anticipated to be kept in the Solid Waste Capital Fund when this program was originally proposed?

Jeff stated around 25,000.

Boc stated that if it needs 25,000 to be solvent then why aren't we dropping the bag prices as there is a 130,000 balance.

Jeff stated he doesn't feel that 25,000 is enough to cover any emergency situations or unknowns as 130,000 only covers 2 months of operating costs.

Earle Goodwin, Chairman of the Solid Waste Advisory Commission, stated that this money accumulates 5% interest daily which goes directly into the general fund and therefore, helps the overall tax rate. He stated he agrees with Jeff that 25,000 isn't enough to cover any unforeseen circumstances.

Gary Gilmore, Solid Waste Advisory Commission members, stated that the program began in 1995 and at that time the Finance Director preferred to have a 15% surplus. He stated that he feels the money will disappear rapidly over the next few years. He then explained that the increases in the contract with Waste Management have occurred at most facilities and we had previously been spared the brunt of the increase because we still had a year on our contract. He then continued by stating that the life of the landfill is supposed to be 10 years, but feels that it will last at least for the next 5 years of our contract. He stated however, that this Council should start exploring options such as combining with other communities because it is unknown what will occur at the end of this 5 years.

Boc commended the staff and Commission for their work on this contract but feels that the excess money should be returned to the taxpayers.

Gilmore stated he cautions against this very strongly as the Commission has worked very hard to not fluctuate the bag prices in order to project stability in the program. He stated he feels that the current surplus is helping to absorb the 20% increase.

Nossiff asked Gilmore about proposing State legislation to tax out of State dumping.

Gilmore stated he has co-sponsored such a proposal, although it also included taxing \$5.00 per ton for in state dumping as well. He stated that it was meant to

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create a fund to give back to communities for cooperative landfills. He stated that in 1990 a law was passed which assessed \$2.00 per ton for out of state dumping only, but was ruled unconstitutional.

Mayberry stated he agrees with the recommendation of the staff and Commission members that the money should be kept in the fund to prevent a deficit in the future and feels that 2 months of operating expenses is not a lot of excess. He stated he also feels we should prolong increasing bag prices for as long as possible.

Reese asked for clarification as to where the bag and tag money goes, whether it is recycling or disposal costs.

Joyal stated recycling.

Reese stated that explains why the fund increases through June 2000, and then begins to drop in July 2000. He then stated that the recycling program does very well in Dover as we generate more recyclables than any other community in the state. He then asked, besides "free curbside recycling", who is making the money from the actual materials?

Jeff Pratt stated that the market for recyclable material is low and is not a money-maker. He stated other communities made a small amount of money for a couple of months, but it is no longer profitable. He stated he feels that any money that is made by Waste Management through the sale of the materials, offsets their cost for the curbside recycling program. He stated that the motivation for recycling is to keep the disposal into the landfills down.

**B. Auditor's Report**

Scott McIntire of Melanson Heath & Company, PC reviewed previously distributed documents, Management Letter and Financial Statements for Year ended June 30, 1999 (See 02/23/00 meeting folder). He stated when people look for the financial position of the community they look at the Unreserved Fund Balance Amount which is \$2,149,000.00 and represents the surplus of the City at the end of FY99 (June 30, 1999). He stated that Fund Balance is virtually unchanged from the previous fiscal year and represents 5% of the budget. He stated the City's goal is to have a fund balance of 6%, and therefore, we are close to that goal, although he would recommend shooting even higher. He stated this figure serves to improve the City's credit rating.

He then reviewed the Recommendations as outlined in the Management Letter as follows:

1. Fund Deficit in Arena Fund
2. Monitor Trend of Post Employment Health Benefits
3. Adjust Timing of School Tuition Billing
4. Review Inventory Control Procedures
5. Establish Complete Reconciling Procedure with School Department

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Reese asked about the inventory recommendation stating that although it is considered "old" inventory, isn't it necessary to replace parts in our "old" systems. McIntire stated that some of the stuff has been sitting on the shelves year after year and is inflating the balance sheet figure for that account.

Reese then asked about the Arena Fund being \$278,718 and where that is actually located in the document?

McIntire stated that this figure is on Page 32 under Liabilities: Advance from other funds under the Arena Column.

Reese asked where the 190,000 in the negative under Retained Earnings, is that an additional negative or is it included with the \$278,000 figure?

McIntire stated the 278,000 represents a Cash Deficit and the retained earnings is the accumulative effect, since the inception of the fund, of net income and net loss which is now at 190,000.

Reese then asked McIntire his opinion on the City's new software system for accounting.

McIntire stated that many of his clients are going through conversions of their systems right now and many of them experienced delays in being ready for their year end audits. He stated Dover didn't experience any delays. He stated he also feels the software generates good reports for management and auditors.

Berry asked about GASB Statement 34 inventory rules.

McIntire stated all cities will have to comply with the Governmental Accounting Standards Boards Statement 34 which was issued July 1999. He stated if it is fully implemented, it will require Cities to report in a dual perspective including Fixed Assets (which is currently required) as well as infrastructure assets. He stated that Finance Directors he has spoken with don't like it because it requires generating a lot of information that has no real value. He stated that Rating Agencies like the idea of having more information to work with, but it will not negatively impact against cities who don't have this information available.

Berry then discussed a resolution passed by the City Council 2 years ago which would establish a Capital Reserve Fund Balance account for the School and asked McIntire if this was a good idea.

McIntire stated he feels it is a good thing to have a reserve, but would not limit it to capital projects.

Berry then clarified for the public that the School Audit is a separate issue and not a part of this discussion.

Boc then asked McIntire for his opinion of the previous discussion regarding the bag and tag fund balance.

McIntire stated he was not fully attentive to the discussion as he was reviewing notes, but feels that due to the increase in the dumping fees, a surplus is necessary, but exactly how much, he isn't sure.

Schmidt asked about the #3 recommendation from last year to adjust timing of school tuition billing, whether they feel we should do it in advance or just more

frequently, although he feels that the other communities would have a problem with paying in advance.

Jeff Harrington stated that the School Department is going to a monthly billing.

### **C. Spur Road Sewer Project**

Dean Peschel, Soil Scientist reviewed the background information of the Spur Road Sewer Project as follows:

The Community Services Department is recommending a 1400 foot gravity sewer extension on Spur Road. The proposed sewer line will be extended southerly from the manhole located at the intersection of Bellamy Lane and Spur Road and will service 12 existing homes and one vacant lot on Spur Road.

The lots on Spur Road are all adjacent to the Bellamy River and range in size from less than half an acre to one and a half acres. The majority are about half an acre in size. The homes are located between 30 and 80 feet from the river's edge. Most of the onsite septic systems in the area are located between the house and the river. One septic system is two years old, one is approximately 12 years old and the remainder are more than 15 years old which is the average life expectancy of a leach field. Many of the leach fields were constructed when the properties were seasonal camps. Most of the existing leach fields are substandard as they are undersized and do not meet setback requirements from the river established by the NH Department of Environmental Services.

Several residents are experiencing problems with their existing leach fields. Those residents are considering the construction of a private force main along Spur Road. The Community Services Department believes that an extension of the public sewer line is a better and most cost effective solution. The NH Estuary Program has identified the Bellamy River as a high priority area for water quality improvement and the eventual opening of shellfish beds to harvesting. The proximity of the homes with leach fields on Spur Road serve as a nonpoint source of bacteria and nutrients to the river. The age and location of the septic systems suggest that many of these systems will require upgrading in the next few years at a cost of more than \$20,000 each. The soils in the area are high in silt and clay content with low permeability requiring large raised leach fields. The property owner at 145 Spur Road built a new home two years ago and spent nearly \$30,000 for his septic system.

The City Engineer prepared a conceptual sewer line design and solicited cost estimates from two separate contractors. The estimates range from \$113,000 to \$120,000 to install an 8" gravity sewer main 1400 feet long. The alternative, eleven replacement leach fields at \$20,000 each totals \$220,000.

The Community Services Department has done a thorough search for potential grant funding to assist in paying for the project. Several grants and low interest loans have been identified and lined up. The City Engineer will perform the design work, prepare construction plans and construction bid documents, and provide construction management. The NHDES will provide 20% of the total cost (\$150,000) or \$30,000 in grant funds. The NH Estuary Program has received a request for \$10,000 from the City of Dover through their "action now" grant program in August 1999. The NH Estuary Management Committee approved the request for \$10,000 at its December 1999 meeting. The grant funds accumulated reduce the construction costs from \$120,000 to \$80,000, which needs to be funded by property owners and the City of Dover.

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The establishment of a special assessment is provided in the Dover City Code 147-31B and C "Special Assessments" (see attachment 1). The code requires this proposal to be presented to the Dover Utilities Commission for review and recommendations.

The provisions of the code require the establishment of:

1. a cost for the project;
2. the identification of the betterment district boundaries
3. determine the cost to be borne by the City,
4. assign a pro-rata share to be paid by each property owner within the betterment district and
5. establish the maximum number of installments in which the special assessment may be paid.

The Dover Utilities Commission was presented the Spur Road sewer extension project at their August and September meetings. Upon thorough review and input from a number of the residents that will be serviced by the proposed sewer line the DUC voted to recommend the project. As a condition of their approval they recommended the inclusion of the project in the Capital Improvements Project program and that the city pay for 50% of the construction costs as there are homes located on only one side of Spur Road. This policy has been followed for similar utility extension projects where homes are on one side of the street.

The NH DES State Revolving Loan Fund will be utilized to provide low interest loans for a period of 15 years. The cost per lot for the proposed project financing \$40,000 is \$3,077. The SRF annual loan payment would be approximately \$315/year for 10 years based on the current 2.8650% interest rate. Each property owner may either pay the \$3,077 up front, or elect to make 10 annual payments.

The enclosed map shows the proposed sewer line and properties within the proposed betterment district. Table 1 shows the project budget and sources of funding. The proposed pro rata share for this project is based on per lot basis because the lots within the betterment district are not likely sub-dividable, as setbacks, minimum lot size (20,000 sq. ft.) and wetlands limit the development potential.

| <b>Fund Source</b>  | <b>Share in Dollars</b> |
|---|-------------------------|
| City of Dover (In Kind Services)<br>Design and Inspection (City Engineering Division) | \$28,000                |
| City of Dover - DUC recommendation (Construction)                                     | \$40,000                |
| NH DES 20% Grant (Construction)   | \$30,000                |
| NH Estuary Program – Grant (Construction)   | \$10,000                |
| NH Coastal Program (Existing Conditions Survey)                                       | \$2,000                 |
| Property Owners (Construction)  | \$40,000                |
| <b>Total Project Cost</b>   | <b>\$150,000</b>        |

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Mayberry stated that this area is in his Ward and his constituents are concerned that any cost overruns will be passed onto them and asked if this is the case.

Peschel stated no it will not and feels that there isn't much concern that there will be any overruns. He stated the only thing that is of concern is the increase in the price of oil as this is used in asphalt and will be an issue when final repaving occurs.

Mayberry then asked about the homeowner (William Behrmann, 145 Spur Road) who recently built a home and was told that sewer would not be made available and therefore built a \$30,000 septic system, and what allowances will be made in this case.

Dean stated that this situation was discussed by the DUC who determined that he could apply for a waiver of the tie in fee and also be granted an extension of having to tie-in.

Mayberry asked what is the project schedule?

Dean stated that design should be completed in the spring with construction to be completed by the end of construction season in the fall.

Andrews Parker asked if there are any residents affected that are on a fixed income. Mayberry stated that perhaps there are, but everyone he has spoken with are glad for this opportunity to tie into the system with payments over 10 years as their current systems are old and would need to be replaced anyway.

Andrews Parker asked if there was a certain amount that residents weren't willing to pay more than.

Dean stated the original figure they were looking at was \$80,000 which 6 of the residents responded favorably to and then the lot owner agreed as well, as this would make the lot buildable. He stated it was the DUC recommendation that the City pay ½ of the 80,000, significantly reducing the amount the homeowner needed to fund.

Andrews Parker asked if there would be any assistance available for the above and beyond cost of physical connection of the property to the sewer.

Dean stated that once the bid has been awarded, it is possible the homeowners could work out an arrangement with the contractor to get the work done while in progress.

Nossiff stated he feels this is a great deal for the customers but asked if this benefits other residences in the area that aren't being asked to contribute at this time.

Dean explained there is already a public sewer at the other end of the road and with this extension there will still be a gap of approximately 15 houses without a connection.

Nossiff asked if there will be capacity for expansion.

Dean explained that to extend any further a pump station would be required. He stated that Ray Bardwell recently was granted permission by the Council to extend his private forcemain and that this has capacity for the other properties.

Mayor Boc asked Mr. Behrmann if he would like to address the Council.

William Behrmann, 145 Spur Road – explained that he bought the property on Spur Road in 1995 which was a camp. He stated he went to the City regarding a force main and was told there would NEVER be a sewer down there. He then invested in a raised system which was \$30,000 and moved into the rebuilt home in 1997-98. He was then contacted in 1999 by Mr. Peschel, along with the other neighbors, about the proposed sewer extension. He commended Dean for all of his research and effort put forth to get this agreement together, but is obviously not pleased. He stated that even with a 4 year grace period, that would not help in recovering his 30,000 investment. He stated that he

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also would not have chosen to build a "mountain" in his front yard which is using up valuable land.

Mr. Behrmann continued by stating that this is also merely a bandaid solution as there are still going to be 14 other houses not connected who have the same exact problem. He stated if it is such an environmental concern for these houses, then those properties should be included as well. He stated he would like to know why the whole area wasn't included in this proposal.

Mayor Boc asked Mr. Behrmann what he feels would be a fair solution.

Mr. Behrmann stated the promise of a waiver is not enough and would like it in writing as well as an extension of the grace period. He stated he is not against the sewer and would have gladly tied in had he known this would be an option.

Mr. Behrmann concluded by discussing a problem with his property line several years ago.

Mayberry clarified that there will be a public hearing on March 8<sup>th</sup> regarding this issue.

Reese moved to adjourn, seconded unanimously.

Meeting adjourned at 8:45 PM.

Valerie A. French

Deputy City Clerk