

City Council Work Session
June 20, 2016

Present were: Mayor Grenier; Councilors Otis, Remillard, Gentili, Morgan Allain, Higbee, Theberge, Nelson and Rozek.

Others present included City Manager James Wheeler, Public Works Director Michael Perreault, Finance Director Patty Chase, HEB Engineer Jay Poulin, Bob Vachon, and Jerod Vartanian of Vachon Clukay, Fire Chief Randall Trull, Superintendent of Schools Corinne Cascadden, School Business Administrator Bryan Lamirande, Assistant City Clerk Elaine Riendeau, Barbara Tetreault, Berlin Daily Sun, Rodney Bengsten, and public

Mayor Grenier opened the meeting at 6:32 p.m. He requested adding a brief discussion on the budget resolution. Councilor Rozek so moved; Councilor Higbee seconded and the motion carried.

Audit Report

Jerod Vartanian reviewed the FY2015 financial statements with the Council. He said that the City received an Unmodified Opinion and that Vachon Clukay used the risk based audit approach to complete the audit. This approach focuses on areas of higher risk such as the student activity account and credit card accounts; there were no deviations found and control procedures were followed.

Mr. Vartanian reported that there is a new complex financial reporting requirement under GASB 68 for pensions. The NH retirement plan is underfunded and the requirement is to report the City's portion of the unfunded NHRS liability. Based on the actuarial only 66% of NHRS is funded equating to \$3.8 billion of unfunded liability which is divided among employers. The City's portion was .27% or \$10.5 million; school's share was .31% or \$11.9 million. This has caused a net deficit however it does not affect the tax rate. Mr. Vachon noted that the NHRS is trying to improve their position with a 30 year plan; however it is subject to legislative approval and performance of the market.

The City's total assets remained level. The General Fund ended with a fund balance of \$3,175,268 which is a decrease of \$1,770,000 from the prior year. The Airport Authority fund continues to lose money every year. Mr. Vartanian suggested that activity be reviewed as the airport has become more reliant on general fund revenues.

The City's internal controls were examined and there were no findings, and no deficiencies. Reporting of federal funding is much improved. There are strong controls and reconciliations are done on a timely basis. Each year a different item is tested; this year it was payroll and there were no issues. The Council can be confident that accurate financial information is being presented to them. He asked if there were questions.

Councilor Rozek commented that earlier this year the Council inquired about investments and the advice was that investments are found to be too risky. He asked if there are other municipalities that have found a way to increase revenue through investments. Mr. Vachon stated that there are some where the Attorney General has stepped in and issued a cease and desist. In trying to increase the yield, many communities that have invested failed. Risk should not be taken with taxpayer dollars. Mr. Vartanian stated that trust funds are private and money can be invested by the trustees.

Councilor Rozek acknowledged that there is no one from Berlin that has a plane at the airport and the airport continues to lose money each year. He asked if privatizing is the answer. Mr. Vachon stated that is a policy decision; however other communities such as Rochester, Keene and Nashua have moved ahead with privatization. There are still financial problems with those that have privatized.

Councilor Rozek asked about the Sewer Fund operating at a loss. Mayor Grenier confirmed that the loss is attributable to the depreciation of new equipment. It is an operating loss on the books.

Mayor Grenier asked the auditors to characterize the financial health of the city. Mr. Vachon reported that Patty and her staff have done a tremendous job. The Mayor and Council understand the needs of the taxpayer and they are managing to what the city needs. Mr. Vartanian stated that Berlin is not unique in that the State is passing on costs to municipalities. He thanked Patty and the Finance staff who do an outstanding job; the process has gotten better and better.

Hutchins St – Jay Poulin

Jay Poulin distributed information regarding both Hutchins Street and Route 16. Hutchins Street is currently under construction and the road has been reclaimed. The pavement will be mixed with gravel and the roadway will be built up from there starting with the geogrid and crushed gravel. The base pavement is scheduled to go in between June 27 and July 1 followed by curbing and sidewalk work. Electrical conduit is being put in however the second alternate which is pavers in the 3 ft space between the roadway and sidewalk has yet to be awarded. A decision will need to be made in the next few weeks.

Route 16

Mr. Poulin reported that Sargent has submitted the required bonds and the notice to proceed will go out upon receipt of a traffic control plan, schedule, Storm Water Pollution Prevention Plan (SWPPP) . Bid Alt 1 for the project is the grinding of 12th St to Cates Hill and it would make sense to award prior to Sargent mobilizing their equipment. Construction is anticipated to begin on July 5 with signs and mobilization. Sargent is aware that they have to maintain two lanes of traffic. Mr. Poulin said that he would keep the Council updated with a report every few weeks as well as coming in person if the Council so wishes.

Mr. Poulin reported that HEB, City and Contractor discussed possible cost savings measures and they came up with four that HEB is comfortable recommending and two that need further review. The first recommended item is a reduction in pavement from 6" to 5". Due to the roadway having an expected 10% truck use, 5" of pavement will have the same life expectancy as 6" and will reduce cost by \$143,111.

The second recommended item is to eliminate the material transfer vehicle on the first two courses of pavement and use it only on the final course. That would save about \$25,000.

The third recommended item is to remove the hydrodynamic separators saving about \$40,000

The fourth item is to reduce the landscaping by removing some of the trees in the park areas for a reduction of about \$20,000

Other items were decorative crosswalks and granite curbing at Rotary Park. Sargent may want to negotiate further cost savings in favor of forgoing the decorative sidewalks.

Councilor Nelson moved with a second from Councilor Higbee to accept the changes 1-4 and to award Bid Alt 1 for grinding and paving up to Cates Hill Road. So moved, the motion carried. Councilor Theberge asked about a parking concern on 11th St brought up by a constituent. Mr. Poulin stated that there is only one section from 11th Street to 12th Street that will not have parking because the street is too narrow.

Fire Dept Ladder Truck – Randy Trull

Chief Trull reported that the transmission on the ladder truck failed and there is no one in Berlin that can fix it. It was recommended that the truck be taken out of service. The transmission repair and other items will likely cost over \$20,000. Calls have been made to obtain a loaner ladder; however there is not one available. Lancaster is the nearest ladder to us. The repair is expected to take about three weeks. The Council is being informed because there is a window of time where there will be a liability. Councilor Nelson confirmed that there is extrication equipment available on another truck. Mayor Grenier confirmed that there is a plan in place to maintain public safety in the absence of the ladder truck.

Budget Resolution

Mr. Wheeler referred to a memo indicating the two items to be added to the budget resolution which will need to be amended.

Councilor Rozek moved with a second from Councilor Higbee to go into a non-meeting per RSA-91-A:2 1(b) Collective Bargaining. So moved, the motion carried unanimously by roll call.

There being no further business in work session, Mayor Grenier moved on to the Regular Meeting.

Respectfully Submitted,
Susan Tremblay
Administrative Assistant