

City Council Work Session
October 2, 2017

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

Others present: Executive Councilor Joe Kenney, Representatives Yvonne Thomas, Larry Laflamme, Wayne Moynihan, Robert Theberge, Herb Richardson, Brad Bailey, Bill Hatch, Troy Merner, Coos County Commissioner Rick Sampson, City Manager Jim Wheeler, School Superintendent Corinne Cascadden, Community Development Director Pamela Laflamme, Public Works Director Michael Perreault, City Clerk Elaine Riendeau, Brian Fogg, Ted Bosen, Barbara Tetreault *Berlin Daily Sun* and public.

Mayor Grenier opened the meeting at 6:30 p.m. He thanked all for attending this important meeting about the effects of HB324. He introduced Brian Fogg, a certified appraiser who has worked with Skip Sansoucy for 11 years.

HB 324 Meeting with Legislators

Mr. Fogg explained that if passed, HB324 will have an impact on the North Country and on the southern tier of the State as well. He reported what is wrong with the bill saying that if it had been in place last year, Berlin would have been shorted \$2.6 million in tax revenue from PNGTS and the tax rate would have increased by \$10.49 per thousand. Berlin is not the only municipality with a lot of utility property; Monroe has 74% of its tax base in utilities. There is now talk about phasing in the effects of the bill to soften the blow; however the impact to some communities would nonetheless be devastating.

HB 324 would affect the value on rights of way. DRA says land is valued at what the utility paid whenever they bought it. Mr. Fogg referred to side by side lots with one bought in the 70's for \$11,000 and one bought more recently for \$500,000. Using the value from the 70's does not make any sense. The BTLA and Supreme Court have denied the unit method for valuing utility property. In lobbying for the change, it has been said that NH has the highest utility rates in the country and that statement was found to be false. NH is 3rd in residential and 4th in commercial and industrial in the region.

NH is the only state that raises 66% of its revenues from property tax. NJ is the next highest at 47.5%. With no sales or income tax, we are paying less taxes in NH overall. Mayor Grenier noted that if Berlin loses the value proposed in HB324, we pay less county tax and that will have to be made up by all county communities. Mr. Fogg added that paying \$1,000 more in taxes is that much less for people to spend in the community. Mr. Wheeler indicated that he is on the ASB Board and the Board is encouraging assessors and the DRA to revisit the question of whether there is a problem in the first place. RSA 83F values were designed for a particular purpose.

Mayor Grenier stated that the debate is that 83f values are too low and utilities should be paying more in 83f. Mr. Fogg added that utilities want to do the best for their stockholders but the notion that utilities are overtaxed in NH is wrong. Representative Moynihan questioned whether market value if used to get to RSA 83 f values. Mr. Fogg noted that the unit method is used. Representative Moynihan asked is the assessing world accepts this method as valid and Mr. Fogg replied the Supreme Court and

BTLA rejected the method in recent decisions. He added that 48% of the state is not impacted by the bill.

Mr. Fogg reported that the average savings to the ratepayer would be \$26 under this bill; however there is no provision in the bill to return the money to the ratepayers. It would most likely go to the stockholders. Representative Moynihan asked if there is an element of North Country vs south and Mr. Fogg noted that there are discrepancies throughout the state; however the North Country has more utility value. Representative Laflamme asked about the function of the DRA vs. the BTLA and Mr. Fogg replied that the BTLA is a judiciary body and the DRA is a state agency. The DRA has allocated its 83F values and publishes them town by town as they are allocated. Only the utilities get to see those appraisals which is far from being transparent and open so that all the taxpayers can see how the values were arrived at. He added that there is a confidentiality factor in 83F that does not serve the public. Mr. Fogg stated that the State's Public Utility Appraiser and his assistant are licensed appraisers; however the Director of the State's Municipal and Property Division has let his license lapse.

Executive Councilor Joe Kenney asked if the city wants to see the bill amended or killed. Mayor Grenier emphasized that it needs to be killed. Executive Councilor Kenney asked the Legislators if a strategy has been developed to kill the bill. Representative Bailey noted that they wanted to see what happens in committee as the bill may not come out as "ought to pass". Executive Councilor Kenney encouraged all to write letters to the whole committee.

Mr. Fogg stated that all have the same rights of due process to get what is fair and he questioned where is it more fair than if it has gone to the Supreme Court. Representative Theberge hoped to meet with other legislators regarding this issue. County Commissioner Sampson thanked the Representatives for coming. Mayor Grenier noted that Bing Judd was not able to come; however he fervently opposes the bill. Mr. Fogg stated that a packet of information is available for additional review. Executive Councilor Kenney, Legislators, Commissioner Sampson, Mr. Fogg and Mr. Bosen left the meeting at this time.

Mr. Wheeler distributed a draft letter to the House Science, Energy and Technology Committee opposing House Bill 324. Councilor Remillard moved with a second from Councilor Nelson to send the letter on the City's behalf in opposition to HB324 as presented. So moved, the motion carried.

School Administrative Study

Ms. Laflamme explained that there is a specific scope of work to be done on the School Administration Study with a limited amount of grant money. There is the need to put as much grant money into the study and less in administration and travel expenses which limits the number of consultants to choose from. She asked the Council to waive the procurement procedure to work with MRI who are already familiar with the City.

The scope of work includes:

- Review the political structures of Berlin, Gorham and others
- Review data
- Identify alternative structures
- Identify advantages and disadvantages of each alternative

- Interview key stakeholders
- Research comparable school districts
- Project the effects of Berlin becoming part of a multi-district SAU
- Project the challenges on organization, governance
- Address how geographically large an SAU can be
- Estimate costs to Berlin and potential partner districts
- Develop FAQ

The team from MRI will include Don Jutton, Pat MacQueen and someone with educational background. Ms. Cascadden assured the Council that SAU 20 is on board with regionalization. The schools are currently working on community forums for students and employees. Councilor Remillard moved to waive the procurement provisions to allow the services of MRI on the school study for the grant funds of \$35,000; Councilor Higbee seconded and the motion carried. Mayor Grenier noted that a resolution will be needed for the next meeting to appropriate the \$35,000 from the Neil and Louise Tillotson fund.

Other

Mr. Wheeler reported that he had a resignation from the clerk in code and housing who is taking an opportunity with another employer. The goal is to hire someone equally proficient who can work in housing, code and fire. Councilor Theberge moved to go forward with the hiring; Councilor Morgan Allain seconded. Councilor Nelson asked if the current staffing is working. Mr. Wheeler noted that the Fire Department has always had a desire to have a full time clerk; however the City has been focused on consolidating. All approved the motion.

Non-Public Session

Councilor Higbee moved with a second from Councilor Theberge to enter into non-public session per RSA 91-A:3II d) land matters. So moved, the motion carried unanimously by roll call.

Councilor Theberge moved to come out of non-public session; Councilor Higbee seconded and the motion carried.

Councilor Remillard moved to seal the minutes until the Mayor and City Manager agree as releasing them would make the action taken ineffective; Councilor Higbee seconded and the motion carried.

There being no further business in Work Session, Mayor Grenier moved on to the Regular Meeting at 8:15 p.m.

Respectfully Submitted,
Susan Tremblay
Administrative Assistant-