

Memo

To: Mayor and Council
cc: Department Heads
From: Pat MacQueen
Date: February 15, 2010
Re: Manager's Report

BOP Sewer Schedule

Plans for the East Milan Road Sewer Extension, which consists of a gravity main, a pump station and a force main, were at 90 % completion at the end of December. Below, is the schedule put together by Wright-Pierce at that time for the completion of the BOP portion of the project:

90% design plans and specs to City, NHDES, NHDOT and utilities	December 2009
Submit Draft Wetlands Permit to City for review	December 2009
Submit Wetlands Permit to NHDES	January 2010
Receive Comments on 90% Plans and Specs.	January 29, 2010
Issue 100% Stamped Plans and Specifications to City and NHDES	End of February 2010
Receive Authorization to Bid from NHDES	Early March 2010
Possible Receipt of Wetland Permit	March 2010
Bidding	Early March to early April 2010
Bid Evaluation and NHDES Approval to Award	April 2010
Construction	May 2010 to May 2011 (Substantial Completion)
Temporary Service Available	Summer 2010 (between June 21 and Sept. 21)

In total, with improvements at the WWTF, this is a \$21-\$23 million project. The BOP has agreed to pay \$8.5M toward their share of this project. We have State Revolving loan (SRF) financing for the project but the State has deferred the 20% State Aid Grants (SAG) which we had been counting on to assist with the project. Also because the project had not been engineered and was not "shovel ready" we scored well but did not make the funding list for ARRA (stimulus funding). We have therefore developed an application to Rural Development for assistance with the remaining funding for the project. I met with Rural Development in Concord again last week to go over some questions they had. We hope to hear soon on this application. Putting all this together in a way that will fund this badly needed renovation project for a WWTF that is now over 30 years old has been a bit of jig-saw puzzle, but we have been approaching it on the basis that it has to happen and we will find a way to make it happen.

We have never been given a written time-line by the BOP for their facility completion and start up schedule. At one time we were told they planned to open in July of 2010. Then we heard it would be October of 2010. More recently, we have been told that opening (what they refer to as their activation plans) is something as follows: They expect hiring for the facility to begin in September /October of this year hoping that their construction will be substantially complete by that time. They will then have a period through the end of the year to go through construction "punch list" items which will be dealt with while they are staffing up and moving in. It can take six months for them to get up to full staffing, and it is likely that inmates won't be moved in until the summer of 2011.

Meeting with NHDOT

Mike Perreault and I met with NHDOT District #1 Engineer, Dave Rodrigue and his Assistant Leon Geil to talk about East Milan Road. This is one of these oddball situation roads where the State provides summer maintenance and the City provides winter maintenance on it outside of the Urban Compact which ends at the Industrial Park Road. The State is interested in getting rid of its responsibility for the road and has what they call the State Aid Highway program whereby 2/3rds of the cost of improvement to get the road into decent shape can be obtained from the State for the fixing up of the road if a municipality is willing to take over full maintenance of the road. Obviously, the municipality has to come up with the other third of the cost. Given that we will be tearing up the road with the installation of the East Milan Road sewer, researching the pros and cons of this possibility is something that we will be doing.

Budget Reviews

The last two weeks have been spent reviewing budget proposals from the various Departments. This week and next week will be spent trying to put together a budget for submission to the Mayor and Council.

Budget Inn Sign

The NHDOT Transportation Appeals Board has dismissed the appeal of the Budget Inn with respect to its sign which sits on City property at the corner of Glen Avenue and Diana Streets. I

attended and testified at the appeal hearing of this Board in December. After about three years of dealing with the matter, we hope that we are approaching the end of a process whereby the State will finally remove the eyesore. The first permit denial was in May of 2006. In November of 2008, an NHDOT hearing was held in Concord to which the Budget Inn did not show. In May of 2009 an order was issued by the Hearing Officer ordering the removal of the sign forthwith pending appeal. An appeal letter was filed and the appeal Hearing before the Transportation Appeals Board was not heard until December 2, 2009. The TAB then issued its denial of the appeal February 2, 2010. If there is no further appeal, the State will presumably have the sign removed.

EFSEC Hearing

I can't resist attaching a memo most of you have already seen in which Bill Gabler of Clean Power recounts some of what he heard from the SEC members at the EFSEC hearing about the thorough professional job the City Planning Board and City staff had gone through with respect to the review of the Clean Power Development project. This high degree of competence of the Planning Board and staff is basically the reason the SEC declined to re-hear the project. Needless to say, we should all be very proud of the Planning Board and staff in this regard.

Federal Surplus Write-Up

Speaking of competent staff, the work so finely accomplished by our PW Garage crew in taking three concrete mixer trucks from NH Surplus Property and turning them into three heavy-duty snow and dump body pieces of equipment for PWD as well as turning a surplus fire truck into a large heavy-duty dump truck was written up in the attached Federal Surplus Newsletter which is published by the National Association of State Agencies for Surplus Property. This work by City PWD staff allowed the City to acquire needed equipment which if purchased new would have cost the City in the range of a half a million dollars or more.

Legislative Matters

Pole Tax Exemption: Very similar to the State Pollution Exemption which makes no sense and is ridiculously unfair to municipalities, the State of New Hampshire year after year hangs on to the pole tax exemption for the telephone company. This tax exemption contained in RSA 72:8-b was supposed to be temporary and basically exempts from property taxes telephone poles and conduits even though many of those very same poles which may also be owned by PSNH are taxable. You have to scratch your head and ask what could possibly be the reason for this anomaly? The answer is that there is no good reason for it other than the phone company and now the cable companies have managed to lobby successfully over the years to keep it that way at the expense of the municipalities and their tax payers. This pole tax exemption is again set to expire on July 1, of this year. However, SB 492 would extend it again as has been done five times since

1998. There is no rational tax argument for extending this exemption, so its supporters have now resorted to the argument that is needed for "economic development" which is the same argument that the pollution control exemption supporters have resorted to. When you have no rational reason for getting a tax break where others don't, just call it "economic development"!

Rooms and Meals Funding: There has been an attempt in the House Finance Committee to increase by \$5M the distribution of Rooms and Meals Tax to municipalities when it voted to recommend passage of HB 1128. No one is holding their breath over this one.

Assessing Bill HB 1345: All property in New Hampshire by the State Constitution is supposed to be assessed at fair market value – in other words – the amount the property would likely sell for in an arm's length transaction in the market. Generally, there are three ways that assessors can estimate this value. These are the sales, cost and income approaches to value. Because income properties like an apartment or a retail complex are generally bought and sold or valued in the market for the income they can produce, the income approach to value is the favored approach for assessing income properties. The only problem is that there is nothing that requires a property owner to provide an assessor with basic income information on the property if the property owner chooses not to do so. Needless to say, lack of such information leads to assessments which are far less accurate than they could or should be. HB 1345 would require the owners of income properties to provide assessors with this basic business income and expense information so that the assessors have the basic tool to derive a more accurate assessment for the property which is requirement of the State Constitution. One current possible shortcoming of this bill is that it does not in its definition make clear that "commercial and industrial properties" includes utilities. While I think most would argue that utilities are "industrial and commercial" properties, it is likely (probably in the name of "economic development") that utilities will argue that they are something different than that. Utilities are all income producing properties and assessors have a difficult time getting this type of information from them. The bill needs to be amended to include "utilities".

Education Aid HB 1677: As I understand it, based on the attached communication from the so-called Coalition Communities, the House is scheduled to vote this Wednesday on a recommendation to kill this bill which would extend the current formula for education aid into FY12 and FY13 thereby guaranteeing current aid levels for another two years. If HB 1677 is killed then we would presumably see our education aid reduced in FY12 by about a half a million dollars according to the Coalition if the new education aid formula the State is currently working on goes into effect then.