

Minutes of the Special Meeting of the Board of Public Works March 7, 2005

A special meeting of the Board of Public Works was held on Monday, March 7, 2005 at 3:30 at the Division of Public Works Engineering and Administration Office, 165 Ledge Street.

Members Present

Mayor Bernard A. Streeter, Chairman	Rick Seymour, Director, DPW
James Hall, Vice Chairman	Richard Reine, Superintendent, SW
Timothy Lavoie, Commissioner	Scott Pollock, Superintendent, Streets
Daniel Gagnon, Commissioner	Steve Dookran, City Engineer
Don Dyer, Commissioner	Kathie Berube, Admin. Assistant III

David Deane, Aldermanic Liaison

Present

Maureen Lemieux, Director, Administrative Services
 Carol Anderson, CFO
 David Fredette, City Treasurer

Chairman Streeter called the meeting to order at 3:40 P.M.

I. Motion: To approve the agenda as presented.

MOTION: Commissioner Lavoie to accept the agenda as presented and a communication from Granite State Minerals, Inc. (road salt supplier for the Street Department).

SECONDED: Commissioner Gagnon.

MOTION CARRIED: Unanimously.

Scott Pollock, Street Superintendent, reviewed a communication with the Board from Granite State Minerals, Inc., which informed them that salt would no longer be available after March 11, 2005 and probably not until April 1, 2005. The explanation given by the supplier, Granite State Minerals, Inc., was that because of severe weather and the number and frequency of storms; their supply of salt was depleted.

Superintendent Pollock informed the Board that he was looking for other sources but currently has enough salt to endure 3 more storms.

II. Motion: To approve the award of the Infiltration and Inflow Study to Dufresene-Henry, Manchester, NH for an amount not to exceed \$279,610.00.

MOTION: Commissioner Hall to approve the award of the Infiltration and Inflow Study to Dufresene-Henry, Manchester, NH for an amount not to exceed \$279,610.00.

SECONDED: Commissioner Dyer.

A discussion was had regarding a phone poll taken by the Engineering Department to the Board regarding an expression of interest for this project. Chairman Streeter stated that the phone poll was not an official vote and that no expedition could have been had unless there was an actual meeting of the Board.

III. Discussion: Proposed Ordinance O-05-78 amending the restrictions on accepting solid waste

from outside Nashua at the City Landfill.

Chairman Streeter stated, "Over the last several years a thorough financial analysis of the solid waste enterprise fund has been taken. An examination by the solid waste task force was had relative to addressing the deficit, as well as many presentations over the previous 5 years which identified various options and recommended several improvements to be undertaken to substantially decrease costs for delivery of Solid Waste Services to the Citizens of Nashua while providing a sustainable economic model for the solid waste system. In each of these, two major conclusions were abundantly clear; The first being the costs to operate the Solid Waste Department compare very favorably with other alternatives for collection, disposal and management of Solid Waste. When you examine the full costs associated with each disposal ton and cost per collection stop, they are significantly less than other options. Certainly there are opportunities to modestly improve in areas, however as we have seen, these would require investments in new technologies and labor contract revisions. Both of which I intend to continually evaluate and take action as appropriate. The second finding is the principal issue in creating the deficit is the absence of a sustainable revenue source to properly fund the expenses of the Solid Waste Department. Up until this current fiscal year, in which a general fund subsidy occurred, since the establishment of the Solid Waste Enterprise Fund, the solid waste department budget has had virtually no impact on the general tax rate. This is because all revenues generated to fund the department were received through commercial tipping fees, recycling sales and ancillary activities. In fact, in several years, surpluses were returned to the General Fund and to off set the tax rate. In addition, the cost of several collection and disposal operations for other City Department and agencies are funded by the Solid Waste Department. This directly reduces the cost to other General Fund Impacting Departments and decreases the overall tax impact. The commercial tipping fee revenues mentioned are all based on tons delivered on the "spot" market with no contracts or commitments by haulers for specific volumes or price. As has been pointed out on several occasions in the past, this results in a very high-risk revenue model in which the deficit can be further increased with any loss of these "spot" market tons. In fact, this past week the City has been notified that BFI Waste, the largest customer of the Solid Waste Department, will significantly reduce the amount of Solid Waste Delivered to the Four Hills Landfill. This will have an impact to the revenue, which may exceed \$1 million dollars, increasing the deficit over what is currently projected in the FY 06 proposed budget. The Solid Waste Department is currently working with other haulers to potentially secure tonnage for disposal at the Four Hills facility, which originates in Nashua and is Currently hauled to other disposal sites. If successful this may compensate for this revenue loss for the short-term. My proposal and legislation which has been introduced to secure contract solid waste tons through inter-municipal agreements or agreements with haulers attempts to find a balance between outside revenue generation and increasing the requirements for a larger general fund subsidy. The proposal is to identify a level of deficit which the Board of Aldermen and Board of Public Works are comfortable in funding through a general fund subsidy and generate revenue through securing contract out of city solid waste tonnage for the balance. Both of these values may vary year to year, however to successfully develop agreements and attract tonnage favorable to the City, I would propose a minimum of a 5 year contract with, among other terms, price escalators and increases built in. Please bear in mind there are several challenges to overcome outside of approval by the Board of Aldermen and Board of Public Works. Some of these include:

- 1. A successful NHDES permit modification to allow for the acceptance of waste outside of Nashua. And*
- 2. Development and approval of agreements.*

The management of Solid Waste and climate operates in a complex and sophisticated business. We as a City must understand this and make the proper investments and business decisions to successfully compete. Chief among them is investigating ways to balance the desire for 1-year term disposal

capacity for the citizens and businesses of Nashua with utilizing an asset in the most effective and economically sound manner. In an effort to stay ahead of the curve, I intend to investigate other opportunities to provide dependable and determinable revenue to the Solid Waste Department, which includes re-tooling the residential credit system to ensure these discounts are targeted and received by those for which the program was designed to benefit and investigate options such as commercial Solid Waste franchise agreements along with program enhancements to maximize efficiency and conservation of landfill capacity. Fellow members of the Board of Public Works, the decision that you will be making on this subject will probably be one of the most important decisions that you as a Board will make in your term(s). I have asked Maureen Lemieux to explain how the revenue from outside sources would affect the budget and Rich Reine is available to explain the projected life of the landfill if certain decisions are made.”

Chairman Streeter recognized Alderman At-Large, David Deane.

Alderman Deane stated that he was in receipt of the Mayor's e-mail and that he thinks that BFI is reducing what they are bringing into the landfill - not a total reduction of 15,000 tons of trash but a percentage of what they are currently bringing in.

SW Superintendent, Rich Reine explained that what was communicated to him was that they will be reducing it to the amount that the residential credits that they do receive are effected, so, what ever that amount is; a substantial amount would be reduced effectively.

Director Seymour stated that Stan Walczak of BFI informed him on Friday that all the tonnage that they brought into Nashua, except for the residential tonnage, would no longer be coming to the city landfill, beginning now.

A brief discussion of residential tonnage and credits was had.

Vice Chairman Hall stated that there were representatives from BFI present and asked if they would like to comment on their recent decision to withdraw from the landfill.

The representatives declined to comment.

Chairman Streeter asked Maureen Lemieux to explain the financial impact to the Board.

Ms. Lemieux informed the Board that after having worked with all the major departments this year on the budget process and concluding budget deliberations they took a look at what the impact would be on the tax rate.

After having looked at the impact a potential 8% increase was determined, which she stated was unacceptable. Ms. Lemieux stated other ways that were looked into to affect the impact such as bonded debt and because the city has excess bond proceeds from the High School project, utilizing some of that money to reduce next years bonded debt payment was determined feasible. The education funding plans were reviewed, the overlay accounts and then solid waste. The solid waste deficit was moving from a \$1.8M deficit in the FY05 to a \$3.8M deficit in the FY06, which is an increase of \$2M. The reasons for the increase is the amount of commercial revenue that has decreased over the years as well as the increase in debt associated with the new landfill.

Ms. Lemieux explained that discussions were had with Director Seymour and Superintendent Reine as to understanding what the impact would be of any decision that may be made regarding taking outside trash. Superintendent Reine provided an analysis that showed that if the city were to take \$2M worth

of outside trash for every year for the remaining life of the landfill that approximately 7.5 years would be taken off the life of the landfill. She stated that it was clearly not an acceptable alternative either. She then added that they were now looking at how to “grow into” the increasing deficit at the landfill.

A proposal to accept up to \$2M worth of outside trash for a 5-year period, which would take a little over a year off of the life of the landfill, was being asked to consider.

The Board expressed their concern over selling capacity and decreasing the overall life of the landfill and the resource provided to the citizens and businesses of Nashua.

Commissioner Dyer asked about the Solid Waste Audit.

Director Seymour explained that it went out to bid last month and we received only one bidder and are presently waiting for a scope of services in order to negotiate a contract.

Commissioner Hall commented that the landfill is supporting the city’s tax rate. He named several city projects and stated that no fees were charged for their disposal at the landfill.

Commissioner Hall then suggested a proposal to utilize the wastewater user fund to pay for the disposal of the asbestos material bill for Majestic Heights, which is approximately 14,000 ton (@ \$200/ton). He also stated that he was not in favor on bringing outside trash into the landfill but would entertain, with proper facts, lowering the disposal rate at the landfill because apparently our rates are higher than anything around.

Chairman Streeter asked the Director about Majestic Heights.

The Director explained that he was not certain of the thought process behind not charging for the Majestic Heights project because it was part of the past administration but he would look into it.

Superintendent Reine added that it’s clear that the Solid Waste Enterprise Fund doesn’t have a sustainable revenue mechanism in place and rather than look at it year to year and attempt to come up with temporary solutions, we need to find long term solution.

Further discussion was had regarding the Majestic Heights Project.

Commissioner Hall suggested that an asbestos clause be included in every construction contract in the city.

Chairman Streeter asked if Commissioners Lavoie and Hall would continue to sit on the Solid Waste Advisory Committee and the Commissioners agreed.

Chairman Streeter recognized a gentleman in the audience.

Roland Minnieu, (sp?) 79 Lawson Street, introduced himself and wanted to inform the Board that he was not in favor of allowing outside trash into the landfill.

MOTION: Commissioner Dyer to oppose Proposed Ordinance O-05-78 amending the restrictions on accepting solid waste from outside Nashua at the City Landfill.

SECONDED: Commissioner Hall.

MOTION CARRIED: Majority. (4 in favor 1 against).

Chairman Streeter voted in favor of this proposed ordinance.

MOTION TO ADJOURN: Commissioner Dyer.

SECONDED: Commissioner Hall.

MOTION CARRIED: Unanimously.

Transcribed by

Kathie Berube, DPW/BPW Admin. III