

MINUTES OF THE FINANCE COMMITTEE
CITY COUNCIL CHAMBERS
June 26, 2023 – 5:00 p.m.

Committee Members present: Councilor David A. Witham, Chairman
Councilor Don Austin, Vice-Chairman
Councilor Robert Gibson
Councilor Richard Michaud (Mayoral Appointment)

Administration/Staff present: City Manager Bob Belmore
Finance Director Scott Smith
Director of Public Works & Utilities Michael Bobinsky
City Clerk Kristen LaPanne

Other Present: The Oaks Principal Operator Peter Harrity
Henry Herndon of Community Power Coalition of New Hampshire

Chairman Witham called the meeting to order at 5:00 p.m. and noted the Mayor appointed Councilor Michaud as a temporary member for this meeting to replace absent member Councilor Gerding.

MINUTES OF THE PREVIOUS MEETING

Councilor Austin made a motion to approve the minutes of the May 30, 2023 meeting. The motion was seconded by Councilor Gibson and passed 3-0-1. Councilor Michaud abstained.

THE OAKS GOLF COURSE MANAGEMENT LEASE EXTENSION REQUEST

Councilor Witham requested that, without objection, the Committee address The Oaks Golf Course Management Lease Extension Request. There was no objection from the Committee.

City Manager Belmore summarized the current lease agreement between the City of Somersworth and The Oaks Golf Course. Currently, the lease term has about 20 years remaining of the 38-year lease agreement signed in September of 2002. The Oaks Golf Course is requesting a lease extension of an additional 20 years out to the year 2060. Manager Belmore briefed the Committee on the reason of the extension request, he reported that The Oaks management team is looking to invest a substantial amount of funds into improvements and upgrades of the grounds and facility that is expected to take place over a 10-year timeline. In order for The Oaks to see a return of their investment, they are wishing to extend the current lease agreement. Manager Belmore pointed out the The Oaks proposed rent schedule from 2040 through 2060 with 9% increases every 4-years.

Peter Harrity provided the City with a proposed lease extension request and added that the document also outlines the current state of the property and facility conditions. Mr. Harrity stated that with about 18 years left in the current lease agreement, The Oaks has an obligation to maintain the grounds. He noted that irrigation over the last 20 years since being installed at The Oaks, has had drastic changes whereas now irrigation systems are more efficient and use less water as well as new material for the turf and cart paths that will increase the longevity.

Councilor Austin asked how many members The Oaks Golf Course has. Mr. Harrity explained that the course is not member driven and is open to the public, he stated however, that they average around 110 annual memberships each year.

Councilor Witham asked how many rounds of golf is accounted for each year. Mr. Harrity stated that when the course first opened, they had a goal of 35,000 rounds of golf which hadn't been hit until the COVID pandemic. The course closed for a total of 40 days during the pandemic and then hit approximately 37,000 rounds of golf and have seen 40,000 annually over the last 2 years. Manager Belmore added that The Oaks also hosts weddings and other functions on site within their ballroom.

Councilor Witham mentioned that the Public Works and Environment Committee met just prior to the Finance Committee and endorsed the lease extension unanimously. He commented that The Oaks brings in some revenue for the City, but more than that, brings a good look to the City and a good partnership. Councilor Witham stated that investments are needed and the extension is needed in order for The Oaks to get a return.

Mr. Harrity stated that The Oaks is a beautiful facility with many opportunities. He stated that during the initial design of the property, there were permitting issues due to protected wetlands which now pose an opportunity to improve and redesign. Mr. Harrity noted that the original team of consultants that the City had hired to design The Oaks Golf Course were retained and have been consulted and involved in all projects over the years.

Councilor Austin made a motion to support a Resolution to negotiate the proposed Lease Extension Request presented by The Oaks. The motion was seconded by Councilor Michaud.

Councilor Austin agrees that the lease extension makes sense in order for The Oaks to see a return on their investment.

Councilor Gibson questioned if there were other comparable situations where a municipality owns the property of a golf course and partners to lease with a company who manages and maintains the site. Manager Belmore stated that he is unsure if there are other New Hampshire municipally owned golf course and that it is more common in Massachusetts where they also lease or are run by the municipal's staff. Councilor Witham noted that the City of Concord owns a golf course that is maintained and operated through their Recreation Department.

The motion passed 3-0-1. Councilor Gibson abstained.

MISCELLANEOUS

Councilor Witham requested that, without objection, the Committee address the Community Power Coalition of New Hampshire (CPCNH) since representative, Henry Herndon, was in attendance. There was no objection from the Committee.

City Manager Belmore stated that he and Finance Director Smith met with Mr. Herndon to discuss the CPCNH and the standard power option currently available in an effort to compare the two. Manager Belmore and Director Smith both found that they preferred what CPCNH had to offer to the residents and business owners throughout the City of Somersworth. Manager Belmore noted that CPCNH sets aside a pot of money collected from rate payers in order to reduce any spiked rate increases to customers by offsetting some of the difference. He added that although the City owned facilities are not eligible to participate due to the Blackwater Road solar array agreement, the schools,

residents and business owners can opt in or out of the CPCNH. At this time, 33 New Hampshire municipalities are members of the CPCNH throughout the State.

Director Smith provided the Committee with a memorandum summarizing the CPCNH membership along with a PowerPoint presentation that Mr. Herndon provided.

Mr. Herndon stated that the CPCNH program is taking off throughout the State, it is a nonprofit power agency which is governed by the member cities and towns and currently has approximately 75,000 ratepayers enrolled across twelve NH cities and towns through July 2023. Councilor Witham asked if there is a greater number of enrollments, do the ratepayers get better pricing in return. Mr. Herndon confirmed that higher enrollment numbers play a part in better pricing, but CPCNH also monitors the electric market and manages the membership looking for buying opportunities for the benefit of the members. He stated that the City of Somersworth could go online as early as the Spring of 2024. Customers would receive a letter allowing them to opt into the CPCNH option or remain with their default supplier, Eversource. Mr. Herndon noted that the rates are not paid by taxpayers but rather the users enrolled into the program.

Councilor Witham expressed concern over confusion of the changes with ratepayers, especially senior residents. Mr. Herndon assured the Committee that there is a lot of education that goes into educating potential customers including sitting with the City's established Electric Aggregation Committee to identify and discuss ease of transitions. He shared that the CPCNH has a contact center available to the public from 8:00 a.m. to 5:00 p.m. Additionally, CPCNH would provide assistance in educating City staff to funnel all inquiries through the hotline.

Councilor Austin questioned that if the CPCNH program is widely successful, what happens to those residents that decide to remain with Eversource and wondered if they are negatively affected. Mr. Herndon confirmed that there is no impact to those that opt out of the program and explained that Eversource makes money off of the delivery portion of the bill and they do not generate their own power, they purchase it from a supplier.

Director Smith stated that the customers that choose to opt in to the CPCNH program will continue to receive one bill from Eversource.

Manager Belmore asked if the call center is outsourced and inquired about the CEO of CPCNH. Mr. Herndon confirmed that the call center is outsourced. He added that he is currently a consultant for CPCNH but may be transitioning to an employee under newly hired CEO Brian Callan. Mr. Herndon stated that Mr. Callan is the former CEO of New Hampshire Electric Cooperative and will have a small staff under him but the rest will be contracted out such as the call center.

Mr. Herndon directed the Committee to slide 9 to review the CPCNH governance structure noting that there are 20 members on the Board of Directors that hire and set budgets for the CPCNH. He added that there are also multiple subcommittees including a Finance Committee and Risk Committee.

Councilor Witham inquired about the requirement that the City of Somersworth establish an energy committee. Mr. Herndon noted that there are two options, the City can either create a brand-new committee or utilize a current committee and that there is a plan to be followed required by RSA 53-E and the requirements of two public hearings. Manager Belmore questioned if there is a requirement regarding the committee have a minimum number of members, Mr. Herndon confirmed there is no member minimum requirement. Manager Belmore stated that he and Director Smith advocate for a smaller committee and would like to include residents.

Councilor Witham asked if there is a risk to the City of Somersworth or to its residents. Mr. Herndon assured the Committee that the City and its residents are shielded through the agreement and that there is no financial risk or liability to the municipalities. Councilor Witham questioned if the contract agreements read similar to neighboring towns. Mr. Herndon confirmed that the contracts are almost identical as required by CPCNH.

Mr. Herndon directed the Committee to slide 7 and pointed out that supply rates through July 31st with Eversource are 20.2 cents and CPCNH rates are 15.8 cents. Councilor Witham asked if rate changes require approval from the Public Utilities Commission, Mr. Herndon responded no and stated that the reserve fund is governed by reserve policies and can be utilized to help with increases by drawing down from the fund.

The Committee discussed next steps. Director Smith recommended starting with a Resolution authorizing the City Manager to sign the Joint Powers Agreement and to establish a Committee.

Councilor Austin made a motion to sponsor a Resolution to authorize the City Manager to sign the Joint Powers Agreement and to form an energy committee. The Motion was seconded by Councilor Michaud.

Councilor Witham summarized that there would be a first read of the Resolution at the upcoming July meeting with a second read in August followed by a vote of the Council. He suggested having Mr. Herndon at the August meeting available for questions. Witham asked that the same memorandum and PowerPoint handouts be sent to the full Council for review.

The motion passed 4-0.

GMI ASPHALT SIDEWALK IMPROVEMENTS CHANGE ORDER

City Manager Belmore provided the Committee with a memorandum from City Engineer Amber Hall and explained the contractor exceeded the amount of loam and seed required by the bid specs which went over cost by \$20,800. Staff and the contractor negotiated a proposed resolution in that the City pay \$5,000 of that overage. Manager Belmore suggests that the funds come from the Public Works Department budget as they have the ability to cover the overage in expenses and requires full Council approval.

Manager Belmore explained that additional asphalt was needed at the driveways in order to be ADA compliant and the warning panel was missed by staff. Director of Public Works Bobinsky, added that he and City Engineer Hall conducted a field assessment to review the work and stated that he is very happy with the contractor and project results and feels they went above and beyond what the project initially called for.

Councilor Witham commented that he feels the change order is understood and that the project was not highly engineered during the design phase. He stated that the work contracted through GMI Asphalt, Inc. is great and would recommend using them again in the future. Councilor Austin recalled that upon receiving bids from contractors, GMI Asphalt, Inc. was significantly lower and wondered if the overages in the change order could be the reasoning. Director Bobinsky stated that two other bids did in fact come in much higher and that a few streets had to be removed from the project due to costs.

Councilor Michaud made a motion to sponsor a Resolution for the approval of the change order to the full Council as presented by City staff for an amount not to exceed \$22,300. The motion was seconded by Councilor Gibson and passed 4-0 by voice vote.

MISCELLANEOUS CONTINUED

Manager Belmore reported that the bridge along the Willand Pond recreational walking trails is in need of extensive repair. He stated that the Public Works and Environment Committee suggested inquiring about utilizing Conservation Funds for the repairs and that Director Smith would look into that as an option. Manager Belmore stated that the materials to repair the bridge is expected to cost approximately \$9,000, and added that he requested that Director Bobinsky obtain a quote to hire a contractor to complete the bridge repair as the Public Works Department staff are busy with other important City projects. Councilor Gibson asked if the bridge was safe in its current state. Manager Belmore confirmed that City staff posted a caution sign and has requested that Public Works staff look into temporary patch work to bide the City some time and give some comfort.

ADJOURNMENT

Councilor Austin made a motion to adjourn. The motion was seconded by Councilor Michaud and passed 4-0. The meeting adjourned at 6:04 p.m.

Respectfully submitted,

Kristen LaPanne, City Clerk