

METHUEN CITY COUNCIL SPECIAL MEETING  
THURSDAY, MAY 1, 2008 – 7:00 p.m.  
GREAT HALL, SEARLES BUILDING

Chairman Lahey called the Special Meeting, scheduled for Thursday, May 1, 2008 at 7:00 p.m. to order at 7:05 p.m., with all members present. The City Council unanimously voted to recess said meeting until completion of the Public Hearing scheduled for May 1, 2008 at 6:30 p.m.

Chairman Lahey re-opened the recessed special meeting at 7:20 p.m.

MOTION BY: Councilor Leone, seconded by Councilor Pappalardo to waive the Council rules and allow Councilors to speak more than twice on an item.

UPON VOTE: 7 yes, 2 no (Clr. Giordano, Clr. Lahey)

TR-08-27 Resolution Establishing Fiscal Year 2008 (fourth quarter billing cycle) Water charges as Proposed by the Department of Public Works (Request to make effective upon passage)

MOTION BY: Councilor Cronin, seconded by Councilor Kannan to adopt (for discussion), as amended.

Councilor Cronin asked what the difference is if Council doesn't adopt the irrigation rate.

Mr. Russo explained that it would be a loss of revenue not accounted for. Its approximately 4,000,000 cf. It would be two to three weeks of work to change the 2200 accounts to account for it. The city wouldn't be charging it because there wouldn't be a rate on that irrigation.

Councilor Cronin asked for the dollar figure of what its going to cost for the 4,000,000 cf or where is it going to end up on the rates; the high end user or middle end user?

Mr. Russo said the easiest thing is to charge at the high end, similar to what was proposed.

Councilor Leone said his understanding is there is a basic tiered rate and a commercial rate. If a given user uses 500 cf for their household and 500 cf for irrigation, they'll pay the 1,000 cu ft rate, not 500 cu ft at the lower rate and 500 cu ft at the higher rate. They'll pay for the 1,000 cu ft that they actually use, one rate.

Councilor Cronin said that depends if Council adopts the other amendment.

Councilor Leone noted that's the way it stands now.

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Chairman Lahey said based on Councilor Cronin's original amendment, without an irrigation rate, you're considering it a combined use. Councilor Cronin said right now its not there and asked if it is in these numbers.

Mr. Russo said it shows the flows are there, but he has not subtracted out any irrigation. Whereas the other scenarios he gave Council subtracted out the irrigation number to lower the residential numbers.

Councilor Cronin said at the rates that were proposed by the administration, the top end of that rate was \$3.25, both commercial and residential paying the same.

Mr. Russo agreed.

Councilor Cronin asked if the bottom line numbers included the irrigation or would the numbers change.

Mr. Russo said they don't have to change. It was assumed that there was no usage of irrigation during the fourth quarter. He further investigated and found there was irrigation usage. If Council does not set an irrigation rate, then 2200 accounts have to be physically changed to reflect that. When they set up the original irrigation rate, they had to set a specific line for that irrigation column.

Councilor Willette – point of information – this is a legal document. From top to bottom Council has to vote on this. There's no presumption or irrigation rate in this.

Chairman Lahey said Council isn't voting on that resolution. It was amended.

Councilor Willette stated this resolution is the original proposal presented to Council.

Chairman Lahey noted that the amended version was distributed in the packets.

Mayor Manzi said Councilor Pappalardo asked a question earlier "Would it be easier for the administration to leave the flat rate? He's answer is yes; it would be easier if Council didn't set an irrigation rate. But, if Council doesn't set an irrigation rate then they'd have to manually change 2200 accounts.

Councilor Pappalardo said she understands what the Mayor and Mr. Russo are saying but Council was never told the administration was going to add an irrigation rate until tonight and that's the problem she has.

Chairman Lahey asked Mr. Russo if the figures would work for the fourth quarter without the irrigation rate.

Mr. Russo responded yes, but 2200 accounts have to be physically changed, which will take approximately two weeks. That puts us closer to the end of the fiscal year before he can send the bills out.

Councilor Pappalardo reiterated that Council wasn't aware of that until tonight and that is not our problem.

Mr. Russo apologized. It was an assumption that was made that nobody used irrigation in the fourth quarter (wintertime) but, in fact, there is usage.

Councilor Pappalardo asked why Mr. Russo didn't realize that from the prior years.

Mr. Russo responded no, we never had an irrigation rate until the second quarter of 2007.

Mayor Manzi said it is minimal usage. In effect, it comes down to a policy decision that is more helpful to us in terms of how we process rather than a means of revenue.

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Chairman Lahey said that a lot of Councilors, himself included, have a difficult time voting on a rate that includes an irrigation, but doesn't give them a price of what they're voting on. He can't ask the Council to vote on it without the figures.

Mayor Manzi said the DPW department would do the work. The revenue number will hold up.

Mr. Russo said it wasn't a matter of making more revenue per se as opposed to making sure the bills go out on time to recover this money in this fiscal year.

Councilor Kannan asked if it would be better for consumers with a smaller yard with irrigation to have a deduct meter. She asked Mr. Russo if employees are sent out to read the deduct meter.

Mr. Russo said there is no real answer because each individual uses different amounts of water inside and outside. The savings for the deduct meter saves in sewer charges.

Councilor Kannan asked for the sewer rate.

Mr. Russo said the sewer rate as it exists is \$2.15.

Councilor Kannan noted that she would like to have an answer for anyone who might ask her. If someone should ask, she'll say it depends on his or her situation.

Mr. Russo said he'd be glad to calculate the numbers and tell them what the benefits are on both.

Councilor Willette said personally he doesn't like to subscribe to adhoc policy. There is no reference to outside usage in this original resolution and you're presuming to maintain a system that is not identified in this legal proposal.

Mr. Russo noted amendments were made to original proposal.

Councilor Willette noted that the proposal for fiscal year 2009 mentions outside usage.

Mayor Manzi said the correct answer to your question is if its not listed in the rate sheet, you can't charge it. If the administration submits a rate sheet that doesn't have a rate for outside usage, they can't charge it. They can only charge what Council specifically allows.

Councilor Willette said Council was told it would entail additional work to do a process that you had not foreseen.

Mayor Manzi said the administration brought it to Council for discussion but didn't say they didn't foresee it.

Councilor Willette said he respects the Mayor but in the past he's had concerns with prior administrations when legal documents are presented to his attention. We had a flat rate system. We had an irrigation rate for residential people. There was no assumption on the administration's part that if this proposal (in its original form) was approved that the irrigation rate would be at the high end, according to the administration.

Mayor Manzi said for the fourth quarter of 2008, if we submitted that sheet to you that you're holding up, we only have the legal ability to charge what's on the rate sheet.

Councilor Leone noted that he heard the same question getting asked, a third and fourth time, getting a different answer. The current rate structure of \$2.32 and \$2.83, assuming that 17% of the usage is commercial, which historically is what it is, \$198,000 for commercial users at \$2.83, 788,000 for residential users at \$2.32, 113,000 net from your \$10.00 service charge after the elderly discount comes to a million, ninety-nine thousand dollars for the fourth quarter before using your \$250,000 reserve. Our old

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current flat rate will give you the money that we voted to give you in the budget without the use of the \$250,000 reserve for the fourth quarter.

Mayor Manzi said he is not going to agree with Councilor Leone's numbers just yet and suggested that Mr. Russo look at them first. He failed to see how he answered the question differently.

Councilor Leone said he heard some discussion between Councilor Pappalardo and the Mayor about how leaving the flat rate was somehow not going to work.

Mayor Manzi noted that Councilor Pappalardo asked about the administration of the administration of the change, not the revenue. Administratively, it is easier to stay with the flat rate. If not, 2100 accounts will have to be manually changed.

Councilor Leone said he is recognizing his responsibility to provide funding for the system because he voted for the system budget.

Mayor Manzi said he answered the same question a number of times, saying yes.

Chairman Lahey Point of Information – All of the proposals, be it flat, new tier, new tier amended, new tier commercial, all of them funded the system. Mayor Manzi responded, yes.

Councilor Cronin clarified the proposed rate: 0 to 1,000 \$1.50, 1001 to 2000 \$2.00; 2001 to 3,000 \$2.50 and 3,001 to 5,000 is \$2.75, above 5,000 will be \$3.00 (all residential) with the sixth tier being a flat \$3.25 for all commercial users (motioned and seconded)

Councilor Pappalardo said there is no irrigation rate being added.

Mayor Manzi said that is correct.

Mr. Russo said we also included the \$10.00 service fee, \$10.00 discount for the elderly.

Councilor Cronin noted his motion includes \$10.00 service charge, \$10.00 discount for the elderly and the \$.20 for out of town accounts.

Councilor Pappalardo asked for a figure from Dracut. Mr. Russo said the usage is approximately 70,000 per day.

Councilor Pappalardo said Mr. Kelly gave her a figure of \$60,000 collected last year from Dracut. Mr. Russo repeated that it is approximately 70,000 gallons per day.

Councilor Pappalardo asked if we sell any water to Haverhill. Mr. Russo responded no.

Councilor Pappalardo asked if we sell water to anyone other than Dracut or Salem. She also mentioned the tanker trucks who get water for \$40 per tank and go and sell it for \$250, \$500, maybe \$1,000. Methuen should be charging them more money.

Mr. Russo said he could look into that further.

Councilor Giordano asked if the Council should motion at this time to deal with the tanker trucks.

Chairman Lahey said that is an issue that should be brought up at a later date.

Councilor Giordano asked if Council could increase the \$.20 fee for out of town accounts.

Chairman Lahey said Council should vote on it as it is. It only pertains to the fourth quarter of 2008.

Councilor Giordano asked if this could be brought forward at a later date.

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Chairman Lahey said this is a special meeting and should be brought forward later.

Mayor Manzi said from the administration's perspective be it the tankers or the differential of \$.20 the administration is not adverse to an increase but should remain in the market range so as to attract business. If the rate is way above market, Methuen could lose business

Chairman Lahey said he would prefer to deal with the 2008 fourth quarter rate.

Mr. Russo said if Council would allow him some time, he would do a survey of the area and tell them what the rates are and we could further look at that.

Councilor Pappalardo said she'd reserve her additional comments for a later date.

Councilor Leone explained that he rents trucks every day. The \$300 cost for a truck is not for the water. It's \$40 for the water. The truck rental is \$110 to \$125 an hour whether the tanker is carrying oil, gasoline, or water. The seller is getting his fair amount for his truck rental and buying product. Councilor Pappalardo I understand what you're saying but I still don't agree with you.

Councilor Leone said he doesn't understand why Council is even discussing 2008. The rate structure set \$2.32, \$2.83 provides the money they need. Finish the fiscal year with the rate structure we have.

Chairman Lahey said the answer he's getting is that we're trying to give a break to roughly 85/90 percent of the people for at least the fourth quarter of their rate, residents who aren't really thrilled about the flat rate. Most of the calls he's been getting haven't been coming from people who use seven eight thousand cubic feet. They've been coming from the people who use 1500, 2000, 750.

Councilor Leone said singling out 15% of the ratepayers to provide discounts to the other 85% is not fair.

UPON VOTE: (as amended) 7 yes, 2 no (Clr. Leone, Clr Pappalardo)

TR-08-28 Resolution Establishing Fiscal Year 2009 Water charges as proposed by the Department of Public Works

MOTION BY: Councilor Cronin, seconded by Councilor Pappalardo to table the 2009 rate

UPON VOTE: 7 yes, 2 no (Clr. Quinn, Clr. Lahey)

ADJOURN

MOTION BY: Councilor Leone, seconded by Councilor Zanni to adjourn.

UPON VOTE: UNANIMOUS.

The meeting adjourned at 8:15 p.m.

COUNCIL CLERK