

METHUEN CITY COUNCIL PUBLIC HEARING
MONDAY, June 30, 2008 – 6:00 p.m.

Chairman Lahey called the Public Hearing to order at 6:00 p.m., with all members present, with the exception of Councilor Willette who arrived shortly after the meeting began.

Mayor Manzi said going back to the original debate on this issue, rather than one increase which would have covered all the applicable years, there was some discussion that the increase would be covered over several years.

Mr. Russo explained that Council has a packet containing the proposal for the fiscal year 2009 water rates. The second page includes the projected expenses of \$6,784,888, a result of the budget passed last month. Taking into account the service charge and increase to fifteen dollars, it would bring in a projected revenue of \$828,000. Senior discounts would be applied at fifteen dollars equal to the service charge, a reduction in revenue of \$150,000. The revenue needed for 2009 would be \$6,106,888. They propose to utilize \$500,000 of retained earnings, requiring the rates to raise \$5,606,888. The next page shows the projected revenue based upon usage, using the same configuration as what was passed for 2008, detailing what the usage is and what the count is in each category. He further explained that the usage is made up of three components, i.e., on the residential side; there are water residential for in town and water residential for the irrigation and water residential for out of town. On the commercial side, there is the commercial usage in town and the commercial usage out of town, along with a component of the irrigation. Together the usage amounts to roughly over two hundred and ten thousand cubic feet. That's approximately a 13% increase more than the 2006 usage, which was 186,000,000 cubic feet. The charts show the residential rates would raise 4,279,560 and the commercial rate would raise 1,309,812 for a total of 5,589,472, slightly less than what they anticipated, approximately \$17,000 short. Those are the numbers and the projections.

Councilor Giordano asked about the age eligibility for the senior discount.

Mr. Russo responded, age 65.

METHUEN CITY COUNCIL PUBLIC HEARING
MONDAY, JUNE 30, 2008 – 6:00 P.M.

Councilor Kannan asked if the revenues would still be short \$17,000 after using the \$500,000 from retained earnings.

Mr. Russo responded yes. \$17,000 is not an exact number.

Councilor Kannan asked where that money would come from.

Mayor Manzi said they would have additional retained earnings. The numbers could be slightly ahead or below projection. Their best estimation is that it would be slightly less, but within their margin of error.

Councilor Zanni referred to what Councilor Kannan just mentioned. The rates that Council agreed upon May 1st in 2008, had the rate on the first thousand at \$1.50; the next it was \$2.00, the next thousand was \$2.50, two thousand cubic feet \$2.75 and after the 5,000 cubic feet it was \$3.00 and then the commercial rate was \$3.25. He then asked what was projected for the last quarter for May 1st and if the numbers are in yet, noting there may not be a shortfall based on the projection for the last quarter.

Mr. Russo said they committed \$1,204,074 for the fourth quarter water alone. All together, they committed \$4,975,963, falling short approximately \$128,000 and were going to supplement that from the reserves.

Mayor Manzi said it is based on consumption and from their perspective, the best guess that they can make. The budget they're showing allocates half a million dollars out of reserve because the rate itself will not sustain the system next year.

Councilor Zanni asked if it was 1.2 million in that budget.

Mayor Manzi responded yes.

Councilor Zanni asked Mr. Russo if he knew what the shortfall would be next year, based on his projection, based on consumption.

Mr. Russo said \$500,000 would be utilized from the reserve. This year, they would be taking \$128,000 from the retained earnings, therefore using approximately \$630,000, for the remaining of 2008 into 2009.

Councilor Zanni asked where we stand as of July 1st next year, after taking the \$128,000 out of retained earnings to meet the needs for this present year and \$500,000 next year from the 1.2 million dollars. He also asked Mr. Russo if the rates would be increased in 2010.

Mr. Russo said he couldn't project that far ahead. When the administration first came to Council with a proposal for three years, the original scenario was to have the service fee at \$10 the first year, \$15 the second year and \$20 for the third year and hopefully by the third year would not have to go into our retained earnings. If flows remain constant, then we'd be at the half million-dollar shortfall. If they're higher, then the shortfall is less. If they're lower, the shortfall is more. Mr. Russo further stated he doesn't know what the usage is going to be (higher or lower than the past year) or what the expenses are going to be at that point in time. Costs, such as oil, keep increasing expenses in the budget.

Councilor Zanni said the rates are set for this year into next year and we could possibly be looking at another increase in 2010, which we don't know. Residents are asking if this is the last of the rate increases. In 2010, at that point, there will only be five to six hundred thousand dollars left in that reserve account. Mr. Russo responded yes.

METHUEN CITY COUNCIL PUBLIC HEARING
MONDAY, JUNE 30, 2008 – 6:00 P.M.

Councilor Pappalardo asked how long these rates are in place.

Mayor Manzi said the rates are set for the entire next fiscal year, until next July 1st.

Councilor Pappalardo asked if the administration would come back to raise the rates six months from now if there is a shortfall.

Mayor Manzi stated that the administration would not come back to Council for this fiscal year, FY 2009.

Councilor Pappalardo said the Mayor would not be back to Council before July 1st, FY 2010. (Mayor Manzi reiterated he would not) Councilor Pappalardo said then come July 1st of 2010, the rates may increase again.

Mayor Manzi said for FY 2010, they don't anticipate it but if they're using reserve for 09 and don't have any additional reserve in 10, they'd have to make that up. He's not prepared to say that at this time.

Councilor Pappalardo said the website shows the old figures not the amended figures before Council this evening.

Mr. Russo said the resolution posted on the website is the resolution that was presented to Council on May 1st with the 2009 rates. But, also on that website was a link to the proposed rates, which are these new rates proposed at this time, amending the resolution that was presented May 1st to reflect these rates. Originally the top rate was at \$3.75 and now say it's going to be \$3.25.

Councilor Pappalardo said people may not realize there was a link and they were looking at the old rates that were posted.

Mr. Russo said he could see the reason to be concerned but it was the very next link next to the original rates.

Councilor Pappalardo said she had a couple of calls regarding it and did not go to the website.

Mayor Manzi said they'd put something on the front page of the website as a link to the proposed rates.

Councilor Zanni - Point of Information – said he brought that to Frank's attention before this meeting started. Its also on this public hearing notice and should be corrected.

Councilor Kannan asked if this is the first year we are paying on the bond and if that's why these rates had to increase.

Mr. Russo said this year they are paying on the treatment plant. The water tank was paid last year.

Councilor Kannan asked if that was for five million dollars.

Mayor Manzi responded, yes, for the treatment plant. Last year was the first payment on the east end water tank.

Councilor Kannan asked how many years the bond is for.

Mayor Manzi said it is a twenty-year bond.

Councilor Kannan asked when the next payment is due.

Mayor Manzi said the payment is once a year for twenty years. Once the rate proposed here is in place, it would cover this every year.

Councilor Pappalardo said there are five tiers plus the commercial rate. She asked if an irrigation rate is included.

Mr. Russo stated that there is no irrigation rate proposed.

METHUEN CITY COUNCIL PUBLIC HEARING
MONDAY, JUNE 30, 2008 – 6:00 P.M.

Chairman Lahey asked what the reserve balance would be, after the \$500,000 expenditure.

Mr. Russo said approximately \$700,000.

Chairman Lahey said, theoretically, the following year the rates increase or they continue to use retained earnings to balance the budget and that couldn't go on forever.

Mayor Manzi said when discussions began, they talked about the need to recognize the additional expenses from the bond and some of the other things that they were dealing with. The City Council expressed that whatever the administration recommended should be phased in over a couple of years, incrementally, and they're trying to buffer that increase over a couple of years and he honestly doesn't know about 2010.

Chairman Lahey said in 2010, 2011, eventually the retained earnings are going to be gone and not used to balance the rates.

Mr. Russo said they originally proposed an incremental increase in the service fees from ten dollars to fifteen dollars and by the time they got to twenty dollars, there would be no additional funds necessary.

Mayor Manzi said the incremental difference; the five-dollar increase from ten to fifteen would be constant because it's charged against the household. Mr. Russo said he would provide an exact number but it's approximately \$400,000 in revenue. Under the plan, if the rate was left alone and the incremental increase went up as they envisioned, the extra five dollars that alone could cover it.

Chairman Lahey opened the hearing up to the public.

Dorothy Kalil, 8 Oakridge Street, said she wanted it to be part of the record tonight that there is no reason for the emergency preamble on the new rates because bills will not be going out until August 1st.

Chairman Lahey asked the Solicitor to clarify his comment that an EPA wasn't required.

Attorney McQuillan said if Council passes the rate this evening, the thirty-day provision in the Charter will take effect and it is well within the time for issuance of the bills on August 1st. There is no EPA necessary.

Dorothy Kalil said she wasn't going to address this issue until she found out that the bills wouldn't be going out until August 1st. She said she listened to the explanation last time when the rates were recommended and finally adopted, when she complained about the fact that there was no emergency preamble and the resolution just said effective upon passage. Both the Solicitor and the Mayor indicated that as long as the intent was there, you didn't need the emergency preamble. She has a hard time understanding this because the Charter is quite clear. We do need the thirty days as being exercised tonight. The thirty days needs to be upheld because of our Charter unless an Emergency Preamble is on it. That thirty days is for the protection of the residents because there are certain things they can put on referendum. There are only seven things listed in the Charter that cannot go on Initiative Measure or referendums, which none of those include: tax rates, sewer rates, or water rates. All those are subject to referendum. She suggested that the Council read page 25 of the Charter. The Mayor indicated something about the intent. She could understand up to a point that the courts probably would look for intent on some

METHUEN CITY COUNCIL PUBLIC HEARING
MONDAY, JUNE 30, 2008 – 6:00 P.M.

things when there is no clear case law relative to what is being discussed or what is going for some kind of adjudication. However, we have the charter. The Charter is very specific that it takes two reads, that there is a thirty-day requirement on anything, unless it's an emergency preamble. The Mayor indicated that's only on first read, through the Chair, is that correct Mr. Manzi?

Mayor Manzi stated that an emergency preamble could only be attached on first read? That's my opinion that an emergency preamble can be attached on first read but an addendum on second read can be added to make it effective upon passage.

Ms. Kalil said but it has to be an emergency preamble. It has to be voted on twice.

Mayor Manzi said no, that's not his opinion.

Mrs. Kalil read excerpts from several City Council meetings (January 18, 2005, October 17, 2005, May 15, 2005) when Mr. Manzi was a Councilor, noting the number of times he proposed an EPA, one because of the time frame. She's never been to a Council meeting where something was said effective upon passage, unless it was something that wasn't subject to the referendum. She referred to page 25 of the Methuen Home Rule Charter, noting there are only seven things that cannot be put on referendum. This rate can go on referendum is someone chose to do it and they would have twenty days to gather the signatures after the second vote and freeze that rate. There are no provisions in here that say that cannot be done. These things are not subject to interpretation.

Jack Burke 49 Canobieola Road said he was a bit surprised when he arrived and got a copy of tonight's public hearing because he did look on line and did not see that link Mr. Russo mention. He did not know what the new rates were going to be. He also didn't know there would be a discussion on TR-08-44 with an EPA attached. He didn't notice that TR-08-44 had the seven days prior notice for the public hearing. It wasn't on the website. He said he knows that TR-08-28 is on the website, saying to remove from the table, effective upon passage. The problem with effective upon passage and with EPA's as described in the charter is that an emergency has to be an unanticipated event. If TR-08-28 were brought before the Council two months ago, he personally would not consider it unanticipated and doesn't understand why Council would even consider making it effective upon passage, which is not stated in the body of the resolution. Reading the state constitution and the state senate legislative guide, it says that if some legislation is going to be effective upon passage, it must state in the very last line of the resolution the date it will take effect, which can be any date short of the days the charter gives you. That was not in the resolution that was on line. He understands that he doesn't have access to the papers that are sitting in front of the Council but he heard tonight that the rate will be a \$1.60 to \$3.25. Although he requested it, he has not received any information similar to what Council has so that he could base a rational decision as to what the rates should be. Based on the data that he had prior to tonight, the 2006/07 data he anticipated that the rate would be a \$1.58 on the low end and about \$3.20 on the high end, which would give enough money to pay all the bills for the sewer and water. He commented that the unfilled water registrar was going to get a ten percent raise this year and doesn't understand other expenses of the water department rising at a

METHUEN CITY COUNCIL PUBLIC HEARING
MONDAY, JUNE 30, 2008 – 6:00 P.M.

13% rate and that the longevity fees would be rising at 300% in the water department this year.

Councilor Leone said the rates for the most recent quarter sent out were predicated on 186 million cubic feet. The actual sales were 211 million cubic feet (Mr. Russo said 210) Councilor Leone asked where the revenue is for the extra 25 million cubic feet. Where is the surplus? The budget is set, the rate you wanted to charge for 186 million cubic feet funded the budget. Approximately \$500,000 more was raised than what Mr. Russo anticipated.

Mr. Russo responded, no. He stated they raised and committed four million nine hundred and seventy five thousand nine hundred and sixty three dollars. Last year's budget was five million one three thousand and some change. They were short one hundred and twenty eight thousand dollars.

Councilor Leone said the rates used for the last four quarters were designed to fund their budget on 186 million cubic feet.

Mayor Manzi said the first quarter saw no change. The administration recommended a rate increase over four quarters designed to fund the new budget number. They missed the first quarter and the rate increase was for three quarters instead of four.

Councilor Leone said recalled that. He asked how much was collected in non-water revenue.

Mr. Russo when you say non-water, you're talking entrance fees, things of that nature? Councilor Leone responded yes. Mr. Russo said entrance fees for last year was 186 thousand dollars in water.

Councilor Leone said the spreadsheet given to Council three weeks ago had a figure of 211 for water entrance permits and another 200 plus for sewer.

Mr. Russo said he didn't give out a spreadsheet. Councilor Leone said Mr. Kelly did.

Mr. Russo said he gave Council what he has from the report from the same system that he ran at 9:30 this morning. It tells him it is 181 thousand four hundred and eighty for water entrance permits and four thousand six hundred dollars in...Sewer is one hundred and seventy nine thousand in sewer tie in fees and forty six hundred dollars in sewer permits, approximately 360, maybe.

Councilor Leone asked where this revenue went.

Mr. Russo said the money hasn't gone anywhere at this time. It goes into our retained earnings.

Councilor Leone said 500,000 dollars is taken out of retained earnings for this rate and about 360,000/400,000 going back in. He further stated it is not a net reduction in retained earnings.

Mr. Russo said they didn't meet our needs for this year and what he said was committed is based upon the rates. What they have collected is another story.

Councilor Leone asked why we are not collecting the revenue.

Mr. Russo said people aren't paying.

Councilor Leone suggested there maybe a need a full time person running the department to make those collections.

MOTION BY: Councilor Zanni seconded by Councilor Cronin to continue the public hearing, as it is after 6:30 p.m. UPON VOTE: UNANIMOUS.

METHUEN CITY COUNCIL PUBLIC HEARING
MONDAY, JUNE 30, 2008 – 6:00 P.M.

Chairman Lahey called the Special meeting to order with all members present at 6:30 p.m.

MOTION BY: Councilor Zanni, seconded by Councilor Kannan to recess the special meeting until the conclusion of the public hearing. UPON VOTE: UNANIMOUS.

Chairman Lahey resumed the public hearing.

Councilor Pappalardo said, in regards to Mr. Burke and the website, he's been before Council many times and he's had a problem with not having the proper documents or information on the website.

Mayor Manzi said he had the information in front of him. Mr. Russo called the information up on his computer for the Councilor to view. Mayor Manzi reiterated that the information is on the website.

Councilor Pappalardo said if a resolution is to become effective upon passage, it should be stated in the resolution and its not.

Mayor Manzi said resolution TR-08-28 is not requested to be effective upon passage.

Councilor Pappalardo noted that the first email notice requested effective upon passage. It was deleted when Council packets were delivered.

Mayor Manzi said they try to put the most up to date information on the website. If there is no request from the administration that it become effective upon passage, it wouldn't be on the website and its not.

Councilor Pappalardo commented that if there is information that needs to be put on the website, she would like to see that happen making it available for the public to review.

Mayor Manzi said he agrees with that. The full text is posted. When they transmit an ordinance or a resolution, its simply transformed from a word document and posted on the web. If effective upon passage is part of the resolution, its posted and they do a good job getting the information on the website. It is there now. Mr. Russo just showed it to him.

Mr. Russo explained that originally Council had two issues; the fee charge for the tanker fees was going to be increased and talked about as part of the public hearing, which more so was the EPA because they want that to be effective July 1st. That's when the both resolutions were combined. They have since been advised that it would be more advantageous to separate the two and have the rates effective in thirty days. That's why it does not say effective upon passage, but the tanker fees for the sale of water would need an EPA and effective today.

Mayor Manzi said unless Council wanted to sell water to the tankers at the old rate for 30 days and that would be okay with the administration.

Councilor Pappalardo said she would like to see it effect immediately. During budget time, there was a question as to who the registrar was and did not receive an answer.

Mayor Manzi explained that his answer (at that time) was that the position is currently vacant.

METHUEN CITY COUNCIL PUBLIC HEARING
MONDAY, JUNE 30, 2008 – 6:00 P.M.

Councilor Pappalardo questioned the ten percent increase in salary for the registrar, if there is no registrar.

Mayor Manzi said the amount was \$41,303 last year and is \$42,542 this year. It's the 3% that goes in there.

Councilor Pappalardo asked who is receiving that money.

Mayor Manzi explained that the funding for the registrar's position is utilized to run the system without a registrar; that would be Frank and a second payment to Steve Gagnon.

Councilor Pappalardo asked Attorney McQuillan for clarification regarding the passage of an EPA and if would be legal.

Attorney McQuillan said the Charter states an EPA should be imposed when the measure is first introduced, very clear. Fortunately or unfortunately indifferently or not this Council on a number of occasions has, prior practice showed, as the need arose probably on a pragmatic basis, that EPA were imposed on a second reading. However a strict interpretation of the Charter does state that it can only be put on at the first introduction of the measure. His interpretation would lead to it being first read.

Councilor Pappalardo said Council went through this on the fourth quarter rate. When an EPA is required, she'd like to see an EPA attached and specifically stated.

Mayor Manzi said there have been innumerable instances where an item is made effective upon passage. The City Council, prior Councils and this Council, have never called it or referred to it as an emergency preamble but rather something that makes it effective upon passage. It's his opinion that if somebody were to sue the City Council that this is a discretionary item for the City Council, its clear that its handled that way in legislative bodies throughout the country. It is the discretion of six votes of this Council whether or not it is done. That's his view. To make a measure effective upon passage is distinct from an EPA and well within the purview of this City Council and prior ones as well.

Councilor Pappalardo said the only thing she is saying about the EPA is on something where a citizen can go out for referendum, like Mrs. Kalil had said, some of them you can do effective upon passage because she or anyone else can't go out for referendum, within the 30 days.

Councilor Giordano asked Mr. Russo how much money is owed and how much people owe in arrears.

Mr. Russo said he didn't have that information.

Councilor Giordano asked if there is a list or if there are any businesses in town on that list.

Mr. Russo said he could run a report to provide that information.

Councilor Giordano asked if the city charges a late charge.

Mr. Russo responded, yes. There is a 14% interest charge per year, which continues until the bill is paid. After 30 days, it starts collecting interest at a rate of 14%.

Councilor Giordano asked how often the city sends a bill out.

Mr. Russo stated that the quarterly bill sent out shows the past due amount that is in arrears.

Mayor Manzi stated that after one year a lien is placed on the property.

Mr. Russo said the city processes liens every October and that goes on the third and fourth quarter bill.

METHUEN CITY COUNCIL PUBLIC HEARING
MONDAY, JUNE 30, 2008 – 6:00 P.M.

Councilor Giordano asked if there is any way to go after them earlier.

Mr. Russo said they have done that and run a report to try to get aggressive to collect money.

Councilor Giordano asked who does it.

Mr. Russo said it is actually the Treasurer who is the authorized agent for collections, but together they run the reports.

Councilor Giordano asked how long it takes to receive the money and does the city see a good percentage of revenue in the first and second quarter.

Mr. Russo said approximately 81% of the money in liens they were able to collect. The remaining percentage is still outstanding and is actually on the tax bill now.

Councilor Giordano asked if they anticipate more liens this year as a result of the economy. He then asked the Mayor if the city is in arrears (500,000 dollars) where the money comes from to cover the shortfall.

Mayor Manzi said it comes from everybody else and the commitment isn't always what you collect.

Councilor Giordano asked if the city uses a private collection agency.

Mayor Manzi said collections are done in house and our collection rates have traditionally been good, a little bit of slippage but as you said, in part because of the economy is preventing a lot of people from paying.

Councilor Giordano asked if there is back up plan in place if we are missing a substantial amount of revenue.

Mayor Manzi responded, yes, our estimation is they have adequate reserve to buffer us from that in case of some calamity and they don't think we'll reach that point. There is an increase in the delinquencies as seen everywhere. With regard to heating, new reports are saying there may be more shutoffs this year than the entire history of the Commonwealth and he thinks that is accurate.

Councilor Lahey said when this started we increased the entrance fees and he asked Mr. Russo and was told that those entrance fees were going strictly to the maintenance of the system, hopefully to fix water services and so forth. He asked the Mayor if he said that he put the funds in retained earnings

Mayor Manzi said, yes, it's going there but they have always said that the entrance fees were going to be used for INA, extraordinary maintenance and things of that nature. Frank will give provide more detail. What we're saying is if we don't have a project ongoing, that it would stay there; but we will fund projects with it and it our intent to use that for capital expenditures.

Councilor Lahey said maybe he misunderstood. He was under the impression it was in a separate account so it wouldn't get mixed up in any water bills if there were a shortfall.

Mayor Manzi said it is not their intent. Right now what they are saying is if there are projects that any unexpended funds would be there, but it is their intention to use those entrance fees for badly needed system upgrades. Frank will describe what it might be.

Councilor Lahey asked if there is any way he could be given a running total every year of the increase of the entrance fees, the totals that might be separated from just the retained earnings, next year and the year after. He doesn't want to dip into retained earnings.

METHUEN CITY COUNCIL PUBLIC HEARING
MONDAY, JUNE 30, 2008 – 6:00 P.M.

Mayor Manzi said they wouldn't dip into those funds and he can provide that information. They are still waiting and hopefully Council will have it by next week.

Councilor Lahey said although its all in one account, he would like a figure of what's collected and what's been accumulated over the years for the entrance fees to make sure its going where its suppose to be going.

Mr. Russo said that is easily documented.

Councilor Pappalardo asked about breaks in the street and said the citizen is now responsible to pay for that.

Mayor Manzi said no, not if it's a city main. But if it's a homeowner service, yes. (The repair doesn't go to homeowner if it's a city main.)

Councilor Pappalardo said if there is a repair that needs to be made and it's on a sidewalk, that doesn't belong to the resident.

Mayor Manzi said if its part of their service, just like a sewer service, the city doesn't install those. If its somebody's water service, it goes from the main to the home and they (homeowners) would be responsible for that.

Councilor Pappalardo asked what happens if it doesn't go into the home. They're not charged.

Mayor Manzi said if it is not part of their service, they're not charged.

Councilor Lahey – Point of Clarification – what we have is a policy that was initiated six or seven years ago. And the policy or the standard practice was we (the city) took care of the box to the main and the resident had from the box to their house. Unfortunately, it's not like that any more.

Councilor Pappalardo asked where that money goes.

Mayor Manzi said, on that there is no money per se. Essentially the homeowner pays for the repair.

Councilor Pappalardo asked who does the repair.

Mayor Manzi said a private contractor does it.

Councilor Pappalardo asked why DPW couldn't repair it.

Attorney McQuillan said they couldn't because it is a private line on private property. Under our policy, the connection between the home and the main is the responsibility of the homeowner.

Councilor Cronin said there is a line that goes from the main to the shutoff that should be part of the city's responsibility but it has not been.

Councilor Lahey said there is a new policy, since 2002, and based on that policy the resident has to pay for the service. He doesn't agree with it.

Councilor Cronin asked who sets the policy, is it the Council or someone else.

Attorney McQuillan said it is his understanding that the policy was set by DPW with an affirmation as an Executive Order by the Mayor.

Councilor Cronin said he understands that is how it was done. His question is "who should be setting the policy?" Should this Council be the policy setter for those types of items?

Attorney McQuillan said he would have to review that and report back to the Chairman.

Councilor Giordano asked if Malden Mills is all paid. Mr. Russo responded yes.

Councilor Giordano asked how much they pay the city annually.

METHUEN CITY COUNCIL PUBLIC HEARING
MONDAY, JUNE 30, 2008 – 6:00 P.M.

Mr. Russo said they, as far as water goes, it's not very much because they take water out of the pond. Their sewer account is nowhere near what it used to be. On one account there was approximately \$250,000 for one bill. It's probably close to \$300,000 that we receive per quarter from them.

Councilor Willette asked about the frequency of a service line going into the homes needing repair on an annual basis.

Mr. Russo said it is sporadic. More services are broken in the wintertime as opposed to the summertime because of the freezing ground and the shifting of the ground.

Councilor Willette asked if there is a year to year average of how many homes require this type of service and the cost factor.

Mr. Russo said possibly eight or twelve and the cost factor would vary. He recalled a couple of bills in the area of \$300, \$600 for repair of a water service.

Councilor Lahey said he believes the bills to be more like four or five thousand dollars that a citizen had to pay.

Councilor Willette said he would like that information from the previous year. If it's a private contractor, the billing statement is sent to the homeowner.

Mr. Russo said when the contractor has to dig in the street; he has to come to the city for a permit.

Councilor Willette asked if our system could handle reverting back to the previous policy.

Mr. Russo said at this time, its something to be looked at.

Councilor Willette said its not wide spread, its not a huge cost factor, its something that he can't understand why the previous administration entered into that arrangement and needs an explanation on that. With natural gas, there is the "guardian plan" which is an added cost but because we only have a certain amount of people every year that experience this problem, maybe its something that we could assume back into our system without it creating a huge deficit. The second thing is with the commercial rates, Council had a chart with the residential comparison between the different communities and Methuen is still favorable compared to other communities. He asked how that applies to the commercial rate. Are we still below the other communities?

Mr. Russo said he could look at that. Most of the rates he knows don't actually split commercial rate.

Councilor Lahey asked Mr. Russo to research some of the service breaks, how many there were, providing some history of it, how many the city repaired, how many were repaired by contractors.

Councilor Leone asked for a copy of the written policy. Chairman Lahey said there is a copy in the Council office.

Councilor Pappalardo asked for a copy of the information regarding breaks and repairs.

Mr. Russo said part of this public hearing was the increase in fees for the services for the tankers. The recommendation for the business rate is \$3.55. If we apply that business rate to a tanker truck that's going to take 9,000 gallons or 1200 cubic feet from us at that point in time, it would result in a cost of \$42.70. Therefore, the present rate of \$40 is just not enough. They propose to raise that fee to \$50. That's our rationale.

METHUEN CITY COUNCIL PUBLIC HEARING
MONDAY, JUNE 30, 2008 – 6:00 P.M.

Councilor Zanni asked, if we're going to \$50, what do other communities charge for water.

Mr. Russo said they're generally in the range of \$35/\$40. He would think that number is going to go up, too.

MOTION BY: Councilor Cronin, seconded by Councilor Zanni to close the public hearing. UPON VOTE: UNANIMOUS.

The public hearing adjourned at 7:05 p.m.

COUNCIL CLERK