

FINANCE COMMITTEE
LEWISTON, MAINE
Minutes of
April 13, 2009

PRESENT: Michael Marcotte, Stavros Mendros, Councilor Denis Theriault and Councilor Robert Reed.

ABSENT: Ronald Paradis

Meeting was called to order at 5:03 p.m. by the Chairperson Mendros.

On motion of Mr. Reed, seconded by Mr. Marcotte it was

VOTED:

(30-2009) To accept and place on file the minutes of the previous meeting dated March 16, 2009 with an Amendment that Vote 28-2009 should reflect that the third year of the contract is 2011.

VOTE: 3-0-1
Councilor Theriault abstained

The Committee considered award of Bid 2009-006 on Fire Stations Boiler Replacements. Although there were four (4) Fire Stations that were included in the proposal to replace their boilers, the City Administrator was recommending that the replacement of the boiler at Lincoln Street station be removed from the contract. This would reduce the contract for removal to the boilers at Lisbon Street, Sabattus Street and Main Street stations to \$49,215.

On recommendation of the Purchasing Agent and on motion of Mr. Theriault, seconded by Mr. Reed it was

VOTED:

(31-2009) To award Bid 2009-006 on the Replacement of Boilers at Lisbon Street, Sabattus Street and Main Street Fire Stations to Damon Mechanical, Auburn, Maine, low bidder meeting specifications at their total bid price for these three (3) locations at \$49,215.

VOTE: 4-0

The Finance Director reviewed the status of the Landfill Expansion Project with H.E. Sargent to include two (2) proposed Change Orders. Discussion also included the impact of a separate Materials Extraction Agreement between the City and H.E. Sargent for the gravel pit on River Road which was previously owned by the City.

The Materials Extraction Agreement was entered into in 1999 when the City purchased the River Road gravel pit from H.E. Sargent. A condition of the purchase was that Sargent would be able to extract 150,000 cubic yards of materials from the pit over a fifteen (15) year period. An Amendment to the Materials Extraction Agreement was negotiated in early 2002 when the City was negotiating the sale of the property to WalMart for their Distribution Facility Project. The

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Amendment allowed the City to substitute the materials from another source at no additional cost to Sargent up to the 150,000 cubic yards.

After award of the bid on the Landfill Expansion Project, H.E. Sargent approached the City on supplying the fill materials required for the project from the Materials Extraction Agreement. The amount of fill material required for the project was 77,200 cubic yards at a cost of \$4.05 per cubic yard which amounted to \$312,660. As the result of this cost and the cost of trucking the material to the site which amounted to \$142,820 resulted in the project being over budget by approximately \$354,000.

The two (2) Change Orders being recommended on the Landfill Expansion Project will reduce the cost of the project to bring it under budget. The first Change Order includes a credit in the amount of \$119,864 which utilizes bid Item 33 as an alternate to replace a cover material of tire chips to be substituted with a stone protective layer. The second Change Order would provide a credit in the amount of \$238,000 based on the 58,765 cubic yards of soil at a unit cost \$4.05 per cubic yard. This credit would be repaid to Sargent over a three year period to fulfill the requirements of the Materials Extraction Agreement.

After a lengthy discussion on this item, the following action was taken.

On recommendation of the Finance Director and on motion of Mr. Reed, seconded by Mr. Theriault it was

VOTED:

(32-2009) To authorize the following Change Orders on the Landfill Expansion Project with H.E. Sargent:

- Change Order #5 Bid alternate to Item 16 with stone protection layer (\$119,864)
- Change Order #6 Credit for City supplied Common Borrow for 58,765 cu/yds (\$238,000)

VOTE: 4-0

On recommendation of the Finance Director and on motion of Mr. Reed, seconded by Mr. Theriault it was

VOTED:

(33-2009) To authorize an Amendment to the contract with H.E. Sargent on a Materials Extraction Agreement to provide for the reimbursement of \$238,000 of materials that was supplied in the Landfill Expansion Project as well as to compensate for 56,915 cubic yards of materials remaining at the rate of \$4.05 per cubic yard plus an adjustment for trucking at the rate of \$.75 per cubic yard for a total of \$273,192 and that the payment schedule be disbursed over a six (6) year period commencing September 30, 2009 and ending September 30, 2014.

VOTE: 4-0

The Committee discussed the fiscal year 2010 Capital Improvement Program recommended by the City Administrator and focused on the amount of bonded indebtedness that the program would require over the next several years. A review of the schedules prepared and the financial impact were discussed and it was consensus of the Committee that a recommendation be made that would provide guidelines on the future authorization of bonded indebtedness by the City.

Suggestions were made on limiting the amount of bonded indebtedness authorized be no greater than the amount of debt being retired. Councilor Reed suggested that possibly using a three (3) year rolling average might eliminate some of the peaks and valleys from year to year. Councilor Theriault agreed with some types of limits but wanted to provide for situations where outside funding sources would provide opportunities for the City which should not be by passed. A suggestion was made that the limitations applied to the impact that would have on projects being totally funded by general property taxes. Mr. Marcotte indicated that he wanted to limit the amount of future debt to 90% of the debt being retired however, a consensus was reached on using a 97% ratio of retired debt.

After a lengthy discussion the following action was taken.

On motion of Mr. Reed, seconded by Mr. Theriault it was

VOTED:

(34-2009) After careful review of the Fiscal Year 2010 Capital Improvement Program and the projected impact on the City's bonded indebtedness, the Finance Committee recommends that the amount of future debt authorized by the City Council be limited to no greater than 97% of the average amount of annual debt being retired over the previous three (3) years unless the debt is financed through sources other than general property taxes, such as Tax Increment Financing, State or Federal subsidy opportunities and user fees.

VOTE: 4-0

A request was made for volunteers to serve on a Selection Review Committee for City Hall Gas Boiler & Heating System Replacement Project. Councilor Theriault and Mr. Marcotte agreed to serve on the Committee.

VOTED:

To adjourn at 6:15 p.m.

Richard T. Metivier
Clerk
Finance Committee