

CITY COUNCIL WORK SESSION

Exchange City

April 21, 2008 – 6:15 p.m.

Conference Room A

City Council Present: Mayor Ferrini, Assistant Mayor Blalock, Councilors Novelline Clayburgh, Dwyer (6:30 p.m.), Smith, Kennedy, Spear and Pantelakos

City Council Absent: Councilor Raynolds

Staff Present: John P. Bohenko, City Manager; Robert Sullivan, City Attorney; John Stokel, Middle School Principal; and Kelli L. Barnaby, City Clerk

Others Present: Fred Coker, Chair Advocate Board to Exchange City; Phillip Ross, Director of Exchange City; and various Exchange City Board Members

City Council agreed to hold this discussion in a work session rather than an Anticipated “Non-Meeting” with counsel.

Mayor Ferrini called the work session to order.

Fred Coker, Chair Advocate Board to Exchange City thanked the City Council for having Exchange City here this evening to discuss their lease. He advised the City Council that they are asking for a reasonable lease agreement in order to keep Exchange City open. He said that Exchange City does not feel the current lease is reasonable and they have paid a great deal of money to operate the building. Mr. Coker said that they are asking for rent relief and spoke to the value of the program.

Phillip Ross, Director of Exchange City said Portsmouth is the first in New England to have this program and they have struggled to have the program in Portsmouth and faced many challenges. He said they expect to pay rent but would like to see an amount that is more manageable. He spoke to the size of the building and that they only occupy half of it. In addition, he informed the City Council of the large utility bill to run the facility and said they are requesting to pay \$1.00 per year for rent and they would continue to pay 100% of the utilities. Mr. Ross said that the utilities run over \$50,000.00 per year.

John Stokel, Middle School Principal, thanked the City Council for allowing him to speak this evening. He spoke to the partnership between Exchange City and the School Department. He advised the City Council that 6th graders go to the program free of charge. He expressed his support for the program and said that it provides hands on experiences for students.

Doug Bates, President of Chamber of Commerce, said that the Exchange City program is truly distinctive to Portsmouth. He informed the City Council that there is currently a program being developed for High School students. He urged the City Council to keep Exchange City in the City.

Pat Garland, Exchange City, said she was a teacher in the City of Portsmouth for 35 years. She discussed the program and the importance to the City. She asked the City to assist in keeping the program in the City.

City Manager Bohenko said he agrees with all comments made and this is a great program. He said the City Council and administration has been the landlord for three months and the City received the property from the school. It is important for the City Attorney to speak to the history of the relationship between the City and Exchange City.

City Attorney Sullivan said Exchange City came here because of the efforts of former Superintendent of Schools Lyonel Tracy and current Superintendent Robert Lister. He said the space was provided significantly lower than market value. He reported that the arrangement was made that they would pay for the use of the school based on tax revenues. City Attorney Sullivan reported that Exchange City at one time owed over \$60,000.00 to the School Department and eviction notices were sent. He informed the City Council that the School Department's name was removed from the utility bills to ensure that our name was not damaged in any way due to the lack of payment by Exchange City. In addition, \$7,000.00 is owed in utilities and the program just came up to date with rent of \$8,000.00 on Friday.

Mr. Ross said that they have struggled since 2003 and went to the School Board on a number of occasions seeking assistance.

Councilor Dwyer asked if the Advisory Board is in charge of the fiduciary part of the program. Mr. Ross said that there is a Board of Directors and he is the head of the New England Program. Councilor Dwyer asked what the plans are for the future and what portion of funding comes from business donations and parent donations. Mr. Coker said they need two items to get on stable ground. Relief is needed on the rent and there is a need to have the other portion of the building occupied.

Mr. Ross reported that they bring in \$180,000.00 - \$200,000.00 in earned revenues. He said by the City lowering the rent it would allow the program to have a small revenue surplus. In addition, Mr. Ross informed the City Council that they have over \$700,000.00 in grants and are pursuing more.

Mayor Ferrini said that the City Council needs to see a business plan to review and consider. Mr. Ross said a business plan from Exchange City can be provided to the City Council. Councilor Dwyer said part of the business plan needs to include the payments of utilities.

Mr. Coker reported that Exchange City now has an Executive Development Plan in place and are working towards focusing on securing grants.

Councilor Smith spoke in support of the need for Exchange City to develop a business plan for the City Council to review. He expressed concern with the lack of payment by Exchange City to the School Department and City for the use of the building.

Mr. Ross said if the rent remains the same Exchange City will not be able to remain in the City. Councilor Kennedy said we need to know how Exchange City uses their funding.

Mayor Ferrini said that the City Council needs to see a business plan before a decision can be made on the request of Exchange City.

Mr. Coker said they would like to meet on a common ground and move forward together.

City Manager Bohenko said he would like to get the issue resolved and asked that Exchange City provide a Business Plan for the next City Council meeting on May 5, 2008.

At 7:00 p.m., Mayor Ferrini closed the meeting.

Respectfully submitted by:

Kelli L. Barnaby, CMC/CNHMC
City Clerk