

**ROCHESTER CITY COUNCIL BUDGET WORKSHOP
COUNCIL CHAMBERS**

June 11, 2013

7:00 PM

MEMBERS PRESENT

Councilor Hervey
Councilor Hynes
Councilor Keans
Councilor LaBranche
Councilor Lachapelle
Councilor Larochelle
Councilor Lauterborn
Councilor Reed-Erickson
Councilor Torr
Councilor Varney
Mayor Jean

OTHERS PRESENT

City Manager Fitzpatrick
Deputy City Manager Cox
Robert Gates, Resident
Gregg DeNobile
Doris Gates, Resident
Tom Kaczynski, Resident
Rick Perreault, Resident
Sue O'Connor, Resident

MEMBERS EXCUSED

Councilor Walker

MINUTES

1] Call to Order

Mayor Jean called the City Council Budget Workshop to order at 7:05 PM. The Deputy City Clerk took a silent roll call. All Council members were present, with the exception of Councilor Walker, who had been excused. *Councilor Hervey arrived at 8:05 PM.*

2] Public Input

Mayor Jean invited the public to address the City Council relative to budgetary concerns.

Robert Gates, resident, addressed the Capital Project request forms, in particular the MIS server room (a/c and fire suppression). He said it is important to protect the server and he is in favor of that. He did, however, question the \$95,000 request for a generator system for the Fire Department. He asked if there has been a decision made on that request.

Another request he had a problem with was the City Hall Annex and Master Plan. It is a building improvements project in the total amount of Two Million Seventy-five Thousand Dollars. It is listed as a "desirable" project, rather than a need. Mr. Gates believes it is a "want." He said that in light of the economy it would be better for the City to deal with needed projects rather than desired or wanted projects.

Gregg DeNobile, resident, said he agreed with Mr. Gates regarding the City Hall campus projects. He said that it is a cost that is more than the City can afford. He added that he has no interest or support for the restrooms on the Common.

Mr. DeNobile said the CIP request for the East Rochester School's thirteen million dollar renovation is too much for the citizens to fund at this time. He thinks that there should be more discussion and more public input on this matter before going forward.

Mr. DeNobile spoke about the open position on the Strafford Regional Commission and said that he endorses Tom Kaczynski as an excellent candidate for that position.

Doris Gates, resident, thanked the Council for its service to the community. She brought up the issues with renters at the Community Center. Many leases are coming up for renewal, one being for Arts Rochester d/b/a Sole City Dance. She referred to a copy of their lease. Due to the fact that they have paid a reduced rent the taxpayers have subsidized this organization over the past five years in the amount of \$89,394. She pointed out that this organization pays only \$4.25 per square foot, while others pay \$7.00 per square foot, a \$10,899 subsidized amount paid by the City. It is her opinion that they should be paying the same rental rate as every other tenant in the building. Ms. Gates had provided the council members with a copy of the lease.

Tom Kaczynski, resident, spoke about the possibility of the City lowering taxes, adding that this probably will not happen. He mentioned the subject at the last City Council meeting regarding the position for the City Manager's Executive Assistant job with a pay rate increase \$52,000 to \$58,000. He was very surprised at the salary for this position, adding that it is not comparable to many similar type positions in the area.

Mr. Kaczynski said he does not think the City Council is being careful with spending the taxpayers' money. He said that even though there is a tax cap it appears that the Council is looking to spend right up to the top of the cap.

Rick Perreault, resident, agreed with Mr. Kaczynski and also endorsed his candidacy for the Strafford Regional Commission.

Mr. Perreault spoke about Federalism and how government controls spending. He does not support the City paying for employee membership to professional

organizations. He thinks it is an expense that could be borne by the employee, not the City.

Mr. Perreault urged the City Council to put the Thirteen Million Dollar East Rochester School project on hold for the time being.

Sue O'Connor, resident, asked the City Council to pass the East Rochester School project. She said that the School Board has spent eighteen months going over this project and said that all of a sudden people are upset. She said that the East Rochester School is at 154% capacity. The fact that some schools only have 100 students at this time is because they were built to service 100 students (in 1880, 1911, and 1931). She said that people move to Rochester for the schools and not things such as the Opera House. She said that the students need a better environment at that school.

Mayor Jean asked if any other member of the public wished to address the City Council. No other member of the public came forward. Mayor Jean closed the public input portion of the meeting at 7:30 PM.

3] Communications from Deputy City Manager Cox

- **Budget Memorandum**

Deputy City Manager Blaine Cox, updated Item B of his memo that the rubbish collection number can be reduced, based on a letter he received from Waste Management, and he has documented that in the memo. He said as of the June 4, 2013, meeting, the amount allowed in Item H under the tax cap, using the Committee of the Whole Adjustments, is \$82,717, and the tax rate increase is currently at \$0.74.

Mayor Jean updated the Council regarding the Joint Building Committee meeting. He said he has been in contact with the Superintendent of Schools and the School Board Chairman to set up a meeting of the Joint Building Committee before the adoption of the budget. The meeting is scheduled for Wednesday, June 19, 2013, at 7:00 PM at the Board Room at the Community Center. He will be sending out a memo with agenda items.

Councilor Lauterborn said that she has been appointed to that committee, but due to a prior commitment she will not be able to attend the meeting. She asked Mayor Jean to replace her with another councilor who would be interested in attending the meeting.

Councilor Lachapelle pointed out that the Public Safety Committee also will be meeting on June 19, 2013. Mayor Jean said Councilor Walker, who was absent, is involved with that and he will be in contact with him.

Councilor Lachapelle asked what can be accomplished in a span of two weeks with this joint committee. Mayor Jean said there can be a more thorough analysis of the debt service that will be coming up.

Councilor Lachapelle pointed out that the School Board has voted for this project and now it is coming to the Council, who did not have a say in the process. He said there is a mixed message coming out that the Council has approved this, when in fact it is just coming before them. Mayor Jean agreed and clarified that the School Board has been looking at this matter for eighteen months. A space study has been done by architects who looked at all of the school buildings in the city and how they could be improved, including a time line on implementing the improvements. Mayor Jean said there is no way the city could implement the plan laid out in the space study. It would have to be taken in bite-size chunks and when state building aid is removed it makes the situation more dire. He said that no one is trying to minimize the size of the project, but that of all the school buildings in the city there is no more deserving of improvement than the East Rochester School.

Mayor Jean emphasized that the City Council is involved in the funding of the project. Any other questions involving the project (i.e. why East Rochester, consolidation, etc.) are all School Board questions that have been addressed by the School Board. This concept has been pushed forward by the School Board, not the City Council.

4] Budget Presentations:

- **Arena**

Chris Bowlen and David Anctil were in attendance with a PowerPoint presentation regarding the arena. Mr. Anctil began by describing the function of the Arena Commission. He said they have been very successful in phasing in the needs of the arena. Mr. Anctil said the Commission has gone over the current infrastructure needs of the building with Mr. Bowlen and they are in complete agreement with the plan.

Chris Bowlen began the PowerPoint presentation with the Arena CIP. He pointed out that the arena is 41 years old and is in need of certain improvements.

Councilor Lauterborn asked Mr. Bowlen about the figure of \$650,000 in the budget book. Mr. Bowlen said that has now been reduced to \$375,000. Councilor Lauterborn asked if the \$375,000 is the amount needed to do all of the arena improvements. Mr. Bowlen said there will be subsequent requests using a phased-in approach to achieve what is needed.

Mayor Jean said that the Arena Commission has been very careful to make sure the revenues match the oncoming debt service.

Councilor Varney asked what projects will be done this year. Mr. Bowlen said the roof needs to be replaced as it is in bad shape. Councilor Varney asked about the outside wall repair. Mr. Bowlen said that will be addressed as part of the roof repair.

Mr. Bowlen presented a Master Plan PowerPoint presentation, including the proposed disc golf course at the Squanamagonic Park.

Councilor Hervey arrived at 8:05 PM

Councilor Varney **MOVED** to change the [Arena Fund CIP] request for Project #92 from \$650,000 to \$375,000. Councilor Keans seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Councilor Lauterborn asked if it would be appropriate at this time to vote on the item Mr. Cox presented in his budget memorandum regarding Waste Management rubbish reduction. Mayor Jean said yes.

Councilor Lauterborn **MOVED** to reduce the manager-approved Public Works budget account number 542101 from \$542,852 to \$538,879, which reduces it by \$3,973. Councilor LaBranche seconded the motion. Councilor Lachapelle recused himself from the vote. The **MOTION CARRIED** by unanimous voice vote.

- **Tax Collector**
- **City Clerk**
- **Elections**
- **Assessing**
- **MIS**
- **Welfare**
- **General Government**
- **Business Office**
- **City Manager - City Council**

Deputy City Manager Blaine Cox gave an overview of the grouping of the above-listed budgets. He had passed out tables for the council members to follow along with. They are the following:

Note #2 is a summary, showing that the grouping of these budgets is proposed to decrease in appropriations by 2.3% FY13-FY14. Specifically, there is a reduction of \$78,460.

Note #3 lists the pages available in the budget book.

Note #4 refers to the increases due primarily to health insurance and retirement contributions.

Note #5 is the changes in the City Manager and Business Office payroll and benefit allocations made to the Water and Sewer Enterprise Funds. Some salary and benefit allocation have been made from the general fund to the enterprise funds to reflect the fact that staff in the City Manager's office and the Business and Finance offices do a lot of work for those enterprise funds. There were staff in the city whose salary and benefits had already been allocated to the enterprise funds prior to this. These changes were made to reflect all of the staff who work for those enterprise funds. This is a change of \$111,328 from the General Fund. It adds \$55,664 to the water fund and \$55,664 to the sewer fund.

Note #6 of General Overhead - account #511050 - Salaries- Vacancies, shows a reduction of \$179,516. This is an account that had \$0.00 appropriated for FY13, but the revised budget has become \$179,516 due to the fact that salary monies were moved whenever there were vacancies in departments and then moved back when the vacancies were filled. Mr. Cox said there is no plan to use this account in FY14.

Note #7 of General Overhead - account #584000 is a contingency fund recommendation of an appropriation of \$150,000 for FY 14. In relation to the overall budget, this contingency is less than 1/2 of 1% on a \$33 million budget.

Note #8 of General Overhead - account #589023, the Coast Bus subsidy for the Cooperative Alliance for Seacoast Transportation with a request for an increase of \$26,508, or 35% for next year.

Not #9 - the only CIP projects for MIS are a continuation of previous years' appropriations for annual hardware replacement, annual software replacement, and network upgrades.

Councilor Varney asked why it is necessary to increase the contingency by the proposed amount. He felt that the money could be found if necessary and it would be better to allocate cash for other things. Mr. Cox said it is just a basic budgeting principle to have contingencies and he recognized that the Council has done well with meeting the needs as they arise. Councilor Varney asked Mr. Cox if he would be agreeable to \$100,000 instead of \$150,000. Mr. Cox said yes.

Councilor Varney **MOVED** to reduce line item 584000 contingency from \$150,000 to \$100,000. Councilor Lachapelle seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Councilor Varney asked MIS Director Dennis Schafer a question regarding the budget request for \$100,000 to fix the server room, which he supports. He pointed out that \$80-90,000 is being spent annually for network upgrades, PC replacements, and so

on. He asked if it would be possible to reduce each request by \$5,000 this year. Mr. Schafer said this is an ongoing capital project. Councilor Varney asked Mr. Schafer how many PCs are supported in the system, how many have been replaced each year in the past few years, and how many will be replaced in the next year. Mr. Schafer said there are 187 PCs, 52 laptops, 20 servers, about 117 copiers and printers. He added that the department tries to maintain a four year cycle, but it generally does not happen. That would mean replacement of about 50 machines a year on a four year cycle. He said it is most effective when one department is done in its entirety. That would mean a department such as the Police Department would require a large amount of devices being replaced, whereas a smaller department requires much less.

Councilor Varney asked about the software upgrades. He pointed out that there is \$7,000 left from FY11 and another \$10,000 left from the current fiscal year, with \$20,000 requested for the next fiscal year. Mr. Schafer said that is primarily for Microsoft Office. The upgrades need to be done.

Councilor Torr said that at this point the City is looking at about a \$0.75 tax increase. He said that the average citizen has not had an increase in income and tax increases are a burden. He said that the City employees do not understand that an increase in taxes is a problem and that they should be able to do with less than they have in the previous year.

Councilor Varney asked a question about the Assessing Board and why they get paid. He said it is a volunteer board and why are they paid. Tom Mullin, Assessor, said he does not know where the practice originated come from other than the fact that the board members have always been paid. Mr. Mullin said depending on the year the board could meet many times or very few times. Councilor Varney pointed out that the Planning Board meets quite a bit and they do not get paid.

Councilor Hynes said that when he was on the Assessing Board that he and Mr. Purvis asked the City Manager for a stipend as they were not getting many people interested in serving on the board. That was the only reason for the stipend. It totals \$1,600 a year, or \$400 per member.

Councilor Varney said this needs to be discussed as all other boards are voluntary with no stipend. Councilor Lauterborn said she did not realize until now that the Board of Assessors get paid while other boards do not.

Mr. Mullin pointed out that the Assessing Department has held to a 0% increase for the second year in a row.

Mayor Jean asked Mr. Mullin how many hours a year does a board member put in. Mr. Mullin explained that there is more to serving on the board than attending meetings. The members have to go in to the Assessing Department on a regular basis to read data relative to appeals in order to make decisions. Mr. Mullin estimated that

the board members spend an average of an hour a week, perhaps more, during the year on assessing matters.

With no further questions for the staff of the general government, Mayor Jean said they were excused.

Councilor Varney referred to page 87 of the CIP, project #33 - DPW facility study. He **MOVED** to cut funding in the amount of \$75,000 cash for the new DPW garage. Councilor Lachapelle seconded the motion. Councilor Varney added that he would like to see the funding that was approved a couple years ago for the wash bay and paint bay as a bonded item to do the study. Councilor Varney **AMENDED THE MOTION** to change the funding source for the new DPW study to bonding versus cash. The **MOTION CARRIED** by unanimous voice vote.

Councilor Varney asked about the Granite Ridge TIF and why would the City want to appropriate any money for that when there is no project. He wanted to know what that money would be used for. Mayor Jean said he did not believe any funds would be expended when there is no project in hand. He guessed that the cost was probably for anticipated engineering.

Councilor Varney **MOVED** to change the fiscal year of project #20 (Public Improvements - Granite Ridge Phase I) from FY14 to FY15. Councilor Torr seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Councilor Varney referred to project #19, a request for \$10,000 for master plans. He **MOVED** to change the funding to \$5,000 cash. Councilor Torr seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Councilor Varney said that project #17 is listed as Public Buildings, but it says the Community Center is asking to purchase a \$57,000 truck. He asked what is being used now and why this would not be funded under the Community Center and not under Public Buildings. He would like an answer by the next City Council meeting, as well as the fact that #107 has been taken off the road, what is being used now, and why is there a need for a replacement.

Councilor Varney questioned project #14 under Public Buildings. It refers to replacing air conditioners (heating and cooling units) at the Public Library is noted at "desirable". He asked if that project can wait another year as it is not essential. Councilor Lauterborn said that she had a note from the budget presentation that the project could wait another year.

Councilor Varney **MOVED** to change the project year on project #14 under Public Buildings from FY14 to FY15, a bond item. Councilor Lachapelle seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Councilor Varney asked about project #12, the \$95,000 generator system. He said he did not get the impression from the Fire Chief that this was an essential project in this fiscal year. He **MOVED** to change the fiscal year for the generator project from FY14 to FY15. Councilor Lachapelle seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Councilor Varney **MOVED** to change project #11 of Public Buildings (the City Hall and Annex master plan) from FY14 to FY15. Councilor Lachapelle seconded the motion.

Councilor Lauterborn asked if there was a reason why the roof needed to be dealt with now. Mayor Jean said that part of the plan for the Council was to either "button up or mothball" the building to make it secure and to mitigate future mold problems. There have been leaks in the roof that have been identified and need to be resolved. The City Manager said that the plan is to remediate the environmental issue, which is mold. There has been trouble finding contractors for the roof repair since it is made of slate. The roof repair will go forward, the mold issue remediated, all non-essential walls will be removed, and the building will be "buttoned up." There is enough money approved for these projects.

Councilor Torr said he would like to see an ongoing dialogue regarding this building with the City Manager. He said this is a useful building and should not be forgotten.

Councilor Hervey questioned the roof repair. City Manager Fitzpatrick said just to be clear, money has been appropriated to repair the roof, do the environmental remediation, tear out non-essential [material] in there, and button up the building. He said if there are not funds, he would get back to the Council, but as far as he knows there are enough funds to do this. He said that space needs are of concern and will be looked at on a regular basis.

Councilor Keans said the subject of the City Hall Annex should be a topic of conversation at every meeting with the expectation that the building will be put to use soon. She said it is a great building and it is a shame that it is not being used.

Mayor Jean called for a vote on the motion on the floor, that being to move to FY15 the \$1.4 million for the City Hall Annex plan. The **MOTION CARRIED** by majority voice vote.

Councilor Varney addressed project #44 - Vehicle and Equipment Replacement Program for Public Works. He said that he and Councilor Torr had toured the yard that day. He **MOVED** to reduce the funding in total by \$50,000 in cash funding, specifically the loader purchase that was requested at \$155,000. It included a side mower that he believed the Department could do without for another year. Councilor Lachapelle seconded the motion.

Councilor Hervey asked if the purchase of the mower was to do away with a contracted service. Mayor Jean said no, it was a plan for the City to have the capability in the future. The **MOTION CARRIED** by unanimous voice vote.

Councilor Varney said there are projects in the budget for the Community Center. He said that Councilor Hervey had mentioned the possibility that these projects could be eligible for CDBG funding in the future. He asked if there was any further information about this. Elena Engle, Community Development Specialist, from the Planning Department, said there is no further information, but that she and Deputy City Manager/Director of Economic Development Karen Pollard are looking into specific eligibility requirements. The Community Center projects have met some of the low- to moderate income criteria; however, some of the projects done in the past were eligible because they had to do with handicap accessibility.

Councilor Torr **MOVED** to delay the Community Center projects (#94 and #96) to FY 15. Councilor Lachapelle seconded the motion. He pointed out that the two projects (#94 and #96) are listed as "desirable" and can be pushed out to use CDBG money. Councilor Lauterborn felt that removing the projects could make the Community Center less marketable. The Council discussed dividing the motion into two parts. The first part was to push project #94 to FY15. The **MOTION CARRIED** by majority voice vote. The second half of the motion regarding project #96 (relative to the gym heating system) to move to FY15 was briefly discussed. Councilor Hervey questioned the description of leaks. Councilor Keans asked for clarification on where the heating system was located. Councilor Lauterborn asked if it was related to the sprinkler system. Mayor Jean said he did not believe it is. The **MOTION CARRIED** by unanimous voice vote.

Councilor Lauterborn wanted to discuss the upgrade of the Executive Secretary position in the Economic Development Department. She asked that the councilors read pages 2-8 of the section that describes the position. She said the salary is an increase of \$3,436, a minor amount of money to do the right thing for this person and for the position. She added that the City Manager's secretary has just been upgraded to an Executive Assistant and the Deputy City Manager/Finance Director has an Executive Secretary, so Deputy City Manager Pollard should also have an Executive Secretary. She is going to propose it and urged people to read up on it in the Department Issues and Options book.

Councilor Larochelle agreed with Councilor Lauterborn and supported upgrading the position for the benefit of the City.

6] Other

Mayor Jean said that at the next City Council meeting there will be a public hearing on the budget and the Council will work on budget adjustments and changes. This will give the Finance Department time to make the changes and not be rushed.

Mayor Jean said that he wanted the Joint Building Committee to meet before the budget adoption so there can be discussions about the finances of the school project and have a better discussion at the June 25, 2013, meeting. He proposed doing the major budget adjustments at the next Council meeting. The June 25, 2013, meeting will be a Special Meeting only.

Councilor Lauterborn said that the City Manager and Deputy City Manager Cox and his staff presented excellent budget materials. She said they were very thorough, it is very easy to find things, they are full of information, and the best material she has ever worked with while on the City Council. She wanted to thank them for the good work.

7] Adjournment

Councilor Lachapelle **MOVED** to adjourn the Budget Workshop at 8:58 PM. Councilor LaBranche seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Respectfully submitted,

Marcia H. Roddy
Deputy City Clerk