

CITY OF ROCHESTER
NOTICE of PUBLIC MEETING:
FINANCE COMMITTEE

Meeting Information

Date: February 14, 2017
Time: 6:30 P.M.
Location: City Council Chambers
31 Wakefield Street
Rochester, New Hampshire

Agenda

1. Call to Order
2. Public Input
3. Unfinished Business - None
4. New Business
 - 4.1 Recreation Department Summer Hiring
 - 4.2 Tax Payer Notification of Changes in Assessments
5. Finance Director's Report
6. Monthly Financial Statements
7. Other
8. Adjournment

Posted by: _____ Date: _____

Locations Posted: (1) _____ (2) _____

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: Recreation Summer Hiring

Date Submitted: February 1, 2017

Name of Person Submitting Item: Recreation Director Bowlen

E-mail Address: chris.bowlen@rochesternh.net

Meeting Date Requested: February 14, 2017

Issue Summary Statement:

The Recreation Director recognizes that his fiscal year 2018 budget will not be approved until sometime in June. However, he needs to begin very soon his hiring process for the summer staff he needs. As in past years, he seeks Council approval to begin his hiring process ahead of formal budget approval.

Recommended Action:

Approve the Recreation Department's summer hiring process prior to FY2018 budget adoption.

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: Tax Payer Notification of Changes in Assessments

Date Submitted: 2017-02-09

Name of Person Submitting Item: Deputy Mayor Varney

E-mail Address: [Deputy Mayor Varney Email](#)

Meeting Date Requested: February 14, 2017

Issue Summary Statement:

Deputy Mayor Varney requested staff to provide commentary on the issue of informing tax payers in the event that their property tax assessment is adjusted during the tax year. Attached is a memorandum from Chief Assessor Walker.

Recommended Action:

None



City of Rochester, New Hampshire

Assessor's Office
19 Wakefield Street
Rochester, New Hampshire 03867-1915

Telephone
(603) 332-5109
Fax
(603) 335-7591

02/03/2017

Blaine Cox, Deputy City Manager
City of Rochester
31 Wakefield Street
Rochester, NH 03867

Re: Notification to Property Owners of Value Changes

Blaine,
This is going to be a bit long winded so I apologize ahead of time!

The Normal Tax Year: Most of the changes that will happen in a normal tax year are done on the first bill. This could include, but not limited to, permits, subdivisions, mergers & abatement requests from the previous year. We are not concerned about these types of changes because the taxpayer usually knows the assessment will change and they have the opportunity to voice objections after the first bill, prior to the final bill.

Changes to the assessments that would occur after the first bill might include cycle inspections, permits not finalized earlier, tax payer requests for abatements and/or changes made to the property record card that would have a clear reason as to why we have changed it (usually data changes).

In all of the communities that Corcoran Consulting Associates has a contract we do not send notification for the normal assessing process. Sometimes if the property is changing a large amount we may send an individual letter to the owner explaining what we have discovered and why the assessment has changed. This is done on an individual basis and helps with public relations.

Partial Updates/Full Re-valuations Tax Year: The most concern might come when an update in value is done based on the current sales data, whether it is a partial update to the community or a full revaluation. The New Hampshire Department of Revenue recommends, during an update year, that notification to the property owner occur. They also recommend that an opportunity for informal hearings take place. It is not mandatory and can be quite costly to a community.

Our company has many practices in this situation, all are based on what the community would like to see happen. Whether the concerns are financial or public relations related, the governing body or the manager would make a decision on how it should be handled.

Rochester Notification Process: My understanding is after the new values are finalized they are put on the City website. Property owners then have the opportunity to call the assessing office to talk to someone about their concerns. No formal notification or hearings take place. Any information brought forward would affect future values, but the taxpayer would only receive an abatement after going through the abatement process.

Corcoran Consulting Notification Practice: What do we do when an update in assessed values has taken place whether it is a partial update or a revaluation year?

Most of our smaller communities send letters out to either all property owners that have gone up in value by any amount or property owners where the value has changed by more than \$10,000 or in one Town we send them out only if the property has gone up by 5% or more.

In most of these smaller communities, after the notification is sent, there is an opportunity to make an appointment in the assessing office. This allows for one of our appraisers to explain the property record card, the update process and answer any questions a property owner may have. During this meeting the property owner can voice their objections and/or bring in market data or appraisals to show why they believe the new assessment is overvalued. This is called an informal hearing.

Most of our larger communities will send out notification with an opportunity for a phone call or for the property owner to bring in information for the assessor to look at, but there are no hearings. The notifications can happen before the values are finalized for the year (prior to the MS-1 being completed) or they can be sent out after the values are finalized. If they are sent out after the values are already determined, the abatement process would need to be followed for the property value to be changed.

Notifications can be an expensive process. By choosing to notify when assessed values have gone up by a certain amount we are addressing the property owners that are the most affected. Hearings are time consuming and can be tough. A lot of people come in to complain about everything and anything that they are aggrieved by. The twenty minute appointment could bring forth pertinent information, thereby be fruitful or be deemed as unsuccessful.

That being said, I like the notification process, with or without the hearings. It is good public relations to give a property owner a heads up that the change has happened. If it is done before we finalize values, the taxpayer can present information to our department and it helps them to feel like they are part of the process. Sometimes people just need to feel heard or have the assessing process explained to them.

If the notification process takes place prior to the assessments being made final it helps us to weed out areas that may need more “tweaking”. This allows us to make final adjustments before the tax bills go out. This helps keep formal abatements to a minimum. (We do not re-notify tax payers unless the property is going up further than the original letter.)

If the notification is done after the values are finalized, the taxpayer is more prepared if the assessment goes up and the tax rate does not go down. They can still present information to our office. The information may affect future values, however, if the taxpayer were due an abatement they would have to follow the abatement process to receive a reduction on the current tax bill.

Please let me know if I can provide any additional information.

Respectfully,

Marybeth G. Walker, CNHA
Rochester Chief Assessor

REPORT from FINANCE:

Finance Committee Meeting Information

Date: February 14, 2017
Time: 6:30 P.M.
Location: City Council Chambers
31 Wakefield Street
Rochester, New Hampshire

Items

1. **Internal Audit of Cash Receipts:** Despite no specific concerns, a recent incident in a neighboring community has prompted the Finance Department to initiate an internal audit of the City's cash receipting processes. The first step will involve a review of each department's documentation of their current process. The next step will consist of the creation of a 3-person team from the Finance Department to conduct an internal audit to ensure that each department is following its documented process correctly. The final step will involve an effort by the Finance Department to improve & standardize all processes as much as possible.
2. **Bond Issue** – The Finance Office is gearing up for a bond issue in March - April. The total par amount will be \$23,966,104. The breakdown summary is as follows:
 - City General Fund \$9,244,224 (est. annual P&I \$694k)
 - School General Fund \$2,260,002 (est. annual P&I \$170k)
 - Water Fund \$4,460,661 (est. annual P&I \$335k)
 - Sewer Fund \$7,863,228 (est. annual P&I \$590k)
 - Arena Fund \$137,989 (est. annual P&I \$10k)

Then tentative schedule related to the bond is:

- | | |
|--|-------------------------------|
| ○ Rating Calls with Moody's, S&P | Week of March 6 th |
| ○ Receive Ratings | March 13 th |
| ○ Mail the Official Statement to Investors | March 22 nd |
| ○ Sale Date | March 29 th |
| ○ Closing/ Receive Funds | April 6 th |

3. **Chief Assessor** – As was previously reported, the City has contracted for an *interim* contracted Chief Assessor (up to June 30, 2017) with Corcoran Consulting Associates. Also previously reported, a salary survey of comparable Chief Assessor positions revealed:

COMMUNITY	POPULATION	# OF PARCELS	CHIEF ASSESSOR		
			STATUS	RANGE MIN	RANGE MAX
ROCHESTER		12,888	E	59,899	80,294
CONCORD	42,444	14,669	E	77,709	109,782
SALEM	28,776	12,679	E	72,059	101,277
LONDONDERRY	25,196	10,188	E	70,808	93,916
HUDSON	25,000	9,500	E	70,543	90,719
KEENE	23,419	7,938	E	86,048	107,231
PORTSMOUTH	21,440	8,983	E	90,597	115,207
BEDFORD	21,203	8,311	E	66,274	95,900
MILFORD	15,200	6,000	E	50,158	77,006
LEBANON	13,500	5,534	E	69,700	97,500
DERRY	32,948	11,783	E - PT 16 hrs/wk		43,264
DOVER	30,000	10,410	CONTRACTED		
MERRIMACK	25,563	10,897	CONTRACTED		
SOMERSWORTH	11,765	4,323	CONTRACTED		
AVERAGE				72,655	98,727
ROCH TO AVG				(12,757)	(18,433)
NASHUA	87,000	30,000	E	61,500	103,300
HANOVER	11,260	3,378	E	83,543	126,623

Note: Nashua & Hanover, shown at the bottom of the data above, were removed as outliers.

Rochester's current salary range is significantly below the average. As a comparison to the City's existing positions, the Chief Assessor would need to be moved from a Grade 11 up to a Grade 15 to become comparable to other communities:

GRADE	RMMG WAGE SCALE	FY17 MIN	FY17 MAX
10	City Clerk	57,020.96	76,400.46
11	Chief Assessor	59,898.51	80,293.78
11	Tax Collector	59,898.51	80,293.78
12	Director of Welfare	62,907.01	84,265.14
12	Systems Supervisor	62,907.01	84,265.14
13	Director of Recreation	65,993.08	88,500.36
13	Dir of Code Enforcement	65,993.08	88,500.36
13	ED Manager	65,993.08	88,500.36
13	Library Director	65,993.08	88,500.36
14	Director of Planning	69,352.14	92,951.37
15	NO POSITIONS	72,819.75	97,598.94
16	NO POSITIONS	76,460.73	102,478.89
17	Director of Public Works	80,276.90	107,591.37
17	Fire Chief	80,276.90	107,591.37

The next step is to update & compare the salary grading of the position using the grading system adopted as part of the Merit Plan and then make a recommendation to the City Manager. An adjustment to the Chief Assessor salary does not need to go to the Personnel Advisory Board or the City Council since this is an existing position.

4. **MIS Update** -

4.1 CIO Job Description – A Chief Information Officer (CIO) job description has been drafted. A copy can be viewed here: [CIO Position Description](#). Municipal Resources has provided two reports on CIO salary data. These can be found at these two links: [Report #1](#) and [Report #2](#). The City's Human Resources Manager has also applied the Merit Plan grading system and the results were: Position rating of 582 points, pay grade 16 (551-600 points). The salary range would be \$80,136 to \$108,136. In the next month, this position will be submitted to the Personnel Advisory Board, City Manager and City Council for review and approval.

4.2 Network Upgrades Immediate & Long Term – Ms. Roman, Dennis Schafer and the technical staff at ePlus met on January 24th to (a) to identify how best to apply

current MIS CIP appropriations available, estimated at about \$323K (see below), to address the most urgent network needs and (b) to develop a three-year capital project plan.

MIS CAPITAL IMPROVEMENT ACCOUNTS as of 12-19-2016	
PROJECT TITLE	REMAINING
TELEPHONE SYSTEM UPGRADE	\$70,000.00
TELEPHONE SYSTEM UPGRADE	\$60,000.00
SubTotal	\$130,000.00
NETWORK UPGRADE/EXPANSION	\$238.16
NETWORK UPGRADE-EXPANSION	\$89,757.01
NETWORK UPGRADE EXPANSION	\$20,000.00
SubTotal	\$109,995.17
ANNUAL SOFTWARE UPGRADES	\$15,811.23
ANNUAL SOFTWARE UPGRADE	\$20,000.00
GOVERNMENT SYSTEM SOFTWARE UPGRADE	\$9,814.57
ANNUAL SOFTWARE UPGRADES	\$20,000.00
SubTotal	\$65,625.80
ANNUAL HARDWARE REPLACEMENT	\$17,711.37
SubTotal	\$17,711.37
Grand Total:	\$323,332.34

An immediate needs project plan was agreed upon. The scope of work detailed addresses the security, obsolescence and glaring deficiencies identified in the Information Technology Assessment Reports received last month. The estimated amount of funding appears to exceed the existing appropriations available by as much as \$50k. A policy decision will need to be made regarding financing options. Specifically, does the City want to continue purchasing technology hardware outright or enter 5 or 10-year capital lease arrangements? Outright purchase avoids interest costs associated with leasing. Leasing provides for ongoing technology upgrades and fixed/ level budget expenses from year to year. More details on the scope of work and associated costs are being developed for the March Finance Committee meeting.

- 4.3 **Deputy City Attorney** – The existing #2 position in the Legal Office held by Attorney Mitrushi has the title of “Police Prosecuting Attorney.” A copy of the

position description can be found here: [Prosecution Attorney](#). The City Manager is planning to recommend amendment of the title to Deputy City Attorney and recommend amendment of the job description to reflect the role of Attorney Mitrushki as the #2 staff person in the Legal Department. The amended position will be rated by the Human Resources Manager and then sent to the Personnel Advisory Board before being presented to the City Council.

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: Monthly Financial Statements Summary – as of January 31, 2017.

For the full detail report, click here: [Detailed Monthly Financial Report as of January 31, 2017](#)

Revenues Summary – General Fund, Enterprise Funds

<u>ACCOUNT DESCRIPTION</u>	<u>REVISED ESTIM REV</u>	<u>ACTUAL YTD REVENUE</u>	<u>REMAINING REVENUE</u>	<u>% COLL</u>
11031 CITY CLERK REVENUE	\$ 105,320	\$ 49,246	\$ 56,074	47%
11061 BUSINESS OFFICE REVENUE	\$ 55,000	\$ 38,972	\$ 16,028	71%
11062 BUSINESS OFFICE REVENUE	\$ 1,000	\$ 250	\$ 750	25%
11071 TAX COLLECTOR REVENUE	\$ 29,425,392	\$ 28,708,301	\$ 717,091	98%
11081 GENERAL OVERHEAD REVENUE	\$ 5,101,132	\$ 2,783,778	\$ 2,317,355	55%
11101 PLANNING	\$ 15,250	\$ 41,636	\$ (26,386)	273%
11201 REV LEGAL OFFICE	\$ 50,000	\$ 31,554	\$ 18,446	63%
12011 POLICE CITY REVENUE	\$ 318,495	\$ 170,831	\$ 147,664	54%
12021 FIRE CITY REVENUE	\$ 17,325	\$ 22,714	\$ (5,389)	131%
12022 FIRE STATE REVENUE	\$ 13,500	\$ -	\$ 13,500	0%
12031 DISPATCH CENTER	\$ 62,044	\$ 58,785	\$ 3,259	95%
12041 CODE ENFORCEMENT REVENUE	\$ 362,975	\$ 378,877	\$ (15,902)	104%
13011 PUBLIC WORKS REVENUE	\$ 35,200	\$ 36,945	\$ (1,745)	105%
13012 STATE HIGHWAY SUBSIDY	\$ 609,283	\$ 365,570	\$ 243,713	60%
14011 WELFARE REVENUE	\$ 7,500	\$ 1,966	\$ 5,534	26%
14021 RECREATION REVENUE	\$ 130,000	\$ 110,657	\$ 19,343	85%
14031 LIBRARY REVENUE	\$ 12,915	\$ 7,660	\$ 5,255	59%
1000 GENERAL FUND	\$ 36,322,331	\$ 32,815,687	\$ 3,506,644	90%
<u>ACCOUNT DESCRIPTION</u>	<u>REVISED ESTIM REV</u>	<u>ACTUAL YTD REVENUE</u>	<u>REMAINING REVENUE</u>	<u>% COLL</u>
5001 WATER ENTERPRISE FUND	\$ 5,896,667	\$ 1,749,605	\$ 4,147,061	30%
5002 SEWER ENTERPRISE FUND	\$ 6,877,157	\$ 2,001,690	\$ 4,875,467	29%
5003 ARENA ENTERPRISE FUND	\$ 581,453	\$ 247,352	\$ 334,101	43%

Note: Water and Sewer Fund Revenues Collected appear to fall short by one quarter each fiscal year until final quarterly billings are posted in September of the following fiscal year.

Expenditures – General Fund, Enterprise Funds

ACCOUNT DESCRIPTION	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCE	AVAILABLE BUDGET	% USED
11000051 CITY MANAGER	\$ 399,890	\$ 214,944	\$ 25,985	\$ 158,961	60%
11012351 ECONOMIC DEVELOPMENT	\$ 475,213	\$ 281,509	\$ 17,282	\$ 176,422	63%
11020050 MUNICIPAL INFORMATION	\$ 426,679	\$ 226,487	\$ 45,138	\$ 155,054	64%
11030051 CITY CLERK	\$ 290,862	\$ 149,728	\$ 38,895	\$ 102,239	65%
11040050 ELECTIONS	\$ 46,251	\$ 39,912	\$ 947	\$ 5,393	88%
11050070 ASSESSORS	\$ 414,322	\$ 199,267	\$ 46,682	\$ 168,374	59%
11060051 BUSINESS OFFICE	\$ 517,112	\$ 312,599	\$ 984	\$ 203,529	61%
11063151 HUMAN RESOURCES	\$ 139,811	\$ 84,170	\$ 3,661	\$ 51,980	63%
11070070 TAX COLLECTOR	\$ 342,182	\$ 196,206	\$ 1,300	\$ 144,677	58%
11080050 GENERAL OVERHEAD	\$ 717,983	\$ 191,294	\$ 104,648	\$ 422,041	41%
11090050 PB CITY WIDE 50	\$ 583,627	\$ 373,426	\$ 2,693	\$ 207,508	64%
11090051 PB CITY HALL 51	\$ 63,239	\$ 29,551	\$ 4,143	\$ 29,545	53%
11090052 PB OPERA HOUSE 52	\$ 40,378	\$ 26,406	\$ 1,744	\$ 12,229	70%
11090054 PB CENTRAL FIRE 54	\$ 16,411	\$ 9,394	\$ 3,921	\$ 3,096	81%
11090055 PB GONIC FIRE 55	\$ 18,739	\$ 13,534	\$ 4,675	\$ 529	97%
11090056 PB LIBRARY 56	\$ 34,002	\$ 14,954	\$ 2,447	\$ 16,602	51%
11090057 PB DPW GARAGE 57	\$ 14,138	\$ 7,504	\$ 2,366	\$ 4,268	70%
11090059 PB ER FIRE STATION 59	\$ 750	\$ 149	\$ -	\$ 601	20%
11090061 PB HISTORICAL MUSEUM	\$ 1,600	\$ 506	\$ 900	\$ 194	88%
11090063 PB HANSON POOL 63	\$ 5,005	\$ 1,865	\$ -	\$ 3,140	37%
11090064 PB GONIC POOL 64	\$ 2,880	\$ 907	\$ 519	\$ 1,454	50%
11090065 PB EAST ROCHESTER POO	\$ 2,650	\$ 1,106	\$ 244	\$ 1,300	51%
11090068 PB GROUNDS 68	\$ 9,960	\$ 5,060	\$ 214	\$ 4,686	53%
11090069 PB DOWNTOWN 69	\$ 15,500	\$ 6,772	\$ 1,500	\$ 7,228	53%
11090070 PB REVENUE BUILDING 7	\$ 28,687	\$ 11,347	\$ 1,854	\$ 15,486	46%
11090071 PB PLAYGROUNDS 71	\$ 1,590	\$ 629	\$ -	\$ 961	40%
11090075 PB NEW POLICE STATION	\$ 35,796	\$ 15,146	\$ 5,182	\$ 15,467	57%
11090077 PB OLD POLICE STATION	\$ 9,925	\$ 750	\$ 750	\$ 8,425	15%
11102051 PLANNING	\$ 361,660	\$ 208,115	\$ 4,934	\$ 148,612	59%
11200051 LEGAL OFFICE	\$ 543,843	\$ 278,873	\$ 3,989	\$ 260,981	52%
12010053 PD ADMINISTRATIVE SER	\$ 1,891,285	\$ 1,194,173	\$ 55,202	\$ 641,910	66%
12012453 PD PATROL SERVICES	\$ 4,694,252	\$ 2,578,435	\$ -	\$ 2,115,817	55%
12012553 PD SUPPORT SERVICES	\$ 399,100	\$ 232,251	\$ -	\$ 166,849	58%
12020054 FIRE DEPARTMENT	\$ 4,212,927	\$ 2,428,427	\$ 22,833	\$ 1,761,667	58%
12020055 FIRE DEPT 55 GONIC SU	\$ 28,556	\$ 10,043	\$ -	\$ 18,513	35%
12020754 CALL FIRE	\$ 30,964	\$ 5,585	\$ -	\$ 25,379	18%
12030153 DISPATCH CENTER	\$ 746,093	\$ 423,495	\$ 6,541	\$ 316,057	58%
12040051 CODE ENFORCEMENT	\$ 570,067	\$ 328,302	\$ 4,251	\$ 237,515	58%
12050050 AMBULANCE	\$ 56,468	\$ -	\$ 56,468	\$ -	100%
13010057 PUBLIC WORKS	\$ 2,081,186	\$ 1,143,704	\$ 297,232	\$ 640,251	69%
13010957 WINTER MAINTENANCE	\$ 463,953	\$ 263,768	\$ 48,756	\$ 151,429	67%
13020050 CITY LIGHTS	\$ 271,500	\$ 147,351	\$ 3,875	\$ 120,274	56%
14010051 WELFARE	\$ 458,850	\$ 224,611	\$ 13,120	\$ 221,119	52%
14022072 RECREATION ADMINISTRA	\$ 562,338	\$ 324,823	\$ 9,344	\$ 228,171	59%
14022150 RECREATION PLAYGROUND	\$ 82,663	\$ 75,829	\$ -	\$ 6,834	92%
14022250 RECREATION POOLS	\$ 78,507	\$ 62,393	\$ 80	\$ 16,034	80%
14030056 LIBRARY	\$ 1,121,163	\$ 666,253	\$ 39,992	\$ 414,918	63%
15000051 COUNTY TAX	\$ 6,133,368	\$ 6,133,368	\$ -	\$ -	100%
17010051 TRANSFERS/PAYMENTS DE	\$ 3,431,440	\$ 1,818,551	\$ -	\$ 1,612,889	53%
17030050 OVERLAY	\$ 164,944	\$ 14,436	\$ -	\$ 150,508	9%
17040051 TRANSFER TO CIP & OTH	\$ 2,823,466	\$ 802,066	\$ -	\$ 2,021,400	28%
1000 GENERAL FUND	\$ 35,863,775	\$ 21,779,971	\$ 885,288	\$ 13,198,517	63%
ACCOUNT DESCRIPTION	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCE	AVAILABLE BUDGET	% USED
5001 WATER ENTERPRISE FUND	\$ 5,896,667	\$ 2,312,742	\$ 157,774	\$ 3,426,151	42%
5002 SEWER ENTERPRISE FUND	\$ 6,877,157	\$ 3,181,965	\$ 124,137	\$ 3,571,056	48%
5003 ARENA ENTERPRISE FUND	\$ 581,453	\$ 296,788	\$ 7,192	\$ 277,474	52%