

CITY OF ROCHESTER
NOTICE of PUBLIC MEETING:
FINANCE COMMITTEE

Meeting Information

Date: September 13, 2022
Time: 6:00 P.M.
Location: City Council Chambers
31 Wakefield Street
Rochester, New Hampshire

Agenda

- 1. Call to Order**
- 2. Acceptance of Minutes:** August 9, 2022. Pg. 2
- 3. Public Input**
- 4. Unfinished Business:**
 - 4.1.1** Assessing Property Tax Exemptions, Pg.7
- 5. New Business-**
 - 5.1.1** Pictometry Aerial Imagery Flyover-Fall 2022 Pg. 9

Reports from Finance & Administration

- 5.2.1** Land Use Change Tax Collections-Conservation Fund, Pg.11
- 5.2.2** Monthly Financial Report Summary-August 31, 2022, Pg.12

- 6. Other**
- 7. Adjournment**

Finance Committee

Meeting Minutes

Meeting Information

Date: August 9, 2022

Time: 6:00 P.M.

Location: 31 Wakefield Street

Committee members present: Mayor Callaghan, Deputy Mayor Lachapelle, Councilor Beaudoin, Councilor Gray, Councilor Hainey, Councilor Larochelle, and Councilor Hamann.

City staff present: Deputy City Manager/Finance Director Katie Ambrose, Deputy Finance Director Mark Sullivan. Chief Assessor Jonathan Rice. Director of City Services Peter Nourse.

Others present: Ray Barnett, resident.

Agenda & Minutes

1. Call to Order

Mayor Callaghan called the Finance Committee meeting to order at 6:00 PM.

2. Acceptance of Minutes: July 12, 2022

Councilor Lachapelle **MOVED** to **ACCEPT** the minutes of the July 12, 2022 Finance Committee meeting. Councilor Hamann seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

3. Public Input

Ray Barnett, resident, addressed the Committee regarding the elderly/veteran/blind/disabled tax exemptions to be discussed later on the agenda. Mr. Barnett inquired about the written public input/publicly submitted documentation and suggested these be available for public review. Mayor Callaghan asked Mr. Barnett to distribute copies of his documentation on tax exemptions to the Committee.

4. Unfinished Business:

4.1.1 Assessing Property Tax Exemptions

Jonathan Rice, Chief Assessor, summarized the updated documentation he had submitted to the committee comparing Rochester's exemptions versus those of comparable neighboring communities. Mr. Rice also presented a document detailing the exemption denials from 2018

through the present and the reasons for said denials. Mr. Rice addressed the Committee regarding the question posited at a prior meeting in regards to how many residents did not apply for the exemptions, knowing that they did not meet the thresholds. He stated that it was not possible to determine these numbers; however, he did outline the number of residents who had formerly been denied who would have qualified if the single and married income threshold were increased.

Chief Assessor Rice referenced questions that had been raised at a prior Finance meeting in regards to HB 1667, the approved State bill regarding veteran's tax credits. He clarified that the effective date of this bill was July 26, 2022, which took effect after the current year's tax cycle and will not be reflected in Rochester until April 2023.

Mr. Rice gave a brief summary of the criteria considered when determining these tax credits, but qualified that when exemptions are given, there is a cost to the tax payers. He detailed an analysis he had performed comparing Rochester to 14 other NH communities: by taking their total taxable assessed value and dividing it by their total issued exemptions and credits, to come up with a percentage of that total assessed value. He used this percentage to rank Rochester amongst the other communities and to illustrate how Rochester is amongst the more giving communities in the State.

Mr. Rice explained the options for adjusting the elderly/disabled/blind exemptions. He stated that the City could adjust the income and asset limitations, which would potentially allow more residents to qualify. Alternately, the City could adjust the amount that is being reduced for the elderly/disabled/blind assessed valuation; however, this would add to the amount that taxpayers are going to have to make up for these exemptions granted. Mr. Rice clarified that these valuations are based on 2019 revaluation. The only changes since this time are based on physical changes to a property, not increase in value. Mr. Rice further explained the effect if a revaluation were conducted in the current market.

Councilor Larochelle referenced Chief Assessor Rice's credit exemption analysis document. He asked how the exemptions and credits were combined since a credit is a dollar amount off a tax bill where an exemption reduces the taxable property by a particular amount, so it would need to be multiplied by the tax rate to make it somewhat comparable to a credit. Councilor Larochelle questioned the amount of an exemption being granted versus the value of the residence in which the recipient resides. He stated he would prefer to see the actual reduction in taxes resultant from the credit or exemption as opposed to the exemption itself. He felt this would be more comparable. Mr. Rice explained his rationale for combining the exemptions and credits within his analysis, to simplify the data in order to capture how much a community is giving as opposed to the effect on the tax rate. He stated that this data is available and can be easily calculated for this credit amount if desired, however he felt the results would be the same.

Councilor Hamann asked for the definition of assets, as used when determining eligibility. Chief Assessor Rice stated retirement savings and second homes, amongst multiple other items included on an official list.

Mayor Callaghan **MOVED** to recommend to full Council the increase of the single and married

income limitation by 10% each (single up to \$38,500 and married up to \$55,000). Councilor Lachapelle seconded the motion. The **MOTION CARRIED** by a majority voice vote.

5. New Business-

4.1.1 FY23 New Positions

Finance Director Ambrose directed the Committee to the recommendations of the Personnel Advisory Board (PAB) for the job descriptions and classifications of six new positions. These are all positions that had been approved in the FY23 budget process; once the Finance Committee makes a recommendation, the positions can be approved by City Council and posted for hiring. Director Ambrose clarified that the Business Systems Analyst position had no comparable municipal equivalents in the State. Based on discussion with the department head on the position's functions and an updated analysis on the position, City Staff is now recommending that the position be a grade 11 as opposed to the original PAB recommendation of a grade 10.

Councilor Lachapelle **MOVED** to recommend to full Council the approval of all six new positions with the updated recommendation for the Business Analysts Position from Grade 10 to Grade 11. Councilor Hamann seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

4.1.2 Bid Waiver-Katie Lane Drainage Project

Peter Nourse, Director of City Services, explained that this item had originally come out of the Public Works Committee and been referred back to Finance by the full Council. Katie Lane is a subdivision off Salmon Falls Road accepted in 2005 prior to completion of drainage and infrastructure work on the road. Shortly after the subdivision was developed, residents on a portion of Portland Street near East Rochester School began to experience significant increase in surface water coming into their back yards. Director Nourse explained that the issue was reported to him in 2020 and he leveraged the department's construction services contract to review the concern. This contract goes out every few years and is awarded to the lowest bidder. However, upon further review, it was determined that the Katie Lane issue could not be resolved with modest improvements. It was discovered that the pond is overwhelmed with storm water and there are also extensive wetlands in the area, which DES prohibited from being impacted. Director Nourse explained the scope of the construction services contract, which covers smaller scale projects of a 4-week or less duration, that the department is not able to handle on their own. This project, however, is more complex. It is going to be on a larger scale and will likely turn into multiple phases taking longer than 4 weeks, necessitating the bid waiver. Director Nourse explained the drawbacks that would be experienced if the department were required to go to bid for this project.

Councilor Lachapelle asked if, when the street was accepted, they retained any money from the surety bond from the developer. Director Nourse stated that he was not aware of the specific details from the timeline of the street acceptance besides the residents being eager to receive City services and the City Manager at the time wanting to push it through to provide those services despite the objections of public works. Director Nourse said it was acknowledged in the minutes of the time period that there were issues in the area which would need to be followed up and addressed, but there was never a plan moving forward.

Councilor Lachapelle **MOVED** to authorize the bid waiver for Katie Lane. Councilor Hamann seconded the motion. The **MOTION CARRIED** by a unanimous voice vote. (**this item did not require full Council approval*)

4.1.3 City Energy Rates Update

Mark Sullivan, Deputy Finance Director summarized the City's positions in regards to energy and natural gas rates. He explained that Eversource has increased their supply rate by 23 cents per kilowatt hour. However, the City negotiated long term contracts around 2019-2020 to lock in the current 7.5 cents per kilowatt hour rate through 2023, and thereafter 6.8 cents through 2025. With the volume of approximately 6 billion kilowatt hours per year to put out into the market, The City will be able to command a better rate. He said the intention is start negotiating early and have the City's energy brokers lock in for the future (2025/2026) at the generator's overhead rate. If this is done, the suppliers will consider the City more favorably when they are trying to lock in the variable costs of the supply. Mr. Sullivan stated that for natural gas, the City's current rate at which they are locked in is 67 cents per therm, while the market rate is around 90 cents per therm or higher. Deputy Director Sullivan explained the cost savings experienced from locking in these rates.

Councilor Larochelle asked if the School Department negotiated their rates separately and if this could be combined with the City. Mr. Sullivan reported that in 2019 when the City was working on their contract, they approached the School Department and were told that the Schools already had a multiyear agreement in place. He stated that the City could reach back out to the School Department to determine the status of their current agreement. Councilor Larochelle suggested the potential of collaborating with the Cities of Dover and Somersworth as well. Deputy Director Sullivan confirmed there were other options that could be explored and it would be worthwhile to discuss this with the brokers when the meetings take place.

Councilor Hamann asked if a motion was required to authorize the Finance Department to start negotiating rates early. Deputy Director Sullivan stated that there was no vote required and these preparations are already underway.

Reports from Finance & Administration

5.2.1 Monthly Financial Report Summary-July 31, 2022

Deputy Finance Director Sullivan explained that there was not much to report for July due to it being the first month of the fiscal year and many revenues not yet having been received and posted; although motor vehicles and building permits are trending high. The City received the first payment of slightly over \$1 million in August for Waste Management host fees, but this money was received after the report included in the packet.

Councilor Larochelle inquired about the last time the City negotiated their contract with Waste Management and when it would occur next. Deputy Director Sullivan stated he was not certain when

the current contract needs to be re-negotiated. However, when the cell that Waste Management has constructed is ready to receive waste, it will go from the current rate of \$3.50 per-ton to \$4.50 per-ton along with an annual CPI escalator. He stated that he believed this agreement is for a 10-year term.

Councilor Lachapelle stated that the contract could be reviewed every five years. If everything goes according to plans, the \$4.50 rate referenced by Deputy Director Sullivan will go into effect in September of 2023, followed by an annual increase on the tipping fee. Councilor Lachapelle stated that, to his knowledge, the agreement does not contain an end-date. Councilor Larochelle emphasized the need to stay on top of the schedule and be aware of re-negotiation timeline so it is not missed. Deputy Director Sullivan stated that the City Attorney and the City Manager are aware of the timeline and are being proactive in the process. Deputy City Manager Ambrose read a portion of the 2017 contract detailing the re-negotiation timeline set to occur 2028.

6. Other

No discussion.

7. Adjournment

Mayor Callaghan **ADJOURNED** the Finance Committee meeting at 6:37 PM.

Respectfully Submitted,

Cassie Givara
Deputy City Clerk

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: Assessing - Property Tax Exemptions & Credits

Name of Person Submitting Item: Katie Ambrose, Deputy City Manager/Director of
Finance & Administration

E-mail Address kathryn.ambrose@rochesternh.gov

Meeting Date Requested: September 13, 2022

Issue Summary Statement: The Exemption & Credit analysis spreadsheet has been amended as requested at your last meeting and is included in this packet. The recommendation to increase the income limitations on exemptions remains in committee pending further discussion on Veterans' Credits and the exemption and credit threshold methodology.

Recommended Action: Discussion

Credit Exemption Analysis
Tax Year 2021

Municipality	Total Taxable AV	Veterans Credits		Elderly Exemption		Disabled Exemption		Blind Exemption		Total Exemptions & Credits	Total % of TT AV	Rank	Rank	Municipality
		Number	Taxes	Number	Taxes	Number	Taxes	Number	Taxes					
Barrington	1,390,626,360	524	1,030,750	88	175,915	42	39,926	1	292	1,246,883	0.090%	2	2	Barrington
Dover	4,472,310,130	1,115	290,250	211	776,486	45	112,297	15	37,432	1,216,465	0.027%	6	10	Dover
Farmington	562,027,636	327	387,550	105	224,293	-	-	4	1,402	613,245	0.109%	1	1	Farmington
Milton	501,922,971	268	174,800	56	84,392	-	-	2	682	259,874	0.052%	4	4	Milton
Rochester	2,814,722,128	1,556	694,251	359	664,459	99	133,837	19	31,041	1,523,588	0.054%	3	3	Rochester
Somersworth	1,116,699,095	384	238,500	65	98,026	-	-	2	1,376	337,902	0.030%	5	8	Somersworth
Concord	5,103,909,256	924	265,625	204	572,803	-	-	33	92,736	931,164	0.018%		14	Concord
Derry	3,621,174,466	849	526,167	217	654,320	-	-	12	11,389	1,191,876	0.033%		7	Derry
Durham	1,252,334,006	193	122,500	23	116,524	1	3,070	5	4,186	246,280	0.020%		13	Durham
Keene	2,201,301,020	662	373,700	102	141,904	18	16,256	15	8,445	540,305	0.025%		12	Keene
Lee	729,919,551	190	98,600	52	196,400	-	-	2	653	295,653	0.041%		6	Lee
Manchester	13,128,827,277	2206	1,306,658	566	2,047,813	81	194,906	30	73,200	3,622,577	0.028%		9	Manchester
Merrimack	4,902,353,163	395	817,080	223	398,381	35	44,973	4	1,030	1,261,464	0.026%		11	Merrimack
Nashua	10,267,308,340	2611	1,482,960	724	3,178,844	63	193,295	45	87,676	4,942,775	0.048%		5	Nashua
Portsmouth	6,398,641,017	781	521,416	104	378,691	7	21,271	11	3,381	924,759	0.014%		15	Portsmouth

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: Pictometry Aerial Imagery Flyover-Fall-22

Meeting Date Requested: September 13, 2022

Name of Person Submitting Item: Daniel Camara GIS Asset Management, Mark Sullivan

Deputy Finance Director

E-mail Address: mark.sullivan@rochesternh.gov

Issue Summary: Daniel Camara reached out to Finance Department describing the concerns related to postponing the FY23 CIP Pictometry Aerial Imagery Flyover to FY24. The FY23 CIP for Aerial Imagery included the full contract price for the imagery, in addition to LIDAR data, which inflated costs to \$110,000. The amount needed in FY23 for just the Aerial Imagery portion is \$27,000. Mr. Camara has submitted a brief memo explaining the issue and potential consequences with delaying the 2022 Aerial Imagery Flyover, which is attached. Mr. Camara will be present to address the request to Finance Committee.

Recommended Action: Discussion



City of Rochester, New Hampshire

PUBLIC WORKS DEPARTMENT

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MEMORANDUM

TO: Mark Sullivan – Deputy Finance Director
FROM: Dan Camara – GIS/Asset Management Technician
DATE: August 30, 2022
SUBJECT: AERIAL IMAGERY CAPTURE
CC: Kathryn Ambrose – Deputy City Manager/Director of Finance & Administration

During the FY23 budget process a Public Works CIP project (#FY23-PWD-88) was eliminated from the budget. This project involved updating the City's aerial photography and oblique imagery, but also included a component to capture LiDAR data, which greatly increased the total cost of the project. In hindsight, the two efforts (the routine imagery flyover and the LiDAR capture) should have been submitted as two separate projects during the budget process. The imagery data are critical for reference and planning purposes across many departments. The City aims to update this imagery every 3 years so that users, including the public and prospective developers/investors, aren't looking at overly out of date images on our maps. Having up to date imagery saves significant time and resources related to field visits and makes for more effective meetings and decision-making. The LiDAR data capture was the more "desirable" component and was meant to aid our staff and consultants in their stormwater-related efforts given the new Stormwater Ordinance and federal MS4 permit requirements. To stay on our 3-year update cycle, completing just the routine imagery flyover in the Spring would be just shy of \$27,000 in FY23.

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: FYE 22 Land Use Change Tax (LUCT)/Current Use Revenues

Meeting Date Requested: September 13, 2022

Name of Person Submitting Item: Mark Sullivan Deputy Finance Director

E-mail Address: mark.sullivan@rochesternh.gov

Issue Summary: During FY22 City recognized revenues from Land Use Change Taxes (LUCT) of \$380,128. Per City Ordinance 7-64 these LUCT revenues are utilized by the Conversation Commission for various land conservation initiatives. Below is Financial Summary of FY22 activities, as well as recent FY23 expense activity.

FYE22 Fund 7024 Beginning Balance: \$253,042

FY22 LUCT Revenues: \$380,128

FYE22 Balance: \$633,170

FY23 Expense Activity as of Aug-31-22: \$200,000-Society for Protection of Forests-Champlin Ridge 121 acres.

FY23 Balance as of Aug-31-22: \$433,170

Recommended Action: Informational

FINANCE COMMITTEE

Monthly Financial Summary Report

Agenda Item Name: Monthly Financial Statements Summary – as of August 31, 2022

For the full detail report, click here: [August 31, 2022 Financial Detail Report](#)

Name of Person Submitting Item: Mark Sullivan Deputy Finance Director

E-mail Address: mark.sullivan@rochesternh.net

Issue Summary Statement

Below are the revenues & expense highlights through August 31, 2022, which represents approximately 17% completion of FY23. A “Pending” designation means no revenues for that category were received by August 31, 2022.

GENERAL FUND NON PROPERTY TAX REVENUES

Motor Vehicle Registrations: Revenues \$962,012- 19% collected.

Waste Management Host Fees: First payment received \$1,067,416; **Note:** FY22 City Adopted Budget \$3,300,000, School Budget \$878,127-Total \$4,178,127.

Building Permits: Revenues \$89,332, 25% collected.

Interest Income: Pending. Interest rates have recently increased from 55 basis points to 90 basis points.

Interest on Delinquent Taxes: \$45,455.80- Tax Year 2021 Tax Lien Notices sent.

State of NH Rooms & Meals: Pending- Revenues typically received in December of each year.

Highway Block Subsidy: First payment received \$190,618- FY23 NHDOT award budget \$635,394.

Cablevision: Pending- First quarterly payments related to FY23 not received until October.

Recreation: Summer Playground/Camps revenue \$69,791, 116% collected.

Use of Unassigned Fund Balance: Pending.

GENERAL FUND EXPENSES: Overall expenses are slightly above budget at 22%-Allocation 17% Expended, 5% Encumbered.

WATER-SEWER SPECIAL REVENUE FUNDS:

Water-Sewer Funds: Water Fund: Revenues 12%, Expenses 12%. Sewer Fund: Revenues 10%, Expenses 16%.

Community Center: Revenues 7%, Expenses 25 %.

Arena Special Revenue: Revenues 1%, Expenses 36%.