

Finance Committee

Meeting Minutes

Meeting Information

Date: September 10, 2019

Time: 7:00 P.M.

Location: City Council Chambers

31 Wakefield Street Rochester, New Hampshire

Committee members present: Mayor McCarley, Deputy Mayor Varney, Councilor Walker, Councilor Gray (arrived at 7:28 PM), Councilor Lauterborn, and Councilor Keans. Councilor Torr was excused.

City staff present: City Manager Blaine Cox, Deputy City Manager Katie Ambrose, Deputy Finance Director Mark Sullivan.

Others present: Ray Barnett, Shawn Libby (UAB Chair), Ralph Sanders (UAB), Eli Barnes (UAB), Brett Johnson (UAB) and Joe Boudreau (UAB)

Agenda & Minutes

1. Call to Order

Mayor McCarley called the Finance Committee Meeting to order at 7:00 PM.

2. Public Input

Ray Barnett, Resident, spoke to the committee in regards to the water and sewer rates. Mr. Barnett also addressed the Committee regarding tax assessment revaluations and the elderly exemption.

3. Unfinished Business-None

No Discussion.

4. New Business

4.1 UAB Water-Sewer Rate Power point Presentation-Discussion

Shawn Libby, Chairman on the Utility Advisory Board, introduced the board members who had contributed to the presentation: Ralph Sanders, Eli Barnes, Brett Johnson, and Joe Boudreau who presented the PowerPoint.

Deputy Finance Director Sullivan stated that he had worked with the UAB for several months and provided them with the initial projection on which the Board worked and expanded to develop their recommendations.

Mr. Boudreau presented to the Committee the suggested increase in water and sewer rates over the next three consecutive years.

Mr. Boudreau stated that the focus of the UAB had been on the City's residential users. He stated that the volume of usage has been relatively flat over the past 10 years, and revenue has only increased 20% over this time at an average of approximately 2% per year. Mr. Boudreau discussed the increase in new service connections and reported that this does not correlate to an impact in overall volume due in part to water efficient fixtures and appliances.

Mr. Boudreau presented data showing the increase in expenses over the past decade which has surpassed revenues, while residential volumes remained flat. The UAB developed several potential scenarios for both water and sewer usage in the City and the potential implications each of these scenarios may have on revenue and expenses with the proposed increase in rates. The financial forecast over the next three fiscal years was given for each of these scenarios. Mr. Boudreau also described the issuance of bonds from the water and sewer funds and the implications this has on debt service.

Mr. Boudreau showed the potential rate increases per user based on the average consumption under the suggested scenario and presented considerations and recommendations. It was suggested the increases be enacted on an annual basis, potentially running from February to February. The rate increase for the water was suggested at 7% a year for 3 consecutive years. The rate increase for sewer was suggested at 10% the first year, and then 7% for the remaining two years.

Mayor McCarley asked what the implications of the suggested increases would be for commercial users and high volume users in the City. Mr. Boudreau answered that the UAB considered that the average resident has no way to offset the cost of an increase, but for commercial users there are more options such as passing on costs. Deputy Finance Director Sullivan stated that although the UAB sourced residential user data to develop their analysis because it is the largest percentage of users, the new rates would affect both residential and commercial users.

Councilor Varney inquired if there were any sources of revenue which the City generates which could be used to offset some of the debt service costs. City Manager Cox stated there was no revenue which he was aware of which could be used to offset the costs.

There was a discussion regarding what percentage of the rate was debt service and what is O&M and how bond issues would effect this percentage.

The Committee discussed the implications of increasing the rate by a lesser percentage than suggested by the UAB or not increasing rates at all. It was also discussed how the data presented could be affected if the economy entered into a recession.

The water and sewer rate increases as suggested by the UAB are being held in committee for future discussion as a regular agenda item. Mayor McCarley indicated it would be presented to full council for discussion at Workshop in November or December.

Councilor Lauterborn requested more information on the impact these rate increases could have on high volume users which may impact their decision to remain in the City of Rochester.

5. Reports from Finance & Administration

5.1 Monthly Financial Report Summaries August 31, 2019

5.1 (a) August 31, 2019 Revenues

5.1 (b) August 31, 2019 Expenses

Councilor Varney asked for an update on the City's new phone system. City Manager Cox responded that the new phone system has been installed and is currently in use while a few remaining adjustments are being made by the IT Department. Councilor Varney requested that an update come to the Finance Committee on the Dispatch Center renovation project.

6. Other

No Discussion

7. Adjournment

Councilor Walker **MOVED** to **ADJOURN** the Finance Committee Meeting at 7:45 PM. Councilor Varney seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

Respectfully Submitted,

Cassie Givara
Deputy City Clerk