

Finance Committee

Meeting Minutes

Meeting Information

Date: February 14, 2023

Time: 6:00 P.M.

Location: 31 Wakefield Street

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

**City staff present:** Finance Director Katie Ambrose. Deputy Finance Director Mark Sullivan. Director of City Services, Peter Nourse.

**Others Present:** Anthony Ejarque, Rochester Opera House. John McKenna, Opera House

Agenda & Minutes

**1. Call to Order**

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

Councilor Beaudoin led the Pledge of Allegiance.

Deputy City Clerk Cassie Givara took a silent roll call attendance. All Councilors were present.

**2. Acceptance of Minutes:** January 10, 2023

Councilor Lachapelle **MOVED** to **ACCEPT** the minutes of the January 10, 2023 Finance Committee meeting. Councilor Larochelle seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

**3. Public Input**

Anthony Ejarque, Executive Director of the Rochester Opera House, reported that the Opera House Board of Directors had discussed the potential of the Opera House funding a portion of the requested fly system project and how this may allay some of the financial concerns related to the project. They proposed that they could allocate 1/3 of the cost, or around \$50,000.

**4. Unfinished Business: None**

No discussion.

## **5. New Business-**

### **5.1.1 Opera House Life Safety Project & Fly System Project**

Councilor Beaudoin requested a profit and loss statement for the Opera House before a decision is made on the funding. Director Ejarque said he would provide that information. John McKenna, President of the Opera House Board of Directors, explained that the Opera House's balance sheet is strong following the receipt of both federal and state grant money during the pandemic. However, he said the Opera House is currently operating at a loss, with the current year-to-date showing a loss of \$136,000.

Mayor Callaghan asked if the Opera House had applied for ARPA (American Rescue Plan Act) or other federal grant funding for the fly system project. Director Ejarque said that the Opera House had applied for CDBG (Community Development Block Grant) funding, but they denied funding because the project did not qualify for these funds. They also looked into federal grants, but did not qualify for these either. Mr. Ejarque clarified that the Opera House had been closed for a period during COVID, and then opened at limited capacity due to needed fire code improvements. He estimated that total losses since the COVID shutdown, and subsequent limited operations, were around \$300,000.

Councilor Hainey inquired about the amount of in-kind services the Opera House had contributed to the City, especially through the schools. Mr. Ejarque said they do not have a dollar amount, but confirmed that the Opera House does work closely with the local schools and does contribute to many local events. He explained that the Opera House offers scholarship programs to children who would not be able to participate in programs otherwise; they also offer free tickets for performances, donate to multiple local fundraisers, and work with non-profits to offer the space at both RPAC and the Opera House. These contributions would total a large amount if charged.

Councilor Gray questioned the urgency of recommending this project to City Council and suggested it be kept in Committee for further discussion. He felt that if this were approved, it should either be part of the annual budget or an additional expenditure, neither of which needed to be passed quickly. There was a brief discussion on whether there would be any impact from waiting on a recommendation. Councilor Lachapelle asked if this item was currently in the proposed budget. Finance Director Ambrose said that this item had been an "Issues & Options" request from the prior budget, although it was City Manager excluded. It had been further discussed at Finance Committee and the recommendation had been for the Opera House to look into grant funding. She explained that this is coming back to Finance Committee due to the other recommended improvements being proposed throughout City Hall and the Opera House. She said the Committee could decide whether to keep it in Finance for further discussion, to recommend a supplemental appropriation from unassigned fund balance offset by the Opera House contribution, or to include the proposal in the budget. Director Ambrose clarified that the Opera House does not currently have an Issues & Options proposal for this item.

Councilor Lachapelle asked what the proposed cost had been the year prior. Director Ambrose said that the cost had increased approximately \$10,000 to \$174, 898. Councilor Lachapelle pointed

out that this was one of the impacts of waiting on proposals such as this; the increasing costs for supplies and construction. Councilor Lachapelle asked if the \$174,898 was inclusive of the 1/3 contribution the Opera House had proposed. Mr. Ejarque confirmed that this total does not include the potential Opera House contribution.

Mayor Callaghan said the Opera House life safety project, which would be discussed next on the agenda, is time sensitive. He said that ideally, these improvements would take place at the same time as the flywheel project so the improvements could all be completed in tandem while the Opera House was closed for a single time and would limit the effect to programming and operations.

Mayor Callaghan said that he had heard concern from constituents regarding the purchases of properties by the Opera House, including RPAC, the property on Charles Street, and rental office space at 1 Wakefield Street. He said that one of the organization's core missions is to preserve the Opera House and questioned how the acquisition of these properties helped towards that end. Mayor Callaghan also said that the City of Rochester contributes \$37,000 to the Opera House for utilities and maintenance costs and charges nominal rent. He asked why the Opera House was unable to use the money they currently had to complete the flywheel project. Mr. Ejarque said that one of the issues encountered when applying for federal or state grant funds is that the Opera House does not own their facility; they rent from the City of Rochester. They are unable to apply for grants for a facility they do not own. He spoke about the question of responsibility for repairs and improvements within the Opera House, which is City-owned.

Councilor Beaudoin agreed with Councilor Gray that this project should be part of the budget process as an "Issues & Options" request, to give Council a better idea of how much money is available. Councilor Beaudoin **MOVED** to **TABLE** the decision. Councilor Hainey seconded the motion. There was a discussion on the logistics on tabling for time certain or tabling in general. The **MOTION CARRIED** by a 5 to 2 voice vote to table the discussion. Mayor Callaghan said that there would be further discussion at the next Finance Committee meeting.

Peter Nourse, Director of City Services, explained that in 2019 the Rochester Fire Department had a budget project to review the life safety of the Rochester Opera House and City Hall. The study identified code deficiencies. He said that many of these deficiencies had since been corrected by City Buildings and Grounds staff, but there were remaining issues in the Opera House that had limited capacity to first floor seating. Director Nourse said that this past November, a temporary occupancy egress plan had been implemented for the Opera House balcony to allow limited (75%) occupancy until the upgrades are implemented. He summarized the upgrades and renovations that remain to be completed, estimated at \$450,000. Director Nourse said the City issued a "Request for Qualifications" to seven contractors they felt could be a good fit for the improvements. Two of these contractors responded, and both have been vetted by the City. They will now receive a Request for Proposal (RFP) in March and see who responds with the responsible low bid. He said that the construction duration is estimated at 3-months and would likely be late summer into early fall.

Councilor Larochelle questioned some of the improvements cited in the report and speculated that based on the existing conditions, some of these improvements would be unnecessary because the specifications may already meet code. He suggested doing a cost/benefit analysis for each of the issues listed and determine what the real hazards are and what actually needs to be addressed.

Director Nourse responded that the handrails previously referenced by Councilor Larochelle do not meet code. He cautioned that he does not know the finer details of the NFPA code like the Fire Department does, and he explained that many of these improvements are required by these codes. Councilor Larochelle reiterated that taxpayer money should be first spent on what has been identified as the real safety hazards that do not meet codes as opposed to items that do not pose a hazard and could be postponed until a later date. Councilor Lachapelle said that with new construction, a certificate of occupancy would not be issued if items such as this existed; with City Hall and the Opera House being public buildings with frequent patrons, these code issues need to be addressed.

Councilor Beaudoin asked if the steel railings in the stairwell between the Annex and City Hall would need to be replaced in their entirety. Director Nourse explained that these railings would not be replaced, but rather modified to meet code compliance. Councilor Beaudoin asked if the Opera House stage egress had already been improved. Director Nourse explained that these improvements had not yet been made and explained the work that needed to be completed. Councilor Beaudoin inquired about the cost estimate for the head clearance above the balcony staircase. He asked if the estimate could be increased once the ceiling is opened and it can be determined what is behind. Director Nourse clarified that the ceiling had been opened up and there was an I-beam discovered. He explained the proposed work to increase head clearance and said that the current estimate was accurate. There was further discussion on safety improvements needed in the Opera House balcony and the specifics on the work to be completed.

Mayor Callaghan responded to concerns expressed by Councilor Larochelle regarding the validity or urgency of some of the improvements in the report. He said that Weston & Sampson Engineers had followed up on the Fire Department's original code review of the building. Director Nourse agreed and said that the engineering firm has specialized life safety engineers and code engineers who served on this review.

Councilor Gray asked what the current balance is of the City Manager's contingency account. Deputy Finance Director Sullivan responded that this account contained \$210,000; there had been \$80,724 expended for a balance of \$129,275. Director Ambrose said there would be approximately \$3,000 transferred out of this account for the February 21 Special Election, and a \$30,000 contribution to the Willand Warming Center, which would leave the total at around \$96,000.

Councilor Beaudoin recalled that the City had designated \$500,000 for the purpose of maintaining downtown buildings. Director Ambrose said that there is a Public Buildings Capital Reserve Fund approve the year prior; however, the direction given to the Trustees of the Trust Fund was to invest with the knowledge that these funds would not be expended for at least three years.

Councilor Larochelle acknowledged that the Opera House does not belong to them, but rather to the City of Rochester. He spoke about past improvements in the Opera House that the City of Rochester has funded, and spoke in support of the City maintaining the Opera House and keeping it in good condition.

Councilor Lachapelle **MOVED** to recommend that City Council approve a supplemental appropriation from unassigned fund balance for the Opera House Life Safety project. Councilor

Hamann seconded the motion. Councilor Beaudoin asked if this Council vote would require a 2/3 majority vote. Director Ambrose confirmed that this approval would need a 2/3 majority vote as well as a public hearing. The **MOTION CARRIED** by a unanimous voice vote.

### **5.1.2 Community Outreach Facilitator-Program Funding Discussion**

Finance Director Ambrose explained that the year prior, Council had voted to allocate ARPA funds to fund the Community Outreach Coordinator program for the first year. At the time, it had been requested that the discussion come back to Finance Committee after the first year for a recommendation on the funding of this position moving forward. Director Ambrose clarified that there was no requested action at this meeting, but rather further discussion on the options. She explained that the Community Outreach Facilitator would be presenting to City Council at the February 22 workshop to give an overview of the first year of the program.

Deputy Director Sullivan gave a summary of the expenditures during the first year of this program and outlined three potential funding scenarios (*addendum A*) for phasing the position out of ARPA funding and gradually increasing the allocation from the General Fund. He recommended if the City wanted to employ a phased in approach, that they consider option B to maximize the use of the ARPA funds. He said there was a total allocation of \$916,000 in ARPA funds for this position, with \$143,000 allocated for the first year to cover salary, benefits, and start-up costs.

Councilor Gray said that the sense of Council during the ARPA funding discussions was that this money should be used for one-time expenses, not operational costs. He said that he felt if the City was going to be funding the Community Outreach Facilitator position; the funding should come from the operating budget. He cautioned against putting the responsibility of funding the position on a future Council if the current Council cannot find the funding in their budget outside of grant funding. Councilor Beaudoin said that he did not support using ARPA funds for positions and salaries. Councilor Lachapelle said that he supported utilizing the ARPA funds to offset the cost of the initial startup, but felt the program should be phased in with the General Fund. He asked if this project was already in the budget and said suggested it should be part of the upcoming budget discussions. Finance Director Ambrose said that, at the department level, this program is 100% ARPA funded; adjustments can be made at either the City Manager level or the City Council level.

Finance Director Ambrose suggested that this program could be discussed further at the February 22, 2023 Workshop meeting and then come to Council for a decision at the March Regular meeting.

## **Reports from Finance & Administration**

### **5.2.1 Monthly Financial Report Summary-January 31, 2023**

Deputy Finance Director Sullivan said non-property tax revenues continue to be strong. Interest income and building permits are up substantially.

Mayor Callaghan noted that the police and dispatch overtime budgets are still high; he asked if they were being controlled through the salary line. Deputy Director Sullivan said that the

department is over-expending this overtime line due to the amount of vacancies in dispatch. This will be offset with the surplus in the regular salaries line.

Councilor Beaudoin asked if interest income included money derived from the Trustees of the Trust Fund investments. Deputy Director Sullivan clarified that this money represents investments in liquid investment accounts as well as a CD in which the City invests; however, the Trustees of the Trust fund investments are not included. Councilor Beaudoin inquired if the Committee would receive a report from the Trustees. Deputy Director Sullivan said there would be quarterly reports received by Bar Harbor Wealth Management, which would be reviewed by the Trustees before coming back to the Committee.

## **6. Other**

No discussion.

## **7. Adjournment**

Mayor Callaghan **ADJOURNED** the Finance Committee meeting at 6:43 PM.

Respectfully Submitted,

Cassie Givara,  
Deputy City Clerk

## ADDENDUM A

### Community Outreach Coordinator-Funding Scenarios

	FY24	FY25	FY26	FY27	FY28
<b>Community Outreach Coordinator</b>					
FY24 Salary & Benefits	\$90,000	\$94,500.00	\$99,225.00	\$104,200.00	\$107,000.00
Operating Expenses	\$10,000	10,500.0	11,000.0	11,500.0	\$13,000.00
<b>Estimated Totals</b>	<b>\$100,000</b>	<b>\$105,000.00</b>	<b>\$110,225.00</b>	<b>\$115,700.00</b>	<b>\$120,000.00</b>

<b>A</b>		<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
<b>Funding Allocations</b>		<b>APRPA 100%</b>	<b>ARPA 100%</b>	<b>ARPA 100%</b>	<b>ARPA 100%</b>	<b>ARPA 0%</b>
ARPA Funding		\$100,000	\$105,000.00	\$110,225.00	\$115,686.00	\$0.00
General Fund		\$0	\$0.00	\$0.00	\$0.00	\$120,000.00
<b>Totals</b>		<b>\$100,000</b>	<b>\$105,000.00</b>	<b>\$110,225.00</b>	<b>\$115,686.00</b>	<b>\$120,000.00</b>

<b>B</b>		<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
<b>Funding Allocations</b>		<b>APRPA 100%</b>	<b>ARPA 100%</b>	<b>ARPA 50%</b>	<b>ARPA 25%</b>	<b>ARPA 0%</b>
ARPA Funding		\$100,000	\$105,000.00	\$55,112.50	\$28,925.00	\$0.00
General Fund		\$0	\$0.00	\$55,112.50	\$86,775.00	\$120,000.00
<b>Totals</b>		<b>\$100,000</b>	<b>\$105,000.00</b>	<b>\$110,225.00</b>	<b>\$115,700.00</b>	<b>\$120,000.00</b>
<b>General Fund Change</b>				<b>\$55,112.50</b>	<b>\$31,662.50</b>	<b>\$33,225.00</b>

<b>C</b>		<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
<b>Funding Allocations</b>		<b>APRPA 100%</b>	<b>ARPA 75%</b>	<b>ARPA 50%</b>	<b>ARPA 25%</b>	<b>ARPA 0%</b>
ARPA Funding		\$100,000	\$78,750.00	\$55,112.50	\$28,925.00	\$0.00
General Fund		\$0	\$26,250.00	\$55,112.50	\$86,775.00	\$120,000.00
<b>Totals</b>		<b>\$100,000</b>	<b>\$105,000.00</b>	<b>\$110,225.00</b>	<b>\$115,700.00</b>	<b>\$120,000.00</b>
<b>General Fund Change</b>			<b>\$26,250.00</b>	<b>\$28,862.50</b>	<b>\$31,662.50</b>	<b>\$33,225.00</b>