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Finance Committee

Meeting Minutes

Meeting Information

Date: January 12, 2021

Time: 6:30 P.M.

Location: Remote via Microsoft Teams

Committee members present: Mayor McCarley, Deputy Mayor Lauterborn, Councilor Walker, Councilor Gray, Councilor Bogan, Councilor Lachance, and Councilor Hamann.

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

Others present: Ray Barnett, resident. Kyle Repucci, Superintendent of Schools. Linda Bartlett, School Business Administrator.

Agenda & Minutes

1. Call to Order

Mayor McCarley called the Finance Committee meeting to order at 6:00 PM and read the following preamble:

Good Evening, as Chairperson of the Finance Committee, I am declaring that an emergency exists and I am invoking the provisions of RSA 91-A:2, III (b). I also find that this meeting is imperative to the continued operation of City government and services, which are vital to public safety and confidence during this emergency. As such, this meeting will be conducted without a quorum of this body physically present in the same location.

At this time, I also welcome members of the public accessing this meeting remotely. The public can call-in to phone number: 857-444-0744 using conference code: 843095.

This meeting will be set to allow the public to “listen-in” only, and there will be no public comment taken via conference line during the meeting.

Please note that all votes that are taken during this meeting shall be done by Roll Call vote.

Let’s start the meeting by taking a Roll Call attendance. When each member states their name and ward, also please state whether there is anyone in the room with you during this meeting, which is required under the Right-to-Know law.

Deputy City Clerk Cassie Givara took the roll call. The following Councilors indicated that they were present and alone in the location from which they were connecting: Councilors Bogan, Gray,

Hamann, Lachance, Lauterborn, Walker and Mayor McCarley.

2. Public Input

Ray Barnett, resident, addressed the committee in regards to the school budget and the City budget. He also spoke about the Sig Sauer deal with Rochester versus the company's dealings in Epping.

3. Unfinished Business-None

No discussion.

4. New Business-

4.1 FY22 School & City Budget Discussion

Mark Sullivan, Deputy Finance Director, reported that the department has not yet completed the budget data entry. He stated that when drafting the agenda bill in the packet, he entered the primary drivers to set the discussion; however there are many other things that drive the budget as well which are not included. One of the drivers on the revenue side is losing the second year of municipal aid on the City side, which is \$686,000. The other large driver was NH Retirement system rate increasing 21%, which is projected at \$600,000. He stated that the actual amount after reviewing today is \$570,000. Health insurance is approximately \$160,000. There is also the switch in contingency to other items, causing contingency to go down approximately \$400,000. There are increases expected in County taxes, ambulance contracts, and salary increases. When everything is netted together, the City is down around \$1.3 million, or around \$1 million if other adjustments are made. Deputy Director Sullivan stated there is still quite a bit of work to be done to determine which adjustments can be made.

Finance Director Ambrose stated that there would be similar issues seen on the School Department side with mature retirement system increases as well as insurance increases.

Superintendent Repucci stated that revenue is down due in large part to reduction in Medicaid reimbursements; without the students in the buildings they cannot receive certain services which are normally reimbursable through Medicaid. He stated that the Adequacy number is down; they are continuing to track free and reduced lunch numbers as these are tied to State adequacy aid. Linda Bartlett, School Business Administrator, said that the reduction in Medicaid is about \$300,000, and the decrease in adequacy aid is estimated at \$419,000 with the 2020 enrollment numbers. Ms. Bartlett reported that the NH retirement rates are going up 18.1% for employees and 26% for teachers, with health insurance increases at \$350,000. This results in a total of approximately \$2.1 million in increases.

Councilor Lachance referenced a 1980s constitutional amendment prohibiting the State from passing unfunded mandates on to cities and towns and inquired if the contribution to the retirement system is exempt from this amendment. Councilor Gray spoke about this amendment and how it applies.

Mayor McCarley stated that she has been meeting regularly with the Mayors from the other NH and they are drafting a letter to be sent to the State, Commission of Educations, House, and Senate and indicating that all the cities and large towns are all seeing these large hits. They have also approached congressional delegation about the Medicaid situation.

Mayor McCarley clarified that the budget would not be supplied until April, but that it was a good idea to start taking a look at these things early. She also clarified that of the \$6 million increase to the school budget, \$4 million of that amount was revenue received from the State for the CTE project.

Councilor Walker inquired about the school's COVID expenses. Superintendent Repucci stated that they have recovered most of that money through the grant. Ms. Bartlett said that the schools have spent \$260,000 and continue to make smaller purchases to prepare for the students coming back to in-person schooling. Superintendent Repucci said that the tentative back-to-school date would be January 19, but it would be discussed at the next School Board meeting. It was stated that there would be more money expended when students were back in person; approximately \$3300 per week in expendable PPE such as sanitizer, soap, towels, etc.

Finance Director Ambrose said that the Committee would be receiving the budget books to coincide with the City Manager's budget presentation on April 20.

5. Reports from Finance & Administration

5.1 Monthly Financial Report Summaries December 31, 2020

5.1 (a) December 31, 2020 Revenues

5.1 (b) December 31, 2020 Expenses

Councilor Lachance inquired about the police and fire overtime lines, which he stated are trending 3% ahead of this same point last year and asked if it was COVID-related. Deputy Finance Director Sullivan said his understanding is that this increase is primarily COVID-related, but they could reach out to the chiefs for more information.

Councilor Lachance referenced the building permits which are way ahead on revenues. Deputy Director Sullivan confirmed that building permits and construction have increased steadily after the initial lockdown and the number remains strong. Councilor Lachance asked City Manager Cox if it was possible to get a breakdown of the building permit numbers to determine how much of this development is residential versus commercial. City Manager Cox said he could get these numbers for the next Finance meeting.

6. Other

Councilor Walker asked for clarification from Administration in regards to details of the Sig Sauer deal which Mr. Barnett had spoken about during public input. City Manager Cox stated that Mike Scala, Director of Economic Development, had done a good summary of the breakdown of the Sig Sauer Pilot arrangement and how it will work, and there is also a breakdown from the finance perspective. City Manager Cox said these items could be brought back to the next Finance

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Committee meeting for a thorough summary. There was a brief discussion regarding the information which had been presented during public input not being factual and how the design for the intersection in question has not yet been completed. Councilor Lachance pointed out that this particular intersection had been identified in a 2015 traffic study as an area in need of improvement and realignment; although the intersection improvement is being done in conjunction with Sig Sauer's arrival in Rochester, the two are not related.

7. Adjournment

Mayor McCarley **ADJOURNED** the Finance Committee meeting at 7:02 PM.

Respectfully Submitted,

Cassie Givara
Deputy City Clerk