

COMMITTEE OF THE WHOLE BUDGET WORKSHOP
May 9, 2017
CITY COUNCIL CHAMBERS
7:00 PM

COUNCILORS PRESENT

Councilor Abbott
Councilor Barnett
Councilor Bogan
Councilor Gates
Councilor Gray
Councilor Keans
Councilor Hamann
Councilor Lachapelle
Councilor Lauterborn
Councilor Torr
Councilor Varney
Councilor Willis
Mayor McCarley

OTHERS PRESENT

Daniel Fitzpatrick, City Manager
Blaine Cox, Deputy City Manager
Mark Sullivan, Senior Accountant
Roland Connors, Deputy Finance Director
Terence O'Rourke, City Attorney
Karen Pollard, Economic Development
Manager
Brian Sylvester, Library Director
Laura Schmalzl, East Rochester Library

MINUTES

1. Call to Order

Mayor McCarley called the meeting to order at 7:00 PM. Marcia Roddy, Deputy City Clerk, took a silent roll call. All members were present.

2. Public Input

No one came forward to speak.

3. Budget Presentations

3.1 Economic Development

Karen Pollard, Economic Development Manager, presented the budget for the Economic Development Department.

Ms. Pollard presented PowerPoint slides that summarized the department's budget. She began with the Department Operations and pointed out that there is a decrease of 7.7%, mainly due to the fact that the Buxton contract has been paid off. There is a change in contracted services down to \$0.00, a difference from the current

fiscal year of approximately \$14,000 for temporary help during the maternity leave of the department's executive secretary. The proposed salaries for FY18 has gone up due to expected salary increases.

Councilor Varney asked if there would be no Buxton services planned for the coming year. Ms. Pollard said not at this time, unless she should bring something forward in the meantime. The current contract ends at the end of June.

Councilor Keans asked where the rest of Julian Long's salary is budgeted. Ms. Pollard said that 78% of his salary comes from CDBG. She added that the CDBG is fluid and will be level-funded for the next fiscal year. There will be approximately \$216,000 available for Rochester. 7% of Julian's salary comes from Bridging the Gaps and the remaining 15% comes from the Economic Development Department general fund budget.

Ms. Pollard said the City is in the process of working with the Beta Group out of Manchester to do the Wayfinding System. There is a contract with them for \$50,800 to do the planning and design, including a GIS component to tie in with the existing system. The balance of that funding will be available for the beginning of the implementation and, upon consultation with the City Manager, it was decided that it would be good to ask for another \$100,000 for further implementation. This is all contingent on Beta Group's conclusion, which will be presented to the City sometime in June or July, offering choices in design and cost.

Councilor Varney asked if the Beta Group presentation could be before passing the budget. Ms. Pollard said she will try to arrange that.

Councilor Torr asked why is it necessary to put up a lot of signs when using a GPS works just as well. He said that other than the Opera House, why would people be coming to Rochester?

Ms. Pollard said people come to Rochester to do business with the companies that are here; they eat at the restaurants that are located in the downtown area and throughout the city; and people are encouraged to visit the city. Mr. Torr said he believes the more modern way to travel these days is by use of GPS. Ms. Pollard said the system will have a GPS component, but the signs will be useful for people who are walking, biking, or in cars.

Councilor Willis also urged that the presentation be made prior to the budget adoption. Ms. Pollard said she will make every effort to see that it happens.

Councilor Lauterborn added that the \$140,000 for the Wayfinding System seems to be expensive and the presentation should be made before the budget adoption.

City Manager Fitzpatrick said that it should be a "wait and see" matter to see what comes in the report. He said that there has been discussion for a very long time about this project and he would like to see it put in place soon.

Under Issues and Options, Ms. Pollard said the City wishes to acquire the property located at 38 Hanson Street, which will be used to construct a parking lot. This is still being worked on.

There is a request from the Rochester Fairgrounds Strategic Plan in the amount of \$25,000 made to CDBG last year. It was put into the budget prior to the recent announcement that the Rochester Fair would not go on in the future. This amount, if approved, would be for the Economic Development Commission to work with the Fair Board and hire a consultant to outline specific uses for the fair property that would be beneficial to the City, as well as the Fair Board members.

The final issue Ms. Pollard discussed was the Revolving Loan Fund of about \$400,000. There is a committee in place that will approve loans. The fund is available for people who need a gap loan to start a new business in the city and they must be creating jobs. Her proposal is to add \$150,000 to the fund.

Councilor Gates asked what is the history of this loan program. Ms. Pollard said Rochester has a very successful history of the loan fund and, in fact, HUD has used Rochester as an example across New England as a most successful program. She said she has only seen two businesses fail to pay off their loans in the 13 years she has been here, but both did partially pay down their loans.

Councilor Gates asked how many loans have been granted since Ms. Pollard as worked here. She could not recall a specific number, but said that at any given time there are about 10 - 12 revolving loans.

Mr. Fitzpatrick said that there was a newspaper article about the gymnastics studio that moved to the Lilac Mall under this program and has had enormous success with the move there. A job loan was instrumental in making that happen. Councilor Lauterborn said that the Economic Development Commission gets a monthly report on the open loans and how the businesses are doing.

Councilor Willis asked what stands out as the most successful loan recipients. Ms. Pollard said that one of the larger ones was for Granite Steak and Grill. She said that it was a "gap" loan that assisted the restaurant in adding the basement function area and lounge. Another success is the Thompson Castings facility on Old Dover Road and the Country Tire business.

Ms. Pollard said that earlier in the year the Economic Development Commission sent a letter to the City Council thanking it for its support and investment in Economic Development. She said this has been a very successful year and the REDC asked for an additional \$100,000 for the Economic Development Fund. This request was not in

the Issues and Options book, but she would write up a memo if the Council would like something in writing.

Councilor Varney asked for the status of the land currently available for sale across from Safran. Ms. Pollard said there are ongoing discussions, but a meeting should be scheduled to actually talk about it.

Councilor Varney said there is \$800,000 tied up in other lots. Ms. Pollard said there is someone looking at the property, but nothing has been decided.

3.2 Main Library

Brian Sylvester, the Library Director, pointed out that the salary figures given are actually a bit lower than shown in the budget book due to the fact that the Library's Teamsters Union did not have a contract until late in the year and money had been held aside pending the contract.

Councilor Keans asked Mr. Sylvester if his staff is rather stable at this time with little turnover. He said yes; there have only been a few changes, mostly in the children's room.

Councilor Keans questioned increase in Electronic Services and asked why it has gone up so much from the previous year. Mr. Sylvester said that money was transferred from "books" to "electronic", which is mainly for streaming and downloading. He said that anything that could be checked out by a patron, including periodicals and movies, has all been put into one budget line.

Councilor Gray asked if the additional computer equipment needed by the library is in the library budget, or is it in the MIS budget? Mr. Sylvester said it is in the MIS budget; he just had a meeting with the MIS Director regarding cable upgrades for the system.

Councilor Gray asked the Finance Director what it means when a line item says "salaries adjustment." Mr. Cox said it is merit increases or salary adjustments for non-union staff.

Councilor Willis questioned an item under "Technical Professional Services for FY 18" for \$3,600. He asked if that is a new expenditure. Mr. Sylvester said it is for the overdue collection services that was in the City Manager's budget.

Councilor Torr asked what is the number of books a person can take out at one time. Mr. Sylvester said it is 50. Councilor Torr said that is an absurd amount of books for one person to check out. Mr. Sylvester said that is just a number in the computer, but nobody ever takes out that much. He said the most a family may typically take out is about 8 at a time.

Councilor Varney questioned the hours the library is open. Mr. Sylvester said the library is open from 9:00 AM to 8:30 PM Monday through Thursday; 9:00 AM to 5:00 PM on Friday; and 9:00 AM to 4:00 PM on Saturday. During the months of July and August the library is closed on Saturdays.

Councilor Varney asked why the library is closed on Saturdays in July and August? Mr. Sylvester said that is so they can consolidate the staff to run all of the programs being offered. Councilor Varney said he thought it was odd that the library would be closed on Saturdays during the summer. Mr. Sylvester said he can take that comment to the Library Trustees for consideration.

3.3 East Rochester Library

Laura Schmalzl, a volunteer trustee of the East Rochester Library and President of the Trustees of the East Rochester Library. She asked the City Council to fund the East Rochester Library for FY18 in order for the library to stay open for the few hours a week that it does. She said she has requested an additional \$1,000 to be used for repairs to the foundation of the building that has areas of disrepair that need to be addressed. She had a mason look at it and it would be very expensive to fix according to his recommendations.

Mayor McCarley said she hopes that someone has heard this request and will volunteer to look at the foundation and offer some assistance with its repair.

3.4 Legal Department

Terence O'Rourke, City Attorney, gave a PowerPoint presentation outlining the functions of the Legal Department. He pointed out the newly-created position of a Victim/Witness Advocate and the need for it.

Councilor Keans asked Mr. O'Rourke where the Victim/Witness Advocate was on the chart of employees. He said that it would be under "support staff," but that the person would be working with the prosecuting attorney.

Councilor Keans questioned the increase of \$32,000 in salaries. Mr. O'Rourke said that the Legal Department's budget increased due to labor negotiations. Mr. O'Rourke said the figure had been moved from elsewhere in the budget and has now been moved to the Legal Department.

Councilor Torr asked about the amount budgeted for retirement. City Manager Fitzpatrick said that this is a percentage established by the Retirement System. The City has no control over the amount.

Councilor Gates asked why certain line items cannot be highlighted in some way to indicate that they are fixed amounts and cannot be adjusted by the City Council. Mr.

Fitzpatrick said that he has discussed this with the Deputy City Manager/Finance Director and they are going to consider doing this in the future.

Councilor Keans said she does not agree with having labor negotiations budgeted under the Legal Department. Mayor McCarley said in the past there was no Legal Department, but now that there is this item should be transferred there from all other departments.

3.5 Debt Service

Deputy City Manager Blaine Cox gave a brief PowerPoint presentation on the debt service. He explained how as debt service increases or decreases it can also have an effect on other things that money can be expended on in the operating budget.

Mr. Cox showed how debt service can be created. He described how this leads to the issuance of bonds.

Mr. Cox said that per State statute, the City's total General Fund outstanding debt is limited to \$70.9 million. This is calculated by taking 3% of the City's total equalized assessed property value. Mr. Cox went over the City's General Fund - FY18 Debt Limit Analysis.

Councilor Varney said that this does not have any of the million dollar projects that are being de-authorized and it could have a substantial effect on the totals. Mr. Cox said that is correct.

Mark Sullivan, Senior Accountant, discussed the Anticipated New Bond Authorizations for the City and School 2019-2023. This is \$35 million over three bond cycles.

Mr. Cox said his next budget memo will have a link to access the bond spreadsheets.

Councilor Varney asked to have the CIP book updated and re-printed after the budget has been adopted so it can be used throughout the year as reference. Mr. Cox said there has also been discussion on re-formatting the CIP books in the future for easier reference.

Councilor Varney said that at the last budget review of the School Board he had questioned some of the line items that have gone up substantially (+4%). He said that Superintendent Hopkins replied in a memo that in FY17 the salary line for teachers was overspent by \$712,000. Councilor Varney said he would like an explanation on how that happened and why. He would like the Superintendent to come to a City Council meeting to explain.

4. Other

Councilor Gates asked if the State has made a decision on the grant for the Creteau Technology Center. Mayor McCarley said nothing has been decided yet. She said that it is under further consideration and she hopes to have an answer fairly soon.

5. Adjournment

Councilor Torr **MOVED** to **ADJOURN** the Budget Workshop meeting at 8:12 PM. Councilor Bogan seconded the motion. The **MOTION CARRIED** by unanimous voice vote.

Respectfully submitted,

Marcia H. Roddy, CNHDCC
Deputy City Clerk