

Finance Committee

Meeting Minutes

Meeting Information

Date: July 14, 2020

Time: 6:30 P.M.

Location: Conducted Remotely Via Microsoft Teams

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

City staff present: City Manager Blaine Cox. Deputy City Manager Katie Ambrose. Deputy Finance Director Mark Sullivan. Chief Assessor Jonathan Rice. Police Chief Toussaint. Assistant Fire Chief Tim Wilder.

Agenda & Minutes

1. Call to Order

Mayor McCarley called the Finance Committee to order at 6:30 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). Federal, state, and local officials have determined that gatherings of 10 or more people pose a substantial risk to our community in its continuing efforts to combat the spread of COVID-19. In concurring with their determination, 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.

At this time, I also welcome members of the public accessing this meeting remotely. Even though this meeting is being conducted in a unique manner under unusual circumstances, the usual rules of conduct and decorum apply. Any person found to be disrupting this meeting will be asked to cease the disruption. Should the disruptive behavior continue thereafter, that person will be removed from this meeting.

This evening for the first time in quite a while, we are holding the Finance Committee Meeting in the School Department Board Room #2. To prevent any violation of the Emergency Order #16 pursuant to Executive Order 2020-04, the public may access this meeting virtually as described below. The public may access by calling into 1-585-318-2007, Conference ID: 325-517-274.

The meeting will also be broadcast on Atlantic Broadband channel 26 and on our City website. At this time, I will call for the roll call for the Finance Committee. Please note that due to the right-to-know law, all votes that are taken during this meeting shall be done by Roll Call vote.

Deputy City Clerk Cassie Givara took the roll call. The following Committee Members were present and stated that they were alone at the location from which they were connecting

remotely: Mayor McCarley, Deputy Mayor Lauterborn, Councilor Bogan, Councilor Gray, Councilor Hamann, and Councilor Walker. Councilor Lachance signed into the meeting at 6:34 PM.

2. Public Input

There was no correspondence submitted prior to the meeting and there were no callers present on the conference line.

3. Unfinished Business-None

No Discussion.

4. New Business-

4.1 All Veteran's Tax Credit Presentation

At the request of Councilor Lachance, Chief Assessor Jonathan Rice gave a presentation on the All Veterans tax credit. Mr. Rice outlined what was included in the state RSA regarding the All Veteran's tax credit and gave details on eligibility and process. He explained that the current veteran's tax credit requires, amongst other criteria, recipients to have served active duty in the US Armed Forces. The All veteran's Tax credit would allow for those serving during "gap periods" and peace time between conflicts to apply for the credit as well. The exemption is \$300 per qualifying resident and is deducted from the total property tax amount. If adopted, the City could opt to phase in the tax credit over a 3-year period.

Mr. Rice stated that the Assessor's office has identified 110 residents who would qualify for this exemption, but estimated there could be as many as 857 "gap" veterans in Rochester who may qualify. Mr. Rice gave a cost calculation estimate of adopting the exemption using two different methodologies. He estimated the cost could be between \$249,880 and \$255,088; however he clarified that this number is very difficult to project accurately. Mr. Rice gave estimated costs for the first year of implementation as well as potential annual cost.

Councilor Walker asked what the difference is between the current veteran's tax credit and the RSA being proposed. Chief Assessor Rice clarified that any veterans who do not qualify by the criteria of the standard veteran's tax credit due to the period in which they served are denied the tax credit under the current RSA. Councilor Gray stated that the City would need to consider how this tax credit would affect the other tax payers of Rochester. Deputy Finance Director Sullivan reported that for every \$100,000 this credit would have approximately a 3.8 cent impact.

There was a discussion regarding the potential number of veterans who may qualify for this credit and how the data is compiled. Mr. Rice speculated that, based on data from other municipalities who had enacted the tax credit, approximately 8% of qualifying veterans would apply in the first year at a cost of approximately \$33,000.

No action was taken on this item.

4.2 Fire Department-Sole Source Vendor Request-Toyne

Mark Sullivan, Deputy Finance Director, reported that the Fire Department had requested to use Eastern Fire Apparatus as their sole source for Toyne, which is the manufacturer of the fire engines the department uses. This item had been heard at a 2018 finance committee meeting and there had been no resolution or decision made at that meeting, which is why it

is being brought back up. Deputy Finance Director Sullivan clarified the use of the term “sole source” vendor and stated that a more appropriate term for what the fire department is trying to accomplish would be “preferred vendor.”

Councilor Walker inquired if the purchase being referenced was the \$600,000 pumper truck. Assistant Fire Chief Tim Wilder confirmed it was the pumper for \$640,000. Councilor Walker stated that for such a high cost, he felt the item should go out to bid. Councilor Lauterborn agreed with Councilor Walker and stated that for such a large purchase which is not made frequently, it does not make sense to lock the fire department into an agreement with a single vendor for future purchases unless there was a financial benefit to the City.

Assistant Chief Wilder stated that the Fire Department is not looking to lock into a long-term agreement, but that their last several purchases have been Toyne and the department has been very pleased with the service and support they’ve received and the relationship which has been built with the company.

Councilor Gray suggested structuring the bid acceptance based on total cost of ownership and not on the bid price for the equipment itself. City Manager Cox confirmed the City would be able to waive the requirement to competitively bid based on the criteria the fire department requires, and just bid out for a Toyne. Deputy Finance Director Sullivan clarified that this process would not lock the City into any long term agreement; the term sole source vendor has just been used when there is a bid waiver requested for use of a specific vendor.

Deputy Finance Director Sullivan stated that if a bid went out specifically for Toyne, there would only be one response due to Eastern Fire Apparatus being the only Toyne distributor in the region. If the purchase did go to bid, it would have to be more general and not specify Toyne. Councilor Hamann suggested that the fire department put their required features and criteria into their request for bid.

Councilor Lauterborn reiterated that by committing to an agreement with a single company, the City would lose all leverage when negotiating price; she said there seems to be no financial benefit to the City having a sole source vendor. Councilor Walker concurred with Councilor Lauterborn. Assistant Chief Wilder assured the Committee that the company they have chosen is competitive in pricing and would not take financial advantage based on their status as the sole vendor.

Mayor McCarley agreed that, while it is good to have a strong relationship with a vendor, there doesn’t seem to be a benefit and it doesn’t put the City in a stronger position to state that said vendor is the only vendor. Mayor McCarley stated that the Committee indicated that they would like the Fire Department to continue as they have without having a sole source vendor.

No action was taken on this item.

4.3 Fire Department-Emergency Management Grant-Use of City 50% surplus

Deputy Finance Director Sullivan gave some background on this item. He stated that there had been an error on the initial appropriation for the EMPG grant received in June of 2019. The State had outlined and sourced a specific trailer and set up a grant match by allowing the City to use their Seabrook expenses towards the grant match. It was discovered when talking to the grant manager that \$9,966 would be funded 100% for the trailer with the grant match covered, but when the agenda bill was drafted it stated that this amount was 50% of the total project cost of \$19,000. When the resolution was written, it stated that 50% was coming from the grant and 50% coming from general fund Unassigned Fund Balance. It has now been determined that the extra funding was unnecessary, so the amount appropriated

from the unassigned fund balance is a surplus. Chief Klose has requested to use this surplus to purchase an additional trailer for PPE storage with these funds which are already appropriated. Deputy Finance Director Sullivan stated that if the surplus is not used for the purchase of the trailer, it can be deauthorized and returned to the general fund.

Assistant Chief Wilder explained that the department currently has a lack of storage for the PPE which they need to keep stocked for current and future use. The trailer which was previously purchased with the grant is already fully stocked, and there is a large amount of PPE on order to be delivered with limited space to store it.

Councilor Walker asked what the total cost of the trailer would be. Deputy Finance Director Sullivan stated the total cost is \$9,966. Councilor Walker inquired why the need for the additional trailer had not been identified during the budget process. Assistant Chief Wilder clarified that it was a timing issue; with COVID-19 increasing and the need for additional PPE storage not being realized until May when the budget was already proposed and the process was underway.

It was stated that this trailer, if purchased, would be housed at the Department of Public Works. Currently there are cases of PPE being stored at any available space at the central fire station and there needs to be a designated, safe area for storage.

Councilor Lachance **MOVED** to recommend to full Council the approval of a \$9,966 purchase of a trailer for the fire department for storage of PPE. Councilor Hamann seconded the motion. The **MOTION CARRIED** by a unanimous roll call vote with Councilors Lachance, Lauterborn, Bogan, Gray, Walker, Hamann, and Mayor McCarley all voting in favor.

4.4 Coronavirus Emergency Supplemental Funding Program Grant Acceptance & Discussion

Finance Director Ambrose gave some background information on this item which had been failed to pass at the July 7, 2020 City Council Meeting. The City became aware that they qualified for an \$89,226 Department of Justice grant, with a deadline for application of June 12, 2020. At that time, the City had not yet heard back from other organizations on whether or not the City would be awarded funding for which they'd applied. It is not permissible to "double dip" on expenditures for funding sources, which made the process more difficult. During this time there was discussion on the temporary backup dispatch center set up in the Gonic Fire Station. The equipment used in the backup dispatch was being returned to the police department for the use for which it was originally intended, so emergency/backup dispatch was identified as an area of need.

This funding source, for which there is no match requirement, was determined to be appropriate for use in establishing a mobile emergency dispatch center. The grant was awarded June 18th, and the deadline for acceptance is August 2nd. Finance Director Ambrose reported that the grant can potentially be adjusted; it first has to be accepted under the current project, and then a grant adjustment notice can be submitted outlining an alternative project. The new request will be accepted or denied in 5 – 10 days. She recommended that the City Council accept the funds and then wait to vote to appropriate them at the next meeting if needed. Any new project identified would need to be COVID-19 related as well as Police Department-specific.

Chief Toussaint emphasized the importance of the communications center (dispatch) which is operating 24/7, 365 days a year and dispatches for Police, Fire, EMS and occasionally

DPW. He stated that while Strafford County Dispatch is used as a backup, they are not equipped to deal with the volume which Rochester generates and can only be used on a very temporary basis. The Rochester Police Communications Center had been identified as an area during COVID-19 where weaknesses existed. If there had to be a shut down for cleaning/sanitizing due to staff exposure or illness, there would not be a viable alternative for dispatch. He clarified that there are other scenarios outside of COVID-19 which could potentially cause equipment failure or shut down dispatch, and without a backup it would be extremely problematic. Chief Toussaint emphasized how critical it is to have redundancy in the dispatch center and stated that this backup center is a valuable asset which the City could use for years to come; he outlined the potential uses and benefits. Chief Toussaint clarified that there would be no future request for a tow vehicle for this mobile dispatch trailer as the City already has departments with vehicles which would serve this functions. There would not be additional requests for funding for future phases of the project.

Councilor Lauterborn **MOVED** that the committee recommend to full Council that they accept the emergency supplemental fund grant at the Special meeting to be held on July 21, 2020. Councilor Bogan seconded the motion. It was clarified that this motion is just to accept the grant, and for a separate action to potentially be made to adjust the project request. The **MOTION CARRIED** by a roll call vote with Councilors Bogan, Hamann, Lachance, Walker, Gray, Lauterborn, and Mayor McCarley all voting in favor.

4.5 Economic Development-Microloan conversion to grant-Discussion

Finance Director Ambrose indicated that the City had been given word from the GOFERR funding program that the City could be reimbursed for the microloan program if it were to be converted into a grant. Currently the program is a loan, and the terms state that the recipient is to reimburse the City over the course of a 2-year period. Converting to a grant program would reduce the risk of potentially not receiving the funds back from recipients because the City would be reimbursed for the total up front.

Councilor Lauterborn inquired if the City was unaware of the potential of reimbursement from GOFERR if this program was a grant when it was originally established as a loan. Finance Director Ambrose clarified that it is not known upfront which programs and projects will be reimbursable through the CARES act funds, you need to apply to determine whether you fit the criteria.

Councilor Gray asked if converting the microloan program to a grant could adversely affect recipients and make them ineligible for other federal funding. Finance Director Ambrose stated she was unaware of any funding conflicts which this conversion could cause. Councilor Lauterborn stated that she felt the initial program was instated too hastily; that perhaps a larger demographic or different recipients may have applied if it had been a grant from the beginning. Mayor McCarley reported that the loan program had been a great help to many downtown businesses.

Councilor Hamann **MOVED** to recommend to full Council that the Economic Development Microloan program be converted into a grant. Councilor Bogan seconded the motion. The **MOTION CARRIED** by a 6 – 1 roll call vote with Councilors Walker, Lauterborn, Bogan, Lachance, Hamann, and Mayor McCarley voting in favor and Councilor Gray voting opposed.

5. Reports from Finance & Administration

5.1 Monthly Financial Report Summaries June 2020, Revenue review

5.1 (a) June 30, 2020 Revenues

5.1 (b) June 30, 2020 Expenses

Deputy Finance Director Sullivan stated that taxes are over 90% collected and collections are where they should be with revenues and motor vehicles going strong. Finance Director Ambrose reported that the budget freeze did not continue into the New Year, although Finance continues to monitor cash.

6. Other

No discussion.

7. Adjournment

Mayor McCarley **ADJOURNED** the Finance Committee Meeting at 7:38 PM.

Respectfully Submitted,

Cassie Givara
Deputy City Clerk