

Finance Committee  
Meeting Minutes

Meeting Information

Date: August 13, 2019  
Time: 7:00 PM  
Location: City Council Chambers  
31 Wakefield Street  
Rochester, NH 03867

**Committee members present:** Mayor McCarley, Deputy Mayor Varney, Councilor Walker, Councilor Gray, Councilor Lauterborn, Councilor Keans, and Councilor Abbott

**City staff present:** City Manager Blaine Cox, Deputy City Manager Katie Ambrose, Deputy Finance Director Mark Sullivan, Director of Recreation and Arena Services Chris Bowlen, Deputy Finance Director Roland Connors, Economic Development Specialist Jenn Marsh, Economic Development Manager Mike Scala, and Jennifer Murphy Aubin, Economic Development Department

**Others present:** Ray Barnett and Angela Mills, Rochester Main Street Executive Director

**Committee Members absent/excused:** Councilor Torr

Minutes:

**1. Call to Order**

Mayor McCarley called the meeting to order at 7:00 PM.

**2. Public Input**

Ray Barnett, resident, addressed the Committee regarding the elderly tax exemption, potentially modifying the qualifications for those eligible, and other ideas about assisting the elderly to pay taxes.

### **3. Unfinished Business**

#### **3.1 Purchasing Procedure – Administrative Ordinances 7-40**

Councilor Lauterborn **MOVED** to recommend the Amendment to the Purchasing Procedure to the full City Council. Councilor Varney seconded the motion. Councilor Gray questioned if the motion included sending the proposed Amendment to the Codes and Ordinances Committee for review. Councilor Lauterborn concurred. The **MOTION CARRIED** by a unanimous voice vote to recommend the Amendment to the Purchasing Procedure to be presented to the full City Council and to refer the matter to the Codes and Ordinances for review.

#### **3.2 Veterans Credits and Elderly Exemptions**

Mayor McCarley recalled that the City Council made some changes to the Veterans Tax Credits and Elderly Exemption a little over a year ago. Councilor Keans agreed with the City Assessor's statements about who pays for the tax credits. She said many people do not understand that such a change could actually have a negative impact to elderly folks who do not qualify for the tax credits. She added that all taxpayers, including the elderly population, are required to pay higher taxes to make up the difference for those who do qualify for the tax credits. Councilor Lauterborn agreed and said it is worth repeating again. She said that every time a tax credit is given out, it is the rest of the taxpayers who are required to make up the difference. Mayor McCarley said if there are no further discussions and no motion has been made, then this will end at the Committee level and no action shall be taken.

#### **3.3 Fund Balance Policy – General Fund**

City Manager Cox said one of the more significant changes being proposed, is to the utilization of the General Fund Balance for any recurring items. Mr. Connors said this change is being proposed based upon input from the Finance Committee made back in April, 2019. Some Committee members still had concerns with the use of the General Fund Balance. He explained that this is a revised draft to accommodate those changes. He explained that the title of subsection (d) was originally entitled "Emergency Appropriations" and has since been revised to read "General Fund unassigned fund balance – Recurring." Mr. Connors supported this proposed change because there are times in which the Council is asked to utilize the General Fund balance for recurring expenses. He gave one example which general funds were used to cover additional costs associated with the Special

Education for the School Department. This expense would be considered a recurring expenditure as opposed to a non-recurring expenditure. He said this is a necessary change to the language because the general fund is not solely for “emergency” expenditures.

Mr. Connors said another concern brought to his attention from the Finance Committee had been to include language which would require a two-thirds majority vote. Mr. Connors stated that this language was added to both sub-sections (c) and (d). He added, lastly, it was recommended that the Ordinance be cross-referenced with the Fund Balance Policy. He said sub-sections (a) through (d) of the proposed ordinance have been incorporated directly into the revised Fund Balance Policy for that reason.

Councilor Varney questioned the fact that under subsection (d) of the Amendment, it states that the “balance” required for the General Fund Unassigned Fund Balance, must be between a minimum of 8% and 17%; however, there is no specifications for a maximum balance. Mr. Connor did not oppose including a maximum fund balance requirement. He said the fund balance should be based upon the City’s level of outstanding debt in order to receive a good bond rating. Councilor Gray said, at some point, the taxpayers are not going to be in favor of accumulating a bulky fund balance. He added that the “use” of the fund balance is what is important. He did not see a reason to separate the ordinance into two separate categories: (c) non-recurring and (d) recurring. Mr. Connors supported the additional requirement that has been placed upon the “recurring” use of the fund balance as follows: *If such appropriation reduces the unassigned fund balance to a level below the minimum prescribed by Subsection B of this section, the resolution authorizing such appropriation shall include a plan to restore the unassigned fund balance (between 8% and 17%) within a period not to exceed 2 years.* Councilor Gray argued that if the unassigned fund balance drops below the minimum balance requirements, then there should be a plan in place to restore that balance regardless if it was a recurring or non-recurring expenditure. He reiterated that the ordinance could be simplified by combining (c) and (d).

Councilor Walker gave reasons why he did not feel a two-thirds requirement would be beneficial to the process. The Committee briefly debated the matter. The Committee briefly discussed the effect a healthy fund balance has on the bond rates.

Councilor Walker **MOVED** to recommend the Amendment to Chapter §7-62 General Fund unassigned fund balance to the full City Council and to refer the

matter to the Codes and Ordinances Committee for review. Councilor Gray seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

#### **4. New Business**

##### **4.1 2019 City Fireworks recap, plans for the 2020 event**

Chris Bowlen, Director of Recreation and Arena Services, addressed the Finance Committee about the recent Fireworks Event held in the City of Rochester. He introduced Angela Mills, Executive Director of Rochester Main Street. The City has partnered with Rochester Main Street for the second time for this event and there has been a lot of positive feedback from the constituents of the City.

Mr. Bowlen said there is a lot of preparation and planning for an event of this magnitude. He requested a sense of the Committee regarding if the City intends to continue with this event on an annual basis in order to start plans for next year's event. He had photos and social media comments about this year's event to share with the Committee.

Councilor Walker asked if there were any issues with this year's event. Mr. Bowlen replied that there were no significant issues this year; however, parking may be an issue in the future.

Ms. Mills stated that Rochester Main Street secured a Coast Shuttle in order to transport folks from the Union Street Parking Area, City Hall parking lot, and other places around the City, to the Event held at the Rochester Community Center.

Councilor Keans spoke against a proposal to enter into a multi-year contract with the pyrotechnics company.

Councilor Varney questioned if the City could find funds to support the 2020 event in this fiscal year's budget in order to allow the Recreation and Arena Department and Rochester Main Street to plan the event prior to next year's budget. Mr. Sullivan explained that the current problem is that Mr. Bowlen is asked to plan an event one year in advance of the budget cycle. In order to plan the event a supplemental appropriation is made to provide enough funds to make a deposit for the pyrotechnics company; however, the total amount of the project funds is

subject to being cut during the budget cycle. The City Council should decide if it's committed to this event and recognize the fact that funding the event could cross fiscal years. It is unlike other projects which could be planned after July 1<sup>st</sup> of each fiscal year. He suggested presenting a resolution that would propose a two year commitment of the fireworks event and place the funding in a multi-year fund in order to allow for proper planning and funding of this annual event. Councilor Varney questioned if it was necessary to place the funds in a multi-year fund. Mr. Sullivan said it would be best to utilize a multi-year fund and if the event did not occur for any reason the funding would be placed back in the General Fund. Councilor Varney said each City Council as a whole should have an opportunity to decide to have the event or not. He added that it would make more sense to place the funding in a single-year fund. It was noted that the allocation for the event has been \$20,000 which is divided up between Pyrotechnics Company, Rochester Main Street, and funds to off-set expenses related to the Police and Fire staff. Councilor Gray suggested using the term "non-lapsing" in order to cross over fiscal years. Mr. Sullivan replied that is correct and it's the same concept as multi-year fund. Councilor Keans asked what other expenses are considered non-lapsing in the City. Mr. Sullivan replied that all the CIP projects and some vehicles are in non-lapsing funds because they crossover fiscal years. The Committee discussed other ideas about how to stay ahead of the funding of this event. Councilor Walker **MOVED** to send to the full City Council a resolution authorizing a supplemental appropriation with enough funds for the next Fireworks Display. Councilor Varney seconded the motion. Councilor Walker said in this way, the City Council could consider not to fund the fireworks one year; however, it would always be one year in advance. Councilor Gray suggested making the "non-lapsing" fund part of the resolution. The **MOTION CARRIED** by a unanimous voice vote.

Councilor Lauterborn said that it was indicated that the City appropriates about \$5,000 to Rochester Main Street for the Fireworks event. She questioned for what that funding pays. Ms. Mills replied that it was spent on the vendors, porta potties, and logistics which calculates to more than the \$5,000 allocation.

Mayor McCarley thanked Mr. Bowlen and Ms. Mills for their work on this event and indicated that it was great event for Rochester. Councilor Gray added that the Police Department did a great job directing traffic after the event.

#### **4.2 Economic Development –Fitness Center**

Jennifer Murphy Aubin, Economic Development Department, shared a short video about a proposed out-doors fitness center. She said there are two funding options included with the finance committee packet. One option is to fund the project in this fiscal year and the other is to postpone for one year. Ms. Aubin stated that there are two sites that qualify for proposed locations. One possible location is at the Rochester Common and the other location is at Hanson Pines. The Hanson Pines option is expected to cost more due to the fact that the pavement must be torn out first. Both options have plenty of visibility and are located in high foot-traffic areas of the City.

Ms. Aubin stated that originally there were a few sponsors willing to donate funding; however, there is only one sponsor left at this time with a committed donation of \$10,000, which is Comcast. She said the Comcast logo would be placed on the back of the fitness center structure.

Ms. Aubin stated that if the City decided to purchase the equipment in this fiscal year there would be an additional savings of \$5,000.

City Manager Cox said the Playground Structure Project would be starting soon. He added that in order to coordinate the Fitness Center Project along with the Playground Structure Project, the City Council would need to appropriate the funding in this fiscal year soon, otherwise the two projects could not be coordinated together.

City Manager Cox directed the Committee members to page 23 of the finance committee packet which shows the approximate size of the proposed Comcast logo to be placed on the fitness center structure. He said the Finance Committee and/or City Council may have some concerns about the size and placement of the Comcast logo for a one time donation of \$10,000.

Ms. Aubin shared slides relative to maps of the proposed location and what the Comcast logo would entail. Councilor Lauterborn stated that it seems to be a large amount of advertisement for basically a five percent donation. She questioned if this is a typical amount of advertisement for such a small donation. Ms. Aubin shared her findings from speaking to other communities. She said some Communities have received larger donations from local supporters.

Ms. Aubin said both the Rochester Common and Hanson Pines are heavily utilized areas of the City; however, it could bring even more folks to these areas which can also deflect vandalism. Ms. Aubin said the material being used for this structure is very durable and weathers like playground equipment.

Councilor Keans said the Rochester Common did not seem like a favorable location which means it may end up being at the Hanson Pines. She questioned if parking would be an issue for the Hanson Pines location. Councilor Keans raised concerns about the City competing with other fitness centers within the City. She said it seems to be based for folks from ages 15 to 65 and is not sure if the City should spend almost \$200,000 on a small portion of the population of the City. Councilor Lauterborn clarified that it would cost the City approximately \$157,000 because of the proposed \$30,000 grant and \$10,000 sponsor donation. She added that the Committee should have another conversation about the \$10,000 donation and the size of the advertisement for said donation.

Councilor Lauterborn asked if there were concerns from DPW about installation at the Rochester Common. Ms. Aubin replied that Mr. Nourse did indicate that there may be some concerns about the culture or “look” of the Common; however, the footprint shows how compact that space would end up being.

Ms. Aubin addressed concerns raised by Councilor Keans about competing with the local fitness centers in the City. Ms. Aubin said this structure would complement these fitness center and give them another option to utilize. Ms. Aubin gave more information about the broad range of participants with such fitness centers.

Councilor Lauterborn requested that Mr. Bowlen give input to which might be a better location for participation at an outdoor fitness center. Mr. Bowlen replied that the Hanson Pines might bring about a younger crowd whereas the Common might have an adult base.

Councilor Varney recalled that this project started out as a \$100,000 project and somehow has morphed into a \$200,000 project. Ms. Aubin referred to the Finance Committee packet which has a break-down of the various costs which this project entails. Mr. Sullivan referred to page 19 of the finance committee packet

which identifies the costs and funding sources. Councilor Varney reiterated that this project has morphed into a much bigger burden on the City than its original design. Ms. Aubin explained that this project began in 2017; however, there has been a transition in staffing and some of the original sponsors are not able to contribute at this time. She said rather than seeking additional sponsors for this project, it is being brought back to the Finance Committee to see what direction should be the next step. Councilor Varney stated that the City has budgeted almost \$400,000 to renovate the equipment at Hanson Pines and the Rochester Common and it seems unlikely that the City could add another \$157,000 at this time. He added that it is a great proposed project; however, it has become too costly at this time.

Councilor Walker supported the Rochester Common as the best location; however, the Committee should have more discussion about the unsightly proposed advertisement on the structure. He said that the project is getting costly and the City may postpone and/or the City staff should seek more contributions from sponsors. The Committee discussed the potential placement and participants of such a fitness center. Councilor Walker suggested that DPW should make sure that the proposed project would not cause any problems with the underground infrastructure of the Rochester Common. City Manager Cox concluded that the Economic Development Department will work with the feedback and delay the project until Fiscal Year 2021 budget cycle.

#### **4.3 79E Application 73-77 North Main Street**

Jenn Marsh, Economic Development Specialist, addressed the committee regarding the request for a 79E application for 73-77 North Main Street which is directly across the street from the Rochester Court House. She gave details about the project and said the increase in property taxes could be waived for an approved period of time which in this case is eligible for eleven years. She said a representative of the project is in attendance this evening if there are any questions.

Councilor Varney asked if this project has been to the Historic District Commission. Mayor McCarley replied that it is scheduled to go to the HDC tomorrow evening.

Councilor Walker asked who the applicant was for this project. Ms. Marsh



replied Justin Gargiulo is the applicant. Councilor Walker supported the idea. Ms. Marsh said it has the potential to have a lower level restaurant and out-door dining if possible.

Councilor Keans asked if the Fire Department has provided any information as to the back of the building relative to the fire escape. Ms. Marsh stated that the developer is working with the Fire Department on this design. It is difficult at this point because the “use” of the first floor is still unknown; however, once a final plan is in place, then it could be sent back to the HDC. Councilor Keans said the back of the building could look very different with or without the fire escape. She questioned how the HDC could make a final determination without a plan in place now. Ms. Marsh said any additional exterior work would be required to be sent back to the HDC.

Councilor Keans referred to page 27 of the finance committee packet and the 79E Exhibit. She said the sentence which refers to “open space” would need to be removed from the exhibit because that idea has to be negotiated separately with the City Manager’s office. Ms. Marsh agreed to make those adjustments to the exhibit prior to the public hearing. She said a public hearing is scheduled for September 3, 2019. The applicant is seeking a recommendation from the Finance Committee to send the request to the full City Council. Ms. Marsh requested that the City Council include the recommendation to approve the project for the full amount of eleven years. Councilor Walker **MOVED** to send the request to the full City Council at the next Regular Meeting with the recommendation of eleven years. *(The increase in property taxes would be waived for an approved period of eleven years.)* Councilor Lauterborn seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

#### **4.4 UAB Water-Sewer Rate PowerPoint Presentation**

Mayor McCarley stated that this presentation has been postponed.

### **5. Reports from Finance & Administration**

#### **5.1 Monthly Financial Report Summaries – July 1, 2019**

Mr. Sullivan said the first month of the fiscal year report can be found in the finance committee packet. He said things are trending in a normal process for the

beginning of a fiscal year and there is not a lot to report.

Councilor Keans referred to page 73 of the packet. She said it looks like several departments have already spent over 60% of their budget. Mr. Sullivan said he could get back to the Committee with those details; however, it is likely the process of creating the entire encumbrance of an annual bill which will be paid off in sections as it becomes due. They have not actually spent all the money; however, the requisition for the money is already in place. Councilor Keans questioned if it was the cost associated with air conditioning. Mr. Sullivan said it could be partly due to air conditioning. Ms. Ambrose

## **6. Other**

Councilor Keans asked about the City's initiative on energy efficiency through Honeywell about four years ago. She questioned if these savings are being tracked. The Committee discussed the matter briefly. City Manager Cox recalled that data had been provided to the City from Honeywell in the past; however, this has not been done in a few years. He agreed that the City staff could gather that data to provide to the City Council.

Councilor Varney said it seems there may be a substantial surplus sent back to the City from the School Department. Is there any indication about the surplus from the City-side of the budget? Mr. Connors replied that it is still premature at this point to estimate a fund balance. He agreed to provide that information to the City Council in a few more weeks as it becomes available. Councilor Varney suggested that possibly, if there were enough of a City-side surplus, and the General Fund Balance had a healthy balance, then expected purchase of a new fire truck (ladder) could be spent out of cash rather than bonding. Councilor Walker agreed. The Committee briefly spoke about the expenses involved with bonding vehicles as opposed to purchasing with cash. Mr. Connors said the City has already pre-paid for the new fire truck; however, it is appropriate to change the funding source from "bond" to unassigned fund balance if possible.

Ms. Ambrose provided information to the Finance Committee relative to a question raised from Councilor Keans about encumbrances earlier in the meeting. She said some of the encumbrances included the HVAC contract, elevator inspections, and fire alarm inspections. She reiterated that these are requisitions that have been built in order to prepare for anticipated costs to each department. City Manager Cox provided examples for the Committee.

Mr. Sullivan, on behalf of the Fire Department, informed the Finance Committee, that they have followed the Finance Committee's recommendations for the bidding process for Swiftwater Rescue Boat. They sent bid specification to fourteen vendors and received two responses, one of which was from the same vendor as last time (InMar). The question is if they are okay to proceed with the requisition order and purchase of the boat. The sense of the Committee was to allow them to proceed with the purchase.

## **7. Adjournment**

Councilor Walker **MOVED** to **ADJOURN** the Finance Committee at 8:21 PM. Councilor Lauterborn seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

Respectfully submitted,

Kelly Walters, CMC  
City Clerk