

**City Council Workshop
March 19, 2024
Council Chambers
6:00 PM**

COUNCILORS PRESENT

Councilor Creteau
Councilor de Geofroy
Councilor Fitzpatrick
Councilor Fontneau
Councilor Herman
Councilor Lawrence
Councilor Richardson
Councilor Sullivan
Councilor Turner
Councilor Walker
Deputy Mayor Hamann
Mayor Callaghan

OTHERS PRESENT

Katie Ambrose, City Manager
Terence O'Rourke, City Attorney
Sherry Young, Attorney
Jim Steinkrauss, Attorney
Mark Sullivan, Finance Director
Scott McIntire, Auditor

COUNCILORS ABSENT

Minutes

1. Call to Order

Mayor Callaghan called the City Council Workshop to order at 6:00 PM.

Councilor Karolian led the City Council and all present in the Pledge of Allegiance.

2. Roll Call

Deputy City Clerk Cassie Givara took the roll call attendance as follows: Councilors Creteau, de Geofroy, Fitzpatrick, Herman, Karolian, Richardson, Sullivan, Turner, Walker, Deputy Mayor Hamann, and Mayor Callaghan were all present. Councilors Fontneau and Lawrence were excused.

3. Non-Meeting, Consultation with Legal Counsel

Mayor Callaghan recessed to a non-meeting with legal counsel at 6:01 PM.

Mayor Callaghan resumed the City Council Workshop at 6:55 PM following the non-meeting.

4. Public Input

The following residents spoke about the importance of the Willand warming center and encouraged the City of Rochester to assist with funding the center for extended operations beyond the slated April 1 close date:

Amy Malone, Willand Center Director

Alexis, resident

Aquila Robinson, resident

Pierre Bonan, resident

Elaine Menard, resident

Jessie Meserve, resident

Heather Walker-McConihe, Infinity Peer Support

Ezra Brown, resident

Naomi Bartels, resident

Shirley Phillips, resident

Coreen Toussaint, resident

Frank L., Punch Brook Way resident, spoke about incidents which have allegedly occurred at the Willand Warming Center and spoke about leadership at the center.

Susan Rice, resident, announced that Rochester Main Street would be hosting its first annual Easter Egg Hunt on Saturday March 23 at 11:00 AM. Due to the inclement weather predicted, the event has been moved to the Roberge Center. Ms. Rice also informed the public that the homeless community of Rochester has the right to register and vote and explained how to do this.

5. Communications from the City Manager

City Manager Ambrose announced that there had been two public input submissions received online: An email from Kristen Butterfield titled "Warming Center of Strafford County – Support," and an email from Shane Levesque titled "Skate Park."

City Manager Ambrose announced that the Rochester Public Library would be closed on Wednesday, March 20 while staff completed training on new software.

6. Communications from the Mayor

Mayor Callaghan gave an overview of the affordable housing progress which has been made in Rochester over the previous three years, totaling over 400 units of affordable housing in Rochester.

Mayor Callaghan referenced the Tri City Mayors' Task Force Master Plan on Homelessness, signed by the Tri-Cities in 2019. This plan had seven strategies. One of these strategies was the operation of an extreme weather shelter/center, which Mayor Callaghan said the Tri-Cities had been able to offer for the past 5 years. The second strategy had been the creation of affordable housing, the update on which the Mayor had just given. He said that one of the other strategies is "Support efforts to decrease substance use disorder." Mayor Callaghan outlined the local sober living facilities and recovery programs, such as Hope on Haven Hill, Positive Transitions, Infinity Peer support, Waypoint, SOS, amongst others.

Mayor Callaghan reported that he had attended the Holy Rosary Regional Credit Union annual meeting. He announced that HRCU had been named by Forbes Magazine as the #1 credit union in NH, and over the past two years HRCU has donated over \$100,000 to local charities.

Mayor Callaghan congratulated the Spaulding High School Hockey Team, who had made it all the way to the Championships this year.

5. Presentation: Wastewater Treatment Facility permitting

Sherry Young, Attorney with Rath, Young, and Pignatelli, presented to City Council the most recent updates on the City of Rochester's Wastewater Treatment permits; the total nitrogen permit and overall wastewater treatment plant permit focusing primarily on total phosphorous.

Attorney Young explained that she would give a history of these permits, however Director of City Services Peter Nourse had drafted a comprehensive memo with much more thorough details and timelines which would be posted on the City website for review.

Attorney Young stated that there is a nitrogen general permit and a NPDES Wastewater Discharge permit; both issued by EPA Region 1 which covers NH, Massachusetts and one other state. The original permit was issued in 1997, and this permit has been continued administratively ever since. This original permit did not contain limits for metals, nitrogen, or phosphorus. The General Nitrogen Permit was issued by EPA in November of 2020 to Rochester as well as 11 other municipalities in the State who discharge into the Great Bay Estuary. Rochester was unable to meet the nitrogen limit listed in the permit, and entered into an Administrative Order on Consent (AOC) with EPA to allow time to upgrade it's facilities to meet this lower limit. She gave details on the limits which needs to be met and the negotiations which have taken place as a result.

Jim Steinkrauss, Attorney, gave a detailed overview of the requirements contained in the permits and the impacts they will have on the City, resulting in potential upgrades of \$35 million. Attorney Steinkrauss listed the individual upgrade projects and what the outcome of each project will be. Mark Sullivan, Finance Director, spoke about the impacts these upgrades could have on the City's water and sewer rates. He explained that capital investments in the \$30 million range, as discussed, result in a significant debt service impact to the sewer fund, as well as additional operating costs that need to be considered. He explained that in looking at rate modeling, the City could try to time these debt issues for periods when there are decreases in current debt levels. However, there is already \$23 million in current sewer projects for which debt has not been issued yet. Director Sullivan said that, on the sewer side, the City will be looking at a rate range of between \$15-\$20/unit by 2030. He explained the impact on the water side, and projected that the water rate would be in the \$9-\$10/unit range, and spoke of the \$20 million in water projects upcoming which will need to be converted into debt service as well. There will be a combined rate of between \$24-\$30/unit range; a household with moderate usage could average 90 units of annual consumption. At the current rate, that equates to \$1300-\$1500 annually; with the new rates, this would increase to \$2700-\$3000 annually, or more for households with higher usage. Director Sullivan explained that there are a large amount of homes in Rochester who pay the minimum rate of \$37/quarterly for sewer, \$25/quarterly for water. He spoke about the potential of needing

to increase these minimum rates. The City will also be exploring grant and congressional funding opportunities, and looking at funding which can be deauthorized for projects which are no longer needed. These are all possibilities to help keep the debt service level and mitigate the impending principal and interest payments, and to keep the rates from spiking. There may be the suggestion in the future that the general fund contribute to the sewer and/or water fund.

Director Sullivan stated that the Utility Advisory Board will be meeting shortly to start reviewing recommended rate increases and determine a method for increasing the rates gradually.

6. FY23 Annual Audit Presentation – Marcum LLP

Scott McIntire, Marcum LLP, gave Council an overview of the audit findings from Fiscal Year 2023; ending June 30, 2023. Mr. McIntire explained the process that the firm takes in completing the audit and gave a summary of the results. Mr. McIntire stated that the result of the audit was a “clean” or unmodified opinion, and that the financial statements are materially fairly presented in accordance with generally accepted accounting principles accepted in the United States of America.

Mr. McIntire summarized the recommendations made by Marcum to the City of Rochester; to monitor the use of water and sewer retained earnings and to incorporate trust funds into Munis (the City’s financial software) for a more complete and accurate view of all the City’s accounts in one ledger. Mr. McIntire detailed the change between unassigned fund balance from FY22 to FY23, with an increase of \$3,824,509 (a positive budgetary result of \$12,612,512 minus the supplemental use of fund balance for capital improvements and the FY24 budget). Mr. McIntire summarized the trends over the past four fiscal years for the City’s net pension liability, of which annual contributions are based on payroll, and gave an overview of the associated discount rates.

Mr. McIntire detailed some upcoming considerations which the city will need to make: GASB (Governmental Accounting Standards Board) have issued their 101st statement on compensated absences which will apply for the Rochester in FY25 and requires a new way of measuring this liability. Additionally, there may be a change in the reporting model for future budgets.

7. Department Reports

Mayor Callaghan praised the Recreation department for the

successful family Valentine's dance as well as the high turnout for the recent Teen Night.

8. Non-public/non-meeting

There was no non-public meeting held this evening.

9. Adjournment

Mayor Callaghan **ADJOURNED** the City Council Workshop at 8:50 PM

Respectfully Submitted,

Cassie Givara
Deputy City Clerk