

CITY OF ROCHESTER
NOTICE of PUBLIC MEETING:
FINANCE COMMITTEE

Meeting Information

Date: February 8, 2022
Time: 6:30 P.M.
Location: City Council Chambers
31 Wakefield Street
Rochester, New Hampshire

Agenda

1. **Call to Order**
2. **Roll Call**
3. **Acceptance of Minutes:** January 11, 2022. Pg. 2
4. **Public Input**
5. **Unfinished Business:** Riverwalk Fundraising. Pg. 7
6. **New Business-**
 - 6.1.1 Utilization of General Fund Unassigned Fund Balance. Pg.8
 - 6.1.2 Economic Development Special Reserve Fund. Pg.11
 - 6.1.3 ARPA Projects. Pg.14
 - 6.1.4 Impact Fees-Return of Fund-Review. Pg. 15

Reports from Finance & Administration

- 6.2.1 Monthly Financial Report Summary-January 31, 2022, Pg.17
7. **Other**
8. **Adjournment**

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Finance Committee
Meeting Minutes

Meeting Information

Date: January 11, 2022

Time: 6:00 P.M.

Location: Council Chambers, 31 Wakefield Street, Rochester, NH

Committee members present: Mayor Callaghan, Deputy Mayor Lachapelle, Councilor Beaudoin, Councilor Gray, Councilor Hainey, Councilor Hamann, and Councilor Larochelle.

City staff present: Deputy City Manager Katie Ambrose. Deputy Finance Director Mark Sullivan. Police Chief Gary Boudreau. Assistant Director of Economic Development Jenn Marsh. Interim Fire Chief Perry Plummer.

Others present: Riverwalk Committee Chair, David Walker.

Agenda & Minutes

1. Call to Order

Mayor Callaghan called the Finance Committee meeting to order at 6:00 PM. Deputy City Clerk Cassie Givara took the roll call attendance. All Councilors were present, as noted above.

2. Acceptance of Minutes: October 12, 2021

Councilor Lachapelle **MOVED** to **ACCEPT** the minutes of the October 12, 2021 Finance Committee meeting. Councilor Hamann seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

3. Public Input

Deputy City Manager Katie Ambrose read an email from Bill Elwell, resident, in regards to agenda item 5.1.3 discussing Fire Department overtime. *(This email is included as an addendum to the packet online)*

4. Unfinished Business

No discussion.

5. New Business-

5.1.1 Police Department- Body Cameras Competitive Bid Waiver

Finance Director Ambrose explained that the Police Department had requested a bid waiver due to the pricing structure of the project diverging from what had been presented and approved by Council during the previous budget cycle.

Chief Boudreau reiterated that the body camera purchase project had been approved by Council for FY22. At that time, it was presented that the request was \$150,000 with the anticipated upfront fees being \$125,000 followed by yearly fees of approximately \$40,000 for licensing and software. However, once the department started researching and discussing options with vendors, it was realized that most of the major manufacturers operate using a subscription service without a large initial fee. The subscription service would require a 5-year contract with an upfront cost of \$15,000, along with an annual subscription fee of \$50,000. Chief Boudreau stated that the department already uses in-cruiser cameras from the manufacturer WatchGuard, and has had these in place for the past decade. The department is looking for cameras that will work seamlessly with these in-car cameras. WatchGuard manufactures body cameras as well, which would integrate with the products the police department already has in use. The overall cost of the WatchGuard product was also the least of all the manufacturers reviewed. The Police Department is requesting a waiver to avoid the bid process and instead go directly with the WatchGuard product, entering into a 5-year subscription contract. He stated that the initial \$150,000 is already approved in the CIP, but as they enter into the latter part of the contract, they will need to add the additional costs into the O&M budget.

Councilor Lachapelle asked if this contract would be for the purchase of 50 total body cameras. Chief Boudreau stated that the purchase would be for 60 cameras; the department has 63 sworn officer positions (not all of which are currently filled) and 50 cameras would cover the frontline officers.

Councilor Hainey asked for clarification on the total cost. Chief Boudreau stated that the \$150,000 already approved would cover the first three years of the contract. He outlined the remainder being requested for the total project cost of \$254,000.

Councilor Larochelle asked if the purchase through WatchGuard would reduce the amount of training needed. Chief Boudreau responded that all officers do already have familiarity with the WatchGuard software due to the use of the in-car cameras, so there would likely be less time needed to familiarize with the body cameras.

Councilor Beaudoin asked if the contract covered maintenance on the equipment. Chief Boudreau responded that while the units are under contract they can be sent back to the manufacturer for service or replaced at no additional cost if there are any issues.

Mayor Callaghan inquired why there was a body camera being ordered for each individual officer as opposed to ordering fewer and distributing them per shift. Chief Boudreau reported that the manufacturer recommends one camera per officer to allow for proper charging time and data upload to the cloud-based service in between shifts.

Mayor Callaghan asked for a brief explanation of the benefits of body camera use. Chief Boudreau stated that these devices protect both officers and the citizens they serve, and monitor behavior on both ends. It has also been shown to reduce complaints regarding officer conduct.

Councilor Beaudoin inquired about the security of using cloud-based storage. Chief Boudreau said that the storage solution is regulated by stringent federal guidelines and only authorized personnel would have access.

Councilor Hamann inquired about the average useful life of the body cameras. Chief Boudreau stated that there is the potential, depending on how technology advances, to replace these cameras at the end of the 5-year contract. He also stated that in year 3 of the contract, the department would be allowed to replace batteries and cameras if needed.

Councilors Lachapelle **MOVED** to recommend to full Council to approve the bid waiver for the police department body camera purchase as well as the changes to funding. Councilor Hamann seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

5.1.2 Economic Development Dept- Riverwalk Funding-Discussion

Finance Director Ambrose gave a brief background on the Riverwalk funding. She stated that the Committee funds their activities through a donation account. When the fund was created, there was a \$5000 annual cap established for fundraising and community donations. She said the Riverwalk Committee is looking to increase this cap. Finance Director Ambrose stated that the Finance Committee could consider whether to increase that threshold on donations or to recommend the Riverwalk Committee fund their activities through Economic Development budget appropriations

Jenn Marsh, Assistant Director of Economic Development, stated that the Riverwalk Committee had some upcoming activities planned that are not eligible for grant funding. There are also several projects that will require very small costs. It would be tedious to have to come before Council to ask for approval for such nominal amounts. Ms. Marsh stated that the Riverwalk Committee is requesting that their fund can be adjusted to allow for the acceptance of more funding beyond the current cap. They are also looking for the ability to expend funds without having to come to full Council for approval for these smaller cost projects. Ms. Marsh gave a brief overview of a couple projects the Riverwalk Committee is looking to undertake in the near future.

Ms. Marsh said that the Riverwalk Committee has not done a large amount of fundraising in the past due to the time and energy involved for staff and the Finance department. Therefore, she suggested having a line item in the O&M budget through the Economic Development department in the amount of \$5000 which could be expended for small projects and activities.

Councilor Beaudoin asked for clarification on the \$5000 cap referenced. Ms, Marsh stated that when the fund was established, this cap was put in place which prevented the Committee from raising more than this amount.

Councilor Hamann **MOVED** to remove the \$5000 cap from the Riverwalk fundraising account. Councilor Lachapelle seconded the motion. Councilor Hamann stated that it would be to the City's benefit if the Committee was able to raise money to fund their own projects and activities. Deputy Finance Director Mark Sullivan discussed the concerns with fundraising from a Finance perspective. He stated that the City is not equipped to deal with fundraising activities, which have different accounting rules, regulations, reporting requirements, and burden of proving donor intent. He suggested instead that the Committee be given a small operating budget using a multi-year fund that does not expire.

Councilor Beaudoin referenced NH RSA 34, which regulates Capital Reserve Funds and monies taken in trust. He questioned whether the fundraised money was taken in trust and if it follows the requirements of the RSA, which he stated would limit the abilities of the Finance Committee to recommend change. Councilor Beaudoin requested a legal opinion on the matter before moving forward.

Councilor Gray stated that if the previous motion were rescinded, he move to make \$2500 from contingency available to the Riverwalk Committee and to direct the City Manager to make a proposal later in year requesting additional funding if needed to be added to the budget. Councilor Hamann **WITHDREW** his motion. Councilor Lachapelle **WITHDREW** his second to the motion. Councilor Gray **MOVED** to appropriate \$2500 from contingency to the Riverwalk Committee and to direct the City Manager as noted above. Councilor Lachapelle seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

David Walker, Riverwalk Chair, asked for clarification on whether the \$5000 cap was still in effect. Finance Director Ambrose confirmed the cap was still in place. Mr. Walker inquired, if the Committee were to be given a large donation, if they would be able to accept it due to this cap. He said that he preferred the suggestion of removing the cap entirely to allow for larger donations. Deputy Finance Director Sullivan clarified that there are two issues being discussed; the fundraising activity, which is what he had concerns regarding, and the second issue is grants and donations. Mr. Sullivan said that if someone did come forward with a larger donation, it could be placed in the Riverwalk fund and Council could approve appropriations from that fund as needed and the cap would not affect acceptance of these funds.

Councilor Beaudoin inquired, if the cap were removed, if the Riverwalk Committee could expend funds without Council approval. It was confirmed that this is the case. Deputy Finance Director Sullivan reiterated that currently, each time the Riverwalk Committee needs to spend any funding, they need to come to Council for approval, which is why he was suggesting a small operating budget.

Councilor Beaudoin suggested advancing money to the Riverwalk Committee for fundraising

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activities, with these funds then being replaced with money raised through said fundraising. Councilor Gray stated that the previous motion passed would accomplish the same thing, with \$2500 going to the Riverwalk Committee to use as they deem appropriate and directing the City Manager to come back to the Finance Committee for additional funding requests if needed. Councilor Beaudoin withdrew his suggestion.

5.1.3 Fire Department- Firefighter Overtime Summary Memo-Discussion

Interim Fire Chief Perry Plummer directed the Committee to the informational memo contained in the packet. He stated that the Fire Department had been underfunded in the overtime budget. There were expenses due to employee raises and promotions, as well as callbacks and holdovers for employees being significantly increased. He reported that military deployments were a large contributing factor. The department is required to maintain 8-person minimum staffing, so hires are made to maintain the minimum level when other employees are deployed. However, the deployed staff members are not receiving City salaries while they are away from the department, and this is taken into consideration.

Councilor Beaudoin referenced the passage in the memo that stated that 3 staff members were returning from deployment in March, which would reduce the need for overtime. He asked if this was factored into the information included in the memo. Chief Plummer stated that this had been factored into the numbers given.

Reports from Finance & Administration

5.2.1 Monthly Financial Report Summary-December 31, 2021

Deputy Finance Director Sullivan stated that at 50% through the FY22 budget, non-property tax revenues remain strong. He reported that the City received \$728,399 over the budget in State of NH Rooms and Meals Tax revenue. This surplus was used to offset the DRA 2021 final property tax rate, which caused a reduction in the tax rate of approximately \$.25 cents per thousand. Expenses are trending to budget. Mr. Sullivan stated that the Community Center special revenue fund and the Arena fund are slightly elevated.

6. Other

No discussion.

7. Adjournment

Mayor Callaghan **ADJOURNED** the Finance Committee meeting at 6:30 PM.

Respectfully Submitted,
Cassie Givara
Deputy City Clerk

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: Economic Development-Riverwalk Funding-Fundraising-Follow up

Name of Person Submitting Item: Mark Sullivan-Deputy Finance Director

E-mail Address: mark.sullivan@rochesternh.net

Meeting Date Requested: 2-8-22

Issue Summary: Follow up from the 1-11-22 Finance Committee meeting regarding Riverwalk Fundraising.

Riverwalk Committee is the only City Committee that relies 100% on fundraising as the means of annual operating and project revenue generation. Municipalities typically do not engage in direct fundraising solicitation efforts for projects. Municipalities raise revenues through tax levy, bond issuance, various user fees, other contractual arrangements, and to a lesser extent unanticipated unsolicited donations. Fundraising efforts place into motion an entirely new set of operating rules and procedures of which the City is not adequately equipped to manage.

Discussion with City Attorney O'Rourke determined that direct fundraising solicitation campaigns and events requires creation of a Charitable entity, and registration with State of NH Attorney General Office. In addition, compliance with all laws relative to charitable entities under RSA 7-28 is required. RSA 7-28 includes a variety of complex accounting requirements.

Recommended Action: Eliminate direct solicitation fundraising activities. Consider funding Riverwalk project efforts with initial funding from general fund unassigned fund balance. Seek and obtain various grant opportunities. Accept unanticipated, unsolicited donations. City Manager FY23 Proposed Budget will include an annual operating budget of \$2,500 for Riverwalk.

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: Utilization of General Fund Unassigned Fund Balance

Date Submitted: 2-8-21

Name of Person Submitting Item: Mark Sullivan-Deputy Finance Director

Meeting Date Requested: 2-8-22

Issue Summary: The City's FYE21 MS-535 Financial Report states Unassigned Fund Balance at \$29,175,647. Ordinance 7-62-General Fund Balance Policy establishes the MS-535 calculation as the official fund balance amount, with confirming notes in the annual audited financials. Final FYE21 audit report has not yet been received, but draft and discussions confirm MS-535 amount is accurate for utilization discussions to commence.

This balance represents a 26.63% Unassigned Fund Balance reserve against FYE21 General Fund expenditures of \$109,564,594. The City's Fund Balance ordinance identifies Unassigned Fund Balance policy establishes the reserve threshold at 8%-17%.

The City is in a very strong financial position regarding Unassigned Fund Balance. It is prudent to consider using the Unassigned Fund Balance to convert bond authorizations to cash, consider establishing Capital Reserve Funds, and re-capitalizing the Economic Development Special Revenue Fund. A grand total of \$6,294,641 is recommended to be utilized from General Fund Unassigned Fund Balance.

A) **Change Funding of bonded Capital Improvement Projects (CIP) to Unassigned Fund Balance:** Recommended funding is \$3,710,641. The itemized project list is attached (Exhibit A) and includes City, School, Water & Sewer CIP projects. The anticipated interest savings by avoiding bond issues of these projects is estimated at \$510,000. Savings based on 10 year bond at 2.5% interest.

B) **Capital Reserve Funds:** Establishing Capital Reserve Funds (CRF) is a prudent use of unassigned fund balance. Utilizing CRF funds will allow the funds to earn interest at a much higher rate than our standard liquid investment rate of .18 %, or 18 basis points (100 basis points = 1%). Initial CRF funding recommendation is \$1,500,000.

C) **Re-Capitalize Economic Development Special Revenue Fund.** City Ordinance 7-63 Economic Development Special Reserve Fund (SRF) provides a minimum of \$100,000 in annual funding directly from Waste Management Host Fees. In addition, ordinance 7-63 includes a provision that allows additional transfers to the Economic Development SRF from Waste Management Host Fee revenues received in excess of the total annual adopted appropriation. The last fiscal year that an excess transfer was executed was FY15 in the amount of \$49,604. The Economic Development Special Reserve Fund is not adequately capitalized for Economic Development & REDC to react to opportunities, or initiate any new economic development programs. Funding recommendation is \$1,084,000, and includes other conditions. See separate Finance Agenda Item Economic Development Fund for details on activities past five (5) years. This funding summary was discussed at REDC meeting on 1-25-22.

EXHIBIT A			
A	CAPITAL IMPROVEMENT PROJECTS		
	CIP Project	Location	Amount
	Portland St Reconstruction	Public Works	\$59,247
	Arena Dasher Boards Replacement	Arena	\$25,000
	Network Upgrade & Expansion	IT	\$17,244
	Apparatus Replacement Program	Fire	\$345,000
	Appartus Replacement Program	Fire	\$1,940,000
	Subtotal City General Fund		\$2,386,491
	Alarm Panels DW	School	\$20,000
	Asbestos Abatement	School	\$75,000
	Door Hardware Upgrade	School	\$125,000
	HVAC Upgrades	School	\$350,000
	Subtotal School Dept		\$570,000
	Pump Station Maint Upgrades	Water	\$54,150
	Water Distribution System Upgrade	Water	\$100,000
	Subtotal Water Dept		\$154,150
	Sewer System Master Plan	Sewer	\$300,000
	NPDES Permit Tech Legal Assist	Sewer	\$300,000
	Subtotal Sewer Dept		\$600,000
	Subtotal CIP's City-School-Water-Sewer		\$3,710,641
B	CAPITAL RESERVES		
	Fire Apparatus Replacements	Fire	\$500,000
	Public Works Apparatus Replacements	Pub Works	\$500,000
	City Building Renovations	Pub Buildings	\$500,000
	Subtotal Capital Reserves		\$1,500,000
C	OTHER SPECIAL RESERVE FUND CAPITALIZATION		
	Economic Development Fund		\$1,084,000
D	All Totals		\$6,294,641

Recommended Action: Approve the recommended use of General Fund Unassigned Fund Balance amounts as identified above.

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: Economic Development Special Reserve Fund

Meeting Date Requested: 2-8-22

Name of Person Submitting Item: Mark Sullivan Deputy Finance Director

E-mail Address: mark.sullivan@rochesternh.net

Issue Summary: City Ordinance 7-63 Economic Development Special Reserve Fund (SRF) provides a minimum of \$100,000 in annual funding directly from Waste Management Host Fees. In addition, ordinance 7-63 includes a provision that allows additional transfers to the Economic Development SRF from Waste Management Host Fee revenues received in excess of the total annual adopted appropriation. For example; Waste Management Host Fee Revenues appropriated \$3,000,000, actual received \$3,500,000, unappropriated \$500,000 eligible for transfer. The City Council may direct any portion of the excess to the Economic Development SRF, The last fiscal year that an excess transfer was executed was FY15 in the amount of \$49,604.

The below chart identifies the last (5) years of Waste Management Host Fee Revenue activity, and the fiscal year end unappropriated surplus, which is slightly over \$3.2 million. The unappropriated surplus has flowed to General Fund Unassigned Fund balance for each period.

DESCRIPTION	FY21 AMOUNT	FY20 AMOUNT	FY19 AMOUNT	FY18 AMOUNT	FY17 AMOUNT
Uses					
Projects		-	-	-	-
Gen Fund - City	\$2,000,000	\$2,080,000	\$1,821,873	\$2,000,000	\$535,000
Gen Fund - School	\$878,127	\$878,127	\$878,127	\$0	\$0
Econ Dev Fund	\$0	\$0	\$0	\$0	\$0
Total Budgeted	\$2,878,127	\$2,958,127	\$2,700,000	\$2,000,000	\$535,000
Host Fees					
#1 - (WM Qtr * Apr - Jun)	\$862,438.79	\$1,040,341.50	\$913,159.35	\$731,176.39	\$183,924.32
#2 - (WM Qtr * Jul - Sep)	\$1,045,093.82	\$812,746.27	\$979,499.50	\$723,594.18	\$220,805.43
#3 - (WM Qtr * Oct - Dec)	\$922,723.18	\$783,486.86	\$914,387.84	\$565,014.50	\$135,053.34
#4 - (WM Qtr * Jan - Mar)	\$806,506.89	\$922,218.00	\$825,707.04	\$622,576.62	\$314,438.53
Recycle Check	\$2,925.78	\$0.00	\$493.82	\$5,648.59	\$5,597.37
Total	\$3,639,688.46	\$3,558,792.63	\$3,633,247.55	\$2,648,010.28	\$859,818.99
Over(Short)	\$761,561.46	\$600,665.63	\$933,247.55	\$648,010.28	\$324,818.99

No action has been taken over the period to transfer any portion of excess Waste Management Host fees to the Economic Development SRF. As a result, the majority of economic development related projects have been funded by General Fund Unassigned Fund balance. Subsequently, the fund balance in the Economic Development SRF is not capitalized properly to react to opportunities, or initiate any new economic development programs.

More importantly relying 100% on General Fund Unassigned fund balance for economic development projects has several negative aspects. The City Council does not have any budgetary reference to economic development plans, project scope, or importance and priority of projects. The City Council deliberates projects on a case by case basis. Although this methodology has worked it is not ideal because it doesn't hold Economic Development Department & REDC to any established budgetary amounts and programs. This can enable a "buy high-sell low" environment with little financial examination.

An established program and budgetary amounts will assure thorough due diligence occurs on both buying and selling transactions. The arrangement will also establish a more centralized process for economic development activities. Additional funding from General Fund Unassigned Fund balance can be requested when absolutely necessary. Furthermore, utilizing General Fund Unassigned Fund balance in this manner doesn't take into consideration existing commitments approved for City & School operations. This increases the risks of over committing use of General Fund Unassigned Fund balance.

The below chart is last (5) five years of activity on economic development activities.

Project Description	Type	Amount	Source	Fiscal Year
294 Rochester Hill Rd	Land Purchase	\$450,000	GF Unassigned FB	2017
296 Rochester Hill Rd	Land Purchase	\$250,000	GF Unassigned FB	2017
0 Rochester Hill Rd	Land Purchase-64%	\$102,066	GF Unassigned FB	2017
Granite State Business Park-Water Loop	Infrastructure	\$600,000	GF Unassigned FB	2019
55 North Main St	Land-Building Purchase	\$351,273	GF Unassigned FB	2020
Downtown Revitalization Fund	Land-Building Development	\$300,000	GF Unassigned FB	2020
8 Amarosa Drive	Land Development	\$270,000	GF Unassigned FB	2021
11 Barker Court Purchase & Demo	Land Development	\$365,000	GF Unassigned FB	2021
Sub Total General Unassigned FB		\$2,688,339		
145 Airport Rd	Land Purchase	\$225,000	GSPB Fund Balance	2020
Innovation Drive-Prep Partners Waterline	Infrastructure	\$132,000	GSPB Fund Balance	2021
Sub Total GSPB TIF 162K		\$357,000		
Wayfinding	Infrastructure	\$100,000	ED Fund Balance	2020
10 North Main St	Land-Building Purchase	\$111,914	ED Fund Balance	2018
0 Rochester Hill Rd	Land Purchase-36%	\$57,934	ED Fund Balance	2017
Sub Total Econ Dev Fund		\$269,848		
All Total		\$3,315,187		

During the last (5) five year period the Economic Development SRF received the \$100,000 annual contribution except for FY17. No funds were transferred to the fund in FY17.

Recommended Action: Capitalize the Economic Development Fund at an appropriate level, and reduce direct case by case dependency on General Fund Unassigned Fund balance.

The recommended capitalization threshold is \$1,500,000. The Economic Development Fund is currently carrying a fund balance of \$316,000. FY23 will add another \$100,000, the difference required is \$1,084,000. The \$1,084,000 would be a re-capitalization transfer from General Fund Unassigned Fund Balance to the Economic Development SRF.

In addition, it is recommended that the \$1,500,000 be transferred into a separate liquid savings account at the highest yield available. The annual \$100,000 contributions to the Economic Development SRF shall continue, and Council may elect to increase annually based on activity and results. Furthermore, allow the revenue from all sales of city property to flow back into the Economic Development SRF. Except for the 162-K TIFS, which shall continue to operate independently. Lastly, Economic Development Department & REDEC shall submit a three year development plan and establish categories and programs for use of funds.

Economic Development Department & REDEC shall submit a resolution to Council each time funds are requested to be drawn for a specific project. At the end of each fiscal year the City Council shall be presented with a summary of all activity in the Economic Development SRF.

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: American Rescue Act Plan-Review

Name of Person Submitting Item: Mark Sullivan-Deputy Finance Director

E-mail Address: mark.sullivan@rochesternh.net

Meeting Date Requested: 2-8-22

Issue Summary: Review of Department Requested use of ARPA funds. An updated APRA booklet with status summary will be presented to Finance Committee.

Recommended Action: Review of APRA projects

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: Impact Fees-Reconciliation Review

Name of Person Submitting Item: Mark Sullivan-Deputy Finance Director

E-mail Address: mark.sullivan@rochesternh.net

Meeting Date Requested: 2-8-22

Issue Summary: A reconciliation of collected Impact Fees and related refunds has been performed. The reconciliation included a detailed cross reference to the assessing records on every property that an impact fee was collected.

The results indicate that 85% of the properties (14) imposed an impact fee were sold/transferred to another property owner. Only 15% of the properties (3) had an ownership retained by the original entity that paid the impact fee. This indicates that the majority, 85%, were related to developer activity of varying scale. The premise that 80% of the impact fees collected were being derived from individuals, not developers, buying a single and lot and building a single family home was incorrect.

City Ordinance 275-27.3- E-5 requires impact fees be returned to the property owner of record, plus interest. After discussions with City Attorney it is believed that returning the funds to the new property owners shall make the transaction taxable as miscellaneous income. This means the City will be required to report the transaction to the IRS. Finance Office will have to contact each property owner and request tax id data in order to return the funds. We will likely have to withhold back up tax withholdings and remit to IRS. Finance is also consulting with a tax attorney to confirm the IRS details.

Moreover, there is a concern property owners may interpret the contact as some type of financial fraud attempt. So a proper contact method is also being developed. In addition, informing the Police Department of this activity shall also be part of the process in the event any fraud claims are received.

The 15% of properties (3) that retained ownership can be considered a refund of the impact fee, and treated like any other property tax, or user fee refund, which is not taxable.

Recommended Action: Informational- Findings should be reported to Council and Planning Board.

FINANCE COMMITTEE

Monthly Financial Summary Report

Agenda Item Name: Monthly Financial Statements Summary – as of January 31, 2021

For the full detail report, click here: [January 31, 2022 Financial Detail Report](#)

Name of Person Submitting Item: Mark Sullivan Deputy Finance Director

E-mail Address: mark.sullivan@rochesternh.net

Issue Summary Statement

Below are the revenues & expense highlights through December 31, 2021, which represents approximately 60% completion of FY22.

GENERAL FUND NON PROPERTY TAX REVENUES

Motor Vehicle Registrations: Revenues remain strong at \$3,288,168, 67% collected.

Waste Management Host Fees: FY22 third quarterly payment received, total received \$3,611,720. City allocation \$2,733,593 School Department allocation of \$878,127. Quarter 4 payment due April-22

Building Permits: Revenues remain strong at \$358,570, 120% collected.

Interest Income: Remains very soft at \$17,394, interest rates remain low.

Interest on Delinquent Taxes: Collections at \$330,669, 95% collected.

State of NH Rooms & Meals: \$2,296,678 received, \$728,399 over budget. The surplus of \$728,399 was used to offset the DRA 2021 final property tax rate.

Highway Block Subsidy: FY22 third payment received, total received \$493,672, 82% collected.

Cablevision: Two quarterly payments received, total \$69,512.

Current Use Taxes: Current Use tax revenues are strong at \$112,728.

GENERAL FUND EXPENSES: Overall expenses are slightly above budget at 65%. Expense details are 62% actually expended and 3% encumbered to spend. Salary, OT & Benefits are trending slightly below budget at 54%

Fire & Police Over Time: Fire Department Overtime trending high at 117% expended, Police Overtime trending at 106% expended.

Welfare Direct Assistance: Continues to trend low at 29% expended.

WATER-SEWER SPECIAL REVENUE FUNDS:

Water-Sewer Funds: Water-Sewer User Fee revenues remain strong on each fund, with low delinquencies. FY22 Water Fund expenses are trending below budget at 38%, Sewer Fund expenses are trending below budget at 46%.

Community Center: Expenses trending slightly above budget at 62%, and Revenues are at 55% collected. Will continue to monitor and advise.

Arena Special Revenue: Expenses high at 68.5%. This is primarily due to an emergency ice repair of \$29k. Revenues are at 74% collected, but includes a \$129,815 contribution from ARPA grant funds.