

**Committee of the Whole Budget Workshop
April 30, 2019
Council Chambers
7:03 PM**

COUNCILORS PRESENT

Councilor Abbott
Councilor Bogan
Councilor Gates
Councilor Gray
Councilor Hamman
Councilor Hutchinson
Councilor Keans
Councilor Lachapelle
Councilor Lauterborn
Councilor Torr
Councilor Walker
Deputy Mayor Varney
Mayor McCarley

OTHERS PRESENT

Blaine Cox, City Manager
Terence O'Rourke, City Attorney
Mike Hopkins, Superintendent of Schools
Chief Toussaint
Brian Sylvester, Library Director
Doreen Jones, Tax Collector
Jonathan Rice, City Assessor
Mark Sullivan, Deputy Finance Director

Minutes

1. Call to Order

Mayor McCarley called the meeting to order at 7:03 PM. Kelly Walters, City Clerk, took a silent roll call. All Councilors were present.

2. Public Input

Mayor McCarley invited the public to address City Council. No members of the public came forward.

3. Budget Presentations:

3.1. School

Superintendent Hopkins said the proposed school budget is under the tax cap, which can be attributed to the early budget discussions and last year's decision to over-ride the tax cap. He thanked the City Council for making the tough decisions last year.

Superintendent Hopkins gave a lengthy PowerPoint presentation for the

School Department's Operating & CIP budgets and bond projections for future planning.

Councilor Walker questioned if the School Board is planning on consolidation or closing some of the Elementary Schools. Superintendent Hopkins replied that the School Board is seeking to replace the modular classrooms at the Chamberlain Elementary School and, as enrollment declines, a consideration would eventually be made about closing the Nancy Loud School. He added that it is projected by the year 2022 that enrollment could be reduced by approximately 170 students, if the projection is accurate. Councilor Gates questioned what number of a reduction in student enrollment would equate to closing a school. Superintendent Hopkins replied that is a decision that would be made at the School Board level. He advised that the City has to consider what might happen with enrollment with the projected new construction as well.

Mayor McCarley questioned how many students are currently in the modular classrooms. Superintendent Hopkins replied approximately 120 students.

Councilor Varney asked if the debt service projection included approximately \$1,000,000 per year for miscellaneous borrowing. Mr. Hopkins replied yes. Councilor Varney asked if the line items for this year's budget represent what has been actually borrowed. Mr. Hopkins replied yes. He explained how that would reflect in next year's budget cycle.

Councilor Varney questioned what type of flooring would be used for the replacement floor in the High School. Mr. Hopkins replied it would likely be VCT Tiling or another higher level of flooring depending on affordability and what product is flexible enough to handle the "bounce" that happens to be in that area of the building.

Councilor Varney said it looks like a second boiler is being requested for McClelland School. He questioned how many schools have two boilers. Mr. Hopkins replied most of the schools have two boilers; however, the smaller schools only have one boiler. He added that McClelland is the only school of that size that only has one boiler.

Councilor Keans asked for assessment of the solar operations in the schools. Mr. Hopkins gave a brief history of the solar power agreements, which started with construction of the East Rochester School and the savings that have occurred since. There are now solar panels on the High School, Technology Center, Middle School, and McClelland School, which were done in

conjunction with the roof replacements. He added that during the summer months, the Rochester Middle School's solar panels produce more electricity than is used.

Mayor McCarley questioned if there was a reason why there is a reduction in Medicaid reimbursements. Mr. Hopkins replied that the rules and guidelines are constantly changing and this is a conservative number because of the unknown impact it will have on the School Department's budget. He added that one staff member is assigned to keeping up-to-date with the latest information available in order to submit for reimbursements as much as possible, which is why the City of Rochester is reimbursed much more than most school districts.

Councilor Walker thanked Superintendent Hopkins and acknowledged that this may be his last budget presentation due to his recent announcement of retirement. Mr. Hopkins thanked Councilor Walker and reiterated to the City Council that the School Board is presenting a budget that is under the Tax Cap because of the difficult decisions made during last year's budget cycle. He added that it had a positive impact on the whole community.

3.2. Communications from the City Manager

City Manager Cox referred to pages (13 to 35) of the City Council packet which provides supplemental budget information. He wished to add two items to the list of budget presentations for May 14, 2019 Budget of the Whole Workshop: Granite State Business Park TIF District & Debt Service.

City Manager Cox provided an explanation of some of the New Position History found on page 29 (Council Packet) which deals with several departments. He referred to the IT Department's upgrade of the part-time Network Admin to a full-time IS Tech, which is the result of eliminating the Police Department's part-time Network Admin, which is actually the same position. Similarly, the FY 16 DPW Elimination of the Director of Public Works is the result of establishing the new title of the Director of City Services. Next, a construction engineer position was eliminated to create a GIS Asset Management Specialist position which had a net zero impact on the budget. Lastly, the Finance Department's Executive Secretary position was eliminated to upgrade to a Staff Accountant position, which also had a net zero impact on the budget.

3.3. Police

Chief Toussaint referred to pages 80 to 86 of the Operating Budget. He

said there is an overall increase of 3% or \$208,779 over last year's budget for the Police Department; however, \$196,527 is in salary and benefits. This budget meets the City Manager mandate of the 2% increase excluding the salary and benefits. He gave a short presentation about the Police Department's budget and opened up for questions.

Councilor Keans questioned where in the budget booklet she could find the over-time line. Chief Toussaint clarified that the over-time lines, which he is referring to in the presentation is a combination of over-time lines. Councilor Keans questioned why the Chief would not request more funding for over-time if each year the line items are over spent. Chief Toussaint explained that past practice is not to request additional funding, with the exception of last year's slight increase, because it is known that much of the over-time overage would be absorbed through attrition. He agreed that it is not the best way to budget for additional over-time costs; however, the expectation has been that additional over-time costs would be paid in this manner. He supports moving away from this old practice and keeping the department fully staffed whenever possible. The goal is to address the department's staffing issues with the City Council in the next several weeks; however, it is not part of the budget presentation for this evening. The discussion continued briefly. Councilor Keans complimented the Rochester Police Department for improvement in public relations.

Chief Toussaint said there is one Issues & Options request which has been included in the City Manager's proposed budget to fund the NEBPA Officer Salary Adjustment in an amount of \$76,000. He said this relates directly to the staffing issues and it will be discussed with the City Council in a few weeks.

Councilor Walker questioned why the outside detail line item has increased by \$20,000. Gary Boudreau, Deputy Police Chief, stated that typically this figure is based on a five-year average. He added that this expenditure is off-set by revenue.

3.4. Communications/Dispatch Center

Chief Toussaint said that the Communications/Dispatch Center budget has an overall increase of 18.12%, which is mostly caused by one of the Issues & Options request that has been included in the City Manager's proposed budget to fund a Communications Center Manager. Chief Toussaint gave details of how the department has sought to partially manage the center utilizing a full time police sergeant; however, this attempt has been unsuccessful. He said the dispatch center is a 24/7 operation and a full time

manager is needed. He gave details of why it is important not to take a staff sergeant away from other important duties in order to manage the dispatch center.

Chief Toussaint said there is one additional Issues and Options request that is included in the City Manager's proposed budget which is the purchase of the IMC Dispatch Paging Client Software. He briefed the City Council of the importance of this software and what it entails.

Councilor Varney asked if the Paging Client Software integrated with the radio system. Chief Toussaint replied that they serve two different functions; however, they do integrate with each other.

Councilor Lauterborn questioned why the proposed dispatch center manager position needs to be funded as full time with benefits. Chief Toussaint reiterated the importance of hiring a full time manager for the dispatch center which is operating 24/7. He added this is the first contact for all residents of Rochester. He said this would be a salary position with flexible hours and this employee would be trained to handle dispatch responsibilities as well.

3.5. Library

Brian Sylvester, Director of the Rochester Public Library, referred to page 118 of the Operating Booklet. He said aside from the increase in the salary and benefit line items, the Library's operating budget has an increase of slightly over \$5,000. He gave a brief overview of the operating budget and the requested increases.

Councilor Walker questioned why there had been an increase to the travel line. Mr. Sylvester gave reasons why this increase had been requested, including allowing staff members to travel throughout the state to attend certain training events and/or conferences.

Councilor Varney referred to a new collections program which had been implemented in last year's budget. Mr. Sylvester replied that the program has been successful in getting materials returned to the library; however, in order to be eligible for collections the fees must be greater than \$75. He said of the 25 invoices sent to collections at least half have been collected so it has not collected revenue as anticipated, but overall it has been a successful program to return materials back to the library.

Mr. Sylvester gave a brief overview of the four Issues and Options request as follows:

- Librarian I (included)
- New Position: "Emerging Technologies Librarian I" (excluded)
- Community Room Upgrade (excluded)
- Digital Content (excluded)

Mr. Sylvester said the Issues and Options are in order of the Library Trustees list of priorities. He stated that partial funding for some of the smaller projects would be appreciated as well. Councilor Varney asked if the Community Room Upgrade and Digital Content projects could be done separately. Mr. Sylvester replied yes.

Councilor Lauterborn gave reasons why the Community Room Upgrade is an important project. She advised the City Council to consider including this project, if possible, during this budget cycle.

Mayor McCarley asked about the increase in the public need for computer assistance at the library. Mr. Sylvester said approximately up to 10 residents seek assistance from library staff on a daily basis for assistance with a library computer or a device they have brought from home. He said these type of requests have greatly increased over the past few years.

3.6. City Clerk/Elections

Kelly Walters, City Clerk, referred to pages 53 & 54 of the Operating Booklet for the City Clerk's budget expenditures. She said the requested increase to FY 20 budget is \$16,292 which is mostly due to salary and benefits. Apart from the salary and benefit increases this budget falls under the City Manager's mandate of a budget increase of 2%. She is not requesting any Issues and Options this year.

Councilor Walker asked why there had been a significant increase to the contracted services line item. Ms. Walters explained that this is attributed to the new dog software maintenance fee, the codification annual fee, payments for amendments through General Codes, as well as other items. Councilor Varney wished to clarify that General Code charges a fee based on additional amendments. Ms. Walters replied yes.

Ms. Walters referred to pages 55 and 56 of the Operating Booklet for the Elections budget. She said there is an increase of \$5,000 in order to prepare for the November 5, 2019, Municipal Election as well as the anticipated Presidential Primary Election.

Councilor Walker requested to know how many polling locations the City currently rents for each election. Ms. Walters replied that there are two polling places in which the City pays \$150 per election for use of the building(s).

Councilor Walker asked about the CIP request for new voting machines. Ms. Walters replied that there is still a reoccurring CIP request to purchase new ballot machines. She added that there has been some movement toward having new ballot machines approved by the State.

Councilor Gray gave an update on SB 283 which was held in Committee and will not be discussed until January 2020.

3.7. Assessing

Jonathan Rice, Chief Assessor, distributed a spreadsheet for his budget presentation. He said this is basically a level funded budget, with a slight increase of \$1,234, apart from the increase to salary and benefits.

Councilor Walker asked why the appraisals are increased from \$5,000 to \$10,000. Mr. Rice said this is to pay for a contracted service to defend a City appraisal if necessary and \$5,000 is not a realistic number for what it would cost during that process. He added that the City is conducting re-evaluations this year, which is another reason to increase that line item. Councilor Walker asked if Mr. Rice is trained to conduct an appraisal. He replied yes; however, only for residential properties, not for commercial properties.

Mr. Rice referred to page 7 of the Issues and Options Booklet for one request that has been included with the City Manager's proposed budget to fund an increase in the part-time hours of an Assessing Clerk from 32 hours to 40 hours, which is a full time position. He briefed the City Council about the importance of this request.

Mr. Rice referred to page 31 of the Issues and Options booklet to fund the position of a Deputy Assessor which is excluded from the City Manager's proposed budget. Mr. Rice gave an overview of the importance of hiring a Deputy Assessor and referred to the staffing analysis which he previously distributed to the City Council at the beginning of the budget presentation. Mr. Rice reviewed the handout relative to an increase of the permits issued by the department and the change in market values.

Mr. Rice said there is a significant increase in applications for elderly and disability exemptions. He gave reasons why these exemptions have

increased.

Councilor Abbott asked how often the City conducts a complete re-evaluation to the properties in Rochester. Mr. Rice replied complete re-evaluations are to be completed at least once per every five years which is mandated by state statues. Councilor Abbott requested that Mr. Rice follow up with some information relative to how many building permits were issued prior to 2008.

Councilor Abbott asked about subdivisions and inquired at which point the Assessing Department is involved in assessing the lots. Mr. Rice replied that the Assessing Department gets involved as soon as anything contributes to real-estate value. He said a road being built within a subdivision is immediately adding value to the property because of the utilities being added and the Assessing Department gets involved once the construction starts.

Councilor Walker questioned how many employees currently assess property. Mr. Rice replied that three employees are currently assessing properties as well as himself at times. Councilor Walker said the City of Rochester has over 14,000 parcels and an ever growing commercial base, so it seems that the deputy assessor position should be included with the budget.

3.8. Tax Collector

Doreen Jones, Tax Collector, said she did not have any Issues & Options request. She referred to page 67 and 68 of the Operating Budget booklet. She noted that the software maintenance line item has increased due to the new "citizens self-service" that is now offered to the residents of Rochester which has been well utilized by the public. She said the postage line item has increased due to an increase in the costs of postage.

Ms. Jones said as of April 1, 2019 the law has changed regarding what cities and towns can charge for interest rates on delinquent taxes to no more than 8% for delinquent taxes and no more than 14% once the property has gone to lean. This represents a loss for the City of \$125,000. The City formally charged 12% interest rate for delinquent taxes and 18% once the property went to lean.

Ms. Jones said that motor vehicle registration has increased by an estimated \$200,000.

3.9. Welfare

Todd Marsh, Director of the Welfare Department, said that he did not have any Issues and Options request. He referred to page 110 of the operating budget booklet.

Mr. Marsh wished to address a few adjustments that have made to the Welfare budget. He said the last two years, the Welfare Department collaborated with the Homeless Shelter of Strafford County located in Gonic to provide funding for their program in exchange for giving Rochester residents first consideration to utilize the facility if needed. The intent was to keep Rochester homeless families together through times of crisis. The City was able to save money on motels and district transportation costs. However, the shelter adopted a new program model and changed the entry requirements, causing some Rochester residents to be turned away. Mr. Marsh stated that the Homeless Shelter of Strafford County has been aware that the Welfare Department has decided to end this agreement since this past January. He said the shelter will continue to serve the public and seek funding from other sources. He said a new line item has been added to the Welfare budget for "homeless emergency services" which will provide the welfare department flexibility in securing shelter for the residents of Rochester. He thanked the City Manager for providing flexibility for the department to be innovative with the budget process. He said the overall budget has decreased by \$16,791. He gave a brief overview of the rest of the operating budget.

Councilor Varney questioned why the direct assistance line is level funded each year and what does that line item entail. Mr. Marsh said that line item is used for the Welfare Department to issue vouchers to residents in need of assistance for electricity, heat, prescriptions, and other needs. Councilor Varney questioned why that line item is being flat funded when residents are in need because the poor economy.

Councilor Varney questioned why the homeless shelter is not being funded either by the Welfare Department or the CDBG grant. Mr. Marsh replied that he could not answer for why the shelter did not receive any funding through the CDBG grant; however, the agreement made by the Welfare Department and the shelter was based upon prior history and practices that have changed drastically. He said as the entry requirements changed reducing the amount of Rochester residents able to enter the shelter. Councilor Varney said there is a homeless problem in the City and it does not make sense to stop funding a homeless shelter even if some residents are turned away. Mr. Marsh said shelter funding typically was handled with the CDBG grant and not the Welfare Department. He said this agreement was no longer meeting the needs of the Welfare Department's broad purpose. Councilor Varney said that

the Welfare Department granted funding to the homeless shelter in an amount of \$16,000 which is the same amount of the decreased budget. Councilor Lachapelle suggested that a non-public discussion may be more appropriate for this topic.

Mayor McCarley said the new line item for homeless emergency services would still support the homeless residents utilizing that shelter for support. Mr. Marsh agreed and stated that if Rochester residents are accepted at the shelter, the Welfare Department would need to provide the funding for those services.

Councilor Varney spoke against the discontinuation of funding to the shelter. He said this does not help with the homeless problem.

Councilor Lauterborn wished to clarify that the Homeless Shelter for Strafford County did not seek "operating" funds from the CDBG grant this year because they may not have been aware in advance of the discontinuance of funding through the Welfare Department; however, the City needs to provide support for homeless persons and families. She reiterated that some of the Rochester residents are being denied access to the shelter and the Welfare Department has a way to deal with providing shelter to those individuals as well. She added that the Homeless Shelter of Strafford County (Gonic) did get approved, through the CDBG grant, for an amount of \$50,000 for the purpose of assistance with "relocating" their shelter. Mr. Marsh mentioned that he too spoke in favor of the shelter receiving that particular funding through the CDBG funding regardless of his opinions about the criteria for entry into the shelter. Mr. Marsh gave a brief history of how the decision was made to discontinue this agreement.

Councilor Walker asked the City Manager if funding for a "warming" shelter would be placed in the Welfare budget if/when the City Council decided to fund such a project. City Manager Cox replied yes. Councilor Walker asked if Councilor Hutchinson had an idea of the cost related to such a project. Councilor Hutchinson replied no. He said an estimate had not been included with the Homelessness Task Force Master Plan because it will take some time to gather that specific information. Councilor Hutchinson supported the Welfare Director's budget amendment to discontinue the agreement with the Strafford County Shelter and add a line item for homeless emergency services. He added that it will do a greater amount of good for the homeless community. He reiterated that the entry requirements are too extensive and it was one of the reasons why the City had to open up a warming shelter in 2018. He added that other shelters do not discriminate against single men which is one population that the Homeless Shelter of Strafford County (Gonic) does not

serve. He said single men are one of the highest population of the homeless community currently.

Mr. Marsh stated that even if the City of Rochester funded the shelter in an amount of \$10,000, the shelter would still charge the City a nightly rate. He added that \$16,000 may not even have been enough to keep the same agreement moving forward because of all the changes made at the shelter.

Mayor McCarley supported the initiative that Mr. Marsh took with collaborating with the shelter; however, stated it is no longer meeting the needs for Rochester residents.

The City Council discussed reasons why the Homeless Shelter of Strafford (Gonic) is seeking to relocate the shelter and the homeless problem in Rochester.

3.10. Finance

Mark Sullivan, Deputy Finance Director, referred to the revenue section on page 4 of the operating budget booklet. He said the interest income line item has been increased by \$250,000 primarily because the City is getting a better interest rate on its bank investments. The interest rate has increased from .50% to 2.25% over the last few years.

Mr. Sullivan referred to page 63 of the operating budget booklet for the Finance Department budget. He said the budget is approximately \$45,000 over last year's budget due to the two Issues and Options listed below:

- Additional Full-Time Hours for Account Clerk II (included)
- Part-Time Payroll Specialist (included)

3.11. General Overhead

Mr. Sullivan reviewed revenue section on page 5 of the operating budget booklet. He said the Host Community Fees have been increased by \$178 in the General Overhead Account and subsequently increased the School Department side by \$878,000.

Mr. Sullivan reviewed the contingency funds on page 69 of the operating budget booklet.

Mr. Sullivan reviewed the expenditures on page 70 of the operating budget booklet for the General Overhead Expenditures by Account.

Councilor Varney questioned why the professional services line has increased. Mr. Sullivan replied this line item is for fees related to bond issues, bank fees, and the pictometry subscription. There had been an increase in the regulatory fees of about \$6,000 and there was a \$7,000 transfer to the Admin line item in order to pay for some of the items related to the implementation of the Kronos time and attendance software.

3.12. Council & Manager

City Manager Cox referred to pages 37 and 38 which has an increase over last year's budget of \$32,525. He said the Health Insurance line item has increased by \$9,888 and the Contracted Services line item has increased by \$16,090. He said of that \$16,090, \$15,000 is for the purpose of an overhaul to the City's Website. He added that placing this project in the City's website is directly related to the City Council's recent retreat discussions about improving the City's website to make it more user friendly for residents and City staff.

City Manager Cox said there are no Issues and Options request for the City Council/City Manager's budget.

4. Other

No discussion.

5. Non-Public per RSA 91-A:3, II (a) "Personnel"

Councilor Walker **MOVED** to enter a Non-Public meeting under RSA 91-A 3,II (a) "Personnel" at 9:45 PM. Councilor Bogan seconded the motion. The **MOTION CARRIED** by a unanimous roll call vote of 13 to 0. Councilors Torr, Abbott, Varney, Hutchinson, Lachapelle, Gray, Walker, Bogan, Hamann, Gates, Keans, Lauterborn, and Mayor McCarley voted in favor of the motion.

Councilor Lachapelle **MOVED** to exit the Non-Public Session at 9:12 PM. Councilor Walker seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

6. Adjournment

Councilor Walker **MOVED** to **ADJOURN** the Committee of the Whole Budget Workshop at 9:14 PM. Councilor Lachapelle seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

Respectfully Submitted,

Kelly Walters, CMC
City Clerk