

Budget Amendment 37 & Final FY 18 Budget Adoptions

Special City Council Meeting
June 13, 2017
Council Chambers
7:00 PM

COUNCILORS PRESENT

Councilor Abbott
Councilor Barnett
Councilor Bogan
Councilor Gates
Councilor Gray
*Councilor Keans
Councilor Hamann
Councilor Lachapelle
*Councilor Lauterborn
Councilor Torr
Councilor Varney
Councilor Willis
Mayor McCarley

OTHERS PRESENT

Daniel Fitzpatrick, City Manager
Blaine Cox, Deputy City Manager
Mark Sullivan, Senior Accountant
Roland Connors, Deputy Finance
Director
Terrence O'Rourke, City Attorney

Minutes

1. Call to Order

Mayor McCarley called the Special City Council meeting to order at 7:00 PM. Kelly Walters, City Clerk, took a silent roll call. All City Councilors were present except for Councilor Lauterborn, who arrived at 7:06 PM and Councilor Keans, who arrived at 7:11 PM.

2. *AB 179* Resolution Approving the 2017-2018 Operating Budget for the City of Rochester *second reading and consideration for adoption*

Councilor Lachapelle **MOVED** to read the resolution for the 2017-2018 Operating Budget for the second time by title only. Councilor Bogan seconded the motion. The **MOTION CARRIED** by a unanimous voice vote. Mayor McCarley read the resolution for the second time by title only as follows:

Resolution Approving Fiscal Year 2017-2018
Operating Budget for the City of Rochester

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

That a twelve (12) month operating budget for the City of Rochester be, and hereby is, approved and appropriated for the period beginning July 1, 2017 and ending June 30, 2018 in the amounts and for the purposes more particularly set forth in the City of Rochester, Proposed Budget, Fiscal Year 2018 (July 1, 2017 - June 30, 2018), as amended, the provisions of which are incorporated herein by reference thereto by attached Exhibit A.

This budget may be reconsidered before the tax rate is set if City, School and/or County revenues are changed by the State of New Hampshire or by the Federal Government. The budget appropriations contained in this Resolution are predicated upon projected revenues as more particularly set forth in the City of Rochester, Proposed Budget, Fiscal Year 2018 (July 1, 2017 - June 30, 2018), as amended, the provisions of which are incorporated herein by reference thereto. CC FY 17 5-02 AB 179

O&M Exhibit A: See Addendum I

Councilor Lachapelle **MOVED** to **ADOPT** the resolution. Councilor Bogan seconded the motion. A discussion ensued about waiting a few minutes for two City Council members who had not yet arrived to the meeting.

Councilor Varney **MOVED** to **TABLE** the resolution for the 2017-2018 Operating Budget. Councilor Lachapelle seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

3. AB 180 Resolution Authorizing and Approving the 2017-2018 Capital Improvements Budget for the City of Rochester and Authorizing Borrowing in Connection Therewith *second reading and consideration for adoption*

Councilor Lachapelle **MOVED** to read the resolution for the 2017-2018 Capital Improvements Budget for the second time by title only. Councilor Bogan seconded the motion. The **MOTION CARRIED** by a unanimous voice vote. Mayor McCarley read the resolution by title only for the second time as follows:

Resolution Authorizing and Approving the 2017-2018 Capital Improvements Budget for the City of Rochester and Authorizing Borrowing in Connection Therewith

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

That the capital budget for the City of Rochester for the July 1, 2017 to June 30, 2018 fiscal year in the total amount specified in **Exhibit A** annexed hereto, be, and hereby is, authorized and appropriated, and, in accordance with the provisions of RSA 33:9, the City Treasurer, with the approval of the City Manager, is hereby authorized to arrange borrowing to finance a portion of said capital budget appropriation as identified on Exhibit A annexed hereto.

The aforementioned borrowing is authorized subject to compliance with the provisions of RSA 33:9 and Section 45 of the Rochester City Charter. The useful lives of the capital projects for which borrowing is authorized by this resolution shall be more particularly set forth in the "City of Rochester, New Hampshire, Proposed CIP Budget, Fiscal Year 2018 (July 1, 2017 –June 30, 2018), as amended. CC FY 17 5-02 AB 180

CIP Exhibit A: See Addendum II

Councilor Lachapelle **MOVED** to **ADOPT** the Capital Improvements Budget as amended by the Committee of the Whole Budget Sessions. Councilor Bogan seconded the motion. The **MOTION CARRIED** by a unanimous roll call vote. Councilors Abbott, Willis, Lachapelle, Varney, Gates, Barnett, Bogan, Gray, Hamann, Torr, and Mayor McCarley voted in favor of the motion.

City Manager Fitzpatrick announced that City staff has recommended that the City of Rochester not proceed with the City Fireworks this year, due to the uncertainty of the Fairground operations over the last few weeks. Councilor Willis questioned if the City would be left with any financial liability, since the City of Rochester already chose a vendor to set off the fireworks. City Manager Fitzpatrick replied no; the contract had not yet been completed and the funding remains in the General Fund.

Councilor Varney **MOVED** to **REMOVE** from the **TABLE** the resolution for the 2017-2018 Operating Budget. Councilor Lachapelle seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

**FY 18 BUDGET DELIBERATIONS CONTINUED FROM THE JUNE 6, 2017
COMMITTEE OF THE WHOLE BUDGET MEETING:**

**[36] AMENDMENT TO THE CITY MANAGER'S PROPOSED
[FY 18 O&M BUDGET]**

**Department of Public Works "Funding for one Position"
[INCREASE BY \$ *Salary: \$18,327 Rollups: \$11,708*]**

**Sewer Department "Funding for one Position"
[INCREASE BY \$ *Salary: \$18,327 Rollups: \$11,718*]**

**Sewer Department "Funding for one Position"
[INCREASE BY \$ *Salary: \$18,327 Rollups: \$11,715*]**

[INCREASE BUILDING PERMITS REVENUE BY \$30,035]

Councilor Varney **MOVED** to **AMEND** the City Manager's proposed 2017-2017 Operating Budget by **INCREASING** the Department of Public Works Full Time Salaries Account found on page 133 of the O&M Proposed Booklet] by \$30,035 [*Salary: \$18,327 Rollups: \$11,708*]. Councilor Gray seconded the motion.

Councilor Lachapelle questioned where the funding for this position would be coming from in the FY 18 Budget. Deputy City Manager Cox replied the funding would be offset by an increase to the building permit revenue. Councilor Lachapelle asked if this would affect the water and sewer budgets as well. Mayor McCarley clarified that this would involve the Water and Sewer Department's budgets as well.

City Manager Fitzpatrick stated that the Construction Engineer position had been removed from the 2017-2018 O&M budget. He added that the intention of this motion should be made clear.

Councilor Varney stated that the motion would add the funding for "a" position to be filled within the Department of Public Works budget. He said the position would be paid for by increasing the anticipated revenues in the General Fund, and revenue transfers from Retained Earnings in the Water Department and the Sewer Departments, to match the amount needed to fund the position in each department.

Councilor Keans spoke in favor of the motion. City Manager

Fitzpatrick explained that if a new position is created it must be sent to the Personnel Advisory Board for review. If the intention of the City Council is to create a new position, then the incumbent employee of the position being removed would be laid-off. The **MOTION CARRIED** by a show-of-hands vote of 8 to 5.

Councilor Gray and Councilor Willis expressed concern about any gap between the position, which is proposed to end as of June 30, 2017, and the anticipated time involved with creating a new position and the hiring process. Councilor Gray suggested filling a temporary position if needed. Mayor McCarley stated that the Director of Public Works would ensure the duties of the previous position would be covered.

Councilor Keans **MOVED** to have the Finance Department adjust the revenue accounts in the Water Department and the Sewer Departments' budgets to provide funding for the new position mentioned above. Councilor Lachapelle seconded the motion. The **MOTION CARRIED** by a 7 to 6 show-of-hands vote.

Councilor Willis questioned why the revenues for the Water and Sewer Departments do not show an increase equal to the amount of the proposed position, which would be approximately \$30,000 for each of those departments. Mayor McCarley explained that the increase for the Department of Public Works clearly shows on the spreadsheet; however, the other two revenue sources are considered to be enterprise funds and would be handled differently. Mark Sullivan, Senior Accountant, further explained how an enterprise fund operates. He added there was an error on the original spreadsheet for the O&M budget; however, the revised spreadsheet reflects the correct numbers to include the new position. Councilor Lachapelle **MOVED** to **AMEND** the 2017-2018 Operating Budget to include all amendments, which were passed as the Committee of the Whole, including two additional amendments passed this evening. Councilor Bogan seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

Mayor McCarley called for a vote on the motion to adopt the 2017-2018 Operating Budget as amended. The **MOTION CARRIED** by a 13 to 0 roll call vote. Councilors Barnett, Keans, Lauterborn, Willis, Lachapelle, Gray, Abbott, Torr, Hamann, Bogan, Gates, Varney, and Mayor McCarley voted in favor of the motion.

Councilor Torr asked what would be the increase to the tax rate now that the budget has been adopted. Mayor McCarley recalled that a rough estimate, *not based on official assessed values*, is

approximately, an increase of \$0.50 over last year's tax rate.

4. Adjournment

Mayor McCarley stated that there is a need to meet for a Non-Meeting directly following the adjourned City Council meeting.

Mayor McCarley thanked all Department Heads and the Finance Department for their hard work through the budget process.

Councilor Torr **MOVED** to **ADJOURN** the Special City Council meeting at 7:25 PM. Councilor Lachapelle seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

Respectfully submitted,

Kelly Walters, CMC
City Clerk

**Resolution Approving Fiscal Year 2017-2018 Operating Budget for the
City of Rochester**

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ADOPTED 2017-2018 OPERATING BUDGET-EXHIBIT A

OPERATING BUDGET SUMMARY

Proposed Appropriations:

City	\$	30,973,688
City Grants and Donations	\$	453,613
Community Center	\$	816,655
County Tax	\$	6,308,218
Overlay *	\$	460,000
Estimated Veteran's Credits *	\$	601,056
State Property Tax	\$	4,891,902
School	\$	60,607,020
School Federal Grants	\$	3,571,000
School Lunch	\$	1,800,000
Water Works	\$	6,177,568
Sewer Works	\$	7,810,913
Arena	\$	601,492
Tax Incremental Financing Districts	\$	1,234,033
Sub Total	\$	126,307,158

Proposed Revenues:

City	\$	10,579,518
Use of Fund Balance	\$	1,262,981
City Grants and Donations	\$	453,613
Community Center	\$	816,655
School	\$	32,489,739
School Federal Grants	\$	3,571,000
School Lunch	\$	1,800,000
Water Works	\$	6,177,568
Sewer Works	\$	7,810,913
Arena	\$	601,492
Tax Incremental Financing Districts	\$	1,234,033
Amount to be Raised by Taxes *	\$	59,509,646
Sub Total	\$	126,307,158

* Estimated veteran's exemptions (credits) \$601,056 and additional overlay \$460,000

Resolution Authorizing and Approving the 2017-2018 Capital Improvements Budget for the City of Rochester and Authorizing Borrowing in Connection Therewith

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

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The aforementioned borrowing is authorized subject to compliance with the provisions of RSA 33:9 and Section 45 of the Rochester City Charter. The useful lives of the capital projects for which borrowing is authorized by this resolution shall be more particularly set forth in the "City of Rochester, New Hampshire, Proposed CIP Budget, Fiscal Year 2018 (July 1, 2017 – June 30, 2018), as amended. CC FY 17 5-02 AB 180

ADOPTED 2017-2018 CAPITAL BUDGETS-EXHIBIT A

CAPITAL BUDGET SUMMARY

Proposed Capital Appropriations:

City	\$ 12,416,948
School	\$ 587,000
Water Works	\$ 4,850,000
Sewer Works	\$ 7,694,500
Arena	\$ 245,000
Tax Incremental Financing Districts	\$ 175,000
Total Appropriations	\$ 25,968,448

Source of Revenues**General Fund**

Bonding and/or other Borrowing	\$ 10,156,500
Operating Budget	\$ 2,847,448
Dedicated Revenues	\$ -
Other Sources	\$ -
Subtotal General Fund Revenues	\$ 13,003,948

Enterprise Funds & Tax Incremental Financing Districts

Bonding and/or other Borrowing	\$ 12,575,000
Operating Budget	\$ 314,500
Fund Balance/Retained Earnings	\$ 75,000
Subtotal Enterprise Funds & Tax Incremental Financing Revenues	\$ 12,964,500

Total Revenues

\$ 25,968,448

PROPOSED 2017-2018 CAPITAL BUDGETS-EXHIBIT A

CAPITAL BUDGET SUMMARY

Proposed Capital Appropriations:

City	\$ 17,084,400
School	\$ 24,774,127
Water Works	\$ 5,525,000
Sewer Works	\$ 7,769,500
Arena	\$ 120,000
Tax Incremental Financing Districts	\$ 242,500
Total Appropriations	\$ 55,515,527

Source of Revenues

General Fund

Bonding and/or other Borrowing	\$ 21,658,627
Operating Budget	\$ 2,699,900
Dedicated Revenues	\$ -
Other Sources	\$ 17,500,000
Subtotal General Fund Revenues	\$ 41,858,527

Enterprise Funds & Tax Incremental Financing Districts

Bonding and/or other Borrowing	\$ 13,125,000
Operating Budget	\$ 389,500
Fund Balance/Retained Earnings	\$ 142,500
Subtotal Enterprise Funds & Tax Incremental Financing Revenues	\$ 13,657,000

Total Revenues

\$ 55,515,527

PROPOSED 2017-2018 OPERATING BUDGET-EXHIBIT A

OPERATING BUDGET SUMMARY

Proposed Appropriations:

City	\$ 30,928,140
City Grants and Donations	\$ 477,719
Community Center	\$ 816,655
County Tax	\$ 6,308,218
Overlay *	\$ 460,000
Estimated Veteran's Credits *	\$ 601,056
State Property Tax	\$ 4,891,902
School	\$ 59,510,691
School Federal Grants	\$ 3,571,000
School Lunch	\$ 1,800,000
Water Works	\$ 6,177,568
Sewer Works	\$ 7,885,913
Arena	\$ 608,992
Tax Incremental Financing Districts	\$ 1,301,533
Sub Total	\$ 125,339,387

Proposed Revenues:

City	\$ 10,549,483
Use of Fund Balance	\$ 1,262,981
City Grants and Donations	\$ 477,719
Community Center	\$ 816,655
School	\$ 31,393,410
School Federal Grants	\$ 3,571,000
School Lunch	\$ 1,800,000
Water Works	\$ 6,177,568
Sewer Works	\$ 7,885,913
Arena	\$ 608,992
Tax Incremental Financing Districts	\$ 1,301,533
Amount to be Raised by Taxes *	\$ 59,494,133
Sub Total	\$ 125,339,387

* Estimated veteran's exemptions (credits) \$601,056 and additional overlay \$460,000