

**City Council Budget Retreat
And
Committee of the Whole Budget Workshop
May 5, 2023
Council Chambers
31 Wakefield Street
11:15 AM**

PART II

COUNCILORS PRESENT

Councilor Beaudoin
Councilor Berlin
Councilor de Geofroy
Councilor Desrochers
Councilor Fontneau
Councilor Gilman
Councilor Gray
Councilor Hailey
Councilor Hamann
Councilor Larochelle
Councilor Malone
Deputy Mayor Lachapelle
Mayor Callaghan

OTHERS PRESENT

Blaine Cox, City Manager
Katie Ambrose, Deputy City Manager
Terence O'Rourke, City Attorney
Mark Sullivan, Deputy Finance Director
Kelly Walters, City Clerk
Shanna Saunders, Director of Planning
Jim Grant, Director Building & Licensing
Lauren Krans, Director of Recreation & Arena
Steve Trepanier, Assistant Director of Recreation & Arena
Peter Nourse, Director of City Services
Lisa Clark, Deputy Director of Public Works
Mike Bezanson, City Engineer
Gary Boudreau, Chief of Police
Dennis Dube, Fire Chief
Kelly Gagne, Executive Secretary - Fire

MINUTES PART II

4. Issues & Options and CIP: Review and Questions

F. City Clerk & Elections

Kelly Walters, City Clerk, directed Council to page 16 of the CIP book

to the request for "Electronic Voter Checklist Tablets (Poll Pads)." This \$30,000 request would cover three additional pad pads for each of the six City wards. She explained the need for these additional poll pads and detailed how they would be used.

Councilor Beaudoin questioned the cost of the poll pads, which seemed to be significantly higher than the average cost for an iPad. City Clerk Walters explained that this model is the only poll pad currently approved by the State. Councilor Gray clarified that this cost also includes the receipt printer, license scanner, software, and additional accessories that are part of the system.

Councilor de Geofroy asked if there was a price cap on the licensing costs. Ms. Walters explained that the licensing cost is \$300 per poll pad, for a total of \$9,000. Councilor de Geofroy inquired about where the annual fees were reflected. Ms. Walters said these costs would be in the Operating budget.

Councilor Beaudoin spoke about how the database in the poll pads is compared to the State database and the high accuracy of these devices.

Councilor Desrochers asked if this request for poll pads was resultant from state legislature causing a change in how elections are being run. Ms. Walters responded that the State is now allowing municipalities to use technology in more useful ways at the polls.

Councilor Gray spoke about the security features involved with the poll pads and explained that there is no connection between the poll pads and the ballot counting devices. He further detailed the safety features and the time saving these devices offered to the Clerk's Office with post-election work.

G.Planning

Shanna Saunders, Director of Planning and Zoning, stated that her department does not have any Issues and Options; however, they do have two CIP requests. The first is a completion of a land use chapter of the Master Plan (page 28, Project FY24-PLN-5). She summarized the need for this update and gave details on the importance.

Councilor de Geofroy asked how well the City had adhered to previous iterations of the Master Plan. Director Saunders stated that Master Plans are working documents that capture the intention and thought process of the time in which they are completed. She explained that most of the City's Master Plan chapters are older and did not take into consideration the rate of

development that the City is currently experiencing. She explained how it was necessary to start rethinking land use development patterns and all that entails, including housing, transportation, and protection of natural resources.

Councilor Beaudoin asked if this chapter of the Master Plan would be completed by the same vendor that has done prior chapters. Director Saunders said that the prior land use chapter was from 20 year prior and the project will likely go out to bid. She explained that whichever consultant is chosen will have access to all the prior data in order to integrate it into the current work being completed.

Director Saunders directed Council to page 29 of the CIP book; a request for a Planning Department vehicle. She explained that the Planning Department has been sharing vehicles with both Building and Licensing and Assessing for several years. There are often times where staff needs to visit a job site or respond to a complaint, but there is no dedicated vehicle in which to do so. This results in delays, rescheduling, or the use of personal vehicles.

Councilor Beaudoin asked how many vehicles the City currently owned that are associated with City Hall functions. Jim Grant, Director of Building and Licensing, answered that there are 8 total vehicles between three City Hall departments. Councilor Beaudoin suggested that in the future the City look into a motor pool option with vehicles signed out between departments, and trying to limit the number of vehicles to around this current number.

H. Building & Licensing Services

Jim Grant, Director of Building and Licensing, referred to page 41 of the CIP book; two vehicles to replace the departments' two aging 2007 Prius. Councilor Beaudoin referenced the State's ability to procure vehicles for municipalities at lower rates. City Manager Cox confirmed that the State is able to purchase vehicles at bid price. Director Grant summarized the need for these new vehicles.

Councilor Hamann inquired if the department would be looking at the option of electric or hybrid vehicles. Director Grant responded that the City currently does not have the infrastructure for electric vehicles besides Teslas. Councilor Hamann suggested the City look into adding this infrastructure on City Hall Campus in the future to allow use of electric vehicles.

I. Recreation & Arena

Lauren Krans, Director of Recreation and Arena, discussed her department's Issues and Options request for a department reorganization

(Page 51, I&O), which is partially included in the City Manager's proposed budget. She detailed the number of participants in both Recreation and Arena programs the prior fiscal year.

Director Krans explained that the included portion of the Issues and Options request is for a full-time facilities and operations attendant and she summarized what this position would entail. The request not included is for a Senior Services Program Coordinator. She requested that the Council consider including this as a half-year position. She gave statistics on the 55+ community in Rochester and the amount of participants at the senior center and in senior activities. Ms. Krans qualified that if this position is not approved, the department will need to consider limiting some of the senior offerings. Councilor Desrochers asked for data on the average age of citizens participating in these programs as well as the types of programs being offered. Director Krans gave medical statistics and age range on this demographic and detailed how offering this types of programs is beneficial. Councilor Desrochers inquired if there was any coordination between the Rec department and the Housing Authority seniors. Ms. Krans stated that the department does have a relationship with the Housing Authority; however, the collaboration and transportation offers are limited due to staff time, but it is something they would like to build on in the future.

Councilor Larochelle asked if the Recreation Department was sharing facilities with the School Department. Director Krans summarized the use of the school gyms as well as the City's outdoor pools. Councilor Malone praised the department for utilizing and making the best of the few facilities the City owns.

Mayor Callaghan inquired about the department's needs for summer help. Ms. Krans gave an overview of the department's needs and how they would go about filling any remaining open positions. Councilor Berlin praised the Director and Assistant Director for their resourcefulness and novel ideas for Recreation programs and operations.

Councilor Larochelle asked if there were scholarship opportunities for families who are not able to afford the recreation programs. Ms. Krans confirmed that there are 33 families who take advantage of "Camp Aid" and pay well below market rate for the summer programs. She gave further details on how the program works and the benefit to local citizens.

Director Krans referred Council to page 102 of the CIP book "Arena Locker Room HVAC Controls" for \$21,000. Councilor Beaudoin felt that the price requested was high and stated that this project should go out to bid. Councilor Berlin clarified that, although this price is high, ice rink-specific controls are specialized and there are limited vendors who offer service, so

there is not much choice in the pricing. Steve Trepanier, Assistant Director of Recreation and Arena, said that the quote had come from Honeywell who is the Arena's current HVAC contractor.

J. Public Buildings & Grounds, Community Center

Peter Nourse, Director of City Services, directed Council to page 15 of the CIP book for the Buildings and Ground increase of \$30,379 for HVAC improvements at the new DPW facility. Councilor Beaudoin asked if this item would go out to bid. Director Nourse stated that this is a TRANE system, and it is proprietary.

Director Nourse detailed the project on page 17 of Issues & Options for an included item; solar power purchasing agreement. Councilor Larochelle referenced the notation that the solar array is producing enough power for the entire facility. He asked if they were producing any excess power and what is done with this excess. Director Nourse confirmed that there is excess power produced and exported; the City is then credited for this excess. He gave further details on this arrangement. Councilor Larochelle inquired whether this excess power could potentially be used to heat the building. Director Nourse stated that the building is heated by natural gas. Councilor Gray explained "net metering."

Director Nourse outlined the request on page 20 of the I&O book; Increase of \$16,140 to the Electric Supply Account for heating the DPW building. Councilor Larochelle asked if there was a condensing boilers used for efficiency when the building was constructed. Director Nourse answered that he would report back with this information. Councilor Beaudoin gave information on the type of boiler and confirmed that the system is designed for efficiency.

Director Nourse directed Council to pages 19 and 20 of the CIP book detailing proposals for security cameras at the Common bandstand/playground and ballfield/porta-potty areas. He explained the ongoing vandalism that has warranted these proposals. Councilor Beaudoin inquired if the proposed cameras were night vision. Director Nourse stated that he believed they are night vision cameras, but would verify that and report back. City Manager Cox asked if the camera that had been installed at the Dewey Street bridge had helped reduce vandalism or apprehend those who have participated in these activities. Director Nourse stated that overall the vandalism has been reduced. However, it does still occur and to his knowledge, it has not assisted in the apprehension of the vandals.

Councilor Berlin referenced a discussion he had initiated at the Public Safety Committee in regards to emergency call boxes. He suggested that the

project for the call boxes be combined with the security cameras if it is financially feasible. Director Nourse said he would look into this possibility. Councilor de Geofroy agreed that this would be a good idea as long as there is no compromise on the cameras due to the combination of the projects. Director Nourse stated that the night vision cameras would likely be more expensive and he would need to come back with an updated quote.

Councilor Beaudoin referenced the project on page 18 of the CIP book for "City Hall Roof Drain relocation." He asked where these drains would be placed and directed. Director Nourse gave details on the volume of water potentially produced during a storm and drained into the City's sewer system, going against Chapter 200 of the City Ordinances. He also detailed the cost of treating this runoff. Director Nourse gave further detail of the complexity of this plan and stated that he intended to bid out the project.

Councilor Beaudoin inquired about the "City Hall Opera House Heating System Repair" on page 17 of the CIP book. He asked if the City had a contractor for the HVAC unit and inquired why this damage was not caught by this contractor. Director Nourse confirmed that this unit is under a service contract, and he stated that it was the contractors who identified the issue. He clarified that the way the units are set up, it is very difficult to visualize the area of damage.

Lauren Krans, Director of Recreation and Arena, detailed several CIP projects related to the Community Center gym. Councilor Beaudoin inquired about the "Gymnasium Scoreboard Replacement" on page 99 of the CIP book. He asked if this upgrade was just to make the scoreboards more user friendly. Director Krans confirmed that the current scoreboards are functional, but they are aging and have experienced issues and malfunctions during games.

Director Krans summarized the request for "Gymnasium Soundboard Replacement" (page 100, CIP). Councilor Beaudoin asked where this soundboard was located and if it could be replaced piecemeal over multiple budget cycles. Director Krans confirmed that this soundboard was located on all four walls and stated that, if desired, the boards could be replaced separately over time.

Councilor Beaudoin referenced the "LED Lighting Conversion-DHHS" (page 101, CIP). He asked if there was a downside to not upgrading these lights to LED. He questioned if these lights could be upgraded on a case-by-case basis as they fail. Director Nourse stated that there is no large downside, however, the City has saved a great deal of money since converting to LED lighting downtown and in City Hall. Councilor Gray agreed that the benefit to upgrading to LEDs is the cost effectiveness and efficiency; if the conversions are done all at once, the payoff is received quicker. Councilor Beaudoin

requested an estimate on the payback time after this LED conversion. Director Nourse said he would get this estimate and reported that Eversource does offer a 20% rebate incentive for project costs on these conversions.

Mayor Callaghan called for a Recess at 12:04 PM.

Mayor Callaghan reconvened the meeting at 1:03 PM

K. Police & Dispatch

Gary Boudreau, Chief of Police, gave an overview of the excluded Police Department Issues and Options request for two full time patrol officers (Page 28).

Councilor Larochelle said the City seems to have difficulty retaining police officers, potentially because of burnout, and stated that the department needs to work on proactive as opposed to reactive policing.

Councilor Fontneau asked what would be the most beneficial scenario for the Police Department if Council did decide to add this request into the budget; one officer for half a year, two officers for half a year each, or some other scenario. Chief Boudreau stated that one officer for a full year would be best in case the new hire needs to go through training and certification prior to being put on patrol, which is a lengthy process.

Councilor Desrochers asked if an increase in police staff would be noticeable to residents and what the impact would be. Chief Boudreau said that the impact would not be felt greatly. These two officers would only cover 80-hours a week in a 24/7 department. However, the addition of these officers would be a step in the right direction as part of incremental improvements.

Councilor Beaudoin stated that he supported the proposal for two additional officers, although he pointed out that approving these positions would add 7 cents to the tax rate.

Chief Boudreau reviewed the need for the included Issues and Options request for Increased Overtime Training (Page 30).

Councilor Beaudoin asked if these officers could be trained during their normal shifts. Chief Boudreau confirmed that the department tries to train during shifts and during shift changes; however, they do need to be cognizant of minimum staffing levels on the streets. The Chief clarified that one of the reasons the overtime line is over expended is due to the emphasis on minimum staffing.

Councilor Desrochers questioned the Chief's assertion that younger officers are more "aggressive" in their arrests. She asked if the Chief could give examples of how these "aggressive" arrests play out. Chief Boudreau clarified that he did not use "aggressive" with a negative connotation, but rather that the younger officers are eager to do their jobs and are more active in finding violations and enforcing the law. There was further discussion on the types of calls to which these officers are responding.

Councilor de Geofroy asked, if the Council were to approve either one of both of these positions, how it would free up time for the referenced training. Chief Boudreau explained how having an additional 80 hours of staff time could potentially work into a training schedule.

Councilor Berlin inquired, if the Council were to approve the two additional patrol officers, would the Police Department still require an increase in the overtime to \$50,000. Chief Boudreau confirmed that regardless of whether or not the new officer positions were approved, the \$50,000 for overtime training would still be needed. Mayor Callaghan inquired how the training would be offered. Chief Boudreau discussed the types of training, much of which is online, and how they could arrange these trainings.

Chief Boudreau said there is an Issues & Options that had not been included in the book, and had just been discovered prior to the presentation. It is on page 86 of the O&M book under Dispatch "personnel salaries" under "shift differentials". He pointed out that this is funded at -\$12,410; this was a manual fill in the budget process which was missed. Dispatch has shift differentials built into their contract. He estimated that the actual amount will be between \$15,000-\$18,000 and he would work on getting this number.

Chief Boudreau outlined the CIP request for PD Vehicle Replacement Program (Page 30). City Manager Cox directed Council to the vehicle inventory on page 151 of the CIP book.

Chief Boudreau described the CIP request for 4 sets of flashing crosswalk beacons to be installed in School Zones (Page 32). He spoke about the difficulty the City has had in hiring and retaining crossing guards. Councilor de Geofroy asked if these lights would be in place of crossing guards. Chief Boudreau confirmed these flashing beacons would take the place of crossing guards and explained which locations they would be placed. He said there are currently only 3-4 crossing guards employed throughout the City. He gave a brief history of why this function had transferred from the school department to the police department and why it is unrealistic for police officers to perform this duty.

Councilor Desrochers asked if the crossing guards are paid or volunteer. Chief Boudreau stated that it is a paid position, although it is for very limited hours before and after school. Councilor Desrochers asked if the cost of not paying crossing guards would equal out to the price of these flashing beacons. Chief Boudreau said that the cost of these beacons is much greater, but it is currently the safest solution to this issue.

L. Fire & Emergency Management

Dennis Dube, Fire Chief, directed Council to Page 34 of the Issues and Options book and detailed the "Reorganization of the Fire department." He explained the three objectives behind this reorganization and explained which positions would be added or reclassified.

Councilor Desrochers clarified the total cost of this reorganization (\$108,979). Chief Dube confirmed, but stated that there are some unknowns with the creation of new positions and salary negotiations.

Chief Dube detailed the Issues and Options request for an increase in the overtime budget. He explained that this line had not increased significantly in over 20 years, although during this time starting salaries have increased by 80%, minimum staffing has also increased 80%, and call volume and response have increased greatly. The overtime line has been over-expended regularly, and has averaged 150%. This request is in an effort to budget appropriately for the actual expenditures instead of overexpending regularly. Councilor Beaudoin asked for the dollar amounts expended on overtime. Chief Dube gave the amounts for the past three fiscal years.

Councilor Desrochers asked if the reorganization of the Fire Department and increased prevention infrastructure could potentially lead to less overtime needed in the future. Chief Dube explained the complicated nature of this question; with the world being safer by the day, but the call volume for the Fire Department increasing for less emergent calls. He spoke further about the Fire Department's life safety role in new development within the City and the additional staff time that adds.

Councilor Larochelle asked why the overtime request was not included in the City Manager's budget. City Manager Cox stated that this overtime allocation has been requested multiple times in past years, and the City Council has routinely denied the request; he said he was keeping with past policy and not including the overtime request in his budget. Councilor de Geofroy clarified that this money will be expended one way or another, whether it is included or not. Councilor Gray recalled that one of the prior Fire Chiefs had indicated that approving additional firefighters would decrease the need for overtime; he stated that this is one of the reason the overtime

requests have not been approved in the budget in past years. Chief Dube said that, since that statement had been made by the former Chief, minimum staffing has increased by 4 firefighters per shift and the structure of the Fire Department has changed. Councilor Gray said military deployments also factored into the overtime budget. Chief Dube detailed the length of past deployments and explained how this affects the overtime line.

Mayor Callaghan asked for an update on the Advanced Life Safety equipment proposal and associated training adopted by Council the prior year under acting Fire Chief Plummer. Chief Dube stated that this system is currently in place, and all the equipment to provide advanced level care is on the engines at each station. The Chief explained that the issue is maintaining employees with the licensing to operate this equipment; the department has recently lost three such employees to other Fire Departments with higher volume of calls allowing them to use these qualifications.

Councilor Beaudoin asked what factors help determine minimum staffing levels. Chief Dube stated that safety is the number one factor and explained what happens when multiple calls come in at the same time and other data that goes into determining this number.

Councilor Fontneau asked if the full-time fire inspector position would be inspecting new construction and, if this would be their only job function, would they need to be a certified fire fighter. Chief Dube said this would be a more "boots on the ground" inspector, reviewing new construction and changes in occupancy as well as the associated reporting. It is still unknown whether this would need to be a certified firefighter, and he explained what the thought process would be in hiring for this position. Councilor Fontneau suggested that this position could potentially be combined with Code Enforcement, who is performing a similar function. Chief Dube stated that this has been discussed and could be explored.

Councilor Larochelle spoke of the increased calls for service versus the 15% growth rate of the City and decrease in house fires. He asked why the calls for service were increasing so greatly while the population has not increased equivalently. Chief Dube said he does not have the data to answer, however, the more rules and regulations that are put into place the more false alarm calls are received. There are also a good deal of calls which are EMS related. Councilor Larochelle speculated that the increase in EMS calls could be due to the aging population.

Councilor Desrochers asked if the department keeps data on how many calls are opioid related. Chief Dube said when the opioid epidemic first began, the department did keep this data. However, as the years have gone on, it has become commonplace and is no longer being tracked. He indicated that

this data point could be added into the department's reporting for tracking purposes. Chief Dube said that 42% of calls are EMS related.

Councilor Fontneau asked if there is a percentage on how many calls are for false alarms. Chief Dube said that the department averages approximately 25 false alarms per month. Councilor Larochelle spoke about the potential of revising the ordinance listing false alarm fees to target repeat offenders and reduce these calls by increasing the fees for reoccurring false call outs. Councilor de Geofroy cautioned against dis-incentivizing residents against having good equipment and the potential fallout that could occur with these increased fees. Councilor Larochelle clarified that residents have an obligation to keep their equipment operating properly and that ideally this would ensure equipment be repaired when needed. Chief Dube spoke about the ordinance already in place and how it can be used for repeat alarm calls. The Council briefly discussed the prevalence of false alarm calls and if there is a need to revise the ordinance to address this. Chief Dube explained the ordinance lists is a nominal daily fee and there is not a large issue with the same residents causing repeat call outs.

Chief Dube spoke about the Fire Station Living Quarters upgrades (Page 34, CIP), which had been presented during a past budget cycle for \$600,000. He said that, due to increased costs for supplies and construction and additional review with contractors, the new estimate is \$2.5 million. Councilor Beaudoin asked the square footage of the area being renovated. Chief Dube said it is the entire upstairs of the Fire Department; it is a gut and rebuild of the office, living quarters, bathroom, as well as the addition of an elevator and a new staircase.

Chief Dube reviewed the CIP request for a replacement of the Forestry and Inspector vehicle, which is a 1997 Ford F350 (Page 35). Mayor Callaghan recalled that there had been a request for replacement of the forestry vehicle during the prior budget. Chief Dube said that it had been requested, however the City Manager requested it be moved to the next fiscal year because it was determined that it could last one more year. Chief Dube said that in its current state, it will not pass inspection; it has had end-to-end rust work as well as a large amount of mechanical work, and is not in good workable condition.

Councilor de Geofroy asked if there were special requirements for the inspection vehicle. Chief Dube said that this vehicle would need good ground clearance to visit sites, as well as the potential addition of emergency lighting.

M. Public Works

Director Nourse gave an overview of the included Issues and Options

request for the creation of a Cemetery Administration and Maintenance fund and explained what this proposal would entail (Page 40).

Councilor Beaudoin asked if the day-to-day upkeep and maintenance costs of the cemeteries is handled by the Trustees of the Trust Fund. Director Nourse clarified that these tasks are done by Public Buildings and Grounds and is handled through the O&M budget. Councilor Beaudoin asked for clarification on which cemeteries are under the purview of the Trustees. Director Nourse stated that the Trustees are paid by the City to maintain the Old Town Cemetery on South Main Street; the rest are maintained by Public Buildings and Grounds.

Director Nourse summarized the excluded Issues and Options request on page 45 for "Large DPW Vehicle Protective Undercarriage Treatments." Councilor Fontneau spoke about NHOU (New Hampshire Oil Undercoating) and said that once the undercoat is applied, an owner is advised not to wash the undercarriage. He said this should be taken into consideration with the DPW's wash bays designed to wash the underside of the vehicles.

Director Nourse detailed the CIP project on page 50 (Milton Rd/SFR/Amarosa Drive Intersection Improvements).

Councilor Hamann spoke about the CIP project on page 48: Evans Road Paving, which Director Nourse had summarized. Councilor Hamann said, according to residents, this road is regularly used as a truck cut through and paving this road will likely increase traffic and cuts through. Councilor de Geofroy explained that he had supported this project when it was presented to the Public Safety Committee; however, looking at the total cost along with the other projects, he did not feel like it was as necessary. Councilor Larochelle indicated that in the past, he had spoken to Evans Road residents to determine their feelings on potential paving. The residents at the time did not feel that paving was needed and thought it would increase traffic and shortcuts. Councilor Gray recalled a time when school busses were unable to pass the road due to water pooling. There had been discussion of revising the drains in this area to prevent this issue from reoccurring however, that is not included in the CIP request being presented. Director Nourse explained that the City had done work to correct the water issue but stated that, even on paved roads there are times when water levels may rise over the roadway. If the City were to elevate this road to prevent that, it would require raising the roadway 3-4 feet and would cost significantly more than the \$565,000 CIP request in question.

Councilor Hainey stated that there are several CIP projects that reference the NHDOT covering a percentage of the project cost. She asked if the total costs listed in the CIP book include a portion covered by Department

of Transportation. Michael Bezanson, City Engineer, and Director Nourse gave more information on projects involving TAP grants and the State's contribution.

N. Water & Sewer

Councilor Beaudoin asked if the costs listed for the Colonial Pines Sewer Construction (Page 44) were revised from the original estimate now that some of the project has been taken away. Director Nourse stated that the requested amount in the book, split between fiscal year 2024 and fiscal year 2025, is meant to complete phase 4 of this project. Since that time, the original Phase 4 has been split into two smaller phases; a smaller phase 4 and phase 5. The Fiscal Year 2025 project is for phase 5, the projects contained therein may not be necessary for several years.

Director Nourse outlined the included Issues & Options request to increase the electricity supply account for the Water Treatment Plant by \$21,000 (page 55). Councilor Beaudoin asked if the City looked into lowering their rates through other suppliers. Deputy Finance Director Mark Sullivan responded that the City has a long-term electrical supply contract and is locked in currently at a rate of 7.5 cents, which will reduce to 6.8 cents in 2025. Councilor Beaudoin clarified that this issue is a usage issue as opposed to a rate issue. Director Nourse stated that this line has been underfunded for quite some time.

Director Nourse summarized the included Issues and Options request on page 57 for new Water and Wastewater positions as well as the removal of other positions per the workforce Study and Master Plan. He explained the environmental regulations and EPA guidelines behind these requests. He clarified that the funding for these positions does not impact the tax rate. Councilor Beaudoin speculated that these changes would have a minimal effect to the water/sewer rates. Director Nourse stated that he could not be certain, but agreed that this is probably the case; although it is the Capital improvements that are driving the rate increases.

Director Nourse gave a detailed overview of the CIP request on page 104 "Cocheco Well Treatment upgrades." He explained that this is for the treatment of iron and manganese. Manganese is considered an emerging contaminant by the EPA, although it is currently categorized as a secondary contaminant as opposed to a primary, meaning it is more of a nuisance and does not cause adverse health effects. Director Nourse stated that he felt eventually these potential contaminants would be regulated by the EPA. He explained that the City currently has \$5.6 million from a combination of State grant and loans; however, the treatment is estimated at between \$12-\$13 million. The City has applied for \$2.5 million in Congressionally Directed

Funds, and in June they will seek Clean Water State Revolving Fund program funds for emerging contaminants which could be 50% grant funded. Unused ARPA funds could also be redirected from a past project that is no longer needed. Mayor Callaghan asked how much of the City's drinking water comes from wells. Director Nourse responded that 15% is used for drinking water; these wells are redundant, supplemental water supplies. He gave reasons why these wells are important to maintain.

Director Nourse referred Council to the sewer CIP projects and asked if there were any questions. No questions were asked.

Mayor Callaghan called for a brief recess at 3:03 in order to allow staff to set up for the next presentation.

Mayor Callaghan Reconvened the Budget Workshop at 3:09 PM.

5. Deputy Finance Director: Debt Service Overview

Deputy Finance Director Mark Sullivan presented a summary of the City's overall debt service.

Mr. Sullivan presented depictions of the General Fund debt limit ratios and outlined the factors that can increase the margin between the issued and authorized and the available remaining. He presented a chart showing the 20-year principal issued versus the principal that had already been authorized.

Deputy Finance Director Sullivan summarized the "4-3-4 Plan." This plan requests departments to attempt to annually propose no more than \$4 million in new debt from the General Fund, \$3 million in new debt from the Water Fund, and \$3 million in new debt from the Sewer Fund. This plan is an attempt to keep debt level and to keep the increases more gradual and somewhat proportional to the increase on the tax cap side. Mr. Sullivan gave an overview of the benefits of this plan in stabilizing bond cycle issues as well as stabilizing the General Fund debt limit and lessening future year impacts to the tax cap and water/sewer user rates.

Mr. Sullivan explained the General Fund and Enterprise funds adopted bonding amounts from the prior 5 fiscal years. He summarized that the total debt ratio had decreased 1.72% from the prior fiscal year. The General Fund debt limit is in a strong position, and the tax cap and user rate impacts will be mitigated by retiring bonds in Fiscal Years 24-30 as well as the use of the aforementioned 4-3-4 plan.

Councilor Gray inquired about the School's debt limit. Deputy Director

Sullivan said that the School's debt limit is 7% of the DRA equalized assessed value, which is \$331 million. They currently have \$14 million issued and \$4 million pending; leaving a net margin of over \$300 million.

Finance Director Ambrose stated that the Finance department recommendation, after looking at the 5-year average, is to maintain the 4-3-4 plan. They will continue to monitor and revise recommendation as needed.

6.Public Input

William Elwell, resident, spoke about six of the excluded Issues and Options requests and made suggestions on how these could potentially be funded.

7.City Council: Deliberations and Initial Adjustments

Councilor Beaudoin stated that he felt the two police officer position should be funded and that Council should make an effort to find this funding elsewhere in the budget.

There were no further adjustments or deliberations.

Respectfully Submitted,

Cassie Givara
Deputy City Clerk