

**City Council Public Hearing
October 17, 2023
Council Chambers
6:00 PM**

COUNCILORS PRESENT

Councilor Beaudoin
Councilor Berlin
Councilor de Geofroy
Councilor Desrochers
Councilor Fontneau
Councilor Gilman
Councilor Gray
Councilor Hainey
Councilor Hamann (remote)
Councilor Larochelle
Deputy Mayor Lachapelle
Mayor Callaghan

OTHERS PRESENT

Katie Ambrose, City Manager
Kyle Repucci, Superintendent of Schools
Dave Totty, School Dept. Director of
Facilities
Mark Sullivan, Finance Director
Carol Petruszewicz, resident
Susan Rice, resident
Tom Kaczynski, resident
Joette Mackenzie, resident
Charlie McIntyre, Director of NH Lottery

COUNCILORS EXCUSED

Councilor Malone

Minutes

1. Call to Order

Mayor Callaghan called the City Council Public Hearing to order at 6:00 PM. He announced that Councilor Hamann was connecting remotely to the meeting. Per RSA 91-A, III (a) he asked Councilor Hamann if it was reasonably impractical for him to attend the meeting in person and asked him to state for the record the reason he could not attend. Councilor Hamann stated that it was impractical for him to attend in person due to medical reasons. He stated he was alone in the location from which he was connecting, however his wife is in the house.

Deputy City Clerk Cassie Givara took the roll call attendance. The following Councilors were presents in Council Chambers: Councilor Beaudoin, Berlin, de Geofroy, Fontneau, Gilman, Gray, Hainey, Larochelle, Deputy Mayor Lachapelle, and Mayor Callaghan. Councilor Hamann was connecting to the meeting remotely, as stated above. Councilor Malone was excused.

Councilor Lachapelle **MOVED** to amend the agenda to move the non-public session to the start of the meeting prior to the opening of the public hearing. Councilor Desrochers seconded the motion. The **MOTION CARRIED**

by a 12 – 0 roll call vote with Councilors de Geofroy, Beaudoin, Hamann, Desrochers, Lachapelle, Berlin, Hailey, Larochelle, Gray, Gilman, Fontneau, and Mayor Callaghan all voting in favor. The meeting was recessed to a non-Public Session regarding land per RSA 91-A:3, II (d) at 6:03 PM.

Councilor Lachapelle **MOVED** to exit the non-public session at 6:25 PM. Councilor de Geofroy seconded the motion. The **MOTION CARRIED** by a 12 – 0 roll call vote with Councilors Hailey, Gray, Gilman, Fontneau, Larochelle, de Geofroy, Desrochers, Berlin, Beaudoin, Hamann, Lachapelle, and Mayor Callaghan all voting in favor.

Councilor Lachapelle **MOVED** to seal the minutes of the non-public session because divulgence would render the proposed action ineffective. Councilor de Geofroy seconded the motion. The **MOTION CARRIED** by a 10 – 2 roll call vote with Councilors Berlin, Desrochers, Fontneau, Hamann, Hailey, Lachapelle, Larochelle, Beaudoin, Gilman, and de Geofroy voting in favor and Councilor Gray and Mayor Callaghan voting opposed.

2. Resolution for Supplemental Appropriation and Authorizing Borrowing Authority Pursuant to RSA 33:0 to the FY24 School General Fund Capital Improvement Plan (CIP) Fund in an amount not to exceed \$34,000,000 for the new School Construction Project

Mayor Callaghan invited Superintendent Repucci to give an overview of the following resolution:

Resolution for Supplemental Appropriation and Authorizing Borrowing Authority Pursuant to RSA 33:9 to the FY24 School General Fund Capital Improvements Plan (CIP) Fund in an amount not to exceed \$34,000,000.00 for the New School Construction Project

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

That the Mayor and City Council of the City of Rochester hereby appropriate Thirty Four Million Dollars (\$34,000,000) to the FY2024 School General Fund Capital Improvement Plan (CIP) for the purpose of paying costs associated with construction of a new 68,000 square foot elementary school. The new school shall reduce crowding, and will consolidate the Nancy Loud school, and School Street school, and close the modular sections at the William Allen and Chamberlain schools. The new School shall have a capacity of approximately four

hundred and twenty (420) students. The funding sources for this supplemental appropriation shall be derived from the following;

1. **State of New Hampshire Building Aid Grant:** Fifteen Million Seven Hundred Sixty Nine Thousand Five Hundred Eighty Dollars, (\$15,769,580).
2. **Local School Capital Reserve Fund (CRF):** One Million Two Hundred Ninety Thousand Dollars, (\$1,290,000).
3. **State of NH Adequacy Grant-Additional Funding:** One Million Four Hundred Thousand Dollars, (\$1,400,000).
4. **General Obligation Bond Funding:** Eight Million Dollars, (\$8,000,000).
5. **General Fund Unassigned Fund Balance:** Seven Million Five Hundred Forty Thousand Four Hundred Twenty Dollars. (\$7,540,420)

Further, in accordance with the provisions of RSA 33:9, the City Treasurer, with the approval of the City Manager, is hereby authorized to borrow the sum of Eight Million Dollars (\$8,000,000.00) through the issuance of bonds and/or notes, and/or through other legal form(s), such borrowing to be on such terms and conditions as the said Treasurer and City Manager may deem to be in the best interest of the City of Rochester. Such borrowing is authorized subject to compliance with the provisions of RSA 33:9 and Section 45 of the Rochester City Charter to the extent required, necessary and/or appropriate.

To the extent not otherwise provided for in this Resolution, the Finance Director is hereby authorized to establish and/or designate such multi-year, non-lapsing accounts and or account numbers as are necessary to implement the transactions contemplated in this Resolution.

Superintendent Repucci explained that the percentage of the project being covered by State Building Aid was the highest award in the State, primarily due to the districts in greatest need receiving the most assistance. Superintendent Repucci thanked the City and School's finance staff for their work in determining how the remainder of the funding would be sourced with the least impact to the City and tax payers.

Carol Petruszewicz, resident, expressed concerns with the location of the school and asked what the cost-per-taxpayer would be for the necessary infrastructure modifications. She also inquired why the school was being built away from the areas of greatest growth in the City and spoke about additional consolidation of neighborhood schools.

Susan Rice, resident, spoke about concerns with the school's proposed location. Ms. Rice inquired about the process followed by the JBC and the City in sourcing the property as well as their non-public meeting minutes regarding the school project. Ms. Rice spoke about potential future costs of the project.

Tom Kaczynski, resident, questioned the total cost of the project and the location on which the school will be built. He inquired about the correlation between student proficiency and the new school project.

Joette Mackenzie, resident, expressed concerns with the location of the school project including the speed of the road and the wetlands on the property.

Mayor Callaghan asked Superintendent Repucci to address concerns that the school is being proposed on swamp land. Superintendent Repucci explained the process that had been undertaken when the City was trying to source 8 – 9 acres of dry, buildable land; including notices in Fosters, press releases, and notices to private land owners in the City. He stated that that the analysis of the proposed school property found 11.4-acres of dry, upland soil. This property is near wetland, however this 11.4 acres is contiguous dry land suitable for this construction.

Mayor Callaghan asked if any portion of the school, including the loop road which would be constructed around the property, would be contacting wetlands. Superintendent Repucci answered that no part of the property would be in contact with wetlands.

Councilor Desrochers asked if the Superintendent could speak about which schools were being consolidated for the new school project. Superintendent Repucci stated that this project allows the removal of five modular classrooms across several schools as well as the closure and consolidation of Nancy Loud School and School Street School. Councilor Desrochers asked for clarification on the Superintendent's assertion that learning in modulares is an inequitable environment for students. Superintendent Repucci spoke about the poor, aging condition of these modulares and the costs associated with keeping them usable. Additionally, he addressed the difficulty for students to access resources they need within the schools, with travel time taking away from instructional time.

Councilor Beaudoin referenced a comment during public input regarding a dump on the new school site and potential contamination of the water on the property. He asked if the land and soil had been tested. Superintendent Repucci stated he was not certain if the water on the property had been tested and was not certain if these were routine tests done prior to construction; however, he stated that there was no intent by the School to cross these wetlands. Additionally, he stated that if debris had been discarded on this property and was buried on the grounds, it would likely continue to remain there.

Councilor Hainey referenced an inquiry made during public input regarding why the school was not being built closer to Route 11, where there is greater growth in the City. She stated that the kids who reside in the area of Little Falls Bridge Road and Chestnut Hill Road in the Route 11 area already attend school in East Rochester. Councilor Hainey questioned if redistricting would have much impact with the children in this area already being bussed to East Rochester. Superintendent Repucci stated that there would need to be a rezoning process in the future for school enrollment. He acknowledged the large commercial growth in the Route 11 corridor, but countered with the large amount of residential growth in other parts of the City and the benefit of the new school being located on the East side.

Mayor Callaghan asked if the project cost of \$34,000,000 was a definite number. Superintendent Repucci stated that there is a guaranteed maximum cost with the project contractor which will not be exceeded, and there may need to be decisions made at the Joint Building Committee level to stay within that number.

Dave Totty, Director of Facilities for the Rochester School Department, addressed the concerns that there could be contaminated water on the site. Mr. Totty stated that the water runs downhill, and the school construction site would be up above the wetlands; any possible flow of contaminants would be from the school down to the wetlands. Mr. Totty addressed the stormwater mitigation which is being undertaken to ensure that the wetlands are protected and aren't adversely affected as a result of the new construction.

Councilor Fontneau asserted that most constituents acknowledge the need for the new school; the concerns have mainly centered on the location and suitability of the site for a school building. He said the Council as well as school department staff have addressed and tried to alleviate the concerns as best as possible. He stated that although the site was likely not the first choice for a new school build, it has been found to be suitable.

Councilor Gray asked for information on the size of the new school as well

as the number of potential student enrollment. Mr. Totty stated the school will be approximately 68,000 square feet with potential enrollment of 420 students. Councilor Gray inquired how many students would be enrolled in the new school based upon the closures of two area schools as well as the modulars. Mr. Totty explained the analysis and formula upon which the Engineers at the State Department of Education based this number of maximum student enrollment, and the subsequent required square footage for the facility based on the space required per student. Councilor Gray asked what the plan was to fill this new school while also maintaining a meaningful number of students in the remaining open schools. Superintendent Repucci spoke about optimal student teacher ratios and the considerations which would be made to maintain these, as well as how rezoning will fit into the plan. He spoke about potential options which may be investigated in the future if it is determined that additional schools need to be closed or consolidated.

Mayor Callaghan referenced the motor vehicle registration fees that go into the unassigned fund balance as a revenue. He asked for confirmation that there had been \$728,000 budgeted in the most recent fiscal year as a City revenue. Finance Director Sullivan clarified that just over \$5 million dollars are budgeted as a non-property tax revenue from motor vehicle registration fees. However, there is \$750,000 in interest income budgeted and invested from the interest earnings of the City's cash holdings. He explained that any excess collected from motor vehicles permits would be placed in the unassigned fund balance. City Manager Ambrose clarified that the \$728,000 to which the Mayor had referred is the motor vehicle permit contribution to the FY23 fund balance. Director Sullivan acknowledged that this money was the excess which was collected over the adopted budget amount in FY23 and was placed into the fund balance. He further explained how portions of the unassigned fund balance is invested as permitted by State statute and how the interest and excess is utilized.

3. Resolution Authorizing Transfer of \$250,000 from the General Fund Unassigned Fund Balance to the Trustees of the Trust Fund for the Public Works Large Vehicle Capital Reserve Fund (CRF)

Mayor Callaghan invited members of the public to speak regarding the following resolution:

Resolution Authorizing Transfer of \$250,000 from the General Fund Unassigned Fund Balance to the Trustees of Trust Funds for the Public Works Large Vehicle Capital Reserve Fund (CRF)

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

That the Mayor and City Council of the City of Rochester hereby transfer Two Hundred Fifty Thousand Dollars (\$250,000) to the Trustees of the Trust Funds for the purpose of funding the Public Works Large Vehicles CRF. The source of funding shall be the General Fund Unassigned Fund balance.

To the extent not otherwise provided for in this Resolution, the Finance Director is hereby authorized to establish and/or designate such multi-year, non-lapsing accounts and or account numbers as are necessary to implement the transactions contemplated in this Resolution.

Finance Director Sullivan gave a brief overview of all three of the resolutions authorizing allocations to the capital reserve funds listed. He explained that these capital reserve funds (CRFs) were established approximately a year ago to allow the City to start saving money for large value items. This money is invested by the Trustees of the Trust Fund to earn interest and allow savings over time for these big purchases, which reduces the impact in a single fiscal year if such a purchase becomes necessary.

Carol Petruszewicz, resident, acknowledged the importance of planning for the future, but felt this money should be included in the budget process.

Tom Kaczynski, resident, questioned the need for a reserve fund for vehicle purchases and suggested the money should be included in the CIP budget.

Councilor Fontneau recalled that the establishment of these funds had been discussed during the budget process. Director Sullivan confirmed that the capital reserve funds had been discussed and it was decided that the funds would be brought back after fiscal year end once the amount returned to fund balance was known. It was decided that they would not be put in the budget but rather raised through property taxes in 2024. The funds were originally started with \$500,000 each to allow for the interest to start earning with the intention that, over time, the funds would earn interest and allow for these large purchases without being re-raised through property taxes.

Councilor Berlin stated that his understanding is that any purchase would be made primarily with interest earned from these funds. Director Sullivan clarified that purchases would be made with principal and interest. Councilor Berlin asked if there would be requests to replenish expenditures

from these capital reserve funds when future purchases are made, and if so, would there be requests for supplemental appropriations from unassigned fund balance. Director Sullivan summarized several ways this fund replenishment could occur; including CIP requests in the budget or appropriation from the fund balance. He clarified that Council has full control over these decisions.

Councilor Beaudoin stated that he feels these capital reserve funds are a way of getting around the tax cap and explained the reasoning behind this statement. Director Sullivan responded that these monies were already appropriated and raised by taxation; it is the surplus that is being utilized. With this proposal, when a time comes where large purchases are necessary, the money is not being re-raised through taxation or through bonding. There was further discussion on the factors used in creating the CIP budget and how the unassigned fund balance is used in this process.

Councilor Gray spoke about the sources of money that makes up the unassigned fund balance, including money from the school department which was returned from unused grants as opposed to money which the Council appropriated that had been raised by taxation. He questioned if the use of unassigned fund balance for the CRFs allows the City Departments utilizing these CRFs to have more money and still come in under the tax cap.

4. Resolution Authorizing Transfer of \$250,000 from the General Fund Unassigned Fund Balance to the Trustees of the Trust Fund for the Fire Department Apparatus Capital Reserve Fund (CRF)

Mayor Callaghan invited members of the public to come forward and speak about the Fire Department apparatus capital reserve fund resolution.

Resolution Authorizing Transfer of \$250,000 from the General Fund Unassigned Fund Balance to the Trustees of Trust Funds for the Fire Department Apparatus Capital Reserve Fund (CRF)

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

That the Mayor and City Council of the City of Rochester hereby transfer Two Hundred Fifty Thousand Dollars (\$250,000) to the Trustees of the Trust Funds for the purpose of funding the Fire Department Apparatus CRF. The source of funding shall be the General Fund Unassigned Fund balance.

To the extent not otherwise provided for in this Resolution, the Finance

Director is hereby authorized to establish and/or designate such multi-year, non-lapsing accounts and or account numbers as are necessary to implement the transactions contemplated in this Resolution.

Tom Kaczynski, resident, spoke about taxation and the prospect of returning money from the unassigned fund balance to taxpayers.

Carol Petruszewicz, resident, spoke in support of the Rochester Fire Department and suggested that the money for this fund be allocated through the budget process.

Susan Rice, resident, questioned the rules of order for a public hearing.

5. Resolution Authorizing Transfer of \$250,000 from the General Fund Unassigned Fund Balance to the Trustees of the Trust Fund for the Public Buildings Capital Reserve Fund (CRF)

Mayor Callaghan invited members of the public to come forward and speak about the Public Buildings capital reserve fund resolution.

Resolution Authorizing Transfer of \$250,000 from the General Fund Unassigned Fund Balance to the Trustees of Trust Funds for the Public Buildings Capital Reserve Fund (CRF)

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

That the Mayor and City Council of the City of Rochester hereby transfer Two Hundred Fifty Thousand Dollars (\$250,000) to the Trustees of the Trust Funds for the purpose of funding the Public Buildings CRF. The source of funding shall be the General Fund Unassigned Fund balance.

To the extent not otherwise provided for in this Resolution, the Finance Director is hereby authorized to establish and/or designate such multi-year, non-lapsing accounts and or account numbers as are necessary to implement the transactions contemplated in this Resolution.

Tom Kaczynski, resident, inquired why this money is not included in the public works budget and spoke about returning money to taxpayers.

Carol Petruszewicz, resident, recommended adding this money in through the annual budget.

Susan Rice, resident, questioned if the money would be available for purchases or if the funds were held in an account that can not be accessed for multiple years.

6. Resolution to Appropriate Donation to the VFW in the Amount of \$49,640.57

Resolution Authorizing Donation to the Veterans of Foreign Wars (VFW) Concord in the amount of \$49,640.57

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

That the City of Rochester hereby makes a donation to the Veterans of Foreign Wars (VFW)- Concord in the amount of Forty Nine Thousand Six Hundred Forty Dollars and Fifty Seven Cents (\$49,640.47). The source of funds shall be derived from General Fund Unassigned Fund Balance.

To the extent not otherwise provided for in this Resolution, the Finance Director is hereby authorized to establish and/or designate such multi-year, non-lapsing accounts and or account numbers as are necessary to implement the transactions contemplated in this Resolution.

City Manager Ambrose gave an overview of the request. The VFW had approached City Council in December of 2022 requesting that the tax liens placed on their former location at 43 Highland Street be waived. It was explained that once the property was vacated, the VFW was no longer qualified to receive tax exemptions which they had received prior, however due to an error in filing paperwork, the taxes remained unpaid. City Council has requested that the property be sold, as planned, and the tax liens be paid with some of the money received from the sale. The City would then be asked to make a donation to the VFW in an amount equivalent to the tax liens.

Carol Petruszewicz, resident, inquired if the VFW had asked the property buyer to pay the tax liens as part of the sale agreement. Ms. Petruszewicz felt that if the City agreed to this donation, it would cause similar requests from other charities in the future and she asked what monetary impact this

would have on each Rochester taxpayer.

Dave Tinkham, VFW, explained that when the Rochester VFW post began to fail and the building was vacated, the liens resulted from the failure of two documents being filed annually. Mr. Tinkham detailed the veterans and their families which have been assisted through the VFW programs and emphasized the great need for these services and funding towards said services.

Councilor Beaudoin clarified that, if the paperwork referenced by Commander Tinkham had been filed, there would have been no taxed collected for this property. In essence, the donation is not necessarily a gift to the VFW but rather money which would have been waived anyway if the process had been completed as intended. Mayor Callaghan clarified that the process of the City donating this money was the best way to accomplish the fee waiver within the confines of the law.

Councilor Berlin stated that when this request was originally heard by City Council, the entire Council had been in favor of forgiving the debt entirely. However, legally the tax liens could not be waived and the process had been through the proposed donation.

7. Shall we allow the operation of sports book retail locations within the City of Rochester?

Mike Scala, Director of Economic Development, reported that the question of allowing sports book retail locations would be appearing on the November 7 ballot for Rochester voters. He introduced Charlie McIntyre from the NH Lottery Commission to answer any questions.

Charlier McIntyre, Director of the NH Lottery, explained that the Lottery Commission regulates and operates sports books throughout the State and explained the two forms this can take. He stated that this public hearing is a requirement of the law and needs to occur within a certain time frame prior to the election.

Councilor Beaudoin asked for an explanation of sports betting. Mr. McIntyre said that, in physical sports betting retail locations, they are typically similar to a sports bar where food and drinks are served, but these locations also allow patrons to bet on games while they are there. He explained that the prior year, the State of NH raised \$38 million through the lottery of which Rochester received approximately \$6.7 million which accounts for a portion of education adequacy funding. Of this total, \$1.5 million was the result of sports betting. Mr. McIntyre spoke about the differences in revenues received

Carol Petruszewicz, resident, referenced a notation in the packet which stated that the money earned would go to the "education trust fund." She asked if this was a State fund or a City fund; and if it was a City fund, if this money would go towards the new school. She questioned if the money could go towards any other charities. Mr. McIntyre clarified that the Education Trust fund is a function of law and is set by the State constitution; because of this, the money cannot be diverted for any other purpose or charity. This Trust Fund is statewide and not an individual City fund.

8. Adjournment

Councilor Lachapelle **MOVED** to **ADJOURN** the City Council Public Hearing at 7:42 PM. Councilor de Geofroy seconded the motion. The **MOTION CARRIED** by a 12 – 0 roll call vote with Councilors Hamann, Desrochers, Gilman, Fontneau, Larochelle, Gray, de Geofroy, Berlin, Hainey, Lachapelle, Beaudoin, and Mayor Callaghan all voting in favor.

Respectfully Submitted,

Cassie Givara
Deputy City Clerk