

**Special City Council Meeting
May 19, 2020
Meeting Conducted Remotely
6:39 PM**

COUNCILORS PRESENT

Councilor Abbott
Councilor Belken
Councilor Bogan
Councilor Gray
Councilor Hainey
Councilor Hamman
Councilor Hutchinson
Councilor Lachance
Councilor Lachapelle
Councilor Rice
Councilor Walker
Deputy Mayor Lauterborn
Mayor McCarley

OTHERS PRESENT

Blaine Cox, City Manager
Katie Ambrose, Deputy City Manager
Terence O'Rourke, City Attorney
Kyle Repucci, Superintendent
Paul Lynch, School Board Chair

Minutes

1. Call to Order

Mayor McCarley called the Special City Council Meeting to order at 6:39 PM. She read the preamble prior to Public Hearing immediately preceding the Special Meeting as follows:

Good Evening, as Chairperson of the City Council, I am declaring that an emergency exists and I am invoking the provisions of RSA 91-A:2, III (b). Federal, state, and local officials have determined that gatherings of 10 or more people pose a substantial risk to our community in its continuing efforts to combat the spread of COVID-19. In concurring with their determination, I also find that this meeting is imperative to the continued operation of City government and services, which are vital to public safety and confidence during this emergency. As such, this meeting will be conducted without a quorum of this body physically present in the same location.

At this time, I also welcome members of the public accessing this meeting remotely. Even though this meeting is being conducted in a unique manner under unusual circumstances, the usual rules of conduct and decorum

apply. Any person found to be disrupting this meeting will be asked to cease the disruption. Should the disruptive behavior continue thereafter, that person will be removed from this meeting.

Please note that all votes that are taken during this meeting shall be done by Roll Call vote.

Let's start the meeting by taking a Roll Call attendance. When each member states their name and ward, also please state whether there is anyone in the room with you during this meeting, which is required under the Right-to-Know law.

2. Roll Call

Deputy City Clerk Cassie Givara had taken the roll call at the Public Hearing immediately preceding the Special Meeting. All Councilors had been present and indicated that they were alone in the location from which they were connecting.

3. Resolution Authorizing Transfer from the General Fund Unassigned Fund Balance to the School Building Capital Reserve Fund in the amount of \$1,664,787.00 *second reading and consideration for adoption*

Councilor Lachapelle **MOVED** to read the resolution by title only for a second time. Councilor Walker seconded the motion. The **MOTION CARRIED** by a unanimous roll call vote with Councilors Rice, Walker, Belken, Bogan, Lachapelle, Hamann, Lauterborn, Hainey, Abbott, Gray, Hutchinson, Lachance and Mayor McCarley all voting in favor. Mayor McCarley read the resolution for a second time by title only as follows:

Resolution Authorizing Transfer from the General Fund Unassigned Fund Balance to the School Building Capital Reserve Fund in the amount of \$1,664,787.00

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

Pursuant to New Hampshire RSA Chapter 34, that One Million Six Hundred Sixty Four Thousand Seven Hundred Eighty Seven Dollars (\$1,664,787.00) be, and hereby is, transferred from the General Fund Unassigned Fund Balance to the School Building Capital Reserve Fund, which was created by the City Council by way of Resolution on December 15, 2015.

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

Councilor Lachapelle **MOVED** to **ADOPT** the resolution. Councilor Bogan seconded the motion.

Councilor Walker stated that he did not agree with the fund transfer and viewed it as a way around the tax cap.

Mayor McCarley invited a representative from the school department to address the concern which had been brought forward in regards to this resolution. Kyle Repucci, Superintendent of Schools, addressed the Council. Superintendent Repucci reported that bonding was finalized in April and the School Department had just received the final figures. Mr. Repucci said that there is now a savings in debt service of \$512,924.00 in the FY21 budget due to the bonding interest rate coming in lower than budgeted. Due to this savings, Mr. Repucci stated that they are now recommending the transfer be reduce by this amount for a new total of \$1,151,863.00.

Councilor Lachance **MOVED** to **AMEND** the resolution according to the new figures supplied by the superintendent. Councilor Bogan seconded the motion. Councilor Lachance stated that it makes good fiscal sense to plan for the future and use cash as opposed to bonding as often as possible; therefore it is appropriate to have a capital reserve fund for future expenditures as opposed to using bonding.

Councilor Walker asked how the money from these capital reserve funds is expended. It was clarified that the School Board needs City Council approval for all expenditures from the Capital Reserve fund.

Councilor Walker asked City Manager Cox if the money in the Capital Reserve fund is factored into the calculation of the tax cap. City Manager Cox answered that the capital reserve fund is moved outside of the tax cap calculations; it only comes into play in the tax cap calculations when it is used to offset the school's debt service.

Mayor McCarley called for a vote on the amendment to the motion. The **MOTION CARRIED** by a 13 to 0 vote with Councilors Hainey, Lauterborn,

Abbott, Hutchinson, Rice, Lachapelle, Walker, Gray, Bogan, Hamann, Belken, Lachance, and Mayor McCarley all voting in favor.

Councilor Gray said that the issue with moving the money into a capital reserve fund is that the City already has the undesignated fund balance established if it is determined that funds need to be moved into the school department; Council has the authority to authorize such requests. Councilor Gray said that there is also a perception by some that this transfer into the capital reserve fund is a way around the tax cap. He spoke about the unexpended money from School Department supplemental appropriations being placed back into the capital reserve fund each year; this is then being used in budget calculations, which increases the amount allocated the following year.

Councilor Walker asked how many votes it would take to use money from the undesignated fund balance versus the capital reserve fund. City Manager Cox answered that it requires a 2/3 vote to expend money from the undesignated fund balance and a 3/4 vote to expend money from the Capital Reserve fund.

Mayor McCarley addressed Councilor Gray's statements regarding unused funds from the School Department's supplemental appropriations. She clarified that the unexpended funds from a supplemental appropriation are returned back to the undesignated fund balance, and the school may request half of that amount back; however, there is no guarantee that the school will receive this amount back. Council votes on the decision each time this occurs.

Paul Lynch, Chair of the School Board, stated that the process of requiring the 3/4 vote is an effort to encourage a partnership between the School Board and the City Council in order to collaborate and work together for mutual understanding of the goals to be accomplished with each appropriation.

The amended **MOTION CARRIED** by an 11 to 2 roll call with Councilors Belken, Hamann, Rice, Lauterborn, Hainey, Lachapelle, Hutchinson, Lachance, Abbott, Bogan, and Mayor McCarley voting in favor and Councilors Gray and Walker voting opposed. The Resolution as Amended is as follows:

**Resolution Authorizing Transfer from the General Fund Unassigned
Fund Balance to the School Building Capital Reserve Fund in the
amount of 1,151,863.00**

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

Pursuant to New Hampshire RSA Chapter 34, that One Million One Hundred Fifty One Thousand Eight Hundred Sixty Three Dollars (1,151,863.00) be, and hereby is, transferred from the General Fund Unassigned Fund Balance to the School Building Capital Reserve Fund, which was created by the City Council by way of Resolution on December 15, 2015.

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

4. Adjournment

Mayor McCarley **ADJOURNED** the Special City Council Meeting at 6:54 PM.

Respectfully Submitted,

Cassie Givara
Deputy City Clerk