

CITY OF ROCHESTER
NOTICE of PUBLIC MEETING:
FINANCE COMMITTEE

Meeting Information

Date: October 11, 2022
Time: 6:00 P.M.
Location: City Council Chambers
31 Wakefield Street
Rochester, New Hampshire

Agenda **REVISED 10-7-22**

1. **Call to Order**

2. **Acceptance of Minutes:** September 13, 2022. Pg. 2

3. **Public Input**

4. **Unfinished Business:**
 - 4.1.1 Assessing Property Tax Exemptions, Pg.7

5. **New Business-**
 - 5.1.1 School Department Capital/Non Capital Reserves Presentation. Pg. 9
 - 5.1.2 Recreation Department Lilac Family Fun Festival Funding 2023. Pg.10
 - 5.1.3 Public Works Facility-Office Modifications. Pg. 12

Reports from Finance & Administration

- 5.2.1 Monthly Financial Report Summary-September 30, 2022, Pg.14
 - 5.2.2 FY23 Use of General Fund Unassigned Fund Balance-Sept-30-22. Pg.16
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6. **Other**

 7. **Adjournment**

Finance Committee

Meeting Minutes

Meeting Information

Date: September 13, 2022

Time: 6:00 P.M.

Location: 31 Wakefield Street

Committee members present: Mayor Callaghan, Deputy Mayor Lachapelle, Councilor Beaudoin, Councilor Gray, Councilor Hainey, Councilor Laroche, and Councilor Hamann.

City staff present: Deputy Finance Director Mark Sullivan. Deputy City Manager Katie Ambrose (via Teams). Dan Camara, GIS/Asset Management Technician

Others present: Ray Barnett, resident.

Agenda & Minutes

1. Call to Order

Mayor Callaghan called the Finance Committee meeting to order at 6:00 PM. All Councilors were present.

2. Acceptance of Minutes: August 9, 2022

Councilor Lachapelle **MOVED** to **ACCEPT** the minutes of the August 9, 2022 Finance Committee meeting. Councilor Hamann seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

3. Public Input

Ray Barnett, resident, addressed the Committee regarding an adjustment to the elderly tax exemption. Mr. Barnett spoke about the right-to-know requests he had submitted for information on City assisted daycare and public input emails.

4. Unfinished Business:

4.1.1 Assessing Property Tax Exemptions

Councilor Larochelle explained that he had compared numbers from the NH Department of Revenue Administration as well as numbers from other municipalities to see how Rochester compares. He questioned the difference in data contained on the spreadsheet from the prior Finance Committee meeting versus that contained in the spreadsheet within the current Finance packet. He questioned the rationale behind the differences, especially between the figures for the Cities of Dover and Rochester.

Mark Sullivan, Deputy Finance Director, explained that the date was likely obtained from the MS-1 valuation report for the City of Dover, and there is a potential that the data from a single category was inserted into the spreadsheet instead of the whole figure. He stated that he would need to review this data to confirm whether the numbers are accurate. Mr. Sullivan said he would return to the Committee once this information has been reviewed.

Mayor Callaghan asked for an explanation of the categories of veteran's exemptions. Deputy Director Sullivan explained the six categories of potential veteran's exemptions, the criteria, and the exemption amounts for each category. Councilor Larochelle requested data from the NH DRA comparing the exemptions in all six categories from several reference communities to those of Rochester, particularly the data from Dover, which does not seem to add up.

Deputy City Manager Katie Ambrose explained that the two categories of municipalities contained in the spreadsheet developed by Chief Assessor Jonathan Rice consisted of the communities that the City Council typically requests for comparison to Rochester, as well as a second category containing comparison to municipalities requested by Mr. Barnett at prior Finance Committee meetings.

Councilor Hainey asked if the City was responsible solely for setting the rate for the standard deduction with the other exemptions being set by statute. Deputy Director Sullivan answered that these exemptions are determined by the City Council. Councilor Larochelle clarified that the enabling legislation, if adopted, allows the City to spend a minimum to a maximum.

5. New Business-

5.1.1 Pictometry Aerial Imagery Flyover-Fall 2022

Deputy Director Sullivan explained that during the FY23 budget cycle, the Council had cut a project for aerial imagery from the CIP budget due to the high cost of the aerial imagery combined with cost for LiDAR data capture included in the same narrative. Dan Camara, Rochester GIS, has reported that the removal of this project has now impacted the standard flyover period for aerial imagery which occurs every 3 years.

Mr. Camara explained that the CIP was not presented adequately during the budget process; with the full project cost being frontloaded to the current fiscal year as opposed to over the course of three years as it should have been. He also stated that the LiDAR capture should have been presented as a separate project from the imagery capture. Mr. Camara explained that since 2006, this aerial imagery

has been captured every three years and is utilized not only by the public, but also by departments throughout the City, most notably dispatch and first responders.

Councilor Beaudoin inquired about the acronym LiDAR. Mr. Camara responded that this stands for “Light Detection and Ranging” which is a methodology using laser pulses to measure distances, resulting in better topographical data. He reported that the last time this data was collected in Rochester was 2010, with this data now becoming outdated. He explained how this data is utilized by the Department of Public Works (stormwater, drainage) as well as outside consultants for a multitude of tasks and projects. Councilor Beaudoin asked if this data would assist in reducing the need for on-site topographical mapping and surveying. Mr. Camara confirmed this was true.

Mr. Camara stated that the City of Rochester has not previously contracted to have LiDAR data collected; it has previously been done by state DOT in combination with the NH Geological Survey. Councilor Lachapelle stated that he supported the aerial imagery project, which is not only useful for City Departments but also to potential developers in the City. Mayor Callaghan asked for more information on how this data is utilized by police/fire dispatch. Mr. Camara explained that this aerial imagery contains not only a top down image, but also an oblique image, which can be useful for first responders to have a full picture of a property including means of egress and access.

Councilor Larochelle asked if the LiDAR was done aurally and if it looks at the entire City. Mr. Camara said that the project area covers Rochester and up into the watershed in the Strafford, Farmington, New Durham area. He stated that the LiDAR data is collected at the same time as the aerial imagery while on the same flight grid.

Councilor Hamann asked if the request was for both the LiDAR data capture and the aerial imagery. Mr. Camara said that the purpose of tonight’s request was for the aerial imagery alone, however the LiDAR capture would be beneficial as well. Councilor Hamann referenced a project being discussed at Planning Board and how this LiDAR data would have been beneficial. He felt that approval of this funding would save money in the long run.

Councilor Beaudoin expressed that LiDAR should not be used in place of a physical survey. He acknowledged the benefits of capturing this data but felt that it was not a necessity. He said that he was in favor of the \$27,000 for the aerial imagery and expressed that this GIS data is used by both the public and staff heavily, however he felt the additional cost for LiDAR was not needed at this time.

Councilor Lachapelle **MOVED** to recommend to full Council the approval of \$27,000 for the Aerial Imagery Capture. Councilor Beaudoin seconded the motion. Deputy Finance Director Sullivan clarified that if the Committee was only considering the \$27,000 for aerial imagery capture, this funding could be found within existing budgets without full Council approval; the Finance Committee could just authorize the cost and finance can move forward with sourcing the funds. Councilor Lachapelle **WITHDREW** his motion. Councilor Beaudoin withdrew his second. Councilor Lachapelle **MOVED** to authorize the City to proceed with finding the \$27,000 within the existing budget to move forward with the aerial imagery capture. Councilor Beaudoin seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

Reports from Finance & Administration

4.1.1 Land Use Change Tax Collections-Conservation Fund

Deputy Finance Director Sullivan stated that the report is slightly late being presented; the revised ordinance states that it will be presented by July 31. This report details the revenues taken in for land use change tax in FY22, equaling \$380,128 which goes directly into the conservation fund. The starting balance was \$253,042, for a combined total fiscal yearend balance of \$633,170. Mr. Sullivan reported that in August, the Conservation Commission executed a contribution of \$200,000 to the Society for the Protection of Forests related to 121 acres in Champlin Ridge. This left the Commission with an ending balance of \$433,170. Deputy Director Sullivan said that the information is being presented to give the Committee an opportunity monitor the balance and activity, as well as discussing the adjustment of the percentage of funds going into the account.

Councilor Beaudoin recalled that the funds were directed to be held until such a time when Council votes to disperse them to the Conservation Commission. Deputy Director Sullivan stated that the revised ordinance allows the land use change tax revenue to be placed directly into the Conservation Fund. Councilor Beaudoin rephrased that he understood that the Conservation Commission was required to come before Council for the disbursement of funds from the Conservation Fund. Deputy Director Sullivan explained that the ordinance does not require the Planning Department of Conservation Commission to come before Council for expenditures from the Conservation Fund; however, once the City Manager executes the contracts, the Conservation Commission typically comes before Council to inform them of the impending expenditures, although this step did not occur with this most recent expenditure and will be rectified moving forward.

4.1.2 Monthly Financial Report Summary-August 31, 2022

Mayor Callaghan asked if the overtime for Police and Fire are no longer being tracked in this report. Deputy Director Sullivan said that he had removed this category from the report, but would re-add it per request from the Committee.

Councilor Beaudoin requested the first, second, and third quarter reports from the Trustees of the Trust Fund in the next monthly Financial report.

Councilor Beaudoin referenced data from the Arena fund showing revenues of 1% and expenses of 36%. He asked if this was due to the time of year and asked when these numbers would stabilize. Deputy Director Sullivan reported that the ice revenue would start increasing steadily in October when they restart operations.

6. Other

Deputy City Manager Ambrose stated that the School Board had requested a joint meeting with the Finance Committee in October to provide a presentation regarding Capital Reserve Funds.

DRAFT

7. **Adjournment**

Mayor Callaghan **ADJOURNED** the Finance Committee meeting at 6:30 PM.

Respectfully Submitted,

Cassie Givara
Deputy City Clerk

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: Assessing - Property Tax Exemptions & Credits

Name of Person Submitting Item: Katie Ambrose, Deputy City Manager/Director of
Finance & Administration

E-mail Address kathryn.ambrose@rochesternh.gov

Meeting Date Requested: October 11, 2022

Issue Summary Statement: The Exemption & Credit analysis spreadsheet has been amended as requested at your last meeting and is included in this packet. The recommendation to increase the income limitations on exemptions remains in committee pending further discussion on Veterans' Credits and the exemption and credit threshold methodology.

Recommended Action: Discussion

Exemptions & Veterans Credit Analysis-Ranking by Community

Municipality	Total Taxable AV	Veterans Credits		Elderly Exemption			Disabled Exemption			Blind Exemption			Total Exemp & Credits	Total % of TT AV	Rank
		Number	Taxes	Number	Exempt Amt	Taxes	Number	Exempt Amt	Taxes	Number	Exempt Amt	Taxes			
Farmington	562,027,636	327	290,250	105	9,597,500	224,293	-	-	-	4	60,000	1,402	515,945	0.092%	1
Rochester	2,814,722,128	1,556	694,625	359	26,955,742	664,459	99	5,429,500	133,837	19	1,259,300	31,041	1,523,962	0.054%	2
Milton	501,922,971	268	174,800	56	3,691,689	84,392	-	-	-	2	30,000	685	259,877	0.052%	3
Nashua	10,267,308,340	2611	1,482,960	724		3,178,844	63	8,539,866	198,295	45	3,775,900	87,676	4,947,775	0.048%	4
Dover	4,472,310,130	1,115	1,030,750	211	35,782,800	776,486	45	5,175,000	112,297	15	1,725,000	37,432	1,956,965	0.044%	5
Barrington	1,390,626,360	524	387,550	88	9,021,300	175,915	42	2,047,500	39,926	1	15,000	292	603,683	0.043%	6
Lee	729,919,551	190	98,600	52		196,400	-	-	-	2	30,000	653	295,653	0.041%	7
Derry	3,621,174,466	849	526,167	217		654,320	-	-	-	12	460,000	11,389	1,191,876	0.033%	8
Somersworth	1,116,699,095	384	238,500	65	3,560,700	98,026	-	-		2	50,000	1,376	337,902	0.030%	9
Manchester	13,128,827,277	2206	1,306,658	566		2,047,813	81	11,024,100	194,906	30	4,140,300	73,200	3,622,577	0.028%	10
Merrimack	4,902,353,163	1226	817,080	223		398,381	35	2,619,300	44,973	4	60,000	1,030	1,261,464	0.026%	11
Keene	2,201,301,020	662	373,700	102		141,904	18	519,700	16,256	15	270,000	8,445	540,305	0.025%	12
Durham	1,252,334,006	193	122,500	23		116,524	1	110,000	3,070	5	150,000	4,186	246,280	0.020%	13
Concord	5,103,909,256	924	265,625	204		572,803	-	-	-	33	3,691,752	92,736	931,164	0.018%	14
Portsmouth	6,398,641,017	781	521,416	104		378,691	7	1,445,200	21,271	11	225,000	3,381	924,759	0.014%	15

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: School Finance Committee - Capital Reserve Fund Presentation

Name of Person Submitting Item: Katie Ambrose, Deputy City Manager/Director of
Finance & Administration

E-mail Address kathryn.ambrose@rochesternh.gov

Meeting Date Requested: October 11, 2022

Issue Summary Statement: Representatives from the School Finance Committee and Superintendent Repucci will be presenting on Capital Reserve Funds and needs regarding special education and facilities. Discussion on the potential for establishing new funds will follow the presentation.

Recommended Action: Discussion

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: Lilac Family Fun Festival

Date Submitted: 10-4-22

Name of Person Submitting Item: Lauren Krans Director of Recreation

E-mail Address: lauren.krans@rochesternh.gov

Meeting Date Requested: October 11, 2022

Issue Summary Statement: The 2022 Lilac Family Festival was a large success. The 2022 event required supplemental funding to pay for the cost of the fireworks and carnival rides. The Recreation Department shall be requesting funds for the return of this event in July of 2023. Direction from the Finance Committee is needed on how to manage funding request for this event annually. Overall cost of the event will vary based on the desired scale of fireworks and event offerings. The 2022 event cost \$25,000 dollars, of which \$5,000 came from the Recreation Department O&M budget.

Option A) Keep 2023 Event Status Quo: \$30,000

-The 3 year contract with Central Maine Pyrotechnics expired this year (there was a one year extension due to COVID)

-The cost of the same firework show as 2022 will be \$13,000*.

-Amusement company anticipates at least a 5% increase for the same amount of rides and food offerings.

Option B) Upgrade Fireworks Only: \$32,000

-Increase the fireworks show by 230 shells.

-Upgraded show cost is \$15,000*.

Option C) Upgrade Fireworks and Increase Entertainment/Rides: \$43,000

This is Receptions recommended option to continue with the event's success!

-Includes firework upgrade of Option B.

-Adds 2-3 more kiddie rides that are free to patrons.

-Additional live musical entertainment.

-Addition of more family/kid friendly entertainment (magician etc.)

*These prices are based on a 3-year contract with CMP.

Finance Comments-MSullivan: The funding for this event has historically crossed fiscal years, and presented funding challenges. The recent practice has been to maintain a level of funding in a non-lapsing multi-year fund. The advantage to this approach is Council can decide on the level of funding for the event, and control annual expenditure draws from fund. If funds are not utilized, or are in a surplus position, they carry over to the next fiscal year, and beyond.

Recommended Action: Discussion approve Director of Receptions request for funding.

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: Public Works Facility-Office Modifications

Date Submitted: 10-7-22

Name of Person Submitting Item: Lisa Clark, DPW Office Manager

E-mail Address: lisa.clark@rochesternh.gov

Meeting Date Requested: October 11, 2022

Issue Summary Statement: Since the commissioning of the new Public Works facility there have been significant changes in the organizational structure of the Public Works staff. In FY22 Council adopted an additional Assistant City Engineer position and a part-time Construction Engineer position. These two new positions adopted in FY22 brought the administrative office spaces to full occupancy. The two new Deputy Director positions adopted in FY23 require two new office spaces.

In order to accommodate the two new office space needs the common area staff workspace can be converted into appropriate office space.

The cost of the space conversion is estimated at \$65,000. This cost includes the framing, flooring, sheet rocking, ceiling, electrical, data, and HVAC required modifications along with the office furniture that will match existing facility design. The technical aspects of the project will be completed by the construction contracted vendors that did the original facility work and will tie into the current software management programs that allow control access for lighting, heating, fire alarm monitoring and sprinklers.

Finance Comments-MSullivan: An expenditure analysis has been performed on the New DPW appropriations, and the original project scope will be in a surplus position of approximately \$560,000. Bonds have been issued in the amount of \$21,440,000. Since the contemplated renovations were not part of the original facility construction scope they should be disallowed from original bonding authority. There is also a second modification pending regarding the outside sidewalks, which are being discussed with the contractor in terms of cost sharing.

Both new project scopes should be pursued with a change of funding from bond to General Fund Unassigned Fund balance. Since General Fund Unassigned Fund balance

remains very strong this action will save time, bond issuance, and bond interest expenses. The process can be accomplished in one of two approaches. An initial action for the change of funding in office renovations, or final project close out. The final project close out would incorporate the overall final project surplus once all open purchase orders undergo final reconciliation, less changes in funding for the office renovations, and sidewalk modifications. Net balance will be the amount of bonded funds to be deauthorized. If this approach is chosen Finance Committee can authorize Public Works to proceed with the office renovations. To pursue the change of funding now for just the office renovations project, Finance Committee would recommend this action to full Council.

Recommended Action: Discussion, approval on change of funding approach.

FINANCE COMMITTEE

Monthly Financial Summary Report

Agenda Item Name: Monthly Financial Statements Summary – as of September 30, 2022

For the full detail report, click here: [September 30, 2022 Financial Detail Report](#)

Name of Person Submitting Item: Mark Sullivan Deputy Finance Director

E-mail Address: mark.sullivan@rochesternh.net

Issue Summary Statement

Below are the revenues & expense highlights through September 30, 2022, which represents approximately 25% completion of FY23. A “Pending” designation means no revenues for that category were received by September 30, 2022.

GENERAL FUND NON PROPERTY TAX REVENUES

Motor Vehicle Registrations: Revenues \$1,363,046- 27% collected.

Waste Management Host Fees: First payment received \$1,067,416; **Note:** FY22 City Adopted Budget \$3,300,000, School Budget \$878,127-Total \$4,178,127.

Building Permits: Revenues \$201,812, 58% collected.

Interest Income: \$25,502, 51% collected.

Interest on Delinquent Taxes: \$70,774- Tax Year 2021 Tax Lien Notices deadline 9-30-22.

State of NH Rooms & Meals: Pending- Revenues typically received in December of each year.

Highway Block Subsidy: First payment received \$190,618- FY23 NHDOT award budget \$635,394.

Cablevision: Pending- First quarterly payments related to FY23 not received until October.

Recreation: Summer Playground/Camps revenue \$69,791, 115% collected.

GENERAL FUND EXPENSES: Overall expenses are slightly above budget at 26%-Allocation 22% Expended, 4% Encumbered.

Police Overtime: Trending above budget at 51%

Fire Overtime: Trending above budget at 39%

WATER-SEWER SPECIAL REVENUE FUNDS:

Water-Sewer Funds: Water: Revenues 8%, Expenses 15%. Sewer: Revenues 7%, Expenses 25%.

Note: Water & Sewer revenues decreased approximately 4% from August-31, 2022 Financial Report. This was due to a fiscal year end accrual reclassification of revenues received in FY23 that belonged in FYE22.

Community Center: Revenues 25%, Expenses 32 %

Arena Special Revenue: Revenues 3%, Expenses 43%.

**FY23 General Fund Unassigned Fund Balance Activity
6/30/2022**

Descriptions	GF Expenditures	Amount	Percentage	Notes
FYE22 (MS-535 06/30/2022)-ESTIMATE	\$116,182,727	\$29,735,374	26.63%	Unaudited-Estimate
Unassigned Fund Balance Policy Threshold 8%-17%				
Low 8%		\$9,294,618	8.00%	
High 17%		\$19,751,064	17.00%	
Over (Under) Fund Balance Policy- 17% Threshold		\$9,984,310	50.55%	

FY23 Activity Summary	Amounts
FY23 Adopted Budget City & School	\$3,293,250
FY23 Additional Activities	\$299,000
FY23 Totals	\$3,592,250

Estimated Balance	\$26,143,124
Percentage	22.50%

FY23 Additional Activity	Date	City	School	Water-Sewer	Econ Dev Fund	Subtotal	Notes
Land Purchase 181 Highland Ave	07/05/2022	\$299,000	\$0	\$0	\$0	\$299,000	Council Approved
						\$0	
						\$0	
						\$0	
						\$0	
						\$0	
						\$0	
						\$0	
FY23 Totals		\$299,000	\$0	\$0	\$0	\$299,000	