

CITY OF ROCHESTER
NOTICE of PUBLIC MEETING:
FINANCE COMMITTEE

Meeting Information

Date: June 14, 2022
Time: 6:00 P.M.
Location: City Council Chambers
31 Wakefield Street
Rochester, New Hampshire

Agenda

1. **Call to Order**

2. **Acceptance of Minutes:** May 10, 2022. Pg. 2

3. **Public Input**

4. **Unfinished Business:**
 - 4.1.1 None

5. **New Business-**
 - 5.1.1 Dispatch Software Upgrade Project. Pg. 11
 - 5.1.2 Water System Development Fee. Pg. 14
 - 5.1.3 Sewer System Development Fee. Pg. 19
 - 5.1.4 Water-Sewer User Rates Review. Pg. 22
 - 5.1.5 Assessing Memo Property Tax Exemptions. Pg. 25

Reports from Finance & Administration

- 5.2.1 Monthly Financial Report Summary-May 31, 2022, Pg.28

6. **Other**

7. **Adjournment**

Finance Committee

Meeting Minutes

Meeting Information

Date: May 10, 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 Larochelle, and Councilor Hamann.

City staff present: Deputy City Manager Katie Ambrose, Deputy Finance Director Mark Sullivan,

Others present: Tom Kaczynski, resident. Ray Barnett, resident. Anthony Ejarque, Director of the Rochester Opera House.

Agenda & Minutes

1. Call to Order

Mayor Callaghan called the Finance Committee meeting to order 6:00 PM. Deputy City Clerk Cassie Givara took a silent roll call. All Councilors were present.

2. Acceptance of Minutes: April 12, 2022

Councilor Lachapelle **MOVED** to **ACCEPT** the minutes of the April 12, 2022 Finance Committee meeting. Councilor Hamann seconded the motion. Councilor Beaudoin referred the Committee to section 5.1.3 of the minutes regarding the Economic Development non-capital reserve fund. He pointed out that the minutes reference RSA 47:1-B. Councilor Beaudoin clarified that there is no such RSA in NH and suggested the reference be removed or corrected. The **MOTION CARRIED** to accept the minutes as amended.

3. Public Input

Tom Kaczynski, resident, addressed the Committee in regards to the REDC (Rochester Economic Development Commission) and inquired about their current membership, spending authority, and where more information can be found. Mr. Kaczynski also discussed the Opera House request appearing on this evening's agenda.

Ray Barnett, resident, spoke in regards to the elderly tax exemption and requested a Committee discussion on the topic at the following Finance Committee meeting. Mr. Barnett addressed the Committee regarding the process of public input and corresponding with

Rochester's elected Councilors.

4. Unfinished Business:

4.1.1 Economic Development Non-Capital Reserve Fund

Finance Director Ambrose explained that the resolution establishing the Economic Development non-capital reserve fund had been revised since the Finance Committee meeting on April 12, 2022. It had been slightly reworded for clarity based on discussions at the prior Finance Committee meeting.

Deputy Finance Director Sullivan stated that the resolution had been updated to make it more clear how money is to be put into the fund as well as the multi-layered process of how funds will be requested for expenditure; with Council ultimately having the final say on any appropriations from the fund.

Councilor Larochelle referred the Committee to third paragraph of the resolution and the wording that states, "Appropriations made to the Economic Development Reserve Fund will be submitted to the Trustees of the Trust Fund after July 1 but prior to June 30 of the fiscal year of the appropriation" which he felt was confusing. Councilor Larochelle said his understanding was that the phrasing was used in order to directly reflect the wording of the State RSA, however he was unable to find this wording within the RSA. He **MOVED to AMEND** the paragraph as follows:

~~"Appropriations made to the Economic Development Reserve Fund will be submitted to the Trustees of the Trust Fund after July 1 but prior to June 30 of the fiscal year of the appropriation"~~
Pursuant to RSA 34:3, appropriations made to the Economic Development Reserve Fund will be submitted to the Trustees of the Trust Fund from surplus funds remaining on hand at the end of the fiscal year."

Councilor Beaudoin seconded the motion. Finance Director Ambrose said that the way she interpreted the suggested language change was that it is in reference to transferring funds into the account from Unassigned Fund Balance. She speculated that this change directly conflicts with the language earlier in the resolution regarding how funds are appropriated into the account. Councilor Beaudoin read from the RSA and asked if the wording "...not more than half of its unencumbered surplus funds remaining on hand at the end of the fiscal year" would exclude funds derived from Waste Management host fees. Director Ambrose said that it would be in addition to these funds (if desired), not excluding these funds. She said that the original language was intended to illustrate how/when appropriated funds would be transferred to the Trustees. The appropriations into the fund are discussed in the earlier paragraph.

Councilor Beaudoin referenced the fourth paragraph of the resolution. He interpreted the language to mean that the REDC would need to come before Council for funding and inquired if there would need to be a rewrite of this section prior to adoption. He said the wording did not indicate Council needed to approve any expenditures, but rather than the REDC needed a majority

vote and then just needed to inform Council. There was a discussion on whether or not the wording conflicted with the requirements.

Councilor Larochelle read from RSA 34:3 and reiterated that he felt the wording in the resolution needed to be changed to reflect the wording of the enabling legislation, which he felt was more clear. Councilor Lachapelle stated that the fiscal year runs from June 30 through July 1, and keeping this context in mind, the wording stating that this transfer would happen in “the fiscal year of the appropriation” does not need to be clarified.

Councilor Gray stated that RSA 34:3 outlines the process of funds going into the account, whereas RSA 34:6 directs what can and cannot be done with money already within the fund. He cautioned against mixing language from these two different portions of the RSA and suggested that before any recommendations are made, the City Attorney should review and weigh in on the matter. Director Ambrose further clarified the intent of the suggested amendments to the resolution, with the wording from RSA 34:3 stating the limitation on unassigned fund balance being utilized, which is already limited by State RSA and does not need to be restated. The proposed deletion suggested by Councilor Larochelle dictates that funds be transferred to the Trustees within the same fiscal year as the appropriation. She advised that this proposed change would insert language which already exists as well as removing a requirement.

There was further discussion on suggested changes to the resolution and how these suggested changes could potentially affect the intent or cause confusion. The Committee discussed the way the State RSA reads versus the proposed ordinance. Director Ambrose suggested changing the resolution as follows:

“Appropriations made to the Economic Development Reserve Fund will be submitted to the Trustees of the Trust Fund ~~after July 1 but prior to June 30 of the fiscal year of the appropriation~~ **within the same fiscal year of the appropriation”**

Councilor Larochelle **WITHDREW** his motion to amend the resolution. Councilor Beaudoin **WITHDREW** his second. Councilor Larochelle **MOVED** to amend the resolution to reflect the wording suggested by Director Ambrose above. Councilor Lachapelle seconded the motion. Councilor Gray requested input from the City Attorney on the proposed change prior to the next City Council meeting at which action will be taken on this item. The **MOTION CARRIED** by a unanimous voice vote to amend the resolution.

Councilor Beaudoin explained why he would not support the motion to approve this resolution. He stated that the current process has been in place for over 30 years and had been working well. He gave background on the original intention of the fund. He questioned the functions and authority of the Economic Development Commission and the amount of Council oversight, which he felt was lacking based on the wording of the resolution. Councilor Beaudoin explained his interpretation of the State RSA 162-G and how it applies to the spending and investing abilities of REDC. He urged the Committee to oppose the motion until further work up and review was completed.

Deputy Finance Director Sullivan clarified and corrected the statements made by Councilor Beaudoin. He asserted that, based on City Ordinance and further reflected by the wording of the resolution, Council has full control and the REDC does not have unlimited spending authority as implied. He also clarified that the REDC does not have bonding authority, as stated by Councilor Beaudoin.

Councilor Larochelle spoke about his time on the REDC in the past and stated that it is an advisory commission, which is unable to expend money without approval above and beyond what had already been approved in the budgetary process.

Councilor Beaudoin **MOVED** that the following amendment be made to the fourth paragraph of the resolution:

“All requests for expenditure shall be approved by the 2/3rds vote of the Economic Development Commission prior to being presented to City Council **for final approval**. Upon said 2/3rds vote expenditure requests ~~may~~ **shall** then be presented to City Council.....” Expenditure requests ~~can~~ **shall** be presented as part of the annual budget process, or through supplemental appropriations”

Councilor Gray seconded the motion. Councilor Lachapelle pointed out that replacing the word “can” with “shall” makes the referenced presentation of expenditure requests a requirement, regardless of whether or not any exist, which could be problematic. Deputy Finance Director Sullivan stated that the way it is currently written allows the REDC to follow one of two paths, depending on when the funding is needed; either through the budget process or through supplemental appropriation following the budget approval. Councilor Beaudoin **WITHDREW** his amendment to change “can” to “shall.” Councilor Gray **WITHDREW** his second to the motion. Councilor Beaudoin read his amended motion as follows:

“All requests for expenditure shall be approved by the 2/3rds vote of the Economic Development Commission prior to being presented to City Council **for final approval**. Upon said 2/3rds vote expenditure requests ~~may~~ **shall** then be presented to City Council.....” Expenditure requests can be presented as part of the annual budget process, or through supplemental appropriations”

Councilor Hamann speculated that using the word “shall” imposes an unnecessary requirement on REDC to come before Council. He pointed out that they are already required to come to Council for any expenditure approvals; if the word “shall” is used and their plans change or fall through following a 2/3 vote, they would still be required to come before Council just to alert them that they had a plan which was no longer moving forward. Councilor Beaudoin concurred and **MOVED** to amend the amended amendment to read:

“All requests for expenditure shall be approved by the 2/3rds vote of the Economic Development Commission prior to being presented to City Council **for final approval**. Upon said

2/3rds vote expenditure requests ~~may~~ **shall** ~~may~~ then be presented to City Council.....”Expenditure requests can be presented as part of the annual budget process, or through supplemental appropriations”

Councilor Gray seconded the motion. There was brief discussion on further amending the resolution. The **MOTION CARRIED** by a unanimous voice vote to amend the resolution with the final recommended wording as follows:

“All requests for expenditure shall be approved by the 2/3rds vote of the Economic Development Commission prior to being presented to City Council **for final approval**. Upon said 2/3rds vote expenditure requests ~~may~~ then be presented to City Council

.”
“Expenditure requests can be presented as part of the annual budget process, or through supplemental appropriations”

Councilor Lachapelle **MOVED** to recommend to full Council the resolution as amended. Councilor Hamann seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

Councilor Beaudoin inquired about the process of creating this new fund and the requirements involved, such as public hearings and schedule of said process. Director Ambrose stated that the City Attorney does have the entire process outlined and this timeline, including Public Hearings, will be followed according to statute. Director Ambrose stated that this would be confirmed with the attorney.

5. New Business-

4.1.1 Opera House-Fly Wheel Replacement

Anthony Ejarque, Opera House Director, explained that this request is for the Opera House fly system; this is a weighted mechanical system that raises and lowers lighting as well as scenery and backdrops. He stated that this system has been in place since its inception in 1908 and still utilizes thousands of pounds of sandbags for counterweight. Mr. Ejarque explained that the Opera House is proposing to replace this weighted sandbag system with a mechanical system, which is much safer.

Mr. Ejarque explained that the Opera House was closed for quite a long time due to COVID, and although they have reopened, they are currently only able to present smaller shows and events in part due to capacity limitations. He reported that are losing a significant amount of money each month and requested these improvements to assist in ongoing revitalization efforts. Councilor Beaudoin referenced the money the Opera House had received in GOFERR funds and asked how this money had been used. Mr. Ejarque said that the grants received were used to sustain the operation of the Opera House, the RPAC (Performance Arts Center), as well as leases, payroll, insurance, and other monthly expenses on top of monthly rent.

Councilor Larochelle asked for more information on the risks associated if the improvements are not completed. Mr. Ejarque said that he believed that the Opera House was one of the few remaining facilities that uses this sandbag system; most other organizations have modernized. He stated that approximately 7,000 pounds of sandbags are suspended over the stage and the performers below. He explained that the nylon ropes are replaced every 5 years or so and the bags are held up with cleats. The potentially risks of this system were discussed.

Mayor Callaghan asked if the Opera House had applied for any of the ARPA funds or other federal grants. Mr. Ejarque clarified that the City owns the facility and the Opera House rents, which makes them ineligible for many of these grants. Infrastructure improvements and structural changes would need to be applied for by the property owner. Councilor Hamann asked Finance Director Ambrose if this project would qualify for any of the City's ARPA funds. Director Ambrose said she would review the treasury guidance to confirm.

There was a conversation regarding this project being excluded from the City Manager's budget and whether or not it could be moved to the 6-year CIP. Deputy Director Sullivan said that this could potentially be done at the Council level; the Council could move to include the project in the FY23 CIP program as cash.

4.1.2 General Fund Unassigned Fund Balance-Follow up Discussion

Finance Director Ambrose said that originally, this presentation was planned for the Finance meeting. However, following the public input at the April 19 Workshop meeting and the questions regarding the unassigned fund balance, the presentation was instead done at the May 5 City Council meeting.

Deputy Finance Director Sullivan briefly summarized the report showing updated usage of fund balance.

Reports from Finance & Administration

5.2.1 Monthly Financial Report Summary-March 31, 2022

Mr. Sullivan stated that the City is trending strong on host fees, motor vehicle registrations, and building permits with the only soft spot being interest income. Expenses are overall slightly above budget.

Mayor Callaghan asked about delinquent property taxes, which a resident had stated were elevated at a prior Council meeting. Deputy Director Sullivan stated that the delinquent taxes were elevated as they pertain to the conservative amount for which the City had budgeted. However, he stated that the level is not the highest it has ever been and it does not appear that residence are defaulting at a higher level than in past years. Councilor Larochelle asked about the rate of interest

charged on delinquent taxes. Mr. Sullivan said the State requires a maximum no more than 8% charged in interest. Director Ambrose gave the statistics on delinquent taxes for the prior three years, which have decreased each subsequent year.

There was a discussion regarding the Waste Management host fees and the timeline on the contract.

6. Other

Councilor Beaudoin referenced Mr. Barnett’s statements during public input in regards to Rochester’s elderly exemption and how the City is behind what other neighboring communities offer. He inquired if this matter can be discussed through the budget process or if it comes from the committee level. Director Ambrose stated that the Chief Assessor brings forward an analysis yearly to the Finance Committee for discussion and recommendation if needed. She stated that to her knowledge, Rochester was not far behind other communities, but stated she would request an updated analysis from the Assessor to verify and would include a memo in the next packet. Councilor Gray spoke about pending legislation, which may change the requirements to be eligible for the veteran’s credits and briefly spoke about income limitations required for eligibility.

7. Adjournment

Mayor Callaghan **ADJOURNED** the Finance Committee meeting at 7:23 PM

Respectfully Submitted,

Cassie Givara
Deputy City Clerk

Resolution Pursuant to RSA 34:1-a Establishing an Economic Development Reserve Fund

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

By adoption of this Resolution, the City Council establishes a Non-Capital Reserve Fund pursuant to RSA 34:1-a for the purpose of encouraging economic development within the City, encouraging the development of industrial and commercial sites, promoting the City as an attractive location for businesses and residents, and acquisition of land related to the same. The name of such fund shall be the Economic Development Reserve Fund.

The City Council, at its sole discretion, may appropriate funds into said Economic Development Reserve Fund through supplemental appropriations or the annual budgeting process, however, in no case shall said annual appropriation be less than One Hundred Thousand Dollars (\$100,000.00). Revenue sources can be Waste Management Host Fee Revenues, or General Fund Unassigned Fund Balance. In addition, other unanticipated revenue sources, and proceeds from transactions that were originally derived from the Economic Development Reserve Fund, may also be appropriated into the fund upon a majority vote of the City Council.

Pursuant to RSA 34:6, the Trustees of Trust Funds shall have custody of all non-capital reserves transferred to the Economic Development Reserve Fund. The Trustees of the Trust Fund will hold the monies appropriated to the Economic Development Reserve Fund in a separate liquid investment account. Appropriations made to the Economic Development Reserve Fund will be submitted to the Trustees of the Trust Fund ~~after July 1 but prior to June 30 of the fiscal year of the appropriation.~~ **within the same fiscal year of the appropriation**

Pursuant to RSA 34:10, the City Council names the Economic Development Commission as its agent to carry out the objects of the Economic Development Reserve Fund. All expenditures made by the Economic Development Commission shall be made only for or in connection with the purposes for which said Fund was established and only in accordance with §7-38-40 of the City Code. All requests for expenditures shall be approved by the 2/3rds vote of the Economic Development Commission prior to being presented to City Council **for final approval**. Upon said 2/3rds vote expenditure requests may then be presented to City Council. Expenditure requests shall identify expense categories, or specific project scope detail. General administrative, travel and conference activities shall be ineligible expense activities. Expenditure requests can be presented as part of the annual budget process, or through supplemental appropriations. All approved expenditures shall follow the City's Purchasing Policy.

The City Council may dissolve the Economic Development Reserve Fund at its sole discretion. Upon dissolution of any portion of said fund appropriated from the General Fund said funds will lapse to surplus (General Fund Unassigned Fund balance) and cannot be repurposed directly to a different capital fund or project.

DRAFT

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.

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: IMC Dispatch Software Upgrade

Meeting Date Requested: 6-14-22

Name of Person Submitting Item: Sonja Gonzalez IT-CIO

E-mail Address: Sonja.gonzalez@rochesternh.net

Issue Summary: Sole source vendor request for the IMC Dispatch Software Upgrade. Attached is memo explaining project and request.

Recommended Action: Approve sole source request



City of Rochester, New Hampshire

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INTEROFFICE MEMORANDUM

TO: Mark Sullivan, Deputy Finance Director

FROM: Sonja Gonzalez, Chief Information Officer; Gary Boudreau, Police Chief; Keri Devine, Communications Supervisor; Adam Hughes, Deputy Fire Chief

DATE: June 9, 2022

SUBJECT: Sole source vendor request – CSI Technologies

A team consisting of Police, Fire, Communications and IT Services have been meeting on a regular basis to define the City's needs for a CAD/RMS replacement for IMC, budgeted in the FY22 IT CIP project 22509. After much discussion, research and collaboration, including contact with other agencies in Strafford County and NH, we are requesting that CSI Technologies be considered a sole source provider for the procurement of our next CAD/RMS solution. As currently quoted, there is a one-time cost of \$521,350 which is within the current budgeted CIP project funding of \$750,000. The annual maintenance fee is anticipated at \$88,270. Changes to this may occur as features are added to meet the needs of our emergency services teams.

We have several reasons for this request. First and foremost is the cross agency feature built into CSI for agencies that are on the platform. This is a critical service that allows our police department to work collaboratively with other agencies to deter and minimize crime. This feature is most relevant to us when we can collaborate locally within Strafford County. To date, we know that UNH, Dover, and Strafford County agencies have already signed with CSI, and Somersworth is strongly leaning in this direction. Statewide, the NH State Police have signed with CSI as well as Grafton County and Hanover. Being on the same platform as these neighboring communities with whom we have mutual aid agreements is of extreme importance.

Chief Boudreau writes this about the importance of cross-agency: To put it plainly, this is the ability for police to have a database connection with agencies around us. Currently all of Strafford County, except Dover operates on IMC, which allows the police department to check the records of all of these other surround agencies. The old saying crime has no borders is true the people who we deal with in Rochester are the people who all our neighboring agencies are dealing with as well. As an example if an officer or dispatcher runs the name Mark Sullivan currently through the IMC cross agency connection we are able to see if you have had contact with the 30 plus other agencies who are connected to the IMC hub throughout the state. While this ability to see if someone was a suspect in a crime from Nashua is important, it is much more important in locally in our own county. At 2am the ability to get this information back within seconds could be the difference in letting making an arrest or letting them go because you don't have some key information. I cannot express how important this ability is.



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Besides the ability to use cross agency functionality, when we are on the same platform as another agency we will be able to share reports and Fire run cards for mutual aid more easily with features built into CSI. The reports would stay embedded in CSI and our staff would be able to read other agency reports that they give us rights to view, and we could allow similar for them. This ability for sharing information natively within the application could happen during an event and/or after.

Aside from advantages gained from having the same system as our local agencies, CSI offers a suite of integrations or integration possibilities with other related products in use in our Fire and Police departments. Our Fire department has also inquired about reporting options which may eliminate the need for the current additional reporting platform they currently subscribe to.

While there are other products on the market for this type of software product, we believe that agency collaboration and the abundance of other local agencies committing to this platform along with an exhaustive review of its features confirming its ability to meet the needs of the City agencies make it the best solution for the City of Rochester that no others can match.

CSI is the vendor who the City of Dover has already vetted and chosen to go with, as they are currently implementing the platform. It is also the leading choice for other agencies throughout the county. In 2019 the State of NH also went out to bid for a new CAD/RMS system for state police, they received bids from AT&T, Central Square and CSI(Computer Square). CSI was the platform which was chosen by NHSP to move to and it also happened to be the lowest bidder. The benefit to this for us is many of the same connections that we have with different state agencies such as J-one, SPOTS, emergency reporting, NH911 mapping, and AFIS state police also utilize, so the typical speed bumps which comes with developing connections should be reduced as CSI has worked(ing) them out with the state.

For a state our size we believe strongly that all police departments should be on the same platform which allows us to share information between agencies.

We feel confident with both NHSP and Dover moving towards this vendor they have been properly vetted.

We hope the information contained in this letter clarifies our reasons for requesting sole source on a large and critical request like this. Please let us know if you have any questions or would like more information related to this. Thank you for your consideration.

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: Water System Development Fees

Meeting Date Requested: 6-14-22

Name of Person Submitting Item: Peter Nourse-Director City Services/Mark Sullivan-Finance

E-mail Address: peter.nourse@rochesternh.net

Issue Summary: The Water Fund does not have a system development fee structure. System Development fees are designed to impose a fee on new development as a form of buy-in to the established system infrastructure. The basis of the fee is determined by the asset position of the fund, and uses the total capacity of operations as the denominator. The fees collected would be directed to a multi-year, or capital reserve fund, and be used as a funding source for various Water Treatment Plant capital improvement upgrades.

Attached is a revised ordinance for Water Fund as well as the fee calculation methodology.

Recommended Action: Discussion

Chapter 260A

Water Development Connection Fee

§260A-1 Authority.

The City of Rochester is authorized pursuant to RSA 38:28 and RSA 38:37 to assess a Water Development Connection Fee on new connections and development to help meet the additional water system demands created by the new development including capital construction and improvement of the City's water system. Said fees are assessed on a capacity-buy in approach as set forth in §260-54 below.

§260A-2 Definitions.

This Chapter incorporates by reference the Definitions found in the City of Rochester Water Ordinance, Chapter 260, §260-2, as amended.

§260A-3 Purpose.

These regulations shall govern the assessment of connection fees upon new connections and development to the City's Public Water System to generate capital funds to maintain, improve and expand the water system to minimize the effect on existing customers in a fair and equitable manner.

§260A-4 Water Development Connection Fee

The water development connection fee or assessment imposed pursuant to these provision upon new connections and development, including subdivisions, building construction and other land use changes, are based on a capacity-buy in approach, where new users are required to invest in the equity of the City's Public Water System at a rate that reflects prior investment of existing users per unit of total capacity to raise funds to meet the demands and impacts created by the new connections and development to the City's water treatment and distribution facilities, inclusive of the system defined herein as the Public Water System.

§260A-5 Calculation of Fees

The water development connection fee is calculated as a per gallon per day charge by dividing the net equity in user paid capital assets by the capacity of the respective water system in gallons per day. The portion of the water system capacity assigned to any new user is determined based on New Hampshire Water Usage Unit Design Standards, as contained in Table 1008-1 in Env-Wq 1000 of the New Hampshire Code of Administrative Rules. The Code of Administrative Rules can be found at:

<https://www.des.nh.gov/sites/g/files/ehbemt341/files/documents/2020-01/Env-Wq%201000.pdf>

§260A-6 Assessment and Collection of Fees

The water development connection fee will be assessed by the Department at the time of application for new connections pursuant to Article I, §260-4. The fees shall be collected at the time of application for connection in accordance with §260-4 above; however, the Department and applicant may establish an alternate, mutually acceptable schedule of payment of water development connection fees. If an alternate schedule for payment of fees is established, the Department may require the applicant to post surety, in the form of a cash bond, letter of credit or performance bond to guaranty future payment of the assessed impact fees. The Department and City reserve the right to annual review and amend the water development connection fees as necessary.

§260A-7 Waivers

A. An applicant may request a full or partial waiver of the water development connection fee assessments imposed by this ordinance from the Department. The amount of any such waiver shall not exceed the value of the land, facilities construction, or other contributions to be made by that person toward public capital facilities in lieu of a water development connection fee. The applicant must exclude from a waiver any value of on-site and off-site improvements that are required by the Department or City as a result of a plan or development approval, which the applicant would complete regardless of the water development connection fee under this ordinance. The value of contributions or improvements proposed by the applicant shall be credited only towards facilities of like kind. All costs incurred by the Department for the review of a proposed waiver, including reasonable consultant and counsel fees, shall be paid by the applicant requesting a waiver.

B. An applicant may apply to the Department for a waiver of a portion or the full amount of the water development connection fee, where such waiver application is accompanied by an independent fee calculation study that documents the proportionate capital cost impacts of the new connection or development. The Department shall review any such study, and in its discretion, decide whether a waiver is granted or denied. All costs incurred by the Department for review of any such study shall be paid by the applicant.

§260A-8 Administration of Water Development Connection Fees

A. All funds collected shall be properly identified and promptly transferred for deposit into an individual capital facilities connection fee account for the water facilities for which fees are assessed, and shall be used solely for the purposes specified in this ordinance. The water development connection fee account shall be a capital reserve fund account and the City shall not accrue these fee revenues to the general fund.

B. Payment, administration, collection, custody and records for the water development connection fee account shall be done by the Finance Department upon the direction of the City Manager.

C. The Department shall make a report to the City Council at the end of the fiscal year providing an account of all public water system facilities funded through impact fees during the prior year.

E. Funds withdrawn from the water development connection fee account shall be used solely for the purpose of acquiring, constructing, expanding or equipping those public water system facilities identified in this ordinance.

§ 260A-9 Appeals.

Any party aggrieved by any decision, regulation or provision under this Article, as amended, from time to time, shall have the right to appeal said decision to the Department which shall issue a decision within 30 calendar days of the appeal. If said appeal is denied by the Department, then the aggrieved party shall have the right to appeal to the Utility Advisory Board and then to the City Manager.

§ 260A-10 Additional rules and regulations; amendments.

The City reserves the right to adopt, from time to time, additional rules and regulations as it shall deem necessary and proper relating to this Article, which additional rules and regulations, to the extent appropriate, shall be a part of this Article.

§ 260A-11 When effective

This Article shall be in full force and effect immediately following its passage, as provided by law.

Water System Development Fee
DRAFT SAMPLE

Categories	WATER Amounts
Land	3,999,472.60
Buildings & Structures	20,099,486.60
Delivery Systems	31,981,805.95
Machinery & Equipment	7,418,193.50
Total Capital Assets	63,498,958.65
Accumulated Depreciation	(28,107,945.91)
Contributed Capital	-
Construction in Progress	(5,558,219.16)
Net Capital Adjustments	(33,666,165.07)
Net Capital Assets	29,832,793.58
Long Term Debt	(17,147,246.00)
Net New User Supported Assets	12,685,547.58
System Capacity -GPD	4,000,000
Calculated Investment Fee	\$3.17
Minimum Invest Fee-450 GPD	\$1,427.12

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: Sewer System Development Fees

Meeting Date Requested: 6-14-22

Name of Person Submitting Item: Peter Nourse-Director City Services/Mark Sullivan-Finance

E-mail Address: peter.nourse@rochesternh.net

Issue Summary: The Sewer Fund currently has a development fee called a Reserve Capacity Assessment Fee. The fee is \$2.00 times the daily discharge flow gallons of the development as determined by Department of Public Works. The fee has not been updated since inception in the 1990s. The issue with this particular fee is the revenue flows through the annual Sewer Operating budget as an additional revenue source, and is not directed to specific capital improvement projects. The annual revenue collections from this fee range from \$30,000 -\$50,000 per year, and since the early 2000's approximately \$1,000,000 has been collected.

However, this annual revenue has not be able to accumulate and be leveraged into a meaningful revenue source. Allowing this revenue to accumulate, and be used as a revenue source to fund various Waste Water Treatment Plant capital improvement upgrades would be ideal. The request is to convert the current Sewer Reserve Capacity Fee to a System Development Fee structure and direct the collected funds into either a multi-year fund or capital reserve fund. Sewer Ordinance 200 would have to be updated as well.

The basis of the System Development Fee will be determined by the asset position of the fund, and uses the total capacity of operations as the denominator. Attached is a draft fee calculation methodology.

Recommended Action: Discussion

Sewer Investment Fee Calculation
DRAFT SAMPLE

Categories	SEWER Amounts
Land	2,319,900.00
Buildings & Structures	49,894,980.58
Delivery Systems	39,157,826.73
Machinery & Equipment	2,700,736.27
Total Capital Assets	94,073,443.58
Accumulated Depreciation	(30,873,339.85)
Contributed Capital	(4,930,732.00)
Construction in Progress	(15,168,601.72)
Net Capital Adjustments	(50,972,673.57)
Net Capital Assets	43,100,770.01
Long Term Debt	(19,268,113.00)
Net New User Supported Assets	23,832,657.01
System Capacity -GPD	5,500,000
Calculated Investment Fee	\$4.33
Minimum Invest Fee-450 GPD	\$1,949.94

FINANCE COMMITTEE

Agenda Item

Agenda Item Name: Water-Sewer User Rate Reviews

Meeting Date Requested: 6-14-22

Name of Person Submitting Item: Mark Sullivan-Deputy Finance Director

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

Issue Summary: Review of Water-Sewer user rates. Last rate review was performed in September 2019, last rate increase took effect January 1, 2021. The lag in rate increases is creating larger user rate increases. The rates are projected out to FY26. Also enclosed are the User Rate calculation models. Utility Advisory Board has reviewed these projected, and will be available to offer comments.

Recommended Action: Discussion Recommend Approval to Full Council

WATER USER RATE FORECAST
FY2023

WATER USER RATE FORECAST		FY21-Results	FY22-Estimate	FY23-Forecast	FY24-Forecast	FY25-Forecast	FY26-Forecast
A	TOTAL REVENUE UNITS (Unaudited)	771,285	782,854	794,597	806,516	818,614	830,893
	OPERATING REVENUES						
	User Fees	\$4,553,777	\$4,564,040	\$5,095,751	\$5,430,797	\$5,787,872	\$6,168,424
	Other Service Charges-Misc	\$336,564	\$346,661	\$357,061	\$367,773	\$378,806	\$390,170
B	TOTAL OPERATING REVENUES	\$4,890,341	\$4,910,701	\$5,452,812	\$5,798,569	\$6,166,677	\$6,558,594
	ALL OPERATIONAL EXPENSES	\$2,647,190	\$2,726,606	\$2,808,404	\$2,892,656	\$2,979,436	\$3,068,819
	WATER CURRENT 20 YR & FORECASTED DEBT SERVICE	\$2,364,054	\$2,302,120	\$2,172,204	\$2,086,814	\$2,033,294	\$1,630,188
	NEW BOND DEBT SERVICE 2023			\$300,000	\$295,000	\$290,000	\$285,000
	NEW BOND DEBT SERVICE 2024				\$150,000	\$147,500	\$145,000
	NEW BOND DEBT SERVICE 2025				\$0	\$150,000	\$147,500
	NEW BOND DEBT SERVICE 2026				\$0	\$0	\$300,000
C	ALL EXPENSE TOTALS	\$5,011,244	\$5,028,726	\$5,280,608	\$5,424,470	\$5,600,230	\$5,576,507
	PROJECTED USER RATES	\$5.83	\$5.83	\$6.41	\$6.73	\$7.07	\$7.42
D	RATE INCREASE PERCENTAGE	5.00%	0.00%	10.00%	5.00%	5.00%	5.00%
E	O&M SURPLUS (DEFICIT)	(\$120,903)	(\$118,024)	\$172,204	\$374,100	\$566,447	\$982,087
F	CASH FUNDED CIP PROJECTS & OTHER TRANSFERS	\$500,000	\$333,000	\$572,500	\$500,000	\$500,000	\$500,000
H	ADJUSTED SURPULS (DEFICIT)	(\$620,903)	(\$451,024)	(\$400,296)	(\$125,900)	\$66,447	\$482,087
I	ESTIMATED CASH FUND BALANCE	(\$2,826,558)	(\$3,277,582)	\$322,122	\$196,222	\$262,669	\$744,756
J	BOND ISSUES	\$0	\$0	\$4,000,000	\$2,000,000	\$2,000,000	\$4,000,000

SEWER USER RATE FORECAST
FY2023

SEWER USER RATE FORECAST-EXCLUDES EPA UPGRADES		FY21-Results	FY22-Estimate	FY23-Forecast	FY24-Forecast	FY25-Forecast	FY26-Forecast
A	USER FEE UNITS	588,095	591,035	593,991	596,961	599,945	602,945
	HIGH VOLME UNITS	132,196	132,857	133,521	134,189	134,860	135,534
	OPERATING REVENUES						
	User Fees	\$5,039,128	\$5,320,805	\$5,881,905	\$6,502,177	\$7,187,860	\$7,945,853
	Other Service Charges-Misc	\$720,729	\$425,000	\$425,000	\$425,000	\$425,000	\$425,000
B	TOTAL OPERATING REVENUES	\$5,759,857	\$5,745,805	\$6,306,905	\$6,927,177	\$7,612,860	\$8,370,853
	ALL OPERATIONAL EXPENSES	\$2,888,653	\$2,960,869	\$3,034,891	\$3,110,763	\$3,188,532	\$3,268,246
	SEWER CURRENT 20 YR & FORECASTED DEBT SERVICE	\$3,268,483	\$2,610,004	\$3,305,079	\$3,201,002	\$3,058,001	\$2,677,788
	NEW BOND ISSUED DEBT FY23	\$0	\$1,004,268	\$0	\$0	\$0	\$0
	NEW BOND ISSUED DEBT FY23	\$0	\$0	\$750,000	\$737,500	\$725,000	\$712,500
	NEW BOND ISSUED DEBT FY24	\$0	\$0	\$0	\$600,000	\$590,000	\$580,000
	NEW BOND ISSUED DEBT FY25	\$0	\$0	\$0	\$0	\$600,000	\$590,000
	NEW BOND ISSUED DEBT FY26	\$0	\$0	\$0	\$0	\$0	\$600,000
	TOTAL DEBT SERVICE	\$3,268,483	\$3,614,272	\$4,055,079	\$4,538,502	\$4,973,001	\$5,160,288
C	ALL EXPENSE TOTALS	\$6,157,136	\$6,575,141	\$7,089,970	\$7,649,266	\$8,161,533	\$8,428,534
	PROJECTED USER RATES	\$7.43	\$7.43	\$8.17	\$8.98	\$9.88	\$10.87
	HIGH VOLUME RATE	\$6.68	\$6.68	\$7.35	\$8.09	\$8.89	\$9.78
D	RATE INCREASE PERCENTAGE	0.00%	0.00%	10.00%	10.00%	10.00%	10.00%
E	PROJECTED O&M SURPLUS (DEFICIT)	(\$397,279)	(\$829,336)	(\$783,065)	(\$722,089)	(\$548,673)	(\$57,681)
F	CASH FUNDED CIP PROJECTS & OTHER TRANSFERS	\$400,000	\$256,836	\$262,500	\$262,500	\$262,500	\$262,500
H	ADJUSTED SURPULS (DEFICIT)	(\$797,279)	(\$1,086,172)	(\$1,045,565)	(\$984,589)	(\$811,173)	(\$320,181)
I	ESTIMATED CASH FUND BALANCE	\$5,949,039	\$4,862,867	\$3,817,302	\$2,832,713	\$2,021,539	\$1,701,358
J	BOND ISSUES		\$13,830,757	\$10,000,000	\$8,000,000	\$8,000,000	\$8,000,000

WATER RATE HISTORY

FISCAL YEAR	FORECAST RATE	USER RATE	USER RATE INCREASE %	CPI INCREASES	BILLED UNITS	USER RATE CHANGED	INCREASE CYCLE
FY10		\$4.19	0.00%	3.80%	761,371	No Increase	
FY11		\$4.29	2.39%	-0.40%	784,215	Jul-10	12 Months
FY12		\$4.49	4.66%	1.64%	747,642	Aug-11	13 Months
FY13		\$4.60	2.45%	3.16%	757,145	Dec-12	16 Months
FY14		\$4.67	1.52%	2.10%	722,432	Mar-14	14 Months
FY15		\$4.67	0.00%	1.46%	730,906	No Increase	Crossed FY
FY16		\$4.81	3.00%	1.62%	739,007	Oct-15	19 Months
FY17	\$5.29	\$5.29	9.98%	0.12%	741,699	Nov-16	11 Months
FY18	\$5.85	\$5.55	4.91%	1.26%	727,888	Feb-18	15 Months
FY19	\$6.00	\$5.55	0.00%	2.10%	753,000	No Increase	
FY20	\$5.94	\$5.55	0.00%	2.40%	727,237	No Increase	
FY21	\$6.35	\$5.83	5.00%	1.80%	771,285		24 Months
FY22	\$6.80	\$5.83	0.00%	1.20%	750,000	No Increase	
TOTAL		\$1.36	32.46%	22.26%	-1.10%		

SEWER RATE HISTORY

FISCAL YEAR	FORECAST RATE	USER RATE	USER RATE INCREASE %	CPI INCREASES	TOTAL BILLED UNITS	USER RATE CHANGED	INCREASE CYCLE
FY10		\$5.95	0.00%	3.80%	796,667	No Increase	
FY11		\$6.11	2.69%	-0.40%	758,052	Jul-10	12 Months
FY12		\$6.24	2.13%	1.64%	758,642	Aug-11	13 Months
FY13		\$6.24	0.00%	3.16%	738,261	No Increase	
FY14		\$6.24	0.00%	2.10%	715,459	No Increase	
FY15		\$6.24	0.00%	1.46%	678,034	No Increase	
FY16		\$6.24	0.00%	1.62%	670,722	No Increase	
FY17	\$6.52	\$6.52	4.49%	0.12%	685,850	Nov-16	5 Years
FY18	\$7.31	\$6.75	3.53%	1.26%	686,471	Feb-18	15 Months
FY19	\$7.41	\$6.75	0.00%	2.10%	708,498	No Increase	
FY20	\$7.43	\$6.75	0.00%	2.40%	716,133	No Increase	
FY21	\$8.17	\$7.43	10.00%	1.80%	720,294		36 Months
FY22	\$8.74	\$7.43	0.00%	1.20%	720,000		
TOTAL		\$0.80	13.45%	16.86%	-11.07%	No Increase	



City of Rochester, New Hampshire

ASSESSING DEPARTMENT


19 Wakefield Street, Rochester, NH 03867

(603) 332-5109 Assessor@rochester.net

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MEMORANDUM

TO: Finance Committee

FROM: Jonathan Rice, Chief Assessor 

DATE: June 6, 2022

SUBJECT: Property Tax Exemptions & Credits

Listed below are the most recent changes to the Standard and Optional Veterans' Tax Credit under RSA 72:28 and the Elderly, Disabled and Blind Exemptions under RSA's 72:37, 72:37-b, and 72:39-a.

The Standard Veterans' Tax Credit is \$50 and the Optional Veterans' Tax Credit is \$51-\$750. A resolution authorizing an increase to the Optional Veterans' Tax Credit from \$250 to \$300 was adopted March 6, 2018 for the 2018 tax year. We currently have 1,375 Veterans' that qualify for this tax credit.

IMPORTANT LEGISLATIVE UPDATE:

HB1667, adopted May 24, 2022, effective July 26, 2022 defines a qualifying Veteran as follows: (Matter added to current law in ***bold italics***). Every resident of this state who ***is a veteran, as defined in RSA 21:50, and*** served not less than 90 days on active service in the armed forces of the United States of any qualifying war or armed conflict listed in this section, and ***continues to serve or*** was honorably discharged or an officer ***who continues to serve or*** was honorable separated from service; or the spouse of surviving spouse of such resident, provided that training for active duty by a member of the national guard or reserve shall be included as service under this subparagraph:

It is very realistic that this will increase the number of Veterans that will qualify for the Veterans' Tax Credit. However, there is no way to accurately forecast the anticipated increase.

How does Rochester's \$300 Veterans' Tax Credit compare?

Farmington, Milton, Somersworth	\$500
Barrington	\$650
Dover	\$750



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In addition, Rochester has 41 Disabled Veterans and 97 Disabled Veteran Widows who receive a \$2,000 tax credit for their service-connected total disability under RSA 72:35.

A resolution authorizing an increase to the income and asset limitations and exemption amounts (shown below) for the Elderly, Disabled and Blind Exemptions was adopted on October 16, 2018 for the 2019 tax year.

Income Limitations:

Single - \$35,000 (was \$31,400)

Married - \$50,000 (was \$41,500)

Asset Limitation:

\$100,000 (was \$50,000)

Disabled & Blind Exemptions (amount take off assessment):

\$75,000 (was \$48,000)

Currently 118 taxpayers qualify (99 Disabled & 19 Blind).

Elderly Exemption (amount taken off assessments by age):

65-74 - \$75,000 (was \$48,000) currently 112 taxpayers qualify.

75-79 - \$100,000 (was \$84,000) currently 74 taxpayers qualify.

80+ - \$125,000 (was \$108,000) currently 153 taxpayers qualify.

A total of 14 Exemption applications were denied in 2022 (2 Disabled and 12 Elderly).

1 applications were withdrawn and 13 were denied (10 over income threshold, 1 over asset threshold and 1 due to residency).

A total of 49 new Veterans' Tax Credits applications were approved and 4 were denied in 2022.

Committee members may recall, the timing of the 2018 changes to Rochester's exemption and credit amounts coincided with the 2019 Statistical Revaluation. However, at the same time there was also ongoing discussions about where Rochester ranked among similarly aligned communities. In 2018, Rochester's exemption and credit levels were among the lowest in the State and the rate of denial was of concern. At my recommendation, City Council adopted the resolutions to alleviate the increase in taxes created by the assessment revaluation during an active real estate market and also to revise Rochester's amounts to be competitive with comparable municipalities.



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How does Rochester's Elderly, Disabled & Blind Exemption compare?

Barrington

Income Limitations – (Single) \$36,000, (Married) \$50,000

Asset Limitations – \$125,000

Elderly – (65-74) \$85,000, (75-84) \$127,500, (80+) \$161,500

Dover

Income Limitations – (Single) \$42,000, (Married) \$57,000

Asset Limitations – \$169,800

Elderly – (65-74) \$115,000, (75-84) \$162,000, (80+) \$207,000

Farmington

Income Limitations – (Single) \$30,000, (Married) \$60,000

Asset Limitations – \$75,000

Elderly – (65-74) \$75,000, (75-84) \$95,000, (80+) \$125,000

Milton

Income Limitations – (Single) \$30,000, (Married) \$40,000

Asset Limitations – \$75,000

Elderly – (65-74) \$42,500, (75-84) \$64,000, (80+) \$85,000

Somersworth

Income Limitations – (Single) \$35,000, (Married) \$50,000

Asset Limitations – \$100,000

Elderly – (65-74) \$65,000, (75-84) \$80,000, (80+) \$90,000

FINANCE COMMITTEE

Monthly Financial Summary Report

Agenda Item Name: Monthly Financial Statements Summary – as of May 31, 2022

For the full detail report, click here: [May 31, 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 May 31, 2022, which represents approximately 92% completion of FY22.

GENERAL FUND NON PROPERTY TAX REVENUES

Motor Vehicle Registrations: Revenues remain strong at \$5,269,090, 108% collected.

Waste Management Host Fees: Total FY22 revenue received \$4,538,671. City allocation \$3,660,544 School Department allocation of \$878,127. The April payment of \$926,950 crossed months, and won't reflect in revenues until the May-22. The total FY22 revenue received is \$1,410,544 over the adopted amount of \$3,128,127.

Building Permits: Revenues remains very strong at \$633,387, 211% collected.

Interest Income: Remains very soft at \$32,744. Although interest rates have recently increased from 18 basis points (18 percent of 1 percent) to 55 basis points, a little over ½ of a percent.

Interest on Delinquent Taxes: Collections at \$420,735 120% collected.

State of NH Rooms & Meals: \$2,296,678 received, \$728,399 over budget. The surplus of \$728,399 was used to offset the DRA 2021 final property tax rate.

Highway Block Subsidy: All quarterly payments received, total \$614,647, 102% collected.

Cablevision: Three payments received from Comcast & Atlantic Broadband, total \$173,913, 74% collected.

Current Use Taxes: Current Use tax revenues are very strong at \$380,128, or 234% collected.

GENERAL FUND EXPENSES: Overall expenses are below budget at 87%. Expense details are 83% actually expended and 3% encumbered to spend. Salary, OT & Benefits are trending slightly below budget at 79%

Fire & Police Over Time: Fire Department Overtime trending high at 162% expended, Police Overtime trending at 166% expended.

Welfare Direct Assistance: Continues to trend low at 34% expended.

WATER-SEWER SPECIAL REVENUE FUNDS:

Water-Sewer Funds: Water-Sewer User Fee revenues remain strong on each fund, with low delinquencies, and collections, Water at 63% and Sewer at 64%. FY22 Water Fund expenses are trending below budget at 68%, Sewer Fund expenses are trending below budget at 77%.

Community Center: Expenses trending slightly below budget at 89%, and Revenues are at 73% collected.

Arena Special Revenue: Expenses at 92% Revenues are at 116% collected, which includes a \$129,815 contribution from ARPA grant funds.