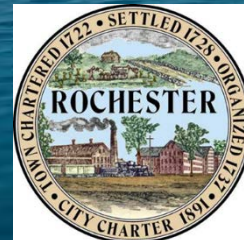


Greater Rochester Chamber of Commerce Presents

State of the City Address 2012

*Mayor T. J. Jean
March 13, 2012
Frisbie Memorial Hospital*



Today's Speakers



T. J. Jean
Mayor



Daniel Fitzpatrick
City Manager



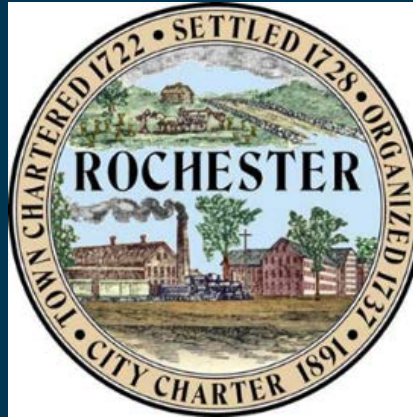
Karen Pollard
**Economic Development
Manager**

Special Thanks



Thank you to Frisbie Memorial
Hospital for hosting the 2012 State
of the City Address

Special Thanks



***To all Municipal Employees!
You are appreciated!***

Have you looked at Rochester lately?

- **The state of our city is STRONG**

- Remarkable financial performance
- Positioned for growth and development
- Infrastructure is improving and expanding
- Improving the quality of our education
- Significant growth in arts & culture

Have you looked at Rochester lately?

- **Financial Performance**

- Fund balance has grown to \$12.7m
- Bond rating continues to remain high
- Fiscal Year 2012 budget trending appropriately
- Fiscal Year 2013 forecast is *favorable*

Have you looked at Rochester lately?

• Economic Growth & Development

- Economic Development continues to be the City Council's top priority
- Focused on 4 key areas
 - Granite State Business Park
 - Rochester Crossing (Lowe's / Kohl's Retail Development)
 - Route 11 Corridor (Granite Ridge Development District)
 - Ten Rod Road Industrial Park
- Tax Increment Financing (TIF) districts created
 - GSBP & Granite Ridge Development District
- Improve how businesses interact with the city

Have you looked at Rochester lately?

- **Safran, USA & Albany Engineered Composites**

- Building a new 275,000 square foot advanced manufacturing facility (spring/summer of 2013)
- Will employ approximately 400 new employees
- Partnering with Great Bay Community College to offer training in advanced manufacturing in Rochester
- City of Rochester facilitated this development by working closely with all parties



Safran, USA & AEC Products



www.albint.com

Have you looked at Rochester lately?

- **Infrastructure Improvement / Expansion**

- Spaulding Turnpike expansion continues
- Expansion of Granite State Business Park
 - *Water/Sewer/Utilities/Broadband/ R.R. Bridge*
- Salmon Falls Road Reconstruction Phase I
- Brock Street Reconstruction
- Street paving program to continue

Have you looked at Rochester lately?

- Improving Educational Quality
- The first question asked by prospective businesses, employees, and residents is *“How are the schools?”*
 - School Board has approved creating the state’s first “Magnet School”
 - Utilizing the current Maple Street School
 - 200 day school year (vs. current 180)
 - Utilization of advanced technologies
 - SmartBoards & iPads
 - Positioning our students to be competitive in the global marketplace

Have you looked at Rochester lately?

• Growth in Arts & Culture Programs

- Rochester Opera House continues to impress
 - “Floor Down” productions of SHOUT and Little Shop of Horrors
 - Major renovations nearing completion
 - Balcony floor and seating to be renovated FY ‘13
 - Volunteers continue to drive success
- Grand opening of Rochester’s Museum of Fine Arts (located in Merchant’s Plaza)
- Art Esprit to present “Mythology of Rochester” this summer
- Arts & Culture in Rochester continues to attract positive attention the Lilac City

Looking Ahead

- City Council will continue to focus on fiscal management and economic development
- City administration will restructure our organization and improve our business operations throughout the city
- Rochester will continue to gain momentum and redefine our identity as a community on the move in the state of New Hampshire!

Thank You

Questions will be taken at the
conclusion of today's
presentation

THE STATE OF THE CITY



Financial Position of the City

State of the City Address – March 13, 2012

Daniel Fitzpatrick

City Manager

Financial Position

- Improved significantly in past half-decade
- Conservative budgeting
- Consistent surpluses = growing fund balance

Bond Rating Process

- The City recently underwent a financial review process by the two largest rating agencies – Moody's and S & P.
- This process involves a very comprehensive review & analysis of the City's current financial position as well as a look at where it is headed.
- The results were very favorable.

Bond Ratings

- Moody's Rating: A1
- Recognition of:
 - “Consistent Conservative financial management”
 - “Healthy reserves”
 - “Expectation of robust commercial development”

Bond Ratings

- Standard & Poor's Rating: AA-
- Recognition of:
 - “Strong, and improving, financial position”
 - “Strong and diverse tax base, which has contracted in recent years but at a lower year-over-year rate”
 - “Good financial policies and practices”
- The stable outlook reflects Standard & Poor's expectation that Rochester's property tax base will likely enable the city to sustain a strong financial position.

Rating Agency Notations

- The tax base is very diverse, in our view, with the 10 leading taxpayers accounting for about 9% of total Assessed Value of the City.
- We consider the city's income levels to be good, with median household effective buying income (EBI) equal to 98% of the national level and per capita EBI equal to 92%.
- The city's November 2011 unemployment rate was 5.1%, which is about equal to the state rate but well below the national rate.

Rating Agency Notations

- The city's assessed valuation totaled \$2 billion in 2011 having declined 12% year over year in 2009, 3.1% in 2010, and 0.9% in 2011.
- The estimated per capita market value is \$68,000, which we consider strong.

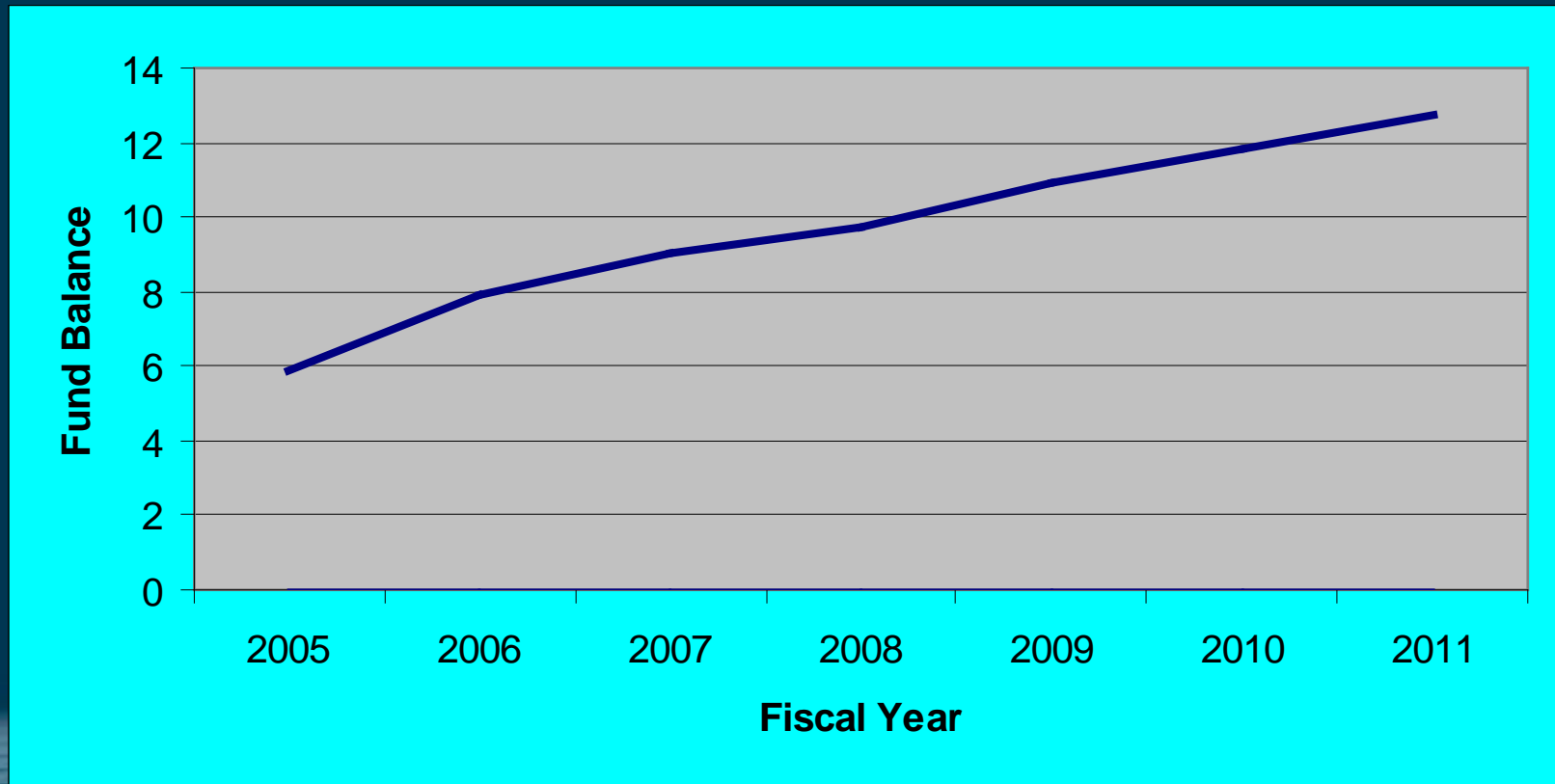
Rating Agency Notations

- Audited results for fiscal 2011 show an \$876,236 general fund surplus (1.1% of budget).
- Leading sources of revenue were general property tax (58% of the total), state aid 23%, federal 7.4% and local & other 11.6%.
- The year-end available fund balance totaled \$12.7 million which we consider strong at 15% of expenditures.

Fund Balance

- FY2004
 - FB of \$4.33 M
 - 7.25% of gross revenues
- FY2011
 - FB of \$12.7M
 - 15% of gross revenues

Fund Balance



Tax Cap

- 2008 Tax Cap approved by voters

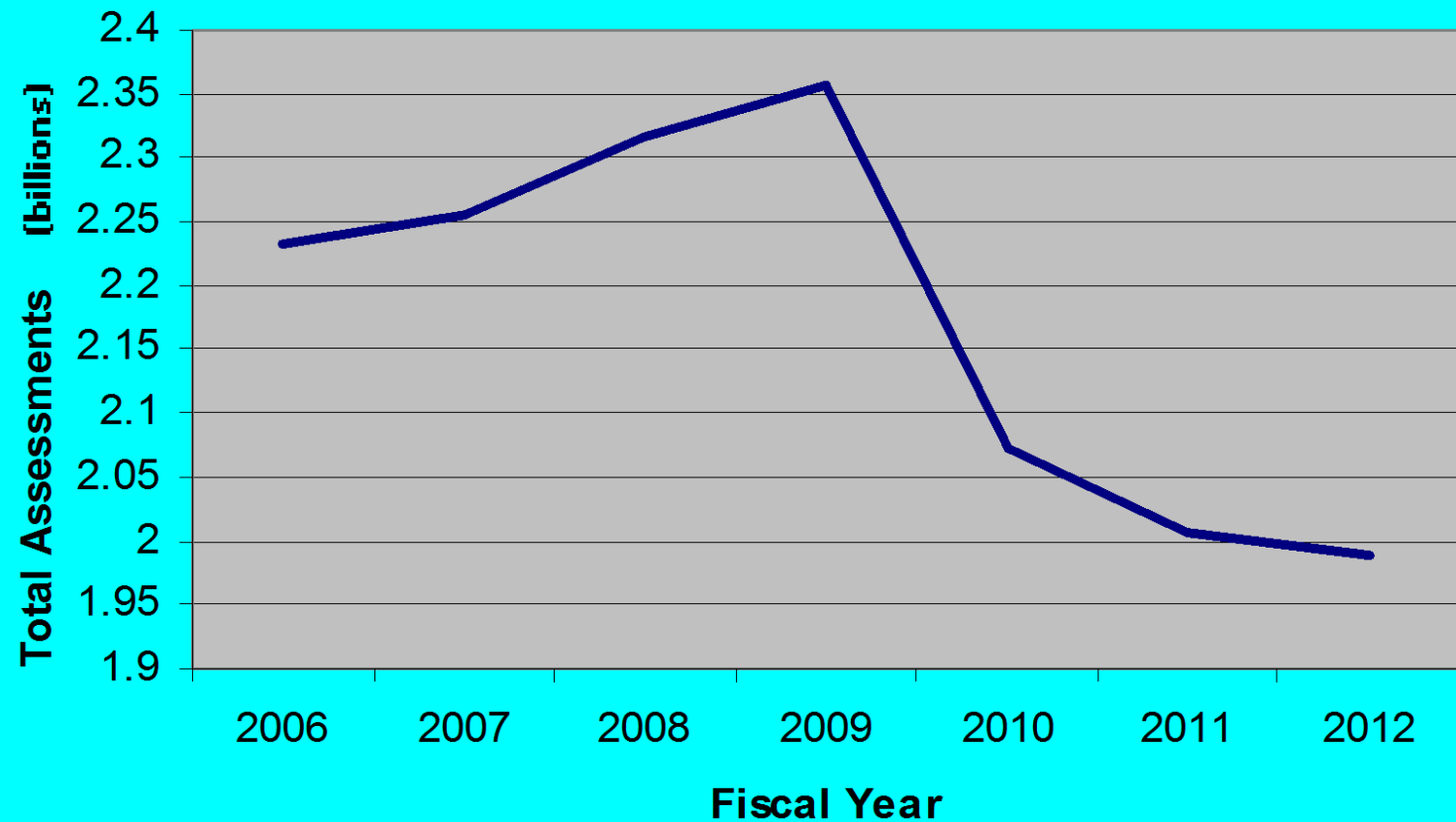
Holds growth of tax levy to:

- Increase in rate of inflation
 - Plus net new construction
- City Council has never overridden tax cap.
 - Property Tax Levy increases held below the tax cap limitation every year since it was adopted by the voters.

Tax Base Growth

- Assessed Values doubled from 2001-2005.
- Assessed Values down by 15.6% since 2008.
- Has leveled off in last two years.
- Long Term: expect resumption of growth, especially in Commercial Real Estate sector.

ASSESSED VALUES



Conclusions

- Assessed Values have declined with the nationwide depression of real property value.
- Assessed Value decline still an unknown but may have leveled off.
- Rochester's fiscal health is sound and has avoided the financial problems of many US cities.

Conclusions

- Industrial/ Commercial growth is expanding.
- City Finances are linked to this economic growth.
- City Finances are looking bright as attested to by two independent rating agencies.