

MINUTES OF FINANCE COMMITTEE MEETING
EXECUTIVE CONFERENCE ROOM
November 18 2016, 8:30 a.m.

Committee Members present: Councilor David Witham, Chair
 Councilor Martin Pepin
 Councilor Jennifer Soldati
 Councilor Dale R. Sprague (Arrived 8:32 a.m.)

Administration/Staff present: City Manager, Bob Belmore
 Finance Director, Scott Smith
 Public Works Director, Mike Bobinsky
 City Assessor, MaryBeth Walker
 Deputy City Clerk, Elise B. Brelis

Others present Deborah Evans, SHA
 Bill Griffith,
 Dawn Collins, SELC
 Judi Curry, Fosters Daily Democrat

Chairman Witham called the meeting to order at 8:30 a.m.

MINUTES OF THE PREVIOUS MEETING

The motion by Councilor Pepin, seconded by Councilor Soldati, to accept the minutes of the October 26, 2016 meeting carried, 3-0.

Councilor Sprague arrived.

Committee Chair Witham brought forward the following agenda item out of order so that meeting attendees would be able to leave after discussion-

SOMERSWORTH EARLY LEARNING CENTER PILOT

City Manager Belmore said that there needs to be a purchase and sales agreement for Council to approve the sale because a state grant was involved. There are two concerns: that the center continues to serve low and moderate income residents and that the PILOT continues. The first draft is nebulous and needs clarification. The PILOT payment for the SHA this year is \$5,300, but the number proposed for the Somersworth Early Learning Center is \$2,700. Committee members had expected the amount not to change and asked to hear the rationale behind the decrease. Bill Griffith explained that SEDC financial people told them that the usual and customary amount is one month's mortgage payment and that is how the number was determined. There was discussion about the need for the SELC to reapply to qualify as a non-profit each year and that any leasing of property for profit, etc., would trigger a change.

Councilor Soldati moved that the Finance Committee approve the amount of \$2,700 for this year; the motion was seconded by Councilor Pepin.

Councilor Sprague asked Ms. Collins if this was the number they needed it to be. She answered that it is. After discussing renegotiations, escalators, percentages, assessment changes and classifications, ***Councilor Sprague moved that the PILOT continue for 20 years and be based upon maintaining the same percentage of assessment, which could fluctuate over time. The PILOT will be renegotiated in 20 years. The amendment was seconded by Councilor Pepin.***

CM Belmore would like to see this before the next Council meeting and have it written into the deed. Councilor Sprague said that it would not be transferable. Director Smith suggested that the percentage of \$2,700 to the assessed value as of the April 1, 2017 be used going forward. Ms. Walker asked if it would need to be specified in the purchase and sales agreement. Councilor Witham said that it should reflect the intent. The City Manager reiterated that the PILOT is non-transferable.

The amendment passed, 4-0. The amended motion passed, 4-0.

Ms. Walker asked for a copy of the appraisal.

With thanks, Ms. Evans, Ms. Collins and Mr. Griffith left the meeting at 9:00 am.

SOLAR ENERGY PROPERTY TAX EXEMPTION

The City Manager reported that Velcro is looking to complete a solar farm on land adjacent to their building, but they are worried about assessments and want the City to waive increases to assessed value.

MaryBeth Walker said that 104 communities have adopted (solar energy exemptions); in Somersworth there are currently 11 residential solar properties and 5 commercial. She said that assessing solar is complex, and there are different methods, such as cost approach vs. market value. The governing body can set exemptions. **The energy must be used on site for the exemption.** Solar has value, she said, but they can exempt it through legislation. Councilor Sprague and Soldati were in agreement not to tax residential or businesses that invested in solar, believing it is a great incentive. Councilor Witham's said his knee-jerk reaction would be to tax, but that Councilor Sprague makes a great argument if you want to attract business. Councilor Pepin thinks that if someone bought property (just) to put up a solar farm, they should be taxed. The City Manager said that is a different statute. Ms. Walker said that they would have to tax but with energy generation, they could enter into a PILOT like with the hydro dam. Councilor Witham asked about windmills and was answered that it is the same thing.

Councilor Sprague made a motion, seconded by Councilor Pepin, to exempt such solar (installations) from taxation. The motion passed unanimously, 4-0.

APPROVE CITY HALL TELEPHONE SYSTEM BID

There is a budget of \$15,000 for a new City Hall telephone system. This has gone out to bid to replace the 2001 outdated system. After reviewing the bids, the recommendation is to work with Bay Ring, our current vender. Bay Ring will still host the system and if we buy it, it will reduce our phone bill. This is just the City Hall system, which can be expanded if needed. Councilor Witham believes that this is the time to integrate other departments, since money is already budgeted. Director Smith said that \$7,586 would be the total to upgrade: \$5,765 is the Bay Ring bid, plus \$1,821 for a switch and wiring. Witham would like to look at adding other departments now, while the money is budgeted. Councilor Soldati agrees.

The City Manager said that if they approve this, they can leave money in then look at it. It is within (his) spending authority. All are agreed. Bay Ring has been a good partner.

Councilor Pepin, seconded by Councilor Soldati, made a motion to award the contract for the new City Hall telephone system to Bay Ring. The motion passed, 4-0.

SEWER ORDINANCE-CHANGE OF USE

CM Belmore said that their focus is Chapter 8A, Section 7, Change in Use (page 33). They considered the following:

Change in Use. If a permanent change in the use of a structure occurs at any time after payment of a sewer access fee and if such change in use is reasonably expected to increase water consumption and sewer discharge from the structure, then the owner of the structure shall pay an additional sewer fee based on the number of additional bedrooms or bedroom equivalents resulting from the change in use. **To determine bedroom equivalents, the City of Somersworth refers to the New Hampshire Code of Administrative Rules Table 1008-1 Unit Design Flow figures to determine the average daily water consumption of a specific property use. See Table 1. (Attached). The City reserves the right to use an alternative method of evaluation such as prior water consumption or estimated future water use provided by a certified/licensed engineer or architect. In addition, City Council may waive connection fees in part or in whole. Any expansion in business operations that result in increases in design flows as indicated in the New Hampshire Code of Administrative Rules Table 1008-1 Unit Design Flows will be subject to a connection fee charge prior to implementing the expansion. To the extent additional sewer connection fees are to be paid, those fees shall be due and payable prior to the issuance of a certificate of occupancy (CO), issuance of a building permit or at the time of change of use by the appropriate review body.**

No refund of sewer fees will be due on account of a change in use of a structure which can reasonably be expected to reduce the consumption of water or sewer usage. (Amended 8/14/1995.)

The City Manager said he was looking for feedback on the proposed changes, (underlined above). The committee discussed recent situations relative to this proposed change wondering if staff could have handled. There was some disagreement about whether they could, and then they discussed the point at which the City would “capture” changes in use. Councilor Witham

thought it could be a “condition of approval” at the Planning Board level. Councilor Sprague remarked that as a business coming in he would definitely want to find out before spending a lot of money. Director Bobinsky said it could be done at the Development Services level to check connection fees as part of the routine, for instance, estimated water usage on application-Connection fees, change in use fees and road moratorium are all areas that they (should consider early.)

Councilor Sprague thinks that Zoning and Planning are backwards. The City Manager said they could do a joint ZBA/PB meeting.

Councilor Witham suggested adding “Finance Committee” to the proposed change in place of “City Council”.

Councilor Sprague, seconded by Councilor Soldati, made a motion to send this amended Ordinance change to the full Council for the December 5, 2016 meeting. The motion passed, 4-0.

SEWER/WATER UTILITY RATES

Director Smith presented a rate analysis, based on a conservative 530,000 units, supplemental appropriations, \$343,000 WWTF improvements and additional debt service, which brought him to the conclusion that he sees no urgency in increasing rates right away. Councilor Witham sees no urgency in the next couple of years but said it creeps up on us. He thinks it would be better to do smaller incremental increases than one larger increase. Councilor Sprague would like to see where other communities are. He said we have two big projects, the Noble Pines tank and W/S infrastructure on Main Street, and he would like to do small increases to get ready. Councilor Soldati doesn’t disagree as long as we know what we are shooting for. Both Councilor Witham and the City Manager agreed.

Councilor Sprague asked for numbers for other communities; they were provided for Dover, Rochester and Portsmouth.

Councilor Witham would like incremental increases and asked if staff could provide numbers if they did an incremental increase. He thinks increases should align with the CIP. He would like this on the agenda for the next meeting.

Councilor Sprague said that user fees should be based on future needs.

Director Smith advocates looking at this a year at a time to determine.

REPORTING

Mr. Smith provided a year to date budget report which the committee briefly reviewed.

MISCELLANEOUS

None.

ADJOURNMENT

*Councilor Pepin, seconded by Councilor Soldati, made a motion to adjourn at 9:56 p.m.
Motion carried, 3-1.*

Respectfully submitted,

Elise B. Brelis, Deputy City Clerk