

**CITY OF ROCHESTER**  
**NOTICE of PUBLIC MEETING:**  
***JOINT CITY & SCHOOL FINANCE COMMITTEE***

**Meeting Information**

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**Date:** February 10, 2026  
**Time:** 6:00 P.M.

**Location:** City Council Chambers  
31 Wakefield Street  
Rochester, New Hampshire

**Agenda**

- 1. Call to Order**
- 2. Acceptance of Minutes:** December 9, 2025 Pg. 3.
- 3. Public Input**
- 4. Joint City & School Finance Committee Presentation/Discussion Items: Pg:8**
  - 4.1.1** City-School Tax Cap Summary.
  - 4.1.2** City-School Debt Service Review.
  - 4.1.3** City-School General Fund Unassigned Fund Balance Discussion.
  - 4.1.4** City-School Maple Street School Discussion.
  - 4.1.5** City-School FY27 School Budget Update.
  - 4.1.6** City-School-Service Collaboration Discussion.
- 5. Unfinished Business:**
  - 5.1.1** Water-Sewer Operating Funds- Audit Findings. Pg. 9
- 6. New Business:**
  - 6.1.1** Assessing- Veteran Tax Credit for Service-Connected Totally Disabled. Pg.11
  - 6.1.2** Opioid Funds-Additional Funds. Pg.14

**6.1.3** Lilac Casino-Host Community Revenue. Pg. 15

**6.1.4** City Electricity Supply Rates-Contract Renewals-Update. Pg.16.

**Reports from Finance & Administration:**

**7.2.1** Monthly Financial Report Summary-January 31, 2026. Pg. 18.

**7. Other:**

**8. Adjournment**

Finance Committee

Meeting Minutes

**Meeting Information**

**Date: December 9, 2025**

**Time: 6:00 P.M.**

**Location: 31 Wakefield Street**

**Committee members present:** Mayor Callaghan, Councilor Fitzpatrick, Councilor Walker, Councilor Horne, Councilor Sullivan, and Deputy Mayor Hamann

**Committee members absent:** Councilor Thompson

**City staff present:** Finance Director Mark Sullivan

**Minutes**

**1. Call to Order**

Mayor Callaghan called the Finance Committee meeting to order at 6:00 PM.

Mayor Callaghan led all those present in the recitation of the Pledge of Allegiance.

Kelly Walters, City Clerk, took the roll call attendance. All Councilors were present except for Councilor Thompson, who was absent.

**2. Acceptance of Minutes: October 14, 2025**

Councilor Walker **MOVED** to **ACCEPT** the minutes of the October 14, 2025, Finance Committee meeting. Councilor Hamann seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

**3. Public Input**

There was no one present for public input.

**4. Unfinished Business:**

**4.1. Water-Sewer Operating Funds- Audit Findings**

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Mark Sullivan, Director of Finance, addressed the Committee regarding the audit findings of the water and sewer operating funds.

Director Sullivan reminded the City Council that the auditors have placed a non-spendable reserve on the General Fund Unassigned Fund Balance in the amount of \$5,000,000, and now the City must come up with a feasible plan to address the matter. At the October 14, 2025, Finance Committee meeting, the matter was referred back to the Utility Advisory Board for additional discussion and analysis. He said during the last Utility Advisory Board Committee meeting, the board members discussed proceeding with caution and recommended that the matter remain under their Committee for the time being. He said changing the structure of the water and sewer funds will require several months to determine the appropriate course of action. He mentioned that the UAB does have some initial ideas regarding how this could work.

Director Sullivan stated that the auditors are requesting that the city council submit a plan that outlines how it intends to tackle this deficit in the future. It does not need to be resolved all at once. There may be several actions involved; however, the City must demonstrate that the City is making progress over time to decrease that deficit. The auditors have given the target deadline to be between March and April of 2026.

Mayor Callaghan asked if there were any objections to having Director Sullivan continue collaborating with the utility advisory board over the next several months and seek a comprehensive recommendation to be reviewed by the Finance Committee and eventually to be referred to the full City Council. No objections were stated.

## 5. New Business:

### 5.1.1 Summary of Tax Anticipation Notes & Line of Credit

Director Sullivan said the Finance Committee endorsed the effort to pursue tax anticipation notes and a line of credit at the Finance Committee meeting back in June 2025. Director Sullivan reported that the City has now established the following Tax Anticipation Notes and Line of Credit:

- **Profile Bank:** Tax Anticipation Note for \$5,000,000, with an interest rate of 3.99%, short-term (due date of February 28, 2026)
- **Profile Bank:** Line of Credit (LOC) is approved up to \$6,000,000 with interest rate of 3% over the investment interest rate of 4.25%, total 7.25%; *however, the current LOC is established at \$4,000,000.*
- **Bank of NH:** Tax Anticipation Note for \$6,000,000, with an interest rate of 4.875%, short-term (due date of February 28, 2026)

Director Sullivan reviewed the benefits of utilizing such financial instruments. He said that the Tax Anticipation Notes would be drawn soon to pay \$9,000,000 for the County Tax. He anticipates that

the City has strong enough cash reserves to bridge the gap until tax revenues are generated. He asked if any member of the City Council had questions or comments.

Councilor Hamann asked about the expected timeframe for the Department of Revenue Administration (DRA) to establish the tax rate for the City. Director Sullivan said he is uncertain of how soon the tax rate could be set by the DRA. He said the DRA conducts a thorough review of all forms submitted by municipalities. He listed several reasons why delays occurred with this year's submission of the required documentation to the DRA. Director Sullivan said hopefully, the DRA will have enough information to set the tax rate later this week. He assured the City Council that the tax bills would be sent out promptly, once the DRA establishes the tax rate.

### **5.1.2 FY25 Anticipated General Fund Unassigned Fund Balance**

Director Sullivan gave an overview of the FY25 Anticipated General Fund Unassigned Fund Balance. He gave details regarding the anticipated decrease in the overall Unassigned Fund Balance and its impact on the City audits. He stated that a cautious approach will continue for any future expenditures using this fund. He said the goal is to have the auditors remove the non-spendable reserve on the General Fund Unassigned Fund Balance.

Director Sullivan spoke briefly about the auditors placing a non-spendable reserve on the General Fund Unassigned Fund Balance in the amount of this \$5,000,000. Councilor Walker inquired whether that action was simply a suggestion of the auditors or obligatory. Director Sullivan stated that it is a mandatory hold. Director Sullivan clarified that the ongoing negative cash flow situation of the water and sewer funds is generating a liability issue for the general fund. He said this is an effort, by the auditors, to ensure that the City is informed about the issue and that the City is making attempts to resolve the matter.

Councilor Sullivan wished to confirm that the net Unassigned Fund Balance is essentially \$9,873,741; and that, the non-spendable reserve in the amount of \$5,000,000 is already accounted for but is not available (protected), at this time. Director Sullivan replied yes.

Councilor Sullivan asked if the \$6,200,000 Budgetary Unassigned Fund Balance Commitment included the \$1,300,000 for the recent School Department's de-authorization. Director Sullivan replied no, it is not included. He gave reasons why the spreadsheet reflects the budgetary amount that was used at the end of the last fiscal year.

### **5.1.3 Report on Tax Cap & Use of General Fund Unassigned Fund Balance**

Mayor Callaghan inquired about how the current situation with the Unassigned Fund Balance impacts the City's Certificate of Deposits (CDs). Director Sullivan gave an overview about cash reserves and the impact on the City's interest rates. He said overall, the City is in good standing; however, the use of the General Fund Unassigned Fund Balance does have a financial impact.

Director Sullivan gave a lengthy report on the Tax Cap and use of the General Fund Unassigned

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Fund Balance. *For more detailed information see the December 9, 2025, Finance Packet materials.*

Councilor Sullivan asked about the beneficial effect on the Unassigned Fund Balance resulting from the de-authorize of almost \$1,000,000 to the School Department Project funds. Director Sullivan replied that the School Department's de-authorization of funds would be returned to the Unassigned Fund Balance; however, the final adoption of that action has not yet occurred and that is the reason it is not currently reflected in the accounting of that Unassigned Fund Balance.

Councilor Hamann asked whether the City has been creating a deficit through the utilization of Unassigned Fund Balance funding, since 2009. Director Sullivan said the City has accomplished a lot of various projects while keeping the tax rate low and only bonding when absolutely necessary; however, the City must be aware of some of the unintended consequences of those efforts. He said moving forward, the City will maintain its caution regarding the utilization of the Unassigned Fund Balance, by cutting or postponing projects as necessary. Additionally, the City will have a clear understanding of long-term implications of bonded projects.

#### **5.1.4 Surplus Equipment Auction and Vehicle Trade In Summary**

Director Sullivan gave a brief overview of the City's first Surplus Equipment Auction, which generated nearly \$18,500 in revenue. He credited the Department of Public Works for this effort and especially Lisa Clark, Deputy Director of Operations and Administration, for organizing the event.

Director Sullivan gave reasons why it remains uncertain whether the auction is a more effective method for recovering certain funds or if the past practice of participating in programs for trading in old vehicles or equipment is better. He recommended continuing to review both approaches.

### **Reports from Finance & Administration**

#### **5.2.1 Monthly Financial Report Summary-August 31, 2025**

Director Sullivan stated that non-property tax revenues and the Waste Management Host Fees are aligning with the proposed budget; however, building permit revenues are starting to trend ahead of the budget. He spoke briefly about an increase to the Police, Dispatch, and Fire Department budgets. Mayor Callaghan asked if the City could anticipate returns for the State of NH Rooms & Meals Tax, which is expected in December. Director Sullivan replied yes.

#### **6. Other**

There was no discussion under "other."

#### **7. Adjournment**

Mayor Callaghan **ADJOURNED** the Finance Committee meeting at 6:24 PM.

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Respectfully Submitted,

Kelly Walters, CMC  
City Clerk

# FINANCE COMMITTEE

## Agenda Item

February 10, 2026

**Agenda Item Name:** City-School Joint Finance Committee:

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

**Issue Summary Statement** During this collaborative session of the joint City-School Finance Committees there will be a presentation by Finance on the following.

### **City Presentation**

- a) City-School Tax Cap Summary: Last 5 Years of Tax Cap Yields & Utilization of Unassigned Fund Balance. Tax Cap Ordinance Review, Draft of FY27 City & School Tax Cap Yields.
- b) City-School General Fund Unassigned Fund Balance.
- c) City School Debt Service review of 20 year debt schedules and CIP projects in Authorized-Unissued Status.

### **School Discussion**

- d) Maple St School Discussion.
- e) FY27 School Budget Update.
- f) City-School Collaboration of services discussion.

# FINANCE COMMITTEE

## Agenda Item

February 10, 2026

**Agenda Item Name:** FY24 Water-Sewer Operating Funds Non-Spendable Reserve-

REVIEW OF UTILITY ADVISORY BOARD COMMENTS -ANALYSIS

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

**Issue Summary Statement:** **Recap from August 12, 2025.** The auditors have issued a FY24 audit finding related to Water & Sewer Operating Fund cash deficit positions, which is approximately \$5MM. The auditors have placed a Non-Spendable Reserve on the General Fund Unassigned Fund Balance in the amount of this \$5MM. A Non-Spendable Reserve reduces the Unassigned Balance, and locks the funds from any contemplated appropriations until the Non-Spendable classification is removed. Essentially both operating funds are expending more cash than revenue receipts. The FYE24 cash deficit on Water Fund was \$3.8MM, and Sewer Fund was \$1.2MM.

**First Recommendation:** September 9, 2025.

Suspend Administrative & Legal Allocations to Water & Sewer Funds FY27 & FY28;  
Annual reallocation Water Fund: \$139,383, Sewer Fund: \$139,383.  
Combined reduction to cash deficit \$557,532 over two years.

**Second Recommendation: Flat Rate Demand Charge:** October 14, 2025.

Consideration of a Flat Rate Demand Charge on both Water & Sewer Funds. The flat rate demand charge had been presented in 2016 & 2018. The preference from City Council during those periods was remain with volumetric billing, and the minimum bill format. The current minimum quarterly bill is as follows;

Water: \$26.79 based upon 3 units of quarterly usage, or less.  
Sewer: \$43.40 based upon 4 units of quarterly usage, or less.

There are over 8,000 water accounts with approximately 92% single family residential uses. There are approximately 7,300 single family residential accounts, 200 residential accounts related to mobile home parks, condominiums, and apartment complexes, and 500 commercial/industrial accounts.

The median annual water consumption among single family residential account base is 48 units. (1) unit is 100 cubic feet of water, or 748 gallons of water. This means that 50%, or approximately 3,650, of the total single family residential water accounts have usage of 12 units, or less per quarter. Approximate allocation of total user revenues by category are as follows;

Single Family Residential > Median:	43%	Accounts 3,650
Single Family Residential < Median:	11%	Accounts 3,650
Residential MH Parks, Condos, Apartments:	16%	Accounts 200

Commercial and Industrial: 30%

Accounts 500

A Flat Rate quarterly demand change addresses the inequity of the low volume users that contribute less than 30% of the user revenues versus the higher volume users that contribute more than 70% of the user revenues. Although it's an added cost to all users it augments the revenues needed for debt service, and can ultimately be used to stabilize user rate increase.

Quarterly Flat Rate Demand Charge Recommendation: \$35 Water, \$30 Sewer, \$65 combined.  
Annual additional revenue generation Water Fund \$1,120,000, Sewer Fund \$745,000 (6,200 accounts).

**Update Demand Change Discussions with UAB: January 12, 2026:** UAB is open to the demand change methodology, but requested that the demand change be based upon dwelling units. For example, utility billing of a manufactured home park may be based on one account, and one master meter. However, the park may have 200 dwelling units. Dwelling units related to manufactured home parks as well as apartment buildings were analyzed. The number of dwelling units is approximately 5,300, which changes the distribution of the demand charge from 8,000 to over 13,000. This means the demand change estimate can be lowered if distributing over a larger dwelling unit denominator. Next meeting with UAB is February 9, 2026, an update will be provided to Finance Committee.

#### **Other Revenue Management Options Include:**

**Inclining Block Rate:** This methodology assigns various tiers to quarterly usage, and can have a flat rate component. A minimum tier is set and usage beyond the minimum is assessed at higher user rates, and there can be multiple tiers. This method is typically implemented to encourage water conservation, or when a water or sewer plant is nearing its production/processing capacity and seeks to reduce demands.

**Declining Block Rate:** This methodology is the opposite of the Inclining Block Rate method, and pricing tiers step down at higher volumes. The method also assures industrial high volume users receive a price that reflects the cost to supply. It also provides high volume users with an incentive to stay connected to public water and not utilize private wells. Economies of scale are realized as the overall costs of producing larger volumes of water are reduced. Best suited in areas with abundant water supplies. Requires precise analysis in order to assure the declining rates are set appropriately.

**Recommended Action:** Continued Discussion of remedy options. Discussion on UAB Recommendation

# FINANCE COMMITTEE

## Agenda Item

Feb 10, 2026

**Agenda Item Name:** Veterans Credit Change: Tax Credit for Service Connected Disability

**Name of Person Submitting Item:** Marybeth Walker- Chief Assessor

**Issue Summary Statement:**

The laws related to Veteran Credits changed in July 2025. The most concerning is the Veteran Tax Credit for Service-Connected Totally Disabled. Effective July 2025, (The 2026 tax year), If a person qualifies for both the Veteran Tax Credit under RSA 72:28 in the amount of \$400 and the Vet Credit under RSA 72:35 in the amount of \$2,000 they will no longer be able to receive both credits. We currently have 170 people receiving this credit and may be affected by the change. We are recommending the Council consider increasing RSA 72:35 from \$2,000 to \$2,400. As we implement the new law the people that were eligible in the past to receive the \$2,400 credit will not lose the additional \$400 tax credit. See attached supporting detail.

**Recommend Actions:** Finance Committee approval of Chief Assessor's recommendation.



# City of Rochester, New Hampshire

ASSESSING DEPARTMENT  
 19 Wakefield Street • Rochester, NH 03867  
 (603) 332-5109 assessing@Rochesternh.gov

## MEMORANDUM

**TO:** Mark Sullivan, Finance Director  
**FROM:** Marybeth Walker, CNHA, Chief Assessor  
**DATE:** January 16, 2026  
**SUBJECT:** Veteran Credits-Request to change Tax Credit for Service-Connected Total Disability

The laws related to Veteran Credits changed in July 2025. The most concerning is the Veteran Tax Credit for Service-Connected Totally Disabled. Effective July 2025, (The 2026 tax year), If a person qualifies for both the Veteran Tax Credit under RSA 72:28 in the amount of \$400 and the Vet Credit under RSA 72:35 in the amount of \$2,000 they will no longer be able to receive both credits.

We currently have 170 people receiving this credit and may be affected by the change.

We are recommending the Council consider increasing RSA 72:35 from \$2,000 to \$2,400. As we implement the new law the people that were eligible in the past to receive the \$2,400 credit will not lose the additional \$400 tax credit.

<b>2025 Veteran Credits</b>	Total Receiving	Current Limit	2025 Potential Total Tax Credit	Credit Limit per RSA
Veteran Tax Credit RSA 72:28	1,299	\$400	\$519,600	\$750
Surviving Spouse RSA 72:29-a	3	\$2,000	\$6,000	\$2,000
Tax Credit for Service-Connected Total Disability RSA 72:35	170	\$2,000	\$340,000	<b>\$5,000 New limit</b>
All Veterans Tax Credits RSA 72:28-b	97	\$400	\$38,800	\$750

**Veteran Exemption:** Certain Disabled Veterans Exemption RSA: 72:36a

If a person qualifies the entire amount of the assessed value of the property is exempt from taxation.

We currently have 3 properties that qualify for a total of \$1,942,200 off the assessed value.

**Veteran Credits not implemented:**

**RSA 72:28-c Optional Credit for Combat Service:**

This tax credit is for veterans that are actively in a combat zone and only while they are in the combat zone. The amount of credit to be voted in would be \$50 to \$500. This credit is in lieu of any other credit.

**Comparison:**

The chart below shows comparisons for Strafford County and communities with similar population for the veteran credit amounts.

Municipality	RSA 72:28		RSA 72:28-b		RSA 72:29-a		RSA 72:35		Total Amount
	Standard and Optional Veterans' Tax Credit	#	All Veterans' Tax Credit	#	Surviving Spouse Tax Credit	#	Tax Credit for Service-Connected Total Disability	#	
Barrington	750	400	750	110	2,000	4	4,000	53	\$ 602,500
Dover	750	850	750	107	2,000	0	4,000	85	\$ 1,041,375
Durham	500	196	0	0	2,000	0	2,500	24	\$ 158,000
Farmington	750	287	0	0	2,000	0	2,000	39	\$ 292,875
Lee	750	154	750	26	700	1	1,400	10	\$ 149,700
Madbury	750	57	0	0	700	0	2,000	5	\$ 52,750
Middleton	400	79	0	0	700	0	2,000	6	\$ 43,600
Milton	750	223	750	21	700	0	2,500	38	\$ 278,000
New Durham	750	138	750	24	700	0	4,000	10	\$ 161,500
Rochester	400	1,299	400	97	2,000	3	2,000	170	\$ 904,400
Rollinsford	500	88	0	0	1,400	0	1,400	1	\$ 45,400
Somersworth	750	321	0	0	2,000	0	2,500	31	\$ 318,250
Strafford	200	158	200	1	700	0	700	22	\$ 47,200
Derry	550	750	0	0	2,000	0	2,400	78	\$ 575,850
Salem	750	829	750	120	2,000	0	2,000	63	\$ 837,750
Merrimack	500	1,004	500	111	2,000	1	4,000	84	\$ 891,830

\*UPDATED TO 2024 FROM DRA WEBSITE

**RSA 72:35 Tax Credit for Service-Connected Total Disability. –**

I. Any person who has been honorably discharged or an officer honorably separated from the military service of the United States and who has total and permanent service-connected disability, or who is a double amputee or paraplegic because of service-connected injury, or the surviving spouse of such a person, shall receive a standard yearly tax credit in the amount of \$700 of property taxes on the person's residential property.

**I-a. The optional tax credit for service-connected permanent and total disability, upon adoption by a city or town pursuant to RSA 72:27-a, shall be an amount from \$701 up to \$5,000. The optional tax credit for service-connected permanent and total disability shall replace the tax credits pursuant to RSA 72:28, 72:28-b, 72:28-c, and 72:36-a in its entirety and shall not be in addition thereto.**

I-b. Either the standard tax credit for service-connected total disability or the optional tax credit for service-connected total disability shall be subtracted each year from the property tax on the person's residential property.

II. The standard or optional tax credit under this section may be applied only to property which is occupied as the principal place of abode by the disabled person or the surviving spouse. The tax credit may be applied to any land or buildings appurtenant to the residence or to manufactured housing if that is the principal place of abode.

III. (a) Any person applying for the standard or optional tax credit under this section shall furnish to the assessors or selectmen certification from the United States Department of Veterans' Affairs that the applicant is rated totally and permanently disabled from service connection. The assessors or selectmen shall accept such certification as conclusive on the question of disability unless they have specific contrary evidence and the applicant, or the applicant's representative, has had a reasonable opportunity to review and rebut that evidence. The applicant shall also be afforded a reasonable opportunity to submit additional evidence on the question of disability.

(b) Any decision to deny an application shall identify the evidence upon which the decision relied and shall be made within the time period provided by law.

(c) Any tax credit shall be divided evenly among the number of tax payments required annually by the town or city so that a portion of the tax credit shall apply to each tax payment to be made. Eff. July 13, 2025

# FINANCE COMMITTEE

## Agenda Item

February 10, 2026

**Agenda Item Name:** Opioid Funds Settlement-Additional Disbursements

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

**Issue Summary Statement** At the May 6, 2025 City Council meeting Council made four (4) opioid fund grant awards to various non-profit organizations that work to provide opioid misuse and treatment programs. Awards are structured on a reimbursement basis only. Summary and status of awards are as follows.

Agency	Award	Percentage of Total	Reimbursed as of 2-4-26	Balance Remaining	Term Allowance	Term Ends
Hope on Haven Hill	\$139,766	41.14%	\$139,766	\$0	24 months	May-27
Dismas Home	\$125,000	36.79%	\$5,556	\$119,444	12 months	May-26
Infinity Peer Support	\$50,000	14.72%	\$11,171	\$38,829	24 months	May-27
SOS Recovery	\$25,000	7.36%	\$10,000	\$15,000	24 months	May-27
<b>Totals</b>	<b>\$339,766</b>	<b>100%</b>	<b>\$166,493</b>	<b>\$173,273</b>		

In September-2025 City received an additional disbursement from the Opioid Funds Settlement of \$52,670, which remains unallocated. Suggested award of the additional \$52,670 is to allocate to the same (4) organizations at the original percentages above.

Agency	Award	Percentage of Total
Hope on Haven Hill	\$21,668	41%
Dismas Home	\$19,488	37%
Infinity Peer Support	\$7,500	14%
SOS Recovery	\$4,014	8%
<b>Total</b>	<b>\$52,670</b>	<b>100%</b>

**Recommend Actions:** Recommend suggested allocations.

Link to City Council May 6, 2025 minutes.

[ccreg20250506min.pdf](#)

# FINANCE COMMITTEE

## Agenda Item

February 10, 2026

**Agenda Item Name:** Lilac Club Casino-Host Community Revenues

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

**Issue Summary Statement:** New Hampshire RSA 287-D:4 provides the following related to o casino operations

### **287-D:4-a Games of Chance for the Benefit of the Host Community.**

I. Notwithstanding any provision of law to the contrary, game operator employers licensed under RSA 287-D:4 are **required to annually operate a minimum of 7 but not more than 10 game dates for the benefit of the town or city where the game operator employer is located.**

II. The host town or city shall receive revenue at the same rate as a licensed charity during the designated dates under paragraph I, and shall not be liable for rent or any other fees to be paid to the game operator employer. III. The game dates benefiting the host municipality shall be in place of a charity game date, however, this shall not prevent the game operator employer from hosting a charity on the same game dates when 2 charities would normally operate. IV. For the purposes of the game operator employer's requirements under RSA 287-D:4, operating on behalf of the host town or city shall be considered to be the same as hosting a licensed charity. V. The lottery commission shall adopt rules under RSA 287-D:3 relating to the operation of game dates on behalf of the host town or city.

As a result of 287-D:4-a the City recently received a proceeds check of \$37,111 for (7) days in calendar year 2025, December 25, 2025-December 31, 2025. In addition, the City has received its 2026 game dates, which will be May 11, 2026 through May 20, 2026. Both the 2025 proceeds and 2026 proceeds will fall withing FY26. Its not unreasonable to anticipate May-26 proceeds between \$40,000 & \$50,000. Estimated FY26 total proceeds \$75,000 to \$85,000. A decision on the best use of these funds is necessary. Below are several suggestions for consideration.

- a) Record as a miscellaneous revenue in FY26, with no offsetting appropriation.
- b) Appropriate to Economic Development Non Capital Reserve Fund.
- c) Appropriate to one of the City's Capital Reserve Funds for Public Works/Pub Blds/Fire.
- d) Appropriate to the Police Department FY26 Capital Budget for equipment/vehicles.
- e) Create a new Capital Reserve Fund.
- f) Donate back to local Non-Profits.
- g) Use as an offset to Coast Bus annual budgetary contribution.

**Recommend Actions:** Finance Committee recommend a use of the funds.

# FINANCE COMMITTEE

## Agenda Item

February 10, 2026

**Agenda Item Name:** City Electricity Supply Rates-Update

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

**Issue Summary Statement:** In 2018 City was able to take advantage of historically low electricity supply rates and locked in a seven ( 7) year electricity supply rate of 7 cents per KWH. This supply contract expired December 31, 2025. Over the 7 year period the City, which includes Water/Sewer Funds, Community Center, and Arena (excludes School), avoided electricity supply costs of well over \$1,000,000. Unfortunately, the electricity market has changed dramatically since 2018.

Some of the factors influencing price increases are mandates on increased renewable energy sources for electricity supply production, reduction in natural gas production from the Utica Shale region, post Covid spikes in demand, Russia-Ukraine conflict, which interrupted Ukrainian natural gas exports to Europe. Subsequently, the United States has been increasing liquid natural gas exports to Europe annually to help with the loss of product from Ukraine, which is decreasing domestic reserves. Overall increases in overall domestic electric demand due to growth. A specific driver to increased domestic electricity demand are AI data centers. AI data centers require an enormous amount of electricity to operate the cooling systems required for the technology. All of these factors are translating into higher electricity supply rates.

**Contract Methodology:** The City has been working with an energy broker, Albireo Energy, for over a decade. Albireo secures supply contracts through the electricity commodity markets primarily with Constellation Energy. There are two elements to a long term electricity contract, the supplier's overhead rate and the variable cost of producing the actual energy. The methodology Albireo has successfully utilized is contracting and locking in the overhead portion of the rate for a period of 5 years and then contracting the variable price as favorable market conditions occur. Locking in an overhead rate up front assures a stable fixed price baseline. The current market overhead rate is trending at 4.5 cents per KWH. The City currently has an overhead rate lock of 3.4 cents per KWH on future contracts through 2029. City Finance will be working with Albireo to secure the next round of electrical supply rate contracts and will be looking to secure a multi-year supply contract. The current market conditions of the variable cost components are currently as follows.

### **Variable Supply**

March 2026 – December 2026 - \$0.06089

December 2026 – December 2027 - \$0.07486

December 2027 – December 2028 - \$0.06875

December 2028 – December 2029 - \$0.06445

These rates would translate into a total electrical supply cost of approximately 10 cents per KWH. In addition, once volume is in the MWH range, City is at 4 MWH, the market price is

price, and there aren't additional tiered volume discounts. City currently is on the Constellation Energy default rate of 13 cents per KWH. Below are some additional full supply rate comparisons for small commercial and residential.

**Direct Suppliers as of 2-4-26-Amounts in Cents-Small Customer Groups**

Eversource default rate is 11.3 KWH  
Direct Energy- 12.790 KWH to 13.29 KWH  
Clean Sky- 12.49 KWH  
North American Power- 13.29 KWH

**Community Power Aggregators as of 2-2-26-Amounts in Cents**

City of Keene-11.58 KWH  
City of Concord- 14.63 KWH  
City of Dover- 14.66 KWH  
City of Portsmouth/Nashua/Merrimack/Lebanon- 14.63  
Town of Hampton- 11.3 KWH  
Town of Plaistow- 11.4 KWH

Source: Eversource Energy Suppliers: Residential & Aggregators  
[Energy Supplier Comparison - Home](#)

**Recommend Actions:** Informational Update.

# FINANCE COMMITTEE

## Monthly Financial Summary Report

**Agenda Item Name:** Monthly Financial Statements Summary – as of January 31, 2026

For the full detail report, click here: [January 31 2026 Financial Detail Report](#)

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

**E-mail Address:** mark.sullivan@rochesternh.gov

### **Issue Summary Statement**

Below are the revenues & expense highlights through January 31, 2026, which represents approximately 58% completion of FY26.

### **GENERAL FUND NON PROPERTY TAX REVENUES**

	<b>FY26</b>			
	<b>ADOPTED</b>	<b>RECEIVED</b>	<b>PERCENT</b>	<b>NOTES</b>
Motor Vehicle Registrations	\$5,900,000	\$3,601,360	61%	
Wastemangement Host Fees	\$5,100,127	\$2,522,453	49%	City-\$4,222,000 School-\$878,127
Building Permits	\$600,000	\$444,562	74%	
Interest Income	\$1,250,000	\$675,976	54%	
Interest on Delinquent Taxes	\$410,000	\$149,501	36%	
State of NH Rooms & Meals	\$3,269,410	\$3,351,638	103%	Payment December-25
Highway Block Grant	\$663,000	\$415,248	63%	Quarterly cycles
Cablevision Franchise Fees	\$260,000	\$62,457	24%	Quarterly cycles
Recreation Programs	\$137,200	\$160,955	117%	

### **ENTERPRISE FUNDS REVENUES**

Water	\$6,554,379	\$2,906,990	44%
Sewer	\$9,970,149	\$3,954,888	40%

### **SPECIAL REVENUE FUNDS REVENUES**

Arena	\$497,941	\$277,046	56%
Community Center	\$869,103	\$540,547	62%

	<b>FY26 ADOPTED</b>	<b>EXPENDED</b>	<b>ENCUMBERED</b>	<b>PERCENT</b>
<b>GENERAL FUND EXPENSES</b>	\$55,941,394	\$41,091,174	\$1,511,791	76%
<b>OVERTIME &amp; WINTER MAINTENANCE</b>				
Police	\$111,546	\$184,274	\$0	165.20%
Dispatch	\$34,000	\$41,573	\$0	122.27%
Fire	\$240,000	\$311,272	\$0	129.70%
Public Works Winter Maintenance	\$571,253	\$400,619	\$18,743	73%
<b>ENTERPRISE FUNDS EXPENSES</b>				
Water	\$6,554,379	\$4,130,416	\$185,248	66%
Sewer	\$9,970,149	\$6,053,874	\$295,767	64%
<b>SPECIAL REVENUE FUNDS EXPENSES</b>				
Arena	\$497,941	\$296,654	\$49,731	70%
Community Center	\$869,103	\$434,931	\$58,157	57%