

MINUTES

Fiscal Policy Advisory Committee

March 17, 2011 4:30-6:00

Second Floor Conference Room

In Attendance: City Councilors - Allen Bennett (Chair), Mark Coen, Fred Keach, Jan McClure and Keith Nyhan; Mayor Jim Bouley; City Staff - Tom Aspell, City Manager; Brian LeBrun, Deputy City Manager Finance; Bob McManus, OMB Director; Carlos Baia, Deputy City Manager Development; Jim Kennedy, Deputy City Solicitor; Jen Johnston, Director of Human Resources and Labor Relations; Katie Graff, Budget Analyst.

Absent: Councilors Dan St. Hilaire, Candace White Bouchard

- 1) **Approval of February 3, 2011 Meeting Minutes:** Chair Allen Bennett called the meeting to order at 4:33 pm and requested a motion to approve the minutes of February 3, 2011. **Councilor Keith Nyhan moved to accept the minutes, seconded by Councilor Jan McClure. The minutes were unanimously approved as presented.**
- 2) **Governor's Budget Proposal and Impact on Concord** – Deputy City Manager LeBrun briefly discussed the potential impact of the Governor's proposal to eliminate the State's 35% retirement funding contribution for Group II members. The estimated cost to the City is approximately \$140,000 per 5% or nearly \$1 million. The other issue that the City is very concerned about is all of the cuts to the State Health and Human Services Department. While there is no specific impact to communities identified, the City believes that there will be some cost shifting to its Human Services department due to cuts in other areas. City Manager Aspell discussed Representative Kirk's proposal to eliminate the requirement that municipalities provide welfare assistance. If this proposal is adopted, the City Council will need to determine to what extent Concord will fund its Human Services department. City Manager Aspell and Mayor Bouley also discussed the potential elimination of the \$30 State surcharge for auto registrations. These funds are used to fund the DOTs ten year plan. Elimination of this fee would most likely impact the Sewalls Falls Bridge project.
- 3) **Schedule and Finance Committee Guidelines Review** – The Committee discussed at length the budget guidelines and schedule. The Mayor, Councilors McClure and Nyhan all expressed concern of the States budget and the downshifting impact on the City and the development/adoption of the City's FY2012 budget. They discussed moving the entire schedule, after the City Manager's May 17th presentation, out one week for a final budget adoption date of June 27. The committee suggested the City Manager review the schedule and report back to the group with revised dates where appropriate. **Councilor Nyhan moved to recommend only the 2012 Finance Committee Guidelines to the full Council at the April Meeting, seconded by Councilor Coen. The motion was unanimously approved.**
- 4) **Wages, Benefits and Insurance Discussion** – Chairman Bennett opened the discussion regarding wages and benefits and insurances and their significant impact on the operating budget. He then turned the discussion over to Councilor Coen to review a handout entitled "City of Concord, New Hampshire Financial Projection Issues." Councilor Coen discussed that at the current level of increases in wages, benefits and insurances, that by Fiscal Year 2020, the City would only be able to fund wages, benefits and debt service and there would not be any resources left for other purposes. He stated that his assumptions included the projections as presented in the January Fiscal Monitoring Report and any assumed tax rate increase (the amount to raise in taxes) of 5.5%. Mayor Bouley indicated that this is a similar situation that most communities are in and that Concord is not alone with this issue. City Manager Aspell

suggested setting up a subcommittee of the FPAC to consider the long term financial picture of the City. Possibly meet 4-6 times throughout the summer and early fall (once every other week) and make a recommendation to the FPAC and full council in late fall or early winter before the FY2013 budget season starts. The committee agreed that a subcommittee is a great idea; although there was some concern that possibly this should be a discussion with the entire FPAC or City Council. Some thought it would be best to have a small group and have this group report back to FPAC and some thought having a larger group was more appropriate. City Manager Aspell will make a recommendation on the group makeup after the budget is adopted in June.

- 5) **Adjournment:** Chair Allen Bennett called for a motion to adjourn. A motion was made by Councilor Keach, seconded by Councilor Coen, and a unanimous vote brought the meeting to an end at 5:48 PM.

Respectfully submitted,
Brian LeBrun
Deputy City Manager – Finance