

## MINUTES

City of Concord Finance Committee Meeting  
May 20, 2021 @ 5:30 PM  
Virtual Zoom Meeting

**Present:** Mayor James Bouley, City Councilors Brent Todd, Jennifer Kretovic, Erle Pierce, Rob Werner, Byron Champlin, Fred Keach, Nathan Fennessy, Gail Matson, Amanda Grady Sexton, Keith Nyhan, Linda Kenison, Candace White Bouchard, and Zandra Rice Hawkins.

The Mayor opened the meeting at 5:31 PM. Deputy City Manager Brian LeBrun indicated the committee was meeting electronically due to the Covid-19 pandemic, in accordance with Governor Sununu's Emergency Order #12, pursuant to Executive Order 2020-04.

Deputy City Manager LeBrun took the roll and asked committee members when stating their presence to please also state whether there was anyone else in the room with them, which is required under the Right to Know Law. In accordance with the Right to Know Law, Councilors Kretovic, Grady Sexton, Werner, and Matson indicated they were at home with family members. All other committee members indicated they were alone.

City Manager Aspell delivered his Fiscal Year 2022 Budget Presentation, which provided a broad overview of the proposed budget. He noted that the presentation is available to the public on the City website.

Following the presentation, the Mayor opened up the meeting for questions.

Councilor Fennessy asked for and City Manager Aspell provided clarification on the dredging of the White Park pond.

Councilor Champlin asked if the FY 2022 projected revenue for motor vehicle registrations considers the shortage of vehicles at dealerships. City Manager Aspell indicated that it did and that the number would've been higher if there were not a shortage.

Mayor Bouley noted that the proposed 2.5% tax rate increase appears to be a direct result of the NH Retirement System increase. Manager Aspell concurred.

Mayor Bouley also noted that, in past years, the City Council has waited until the end of June to adopt the budget, after the State budget is presented, so as to have a clearer picture of State revenue sharing and its affect on the City budget. Mayor Bouley asked Council members to keep that in mind as we move through the budget review process. Currently, the Council is scheduled to adopt the City budget on June 7th.

Manager Aspell explained the structure for the public hearings going forward. There will be two public hearings, one on June 3, 2021, after all General Fund, Enterprise Fund, and Special Revenue Fund presentations have been completed; and one on June 7, 2021, after the Finance Committee work session to discuss any necessary changes.

With no further questions, the Manager then went on to discuss the Budget Summaries and the General Fund Revenue.

Manager Aspell noted that the proposed FY 2022 budget has very few new expense items. The major increases are as follows: the NH Retirement System is implementing a major rate increase that goes into effect on July 1, 2021, which has a significant impact on the City's budget; contractual COLA increases for the unions result in a 2.75% increase; and health insurance is increasing by 3% (negotiated down from 8.9%). Other expense increases in the budget are relatively minor in comparison.

Manager Aspell noted that the total proposed FY 2022 budget for all funds, including Capital, is \$109,279,609. This is \$2.7 million more than last year's adopted budget.

Manager Aspell gave an overview of notable staffing changes and indicated that the FY 2022 budget proposes a total of 474.04 full-time equivalent (FTE) employees, which is down 1.95 FTE's from FY 2021.

Manager Aspell noted that the total General Fund budget is \$69.6 million, an increase of 1.7% or \$1.1 million over the adopted FY 2021 budget.

War service credits remain the same for FY 2022. Overlay has been reduced by \$100,000 to help keep the tax rate increase to 2.5%.

The total use of funds, including war service credits and overlay, is \$70.1 million. All other revenues total \$25.5 million, a decrease of \$822,000 from FY 2021.

The proposed amount to raise in taxes is \$44.6 million, an increase of \$1.9 million over FY 2021, which results in a 2.5% tax rate increase.

The anticipated assessed value before any market changes is \$4.67 billion. This includes an estimated \$40 million in new assessed value or real growth. This results in an estimated City portion of the tax rate of \$9.55, a \$0.23 increase over FY 2021.

Manager Aspell highlighted the following large revenue items:

- 1) Property Taxes – The tax collection rate remained very high throughout the pandemic. As of April 30, 2021, the collection rate was 98.4%, versus 97.4% the year before.
- 2) Rooms and Meals Tax and Highway Block Grant revenue – The City is waiting on information from the State as to what to expect this year.
- 3) Investment Income – This revenue continues to trend downward and can't get much lower.
- 4) Use of Fund Balance – This is the second time the City has used fund balance to balance the budget in over a decade, and an increase of \$250,000 over FY 2021.
- 5) Motor Vehicle Registration – This revenue continues to trend better than expected. An increase of \$100,000 is projected for FY 2022.
- 6) Ambulance charges – Level budgeted for FY 2022.

FY 2022 property, liability and auto insurance costs increased by 5% or \$22,000. Unemployment insurance costs decreased by 4.1% or \$700. Workers compensation costs increased by 2.6% or \$16,000.

The ten year fund balance history, through 2020, shows an unassigned fund balance of \$12.5 million or 20.1% of expenses. This is ahead of the City Council goal of 18.5%. The actual results from FY 2021 will reduce this percentage to approximately 17.5%, short of the City Council goal of 18.5%. The budgeted use of \$1.75 million in FY 2022 will reduce the fund balance percentage further to approximately 15%, but will be dependent on FY 2022 actual results.

Manager Aspell noted that the City continues to be in a very strong financial position, even with the use of fund balance to balance the FY 2021 and FY 2022 budgets. However, he noted that it is important to work our way out of the use of fund balance in future years in order to maintain the City's financial wellness. Continued use of fund balance in order to balance the operating budget can lead to a reduction in the City's bond rating.

This concluded the City Manager's presentation and the Mayor opened the meeting up for questions.

Councilor Fennessy asked for clarification on the proposed numbers on page 54 of the budget pertaining to the use of Fund Balance. Deputy Manager LeBrun explained the fund balance numbers.

With no further discussion, at 6:46 PM, a motion was made and seconded to go into non-public session for the purpose of discussing compensation adjustment. The motion passed with a unanimous roll call vote.

The committee came out of non-public session at 6:58 PM. A motion was made and seconded to seal the minutes. The motion passed with a unanimous roll call vote.

With no further discussion, a motion was made and seconded to adjourn the meeting. The motion passed with a unanimous roll call vote and the meeting adjourned at 7:01 PM.

Respectfully submitted,

Sue Stevens  
Executive Assistant