

MINUTES

City of Concord Finance Committee Meeting
May 23, 2022 @ 5:30 PM
City Council Chambers

Present: Mayor James Bouley, City Councilors Brent Todd, Jennifer Kretovic, Erle Pierce, Byron Champlin, Fred Keach, Nathan Fennessy, Gail Matson, Amanda Grady Sexton, Keith Nyhan, Stacey Brown, Karen McNamara, Paula McLaughlin, Candace White Bouchard, and Zandra Rice Hawkins.

The Mayor opened the meeting at 5:32 PM.

City Manager Aspell delivered his Fiscal Year 2023 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 the meeting for questions.

Councilor Champlin asked why the number of temporary/part-time staff had declined over the last couple of years. Manager Aspell explained that the number of temporary employees increases in election years and decreases in non-election years, as the City Clerk's Office brings on temps to help with elections. In addition, when the new Citywide Community Center opened, we brought on more temps than we thought we needed, and have narrowed the number down since.

Councilor Brown asked for clarification on the Economic Development marketing position that was previously listed as the ICMA Fellow, who has accepted a permanent position with the City. Manager Aspell noted that the position filled by the ICMA Fellow was for only one year. He noted that the currently vacant Economic Development position remains in the budget, but that he intends to propose changes to the position to City Council which may better suit the needs of the City.

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

Manager Aspell indicated that public hearings will be held at the end of each night's Finance Committee Meeting to ensure that the public has a chance to weigh in on the budget deliberations.

Manager Aspell noted that the proposed FY 2023 budget provides for a number of significant changes in general operations, greatly increases the Capital Improvement Program, and is in line with the City Council's goals and objectives adopted earlier this year.

Manager Aspell noted that the total proposed FY 2023 budget for all funds, including Capital, is \$123,578,476. This is \$14.3 million more than last year's adopted budget and includes an increase of \$8 million in Capital.

Manager Aspell gave an overview of notable staffing changes included in the proposed budget, and indicated that the FY 2023 budget proposes an additional 9.5 FTE's over the FY 2022 adopted budget.

Manager Aspell noted that the total General Fund budget is \$74.5 million, an increase of \$4.8 million, or 6.9%, over the adopted FY 2022 budget.

War service credits and overlay remain the same for FY 2023.

The total use of funds, including war service credits and overlay, is \$74.9 million. All other revenues total \$27.8 million, an increase of \$2.3 million over FY 2022.

The proposed amount to raise in taxes is \$47.2 million, an increase of \$2.5 million over FY 2022, which results in a 4.8% tax rate increase.

The anticipated assessed value before any market changes is \$5.15 billion. This includes an estimated \$45 million in new assessed value or real growth. This results in an estimated City portion of the tax rate of \$9.16, a \$0.42 increase (4.8%) over FY 2022.

Manager Aspell highlighted the following large revenue items:

- 1) Property Taxes – The single largest revenue item in the budget, \$46.7 million.
- 2) Rooms and Meals Tax revenue – In FY 2022, we received an additional \$936,000 over the original budget. For FY 2023, we are budgeting to receive an additional \$106,000 on top of that increase. The 2022 increase is the reason we were able to decrease the use of Fund Balance when the tax rate was set last fall.
- 3) Fines and Penalties – Parking penalties decreased from \$80,000 to \$0, and only \$40,000 is projected to be received for FY 2022. This is for the parking penalties in the neighborhoods without meters, and is being moved to the Parking Fund.
- 4) Licenses and Permits – We are projecting building permits to increase by \$42,000, due to the increased building and renovations in the community at this time.
- 5) Investment Income – This item is increasing by \$755,000.
- 6) Transfers-In – Revenue from Grants and Donations is the largest increase, at \$945,000, due to ARPA funding. The transfer in from the Golf Course of \$112,000 is returning the Golf Fund to providing overhead support to the General Fund.
- 7) Use of Fund Balance – This budget further reduces the use of Fund Balance to \$375,000, partly due to the extra rooms and meals tax revenue, and partly due to the effort to return to a balanced budget. This is a \$1,375,000 reduction from the FY 2022 adopted budget.
- 8) Motor Vehicle Registration – We are projecting that this revenue will increase by \$350,000 in FY 2023 due to some resolutions to the computer chip shortage and the pent-up demand for new cars.
- 9) Ambulance Charges – We are budgeting a \$150,000 increase due to increased runs and billings.
- 10) Retiree Health Reimbursements – This increase is the result of more retirees and more people paying for a portion of the health insurance expense.

The ten-year fund balance history, through 2021, shows an unassigned fund balance of \$12.1 million or 18.2% of expenses. This is slightly short of the City Council goal of 18.5%. We plan to completely eliminate the use of Fund Balance in the FY 2024 budget.

Manager Aspell noted that the City continues to be in a very strong financial position due to the decisions made by City Council each year.

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

Councilor Kretovic asked for clarification on the \$45 million in real growth that is reflected in the proposed budget, and asked if that number would grow due to the amount of new construction in the community. Manager Aspell indicated that the number could grow, but that real growth is not total growth, it is only growth that is taxable.

Councilor Matson asked Manager Aspell how comfortable he is with the proposed amount of investment income in the budget for FY 2023. Manager Aspell and Deputy City Manager Brian LeBrun both indicated that they feel it is a conservative estimate and are comfortable with it.

Councilor Champlin asked if Intergovernmental Revenue included only Rooms and Meals Tax revenue, or if there are other sources of revenue included. To which Manager Aspell indicated that there are other sources of revenue and directed committee members to the page where they could see those other sources.

As a follow-up, Council Champlin asked why Intergovernmental Revenue had declined each year since 2021. Deputy City Manager LeBrun indicated that much of the funds the City received in FY 2021 were GOFERR funds received to cover expenses incurred due to the pandemic; FEMA reimbursement funds were also received. The City did not budget for these funds in FY 2022, nor in the proposed FY 2023 budget, therefore it appears that the revenue has declined compared to actuals received.

Mayor Bouley noted that property owners tend to assume that their property taxes are paying for all of the City's operating expenses, and wanted to clarify what their tax dollars pay for. He asked Manager Aspell to confirm that the City will collect roughly \$46 million in property taxes in FY 2023, but that total operating expenses are roughly \$74 million. To which Manager Aspell confirmed. Mayor Bouley further noted and asked for confirmation that operating expenses for the Police, Fire and General Services Departments total approximately \$42 million. Therefore, the majority of the \$46 million in property taxes collected, pay for Police, Fire and General Services. Manager Aspell confirmed that to be the case.

Councilor Nyhan asked if the capital projects approved this year will affect next year's bonded debt, and asked what the City's payback schedule is on bonded debt. Deputy City Manager LeBrun indicated that 80% of the City's bonded debt is paid off in 10 years.

Councilor Keach asked if the City will be collecting franchise fee revenue from the new cable company (Breezeline) that is coming to Concord. Manager Aspell confirmed this to be the case once their infrastructure is in place and they are offering services.

Mayor Bouley asked Manager Aspell to explain the significance of cable TV revenue and how it affects Concord TV. Manager Aspell noted that a portion of the cable TV franchise fee revenue collected by the City is disbursed to Concord TV, a non-profit organization that provides on-air coverage of governmental meetings, school board meetings, and other community events on its

public access channels. Manager Aspell indicated that if people stop buying cable, and franchise fee revenue declines, it will negatively impact Concord TV, whose services provide important information to the community.

With no further discussion, at 6:43 PM, the Mayor opened a public hearing. As there was no public testimony, the Mayor closed the public hearing.

With no further discussion, at 6:44 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 vote.

The committee came out of non-public session at 7:15 PM. A motion was made and seconded to seal the minutes. The motion passed with a unanimous vote. Councilor Brown was not present.

With no further discussion, a motion was made and seconded to adjourn the meeting. The motion passed with a unanimous vote and the meeting adjourned at 7:16 PM.

Respectfully submitted,

Sue Stevens
Executive Assistant