

Joint City Council / School Board Committee

February 20, 2015

City Council members present: *Mayor Jim Bouley, Gail Matson*

City Council member absent: *Dan St. Hilaire, Fred Keach*

City Administrators present: *City Manager Tom Aspell; Deputy City Manager Finance Brian LeBrun; Deputy City Manager Development Carlos Baia; City Assessor Kathryn Temchack*

School Board members present: *School Board President Clint Cogswell, Tom Croteau, Kass Arding*

School District Administrators present: *Superintendent Chris Rath, Business Administrator Jack Dunn, Director of Facilities & Planning Matt Cashman*

The meeting was called to order at 7:30 a.m.

City Agenda Items

Mr. Aspell introduced Kathy Temchack, who provided an update on city assessments.

City Assessment Update

Ms. Temchack and her office monitor the potential changes in property value and she noted several of these changes, including the lower value of the Steeplegate mall; the increase in vacant rental space as the state relocates offices to central locations; and the potential loss of revenue for poles and conduits if the law changes.

Ms. Temchack said that her office is currently processing tax abatement requests and building permits. "New growth" will depend on who applies for tax exemptions and how much new construction occurs. At least four new, average single-family homes (valued at \$200K-250K) would need to be built to reach \$1 million of taxable value. She noted that the fastest-growing segment is manufactured housing (in the \$175-\$200K range). She said that \$36 million to \$39 million of real growth would equal a 1% increase in the tax base.

Ms. Temchack noted that the former Walker School was only partially taxable last year as the renovation of the building was not complete.

Mr. Aspell noted that 30% of the buildings in Concord are nontaxable. He commented that the increased payment for city services in the governor's proposed budget of about \$50K, mostly for fire service aid, will not significantly affect the city's tax picture.

Ms. Temchack noted that about 55% of residential and 45% of commercial properties make up the city's tax base.

Impact of RSA 72:23 on District Food Service Program

In response to questions about the potential for the district's Food Service program becoming partially taxable if the district outsourced it, Ms. Temchack noted that state statute allows a tax to be levied on otherwise tax-exempt space if it is rented to another entity. If a non-exempt, non-school entity had use of part of a school building, it is highly possible that that space would become taxable. Superintendent Rath noted that the district would likely not lease space in its buildings but would contract with a food service company to run its program. Mr. Aspell suggested that how an agreement with a vendor is structured could change tax implications for the program. He offered the city's help regarding such an agreement.

Ms. Temchack also noted that Girls, Inc. will need to apply for a tax exemption by April 1 for its program at Eastman School.

City Impact Fees Update

Deputy City Manager Carlos Baia noted that the City Council has changed the regulations for assessing impact fees. Now, only new construction (not renovations) incurs impact fees. Last year, \$104K in impact fees was collected for the district, one-quarter of which was from renovations; there will be a reduction in impact fees to the district as a result of the change.

Also, the Council decided to exempt downtown housing units from a transportation impact fee and a school impact fee.

Mr. Aspell commented that when the school district's debt for the high school, which created new capacity, is paid off, impact fees will end. Superintendent Rath indicated that the district would consult legal counsel to better understand the regulations regarding impact fees.

City Growth and Development Issues

Mr. Baia reviewed several developments taking place in the city, including a new 31,000 SF shopping center across from the mall, and noted that a 13-acre parcel (the Johnson Farm) has been on the market for several years. There may be interest for senior housing.

Mr. Baia noted that Concord's industrial marketplace has an 18% vacancy rate (Rivco alone has 200,000 SF of industrial space). If Rivco is taken out, the rate would be 10%. Concord is not an industrial magnet, but on the positive side, it has ideally zoned industrial land. Penacook has plentiful buildable available acres. Integra Drive also has space, with available water/sewer. Concord's water supply is quite good and the city has plenty of sewer capacity. He noted that Concord taxes are not driving factors for business, but utility costs are, as manufacturing relies on electricity and natural gas, rates for both of which are high and recently have been significantly increased.

Mr. Baia noted that the city does not expect to see a large difference in new construction from last year, and in terms of the district, no significant subdivisions with families.

School District Agenda Items

School District Budget Proposal

Superintendent Rath noted that declining enrollments are similar to those throughout the state, and the most significant demographic change is a large increase in students eligible for the free and reduced cost lunch program and the increase in non-white students.

Superintendent Rath reviewed enrollment projections, noting that stable enrollments are projected in the next 10 years. For next year, the greatest decline is in the Beaver Meadow School area, with a decrease of 25 students.

Mr. Dunn presented basic budget numbers and changes from the FY15 to the FY16 budget. He noted that the budget's major cost drivers are increases in health insurance premiums and in employer rates to NHRS; and an increase in the cost of utilities. The budget is up about 1.21%, with a revenue decrease of 4.95%.

There was a brief discussion of possible changes in utility provider (Concord Steam).

The district and city discussed health insurance plans and negotiations. Mr. Dunn and Mr. LeBrun are working on the city's Combined Operations Maintenance Facility agreement and it will be ready for signatures next week.

Comcast/Concord TV Agreements

Mr. Aspell noted that the city is putting out a RFP for Comcast and hopes to have an agreement by late spring/early summer, after which a 5-year contract among ConcordTV, the city and the district would be written. He noted that the current agreement is three-way: the city provides cash; the district provides space; and ConcordTV provides the know-how and availability of programming to both the city and the district. With the possibility of ConcordTV expanding or relocating to the Dame community center, Mr. Aspell noted that perhaps the agreement would be just between the city and ConcordTV. Superintendent Rath indicated the school district would want to be at the table for discussions about the next agreement.

Mr. Aspell noted that the current agreement expires in November and a new agreement among the city, the district and ConcordTV should be worked out by then.

Memorial Field

Mr. Aspell explained that the City Council will be taking an overall look at recreational fields and programs in the city and its projected needs over the next 20 years to make a determination where to make investments going forward. He noted that the current field with lights and stands at Memorial Field can realistically accommodate only football. If the city constructs a turf field, it needs to consider whether to do so at Memorial Field, at the Heights Community Center, at Terrill Park or some other location.

Mayor Bouley noted that the city faces the potential for huge dollars to bring Memorial Field up to date and, considering the decline in interest in baseball and increase in interest in lacrosse and soccer, the city needs to determine the best place to put the those dollars. Ms. Ardinger noted that predicting recreational needs 10 years out could be difficult, as the School Board has noted that their athletic programs seem to be cyclical, for example, interest in basketball v. hockey changes frequently.

Mr. Aspell noted that while the district is looking at the student demographic, the city is looking at a larger demographic including senior, people in mid-life, and families. The city will keep the school district informed of its study and discussions regarding Memorial Field.

Shared Facility Agreement

Mr. Aspell informed the committee that the city is considering options regarding the former Dame School: whether to renovate (\$7.5 million); demolish (\$12-13 million); or whether all current programs will close and the building will simply become part of Keach Park.

Regarding the long-term shared facilities agreement between the district and the city, as well as the clause in the Dame School deed, Mr. Aspell suggested that it should be rewritten in its entirety if new community center is built.

Community Marketing Plan

Mr. Aspell noted that Mr. Baia is working with a firm to develop an overall marketing plan to recruit business and needs data to support the city's "quality public schools." He asked whether the district would be willing to work with the city to put together materials regarding the schools. Superintendent Rath noted that the district has materials from the new schools as well as other materials that will be helpful to the city.

The meeting adjourned at 8:50 a.m.

Linden Jackett and Christine Rath, *Recorders*