

MINUTES

City of Concord Finance Committee Meeting
May 16, 2024 @ 5:30 PM
City Council Chambers

Present: Mayor Byron Champlin, City Councilors Nathan Fennessy (arrived late), Fred Keach, Judith Kurtz, Brent Todd, Michele Horne (left at 6 PM), Karen McNamara, Stacey Brown, Paula McLaughlin, Jim Schlosser, Ali Sekou, Kris Schultz, and Jeff Foote.

Excused: Councilors Jennifer Kretovic and Amanda Grady Sexton.

The Mayor opened the meeting at 5:33 PM.

City Manager Aspell delivered his FY 2025 Budget Presentation, which provided an 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 and discussion.

Councilor Keach asked for some clarification on ARPA funds, specifically how much funding is remaining and if the funds expire. Deputy City Manager Brian LeBrun indicated that there are no ARPA funds remaining; all of the funds have been allocated. There are no ARPA funds available for FY 2025.

There was some discussion about the use of fund balance, i.e., how much has been spent, the reasons behind spending some of it (for instance to keep the tax rate down); and how the fund balance increases over time.

There was also considerable discussion about the proposed water and wastewater rate increases, and the purpose for those increases. City Manager Aspell noted that these increases are necessary to support several capital projects. He noted that there is a need to increase the capacity of the sewer lines on the Heights, as they are not capable of supporting future development. Discussion ensued about the various possible ways to pay for the Heights sewer project, i.e., betterment fee structure, tax increment finance district, and user fees. Councilor Foote suggested that if there were sewer fee assessments, it could offset the rate increases. Councilor Keach asked if the increased sewer capacity on the Heights is mainly due to a new school being built. City Manager Aspell responded that it is not. It is based on existing conditions and anticipated development in the future.

Councilor Brown asked if the replacement of the Burnham Brook Culvert is mainly due to the possible redevelopment of the Concord Monitor property. City Manager Aspell indicated that it is not. He noted that this culvert will be necessary to protect the City's water line and for any future expansion of Whitney Road and any potential development.

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 2025 budget provides a spending plan for both operational and capital budgets, and is in line with the City Council's goals and objectives.

Manager Aspell stated that the total proposed FY 2025 budget for all funds, including Capital, is \$170,457,336. This is \$39.8 million more than last year's adopted budget and includes an increase of \$33.4 million in Capital.

Manager Aspell gave an overview of the notable staffing changes within the organization that are included in the proposed budget, which results in two additional full-time equivalent (FTE) employees over the FY 2024 budget.

He indicated that the total General Fund budget is \$83.2 million, an increase of \$4.8 million, or 6.2%, over the adopted FY 2024 budget.

War service credits and overly remain the same for FY 2025.

The total use of funds, including war service credits and overlay, is \$83.7 million. All other revenues, not including taxes, total \$31.8 million, an increase of \$2.1 million over FY 2024.

The proposed amount to raise in taxes is \$51.9 million, an increase of \$2.7 million over FY 2024, which results in a 3.89% tax rate increase.

The anticipated assessed value before any market changes is \$5.2 billion. This includes an estimated \$52.3 million in new assessed value or real growth.

The estimated City portion of the tax rate is \$9.88, a \$0.37 increase (3.89%) over FY 2024.

Manager Aspell highlighted the following large revenue items:

- 1) Property Taxes – The single largest revenue item in the budget, \$51.4 million.
- 2) Intergovernmental Revenue – From Other Govt Agencies, the State line is \$128,000 for FY 2025. The budget to budget increase of \$3,000 is in the City Clerk's office for State checklist revenue. The revised and projected budget for FY 2024 is higher due to an additional \$544,000 received for Bridge Aid that the City Council transferred to the Bridge Aid Reserve, mainly to be used for the Loudon Road Bridge Project.
- 3) Rooms and Meals Tax revenue – This revenue increased from the FY 2024 adopted budget by \$314,000 during the tax rate setting. The City used these additional funds to reduce the tax rate. The budget for FY 2025 remains at the same level as revised at the tax rate setting last year.
- 4) Highway Block Grant revenue – The FY 2024 budget is higher due to an additional \$248,000 one-time highway payment received and transferred to the Highway Reserve during the fiscal year. For FY 2025, the amount budgeted is back to the normal level.
- 5) Licenses and Permits – Building permits are projected to increase by \$192,000, due to increased construction in the community. Other permits are up \$105,000 from FY 2024. This is a reclassification from the inspection fee line, which is down \$100,000.
- 6) Investment Income – This item is increasing by \$940,000. Although the projection was to end the year with approximately \$2.3 million, it is now believed that it will be closer to \$2.6 million.

- 7) Transfers-In – For transfers from grants and donations, the last of the ARPA funds were used in FY 2024, which results in a reduction of \$900,000 for FY 2025.
- 8) Use of Fund Balance – The City is using \$561,000 to help keep the tax rate at a 3.89% increase. This is up from \$295,000 in FY 2024.
- 9) Motor Vehicle Registration – This revenue, the second largest source, is up by \$225,000 over the FY 2024 budget.
- 10) Ambulance Charges – Ambulance charges are up \$700,000, which reflects increased rates and the continued increase in calls.
- 11) Cable TV Franchise Revenue – This year there is a budget for Comcast and Breezeline. Each of the two cable companies also pay the City \$52,500 for capital infrastructure improvements and a percentage is added to the cable bills for the franchise fee. The total of these three lines is \$738,000. This is a \$96,000 reduction from FY 2024, as the franchise fee payments continue to drop due to customers opting out of cable TV and moving to streaming services. This budget reflects that reduction in payments.
- 12) Other – This line reflects a budget of \$288,000, which is an increase of \$220,000 due to revenue for Central NH Hazmat reimbursement for overtime expenses associated with these services.

Manager Aspell noted that the ten-year fund balance history shows an unassigned fund balance of \$15.57 million or 22.4% of expenses.

Manager Aspell provided an overview of the Summary of Expenses:

- 1) Compensation and Benefits - Compensation and benefits represents \$60.9 million, which is 73% of the total FY 2025 expenditure budget and is up \$3.3 million over FY 2024.
- 2) Outside Services – Outside Services is up \$41,000 over FY 2024.
- 3) Supplies – This line is up \$62,000.
- 4) Utilities – Utilities are up \$142,000, due to electricity and natural gas cost increases.
- 5) Insurance and Capital Outlay categories are flat.
- 6) Debt Service – This line is up \$598,000 or 8%.
- 7) Miscellaneous – This line is up \$141,000 or 15%.
- 8) Transfers Out – Transfers out are up \$511,000, or 16%, and include a \$360,000 transfer to Solid Waste to support the new costs under the Solid Waste contract, and a \$205,000 transfer out to Trust for paving (\$132,000) and Technology Reserve (\$52,500).

Lastly, Manager Aspell explained the ratio of expenses, which shows each expense category by percentage. He noted that Wages, Benefits, Debt Service, Utilities and Transfers equate to \$74.4 million of the \$83.2 million budget. This is 89% of the total budget.

This concluded the City Manager's presentation.

With no further discussion, at 7:33 PM, the Mayor opened a public hearing. As there was no public testimony, the Mayor closed the public hearing.

At 7:34 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. Councilor Brown recused herself.

The committee came out of non-public session at 8:01 PM. A motion was made and seconded to seal the minutes. The motion passed with a unanimous vote. Councilor Brown was not present.

Councilor Brown returned, and 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 8:09 PM.

Respectfully submitted,

Sue Stevens
Executive Assistant