

MINUTES

City of Concord Finance Committee Meeting
June 3, 2024 @ 5:30 PM
City Council Chambers

Present: Mayor Byron Champlin, City Councilors Nathan Fennessy, Fred Keach, Judith Kurtz, Brent Todd, Michele Horne, Stacey Brown, Jennifer Kretovic, Karen McNamara, Amanda Grady Sexton, Jim Schlosser, Paula McLaughlin, Kris Schultz, and Jeff Foote.

Excused: Councilor Ali Sekou.

The Mayor opened the meeting at 5:33 PM and stated that the purpose of this meeting was to hold a work session to discuss potential changes to the FY 2025 proposed budget, followed by a City Council meeting for a public hearing and budget adoption.

Mayor Champlin suggested making the following changes to the proposed FY 2025 budget:

Operating Budget:

- Adding \$150,000 for events to be funded from Economic Development Reserve;
- Reducing the Human Services software maintenance budget by \$14,000;
- Reducing the Legal Department Other Communities revenue line by \$70,355, to correct a typographical error in the proposed budget document;
- Reducing the tax rate increase to 3.5% by adding \$10.3 million to assessed value real growth;
- Increasing investment income by \$100,000; and
- Increasing motor vehicle revenue by \$64,000.

Capital Budget:

- Moving CIP #515 up to FY 2026 for snow making at Beaver Meadow Golf Course.

A motion was made and seconded to accept the Mayor's proposed changes. Discussion ensued.

Councilor Brown spoke in opposition to adding \$150,000 for events. She indicated that she thought the funding for this in FY 2024 was a one-time thing; and she doesn't feel the FY 2024 funding and the process for applying for the funds has been transparent. Several City Councilors spoke in favor of adding the event funding, noting that it makes the City more attractive, helps downtown merchants, and brings people together in the community. Councilors Horne and Grady Sexton both indicated their support for adding the event funds, but also indicated they would like to see more transparency. After discussing the matter, Councilor Brown indicated that she would support the addition of the event funding but also stressed that she feels the parameters for the program be more transparent.

Discussion continued regarding the source of the event funds and the reason they should come out of Economic Development reserve. Manager Aspell indicated that these events help with the City's economic development, and that by taking the funds out of a reserve fund there is no affect on the tax rate.

Councilor Grady Sexton asked, as did Councilor Brown, what the purpose is for moving CIP #515 up a year. Mayor Champlin indicated that it will allow the Ski the Beav' organization to begin its fundraising efforts sooner. Councilor Brown said she isn't convinced that we should be investing in winter operations at the golf course. Councilor Fennessy noted that shifting CIP #515 up by one year doesn't cost the City anything, it simply shows Ski the Beav', and its supporters, that the City stands behind their endeavor to purchase snowmaking equipment through donations. Councilor Schlosser suggested we frame the CIP in such a way that makes it clear that this project is based on fundraising.

Councilor Schlosser indicated that it would be helpful to know the balances of the reserve accounts. Manager Aspell indicated that reserve account balances are shared with City Council on an annual basis, shortly after fiscal year end. Deputy City Manager Brian LeBrun indicated that he would send last year's report to City Council, and that they would be receiving this year's report in August/September.

Councilor Schultz indicated that property taxes are the biggest burden for low-income residents and retirees on fixed incomes, and it also trickles down to renters due to landlords increasing rents. She noted that everything is increasing in cost, people are living paycheck to paycheck, and she feels the City needs to find a way to only raise taxes on its wealthier citizens. Councilor Kretovic added that she understands Councilor Schultz' concerns, as she has many renters and senior citizens that live in her ward. She noted that many of that population live paycheck to paycheck, but so do many middle-income homeowners that may appear to be financially stable. Councilor Kretovic mentioned the exemption programs for the elderly and veterans as one way for some property owners to get relief. Councilor Kretovic also noted that compensation and benefits are the largest reason for the tax rate increase, and that the City can't cut staffing, as it is already short staffed.

Councilor Schultz asked about the City's "rainy day" fund and asked if any of those funds could be used to bring the tax rate down. Deputy City Manager LeBrun asked Councilor Schultz if she was referring to the City's unassigned fund balance, which is not dedicated to any one thing. He indicated that the City is using \$564,000 of unassigned fund balance to keep the FY 2025 tax rate down.

Councilor Todd suggested that it would be helpful to explain to the public why the City is raising the tax rate when it has reserve funds and unassigned fund balance, and he asked for an explanation as to why it's important to retain a certain amount in fund balance. Deputy City Manager LeBrun spoke about the importance of fund balance, reserve funds, and trust accounts. He noted that they can be used to offset expenses and help the City manage expenditures, and that use of fund balance has helped the City manage the tax rate increases over the years, especially during the pandemic. Mayor Champlin noted that by taking \$564,000 out of fund balance in FY 2025, it kept the proposed tax rate increase at 3.89% instead of 4.89%. Deputy City Manager LeBrun also noted that rating agencies look at the City's fund balance as one of the key factors in determining the credit rating, which affects the interest rates that are charged for bonds on projects. He noted that the higher the bond rating, the better interest rates the City receives. The City currently has an AA+ rating.

Councilor Keach asked what the impact would be if the City's bond rating were to drop down from AA+ to an A. Deputy Manager LeBrun said it could result in anywhere from a 0.5% to 1% increase in interest rates. If fund balance goes down, the rating agencies take notice and it can be reflected in reduced bond rating.

Councilor Grady Sexton asked if there could be an instance where City Administration would come to the City Council during the year requesting to use additional fund balance for a priority that might come up. Manager Aspell indicated that, yes, that is a possibility, and used the funding for the new PFAS-free equipment for firefighters as one such example. He also noted that anytime we use fund balance, it is a hole that needs to be filled the following year.

Manager Aspell noted that increasing services has a cost. He reminded the committee that the City is adding a new Penacook Library/Activity Center; has reduced rents at the Community Center, which affects revenue; and that the new trash contract could've been a 2% increase but, instead, City Administration was able to phase it out so that it would only cost \$300,000 this year.

As there was no further discussion, the motion to accept the Mayor's changes to the FY 2025 proposed budget passed with a **unanimous roll call vote.**

Councilor Brown indicated that she would like to push out the following CIP projects by one year:

- 1) CIP #65 – Campus Master Plan: She would like to roll it in with the City's Master Plan to be conducted in FY 2026;
- 2) CIP #91 – Sewer Main Rehabilitation. She noted that funds were appropriated last year for design, but that the design is still in draft form. She also noted that, last year, the construction for the project was broken down into two phases to occur in FY 2026 and FY 2027; but this year construction is combined into one phase. She would like to push the project out one year, until after the design report is final, and she would like the project to be broken out into two phases as it was last year.
- 3) CIP #107 – Parking Lot at Beaver Meadow Golf Course. She wants to push the parking lot improvements out until City Council has agreed on a clubhouse design.
- 4) CIP #372 – Water System Pump Station Improvements. She noted that this project has been in the budget since 2014. She feels it may be outdated and could be pushed out a year.

A motion was made and seconded to push CIP #65, Campus Master Plan, out by one year.

At 6:40 PM, Mayor Champlin called for a five-minute recess to allow committee members to review Councilor Brown's proposal.

The meeting reconvened at 6:45 PM.

Councilor Kurtz asked Manager Aspell to explain why CIP #65 is in the budget this year. Manager Aspell explained the importance of being able to plan how we will re-use our campus space once the Police Department moves to its new location on Bouton Street.

Councilor Brown asked if CIP #65 would be feeding into the Master Plan programmed for FY 2026. Manager Aspell indicated that the Master Plan will take approximately two years to complete, and that he feels it is important for the City to start looking at its space planning needs now – not waiting until FY 2028. Therefore, this is not part of the overall Master Plan.

Councilor Foote indicated that he feels the current location of the Police Department is better than the proposed new location on Bouton Street, as it is more central and is closer to our schools and the hospital.

After the committee's discussion on the matter, Councilor Brown withdrew her motion to delay CIP #65 by one year.

Discussion moved on to Councilor Brown's request to move CIP #91, Sewer Main Rehabilitation and Construction on the Heights, out by one year. Councilor Kretovic indicated her support of keeping CIP #91 in FY 2025, as it promotes growth. Councilor Fennessy indicated that it is important for the City to maintain its infrastructure, and pushing it out will likely make it more expensive. Councilor Brown wants to take a step back and be conservative.

Manager Aspell indicated that by moving CIP #91 back, it has no impact on the FY 2025 tax rate. Councilor Brown rebutted by saying that it impacts the FY 2025 proposed water and sewer rate increases. Councilor Brown suggested that the City look at assessing impact fees as a way to fund this project. Manager Aspell indicated that there are several ways Council could consider funding this project – impact fees, creating a Betterment District, or creating a TIF District – and that delaying the project doesn't stop the City Council from looking at ways to fund it. Manager Aspell went on to say that if this project is delayed, there will be no further development up on the Heights, besides what's already in the pipeline. Councilor Fennessy noted that this project is one of the ways the City can have an impact on housing.

A motion was made and seconded to move CIP #91 out by one year. The motion failed with a roll call vote of 14-0.

Discussion moved on to Councilor Brown's request to move CIP #107 (parking lot expansion and replacement at Beaver Meadow Golf Course) out to FY 2026. Manager Aspell explained that a number of steps have to occur before construction of the parking lot actually begins. A design has to be completed, then it will have to go out to bid. Most likely this won't happen until after golf season ends in November. Manager Aspell noted that even if the clubhouse is not done, the parking lot still needs to be repaired.

A motion was made and seconded to move CIP #107 out by one year. The motion failed with a roll call vote of 11-3.

Discussion moved on to Councilor Brown's request to move CIP #372, \$180,000 for water system pump station improvements for the area northeast of Portsmouth Street. Manager Aspell indicated the importance of conducting design and land acquisition now, as the residents of this part of the city have been dealing with water pressure issues for many years. Councilor Foote said this should've been done when development was done in this part of the city 40 years ago and is a good example of why impact fees should be assessed. Councilor Kurtz asked if there is in fact a Phase III

of the Water Master Plan. General Services Director Chip Chesley indicated that the third phase replaces what at one time was for an elevated booster station.

A motion was made and seconded to move CIP #372 out by one year. The motion failed with a roll call vote of 14-0.

Councilor Kretovic motioned to increase funding for Concord TV by \$20,000, as they are facing financial challenges. Councilor Brown amended Councilor Kretovic's motion and motioned to increase this funding by \$20,000 but to have it come out of the Economic Development reserve. Discussion ensued about where these funds should come from.

At 7:49 PM, Mayor Champlin called for a five-minute recess to allow Manager Aspell and Deputy Manager LeBrun to discuss the best way to increase funding for Concord TV.

At 7:54 PM, the meeting reconvened.

Manager Aspell and Deputy Manager LeBrun indicated that the additional \$20,000 in funding could come out of the General Fund with no affect on the tax rate, keeping it at a 3.5% increase. As a result, Councilor Brown withdrew her motion to have it come out of Economic Development reserve.

A motion was made and seconded to increase funding for Concord TV by \$20,000. The motion passed with a roll call vote of 14-0.

Councilor Horne shared concerns about the Garrison Park pool (CIP #63). Specifically, she wondered if it makes sense to build a new pool or splash pad at Garrison Park if we will not be able to open it due to a shortage of lifeguards. Parks & Recreation Director David Gill said he believes that staffing is going to continue to be a challenge. General Services Director Chip Chesley noted that the Garrison Park pool has been closed for three years and it is an old pool, definitely in need of replacement. However, his staff has inspected the pool and will have it ready to open for this season. The project calls for a new pool or a splash pad. It has not been determined as to which it will be. Mr. Gill indicated that he was planning on bringing the item back before City Council for further discussion. Councilor Kretovic said she doesn't want to see another neighborhood pool removed from service. However, Rollins Pool is slated for replacement in FY 2026, and that pool has much higher usage than Garrison. Councilor Fennessy suggested there be a larger conversation about pools and splashpads.

Councilor Horne motioned to push out the Garrison Park pool project, CIP #63, to FY 2026. The motion was seconded and passed with a roll call vote of 14-0.

Councilor Foote asked for more information about CIP #83, Burnham Brook Culvert. Manager Aspell dispelled the myth that this project is linked to development of the Concord Monitor property. Deputy City Manager Matt Walsh indicated that this is an asterisked project, meaning no funds have been appropriated for it. Deputy Manager Walsh indicated that this project will protect the City's water line and will allow for further potential development on Whitney Road. Councilor Foote asked if alternatives had been explored. Deputy Manager Walsh indicated that there are three options and explained what those options are. Mr. Walsh indicated that there are still many things

that need to occur before this project can get off the ground, including having discussions with WinWaste, who owns the culvert; a public hearing; City Council's decision on which option to undertake; and design and permitting.

With no other discussion, the meeting was adjourned at 8:27 PM. The Mayor indicated that they would take a break and reconvene as the City Council for a public hearing and adoption of the budget.

Respectfully submitted,
Sue Stevens, Executive Assistant