

City Finance Committee Minutes

May 19, 2014

City Council Chambers – 7:00 PM

Present: Mayor Bouley, Councilors Todd, Herschlag, Champlin, Grady-Sexton, Werner, Coen, Bennett, Keach, Matson, White-Bouchard and St. Hilaire.

Excused: Councilors McClure, Shurtleff and Nyhan.

The Mayor opened the meeting at 7:00 PM and turned the meeting over to City Manager Tom Aspell for presentation of the FY 2015 proposed budget.

City Manager Aspell gave an overview of his proposed budget for FY 2015, highlights of which are as follows:

- The Guiding Principles used to put together the Budget focused on priorities, mandates, sustainability and core missions; fiscal reality; and a program delivery approach based on collaboration and cooperation with other organizations to sustain the City into the future.
- 53% of Concord residents' taxes go to the Concord School District; a slightly higher amount (59%) of Penacook residents' taxes go to the Merrimack Valley School District.
- The City has received an upgrade from Standard & Poor's from "AA with a positive outlook" to "AA+", and a rating of "Aa1" from Moody's Investors, both of which reflect a healthy financial position, a stable/diverse tax base, sound financial management, moderate debt burden, and the fact that, for the sixth year in a row, the City has achieved an operating surplus.
- Concord's tax rate is comparable or ranks much lower than the other cities in NH.
- Concord's percentage of tax exempt property (29.3% in 2014) is increasing very quickly and is dramatically higher than other cities in the state.
- Policom Corp's Economic Strength Rankings, which looks at a variety of factors to determine potential future growth, has ranked Concord first in the nation in 2013 and six of the last ten years, up from 4th in 2011. Concord has had consistently good standing.
- Planning and permitting revenue has increased slightly since 2013, and motor vehicle registration revenue has continued to climb since 2010.
- The City's Worker's Compensation costs have continued to remain very low in comparison to similar communities.
- This is the sixth year in a row that the City has had a balanced budget with no use of unassigned fund balance.

- The overall FY 2015 budget is \$88.7 million; with the General Fund equating to \$55 million. Overall, the FY 2015 budget is 5% less than the FY 2014 budget.
- The City Manager's recommended tax rate for FY 2015 is a 2.99% increase.
- Overall FY 2015 operating budget changes include: 1) State of NH downshift of retirement costs, \$1,103,000; 2) funding the Paving Manager position from the General Fund instead of from the Paving Program, so as to use the funds in the Paving Program for paving, \$81,400; 3) additional costs for utilities, \$131,900; 4) additional costs for added Police Officer positions due to expiring grant funds, \$116,400; and 5) increase in debt service costs for previously approved projects, \$452,000.
- Staffing levels remain the same in FY 2015. A total of 33 FTE positions have been eliminated since 2009.
- The overall operating budget for the Police Department is up \$53,814 or 1.8% from FY 2014, plus \$140,000 for police cars which is now budgeted in the CIP. Reductions include cost savings due to existing position vacancies (\$200,000). Additions include: costs related to expiring grants for police officer positions (\$116,400); equipment replacement (\$32,700); and improvements to the Police Station (\$550,000).
- The overall operating budget for the Fire Department is up \$225,699 or 1.8% from FY 2014. Additions include fire station roof repairs (\$50,000) and updating of the Local Emergency Operations Plan (\$2,500).
- The overall operating budget for the General Services Department is down \$25,239 or 0.3% from FY 2014. Reductions include cost savings due to existing position vacancies (\$40,000), and a reduction in the transfer to the Solid Waste Fund (\$229,000). Additions include bulk diesel exhaust fluid filling equipment (\$8,600); asbestos pipe handling and disposal (\$4,450); and Audi steam heat renovations (\$9,400).
- The overall operating budget for the Community Development Department is up \$70,484 or 2.9% from FY 2014. Additions include updating of the Open Space Plan (\$30,000, offset with \$30,000 from Forestry Trust); and trailhead plowing (\$9,000, offset from Forestry Trust).
- The overall operating budget for the Library is up \$27,753 or 1.7% from FY 2014. Additions include replacement of lounge seating (\$8,330) and a new technology cart and devices for laptop usage (\$2,772).
- The overall operating budget for the Parks & Recreation Department is up \$159,180 or 6.6% from FY 2014. Additions include an increase to wages for seasonal staff (\$13,800) and funding for July 4th fireworks (\$30,000).

- Funding for Welfare Aid is level in FY 2015.
- Support for social service agencies is level funded at \$191,780. Funding is sustained for Senior Transport and Special Transport; as well as for the Community Action Program, the Penacook Community Center, and agencies providing shelter for the homeless and rape and domestic violence victims.
- A rate increase of 2.44% is recommended for the Water Fund. A loss is projected for this fund in FY 2015; however, sufficient working capital reserves are in place.
- A rate increase of 2.69% is recommended for the Wastewater Fund. With this increase, a gain of \$110,104 is projected in FY 2015. Sufficient working capital reserves remain in place.
- There is no rate change recommended for the Solid Waste Fund. A loss is projected for FY 2015, therefore, action will be required going forward to maintain adequate reserves beyond FY 2015. Now that the Collection and Disposal Services contract has been awarded, it is recommended that the Solid Waste Advisory Committee review the Pay-As-You-Throw Program in CY 2014.
- There is no rate change recommended for the Parking Fund. A loss is projected in FY 2015 and there are insufficient working capital reserves in place; therefore, vigilance will be required throughout the fiscal year. At its regular June meeting, City Council is to review the request for a Comprehensive Parking Study.
- There is no additional rate change recommended for the 2014 golf season. A gain of \$13,882 is projected for FY 2015. Insufficient working capital reserves are in place; therefore, vigilance will be required throughout the fiscal year.
- The Arena Fund is projected to have a loss in FY 2015; however, sufficient working capital reserves are in place.
- The Airport Fund is projected to have a loss in FY 2015; however, sufficient working capital reserves are in place. Contract negotiations are currently underway for a new Fixed Base Operator, which will most likely change the Airport proforma.
- In FY 2014, the Capital Improvement Program (CIP) was funded at \$37.2 million. In FY 2015, the CIP is substantially lower at \$13.45 million. The FY 2015 CIP is funded mostly by the General Fund (41%), Enterprise and Special Revenue Funds (30%), Grants (14%), and Reserve Funds (10%).
- Manager Aspell gave a brief overview of some of the individual capital projects.

There was a brief discussion about the Horseshoe Pond Drainage Project, which led to discussion about the sidewalk on I-393, which is not plowed in the winter and makes it difficult for pedestrians to access the Friendly Kitchen. The State is responsible for maintenance of that particular roadway. City Manager Aspell noted that the City intends to purchase property on Storrs Street in the future and plans to allow pedestrian access through that property as an alternative way to get to the Friendly Kitchen. Councilor Keach suggested that the Horseshoe Pond Drainage Project might be a good opportunity to get rid of that portion of sidewalk entirely.

There was a brief discussion about the proposed replacement of the gym floor at the Green Street Community Center and whether or not it is worth doing.

There was also lengthy discussion about the proposed temporary repairs and the history of repairs to the neighborhood community swimming pools.

- Going forward, areas of needed focus include the OPEB Accrued Actuarial Liability; Pay-As-You-Throw expenses exceeding revenue; the Parking Fund and changes in downtown operations; and the Downtown Complete Street Project (capital and operating) which are not included in the FY 2015 proposed budget.

This concluded the City Manager's presentation. Mayor Bouley thanked Manager Aspell and asked for questions or comments.

As there were no other questions or comments from the committee, the Mayor reminded the Council that the next meeting of the Finance Committee is scheduled for Saturday, May 31st, at 8:00 AM.

The meeting was adjourned at 8:32 PM.

Respectfully submitted,

Sue Stevens
Executive Assistant