

## City Finance Committee Minutes

**May 31, 2014**

City Council Chambers – 8:00 AM

**Present:** Mayor Bouley, Councilors Todd, Herschlag, McClure, Werner, Shurtleff, Coen, Bennett, Nyhan, Matson, White-Bouchard, and St. Hilaire.

**Excused:** Councilors Champlin, Grady-Sexton, and Keach.

The Mayor opened the meeting at 8:05 AM. He stated that this meeting was to review the FY 2015 budget for the entire General Fund, Special Revenue Funds, and Enterprise Funds. The Mayor also noted that immediately following the Finance Committee Meeting, the City Council would go into non-public session to discuss compensation adjustment.

On a motion made and seconded, the draft minutes from the May 19, 2014 Finance Committee Meeting were unanimously approved.

City Manager Aspell noted that insurance costs for FY 2015 include an 8% increase in Worker's Comp costs; a 4.2% increase in property & liability insurance costs; and a 16% decrease in unemployment insurance costs.

City Manager Aspell then proceeded to review the FY 2015 proposed budget.

**REVENUE:** City Manager Aspell noted that the grand totals for FY 2012 through FY 2015 revenue appear larger than in previous years, as the City Council adopted a process whereby much of the Capital Budget is now adopted as part of the entire budget, instead of being dispersed throughout the year. This process has no impact on the overall amount of revenues raised or funds expended.

**BUDGET SUMMARY:** City Manager Aspell explained that there are three subcategories under Use of Funds: Budget Appropriations, War Credits and Overlay. Taken together, these represent the total use of General Funds and are used to help determine how much to raise in taxes.

**ADMINISTRATION:** The overall FY 2015 budget for all Administrative departments is up by \$86,052 or 1.5%.

***City Manager's Office:*** FY 2015 appropriations are down \$14,000 from FY 2014. Appropriations for the Community Development Block Grant Program, which is managed under the City Manager's Office, are flat.

The Community Development Revolving Loan Fund Program was reviewed, as it is also administered by the City Manager's Office. The Program is responsible for the administration of the CDBG Program, the Revolving Loan Fund Program, and the Emergency Grants Program.

Although administered by City staff and supported by the General Fund, the Revolving Loan Fund Program is self-supporting and separate from the General Fund. There are no changes in appropriations, budget to budget.

**Legal Department:** Overall, revenues are down \$2,000, primarily due to the courts awarding more restitution. For FY 2014, appropriations will come in under budget by about \$27,000. For FY 2015, overall appropriations are proposed to increase by 2% or \$22,000, due to the addition of \$15,000 in outside services to perform title search work and \$8,000 for outside legal services related to tax abatement cases.

**Assessing:** FY 2014 revenues are projected to come in very close to budget. Timber Tax revenue is projected to come in slightly over budget based on 10% of the stumpage value. In FY 2014, the Miscellaneous category shows a \$165,000 increase due to prior year net revenue from a court case the City won. In FY 2015, Payments in Lieu of Taxes (PILOTs) are projected to increase 7%. Overall, revenues for FY 2015 are proposed to decrease by 13%, keeping in mind the one time revenue in FY 2014. Appropriations are projected to increase by 1% or \$8,000. Funding of \$3,600 was added for access to a commercial database system that will provide statewide information for assessment purposes.

**Human Resources:** Revenues are projected to come in slightly over budget for FY 2014 due to the Medicare Part D reimbursement the City receives annually. For FY 2015, this revenue is budgeted at the same level. FY 2015 appropriations are up 4% due to the increase in wages, retirement costs and supplies.

**Finance OMB:** Appropriations are proposed to decrease by 1% in FY 2015.

**Finance Accounting:** Appropriations, budget to budget, are flat.

**Finance Treasury:** FY 2014 revenues are projected to come in 2% or \$103,000 higher than FY 2014 budget. There is a decrease in the advertising proceeds line, as we will likely be going out to bid for this program this summer and do not want to over-estimate revenues. City Manager Aspell pointed out the downward trend in delinquent tax interest (\$439,000) from 2011 to 2014. A further decrease is projected for FY 2015. Motor vehicle registration revenues in FY 2014 are coming in \$134,000 over FY 2013; and, at this time, they are \$124,000 higher than budget for FY 2014. Interest income remains dismally low and continues to fall. For FY 2015, revenues are projected to increase by about 1%. Appropriations are proposed to be up 3%, for the most part in wages.

**Finance Audit:** Appropriations, budget to budget, are proposed to remain flat, which follows a 6% decrease last year.

**Finance Purchasing:** For FY 2015, revenues are projected to be flat. Appropriations, budget to budget, are proposed to increase by 2% or \$5,000.

**Information Technology:** Appropriations for FY 2014 are projected to come in under budget by 2% or \$11,000. Appropriations, budget to budget, are up 2%.

Councilor Nyhan inquired about the IT Department's unfunded PCR to add an additional position, and the necessity of it. City Manager Aspell indicated that IT Director Drouse's request was very appropriate; however, we cannot afford it this year. He noted that the demand for additional staff in IT will continue in future years.

**City Council:** FY 2014 appropriations, budget to estimate, are projected to come in 6% under budget. Appropriations, budget to budget, are down 3%.

**City Clerk Records:** Revenues, budget to budget, are up 4%. Appropriations, budget to budget, are up 1% or \$3,000.

**City Clerk Elections:** Revenues, budget to budget, are down. City Manager Aspell noted that City Council approved a supplemental appropriation from surplus in FY 2014 in the amount of \$12,500 for new voting booths. Appropriations, budget to budget, are up 40%, as FY 2015 has two State elections scheduled.

The Mayor opened a public hearing on Administration. As there was no testimony, the public hearing was closed.

**PUBLIC SAFETY:** Budget to budget, appropriations are up 1% overall. City Manager Aspell noted that Public Safety represents 48% of the entire General Fund budget, minus debt service and capital outlay.

**Police Department:** FY 2015 revenues are projected to increase 2%. FY 2015 appropriations are up 0.5% or \$54,000, almost half of which is due to retirement cost increases. City Manager Aspell noted that, under the Equipment line, \$140,000 has been removed from the operating budget and placed in the capital budget. If one was to include this \$140,000, the Police budget would be up 2%. Recommended funding changes include a reduction of \$200,000 in existing position vacancies; the replacement of four police vehicles; an additional \$116,400 in General Fund dollars to replace expiring grant funds for police officer positions; \$32,700 for equipment replacement; and \$550,000 for improvements to the Police Station. There is no change in services.

Councilor McClure pointed out the decrease in licenses and permits and there was a brief discussion about this. It was noted that this decrease does not include event permits.

Councilor Herschlag noted the Police Department's goal to increase drug/drunken driving enforcement and asked if the Department will be able to adequately do so with their current manpower. Acting Chief Osgood provided an overview of their current vacancies and indicated that once those vacant positions are filled and staff are fully on board, they will be able to strategize.

Councilor McClure noted the lack of public outreach efforts in the Department's goals. Acting Chief Osgood indicated that the Department performs many public outreach activities – they give presentations at schools, they're a member of many coalitions, they use social media, etc. Councilor McClure indicated that, in the future, she would like to see a specific goal regarding public outreach efforts.

Councilor St. Hilaire noted that in the past the Department received revenue from the State and asked why that is no longer reflected in the budget. Acting Chief Osgood explained that in the past the Department had staff representation on the Attorney General's Drug Enforcement Task Force and received reimbursement from the State for doing so. Concord PD is no longer participating on the Task Force. The City continues to dedicate forces to local drug enforcement activities.

Councilor Todd asked Acting Chief Osgood what his funding priorities are. Acting Chief Osgood indicated that his priorities are: to fully fund all positions, to add a position to the Records Division; building rehabilitation; and replacement of 5 police vehicles. Some of these were funded and some were not. He indicated that the Records position is his top priority and explained how that position helps Police staff in the field.

The Mayor opened a public hearing on the Police budget.

Kim Murdoch, Chair of the Public Safety Foundation, took the opportunity to inform the group of National Night Out to be held at Rollins Park on August 5th; and Bark in the Park, to be held at White Park on September 20th, which supports the addition of a new K9 Unit at Concord PD. Ms. Murdoch noted that if/when the City is ready to institute a K9 Unit, the Public Safety Foundation is ready to help with veterinary costs, through grant opportunities and in-kind donations.

As there was no further testimony, the public hearing was closed.

**Fire Department:** FY 2014 revenues are projected to come in on target. City Manager Aspell noted that Concord Fire Dispatch is the communications center that serves not only the City of Concord, but 20 additional towns, two EMS agencies and the Central NH Hazmat Team. Approximately 2/3 of the cost of dispatch services is reimbursed by these other organizations, which equates to \$495,000 in FY 2015, up from \$475,000 in FY 2014. FY 2014 appropriations are projected to come in under budget by \$137,000. FY 2015 appropriations are up 2% or \$226,000; of which \$47,000 is due to retirement system increases, \$182,000 is for compensation in accordance with our collective bargaining units, and \$15,000 for utility costs. There is also \$50,000 in the capital budget for roof repairs. There is no change in services.

Discussion ensued regarding the Department's request for a second Fire Alarm Traffic Signal Technician position, which was not funded. Chief Dan Andrus indicated that the second Fire Alarm Traffic Signal Technician position was eliminated in 2009 and the employee was transferred to Dispatch. That employee could step in and cover for the current technician if need be. City City Manager Aspell indicated that the entire Fire Department organizational structure would be reviewed in the next year.

Councilor Coen inquired about the efficiency and maintenance costs of the fire boxes throughout the City. Chief Andrus responded that it is a good system that is of value to the community and that it would cost a lot to dismantle.

There was significant discussion about response times and how the addition of Engine 1 would affect them. Chief Andrus stated that the addition of Engine 1 would help in cases where two calls come in at the same time. Councilor Todd expressed concern with us not adding Engine 1. Councilor Nyhan asked what the cost would be to put Engine 1 into service. Chief Andrus responded that it would cost approximately \$900,000 in the first year. The Mayor suggested that the service indicators don't reflect the need for a new Engine. Chief Andrus responded that adding a new Engine is good risk management.

There was also some discussion about the number of mutual aid calls the City responds to; penalties for false alarms; and ambulance revenue, which has dropped due to the growth in the number of Medicaid patients.

Councilor Todd asked Chief Andrus what his funding priorities are. Chief Andrus indicated that his funding priorities are: the addition of Engine 1; upgrading an Administrative Specialist position to an Administrative Supervisor; and the funding that was received to write the Emergency Operations Plan.

The Mayor opened a public hearing on the Fire Department budget.

Kim Murdoch, Chair of the Public Safety Foundation, took the opportunity to inform the group of the Fire Truck Pull which will be taking place on July 19<sup>th</sup> during Downtown Market Days.

As there was no further testimony, the public hearing was closed.

**GENERAL SERVICES:** The FY 2015 overall General Services budget is down .33% or \$25,000. FY 2014, budget to estimate, is projected to come in over budget by \$44,000 due to the weather this past winter. Staffing is proposed to remain the same.

For General Services Administration, appropriations, budget to budget, are down 11%. Appropriations as part of the General Fund transfer to the Solid Waste Fund have been reduced by \$229,000.

For the Highways and Utilities Division, service levels are maintained at existing levels. Highway maintenance revenues, budget to budget, are flat. Highway maintenance appropriations, budget to budget, are up 4% or \$68,000. Taken together, compensation and overhead/fringe benefits are up 3%. Snow and ice control revenues and appropriations, budget to budget, are relatively flat. The number of budgeted downtown snow removal events remains at 7, as we budget for a 'reasonable' winter. Sidewalk plowing will continue to be performed during non-overtime hours to contain costs. Only sidewalks in the downtown area will receive snow removal services during a storm event. Overall, the Highways & Utilities budget is up 3%.

The FY 2014 Public Properties budget is expected to come in under budget by 4% or \$67,000. The overall FY 2015 Public Properties budget is up 9%. The Outside Services line has increased 65% from \$83,000 to \$137,000, which represents about 50 projects that will be undertaken by outside contractors.

Vehicle maintenance appropriations, budget to budget, are up 1% or \$19,000.

Councilor St. Hilaire inquired about gas tax revenue and why it isn't reflected in the budget. City Manager Aspell indicated that the gas tax doesn't go into effect until July 1, 2014, and that the City won't see the dollars until FY 2016.

Mayor Bouley expressed that he would like to see the Department's Communication Coordinator get out there and talk to businesses and residents and not rely solely on the internet and social media for communication.

The Mayor opened a public hearing on the General Services budget. As there was no testimony, the public hearing was closed.

**COMMUNITY DEVELOPMENT:** Overall, departmental appropriations are up 3% after being flat in FY 2014.

***Community Development Administration:*** Appropriations, budget to budget, are up 3% or \$8,000 for compensation.

***Community Planning:*** FY 2014 revenues are expected to come in over budget by 24% or \$8,000. FY 2014 appropriations are expected to come in under budget by 6% or \$26,000. FY 2015 appropriations are proposed to decrease by 4% or \$15,000.

***Building & Code Services:*** Most years, this Division covers its total costs with its revenues. This is the case for the FY 2014 estimate and the FY 2015 budget is projected to break even. FY 2014 revenues are projected to be up by 18% or \$143,000. In FY 2015 revenues are projected to be slightly less than the FY 2014 estimate. FY 2014 expenses, budget to estimate, are projected to come in right on budget. Appropriations in FY 2015 are proposed to increase by 3% for compensation.

***Engineering Services:*** FY 2015 revenues are projected to decrease by 20%, as impact fee revenue has declined with the slowdown in the economy. FY 2015 appropriations are up 2% for fringe benefits.

***Community Development Project Inspection Fund:*** This fund was developed in 2007 to utilize City staff to perform construction inspection services versus using outside consultants. Revenues and expenses are dependent on construction activity – primarily driven by the economy. For FY 2014, revenues are projected to be \$54,000 under budget, and expenses to be \$17,000 under budget. For FY 2015, revenues are projected to decrease by 9% and be more in line with previous year figures. FY 2015 appropriations are projected to remain flat. As this is a relatively new fund, it has a small but healthy working capital balance of \$89,480 going into FY 2015. We expect the FY 2015 year-end working capital balance to come in at approximately \$64,000.

***Conservation Commission:*** The City continues to see a steady increase in the number of acres of protected open space. FY 2013 saw an increase of 291 acres. FY 2014 is projected to see an increase of 282 additional acres for a total of 6,598 acres. FY 2015 is programmed to add an additional 100 acres. Budget to budget, the amount requested is flat.

***Forestry Program:*** The amount of forest land managed is anticipated to increase by 270 acres for FY 2014, for a total of 4,711 acres. This program is self-supporting, as revenue from the Forest Trust and the sales of tree cutting go back into the fund.

***Community Development Conservation Property:*** This is a relatively new fund designed to account for costs associated with revenues, the payment of debt, and expenditures associated with the acquisition and management of conservation property. For FY 2015, revenues generated from leases are projected to remain flat. There is a \$47,560 use of fund balance that will be transferred to the General Fund to be used for debt service on conservation property purchases.

The Mayor opened a public hearing on the Community Development budget. As there was no testimony, the public hearing was closed.

**LEISURE SERVICES:** Budget to budget, appropriations are up 5% or \$187,000.

***Library:*** FY 2015 revenues are flat. FY 2015 appropriations are up 2% or \$28,000. Funds are provided to replace the lounge seating and to implement additional computers/Chromebooks for customers.

Councilor St. Hilaire expressed concern that the new portable Chromebooks could be easily stolen. Discussion ensued regarding the Library's theft prevention efforts.

Councilor McClure expressed concern with the cost to rent meeting room space at the Library and indicated that she hoped the City would keep that cost affordable for the public.

The Mayor opened a public hearing on the Library budget. As there was no testimony, the public hearing was closed.

***Parks & Recreation:*** Budget to budget, revenues are projected to decrease by 5% or \$28,000. Appropriations, budget to budget, are proposed to increase by 11% or \$84,000 due to three things: 1) the addition of \$13,800 for wages for seasonal employees; 2) the addition of \$17,000 to fund the full-time Program Coordinator position for a full year, which was approved by Council last budget; and 3) the addition of \$30,000 for July 4<sup>th</sup> fireworks.

***Heights Community Center:*** Due to the timing of the transfer of the Dame School property, we were not able to implement all of the Heights Community Center programs in FY 2014 as anticipated. The impact has carried over into this fiscal year. For the first year of operation, estimated revenues and appropriations are going to come in significantly under budget. In FY 2015, revenues are reduced by \$13,000 and appropriations are reduced by \$25,000. The largest costs are utilities and outside services.

***Parks & Recreation – Grounds:*** Cemetery Administration revenues are flat. FY 2015 appropriations are up 8% or \$62,000. City Manager Aspell indicated that he would like to add two PCR's which were not funded in his budget proposal: one in the amount of \$13,000 for repairs to the Stickney Tomb, which was damaged by vandals; and \$3,000 for tree replacement in the Pine Grove Cemetery. Expenses for both of these items will be offset by the trust and will have no impact on the tax rate.

Park Maintenance revenues, budget to estimate, are flat. FY 2015 appropriations are up 5% or \$39,000. In addition to compensation adjustments, there is an 8% increase in supplies, most notably to replace the protective netting at Doane Diamond (\$4,500) and to undertake tree replacement in City parks (\$3,000).

Discussion ensued about the Department's past efforts to raise donations, and the difficulty in doing so, to pay for the July 4<sup>th</sup> fireworks.

The Mayor opened a public hearing on the Parks & Recreation budget. As there was no testimony, the public hearing was closed.

### **HUMAN SERVICES**

***Human Services:*** FY 2014 appropriations are expected to come in over budget by 1%. The appropriation request for FY 2015 is proposed to increase by 2% and, for the second year in a row, will top the \$1 million mark.

***Welfare Aid:*** FY 2014 appropriations are projected to come in over budget by 2%, driven by general relief and burial expenses. The FY 2015 budget request is flat. The City continues to meet all of its legal obligations.

***Social Services:*** Funding is sustained at last year's level for Senior and Special Transit; for agencies providing shelter for the homeless and victims of rape and domestic violence; for the Penacook Community Center; and for the First Congregational Church Cold Weather Shelter.

The Mayor opened a public hearing on the Human Services, Welfare Aid and Social Services budgets.

Jim Sudak, Director of Concord Area Transit, thanked the City Council for its continued support and noted that ridership is stable.

As there was no further testimony, the public hearing was closed.

**MISCELLANEOUS:** The FY 2015 budget request is up 8% or \$265,000.

***Street Lighting:*** FY 2015 appropriations are up 16% or \$69,000. This is reflective of the electricity rate increases we are anticipating in FY 2015.

***Insurance and Loss Reserve:*** In FY 2015, the revenue transfer from the self-insurance trust is down 57% or \$15,000 due to the three-year worker's comp and liability insurance agreement, as well as due to not using the consultant to review and prepare an RFP. Insurance distribution and credit is down 45% or \$136,000 (this is revenue from the premium holiday received from Primex). In FY 2014, this amount was \$328,000, of which \$300,000 was allocated before the tax rate setting to help increase overlay for abatements. FY 2015 appropriations are down by \$15,000.



**Compensation Increase & Retiree Health:** Revenues overall are flat. Transfer from reserves is up \$18,000. FY 2014 was the last year of the use of ERRIP funds, and the transfer in of \$148,000 in FY 2015 is from the Insurance Reserve to help offset compensation adjustment. FY 2014 appropriations are projected to come in under budget by \$331,000. FY 2015 appropriations are up 4% or \$105,000.

**Citywide Dues and Memberships:** The amounts for the Chamber of Commerce and the NH Municipal Association are level funded. Funding for the Regional Planning Commission is up 5% or \$1,100.

**Performance Improvement Program:** Funding for the Employee Recognition Program remains level funded at \$2,000.

**Miscellaneous and Contingency:** Transfer from the Economic Development Reserve remains level at \$20,000 for the purposes of funding Intown Concord. Contingency appropriations, budget to budget, are up \$100,000 due to the transfer to General Services to offset winter maintenance costs. Funding is sustained at last year's level for CAT Public Transportation, the SPCA and Intown Concord.

**Cable TV:** FY 2014 revenue is projected to come in on target. FY 2015 revenue is anticipated to be up by 2% or \$15,000. FY 2015 appropriations are anticipated to increase by \$4,800, which is 32% of the \$15,000 revenue increase.

**Holiday Observances:** Funding is sustained at last year's level for the Concord Veterans Council.

There was a brief discussion about street lighting and how it is determined which lights go up or come down. City Engineer Ed Roberge indicated that no new lights go up and no lights will come down without obtaining Council approval first.

The Mayor opened a public hearing on the Miscellaneous section of the budget.

Jim Milliken and Pollyanna King of Concord 250 approached and thanked the Council for considering their funding request of \$75,000, which was submitted at the May City Council Meeting. They expressed that they need financial help to cover expenses involved with celebrating the 250<sup>th</sup> anniversary of the creation and naming of Concord. They also took the opportunity to remind everyone of the unearthing of the time capsule that was buried in 1965 in the City Plaza, which will take place on Friday, June 6<sup>th</sup>, at 6:00 PM.

As there was no further testimony, the public hearing was closed.

A motion was made to tentatively approve the General Fund budget, which includes Administration, Police, Fire, General Services, Community Development, Library, Parks & Recreation, Human Services, Social Services, and Miscellaneous budgets.

The Mayor made a motion, which was seconded by Councilor Nyhan, to tentatively increase the Parks & Recreation budget by \$16,000 to fund the two PCRs that City Manager Aspell requested for repairs to the Stickney Tomb (\$13,000) and for tree replacement in the Pine Grove Cemetery (\$3,000).

Councilor White-Bouchard made a motion, which was seconded by Councilor Shurtleff, to tentatively increase the Police budget in order to increase a permanent part-time Administrative Technician position in the Records Division to full-time. Following further discussion, Councilor White-Bouchard withdrew her motion and Councilor Shurtleff withdrew his second on the motion.

Rule 6A was invoked for the following Council members:

- Councilor Shurtleff for the vote regarding the Penacook Community Center; and
- Mayor Bouley for the vote regarding the Crisis Center of Central NH and the NH Municipal Association.

The motion to tentatively approve the General Fund budget which includes the Administration, Police, Fire, General Services, Community Development, Library, Parks & Recreation, Human Services and Miscellaneous sections of the budget, as proposed, passed on a unanimous voice vote.

**PARKING:** City Manager Aspell indicated that the FY 2015 budget maintains current service levels. For FY 2014, revenues overall are coming in 2% or \$32,000 over budget. Expenditures, overall, are coming in 1% or \$28,000 below budget. The fund was budgeted to lose \$72,000; instead it is projected to lose \$12,000; leaving a fund balance of \$78,000.

FY 2014 appropriations for Police Enforcement and Collections are expected to come in under budget by 7% or \$84,000. FY 2015 appropriations are down 6% or \$63,000.

FY 2014 revenues in Parking Operations are expected to come in under budget by 2% or \$21,000. FY 2015 revenues are projected to decrease 15% or \$152,000; this is due to a purposeful decrease in the revenue estimate for Main Street meter collection during the time that the Main Street Complete Street Project is underway. FY 2015 appropriations are flat.

FY 2015 appropriations within the General Services portion of the Parking Fund are up by 12% or \$10,000. Most of this increase is in outside services for the snow removal contract.

FY 2014 revenues for the Parking Garages are expected to come in over budget by 5% or \$53,000. FY 2015 revenues are up 10% or \$98,000. FY 2015 appropriations are flat.

City Manager Aspell handed out a copy of the Parking proforma. At this time last year, the FY 2014 year-end net budget balance was projected to be negative \$71,893; however, it is now projected to be negative \$12,095. This has allowed the Parking Fund to stay in the black for one extra year with additional measures being taken. FY 2015 is budgeted for a \$77,618 loss. The ending working capital will essentially be \$0, which is why the City Council has an item on its June meeting agenda to review the entire Parking operation.

Discussion ensued about the higher than normal instances of technical problems we've experienced with the parking kiosks. Matt Walsh, Director of Redevelopment, Downtown Services and Special Projects, indicated that the kiosk manufacturer is troubleshooting and working to correct the problems. City Manager Aspell indicated that the City is considering hard-wiring the kiosks when we do the Main Street Project, which will correct the technical failures resulting from cold weather.

The Mayor opened a public hearing on the Parking budget. As there was no testimony, the Mayor closed the public hearing.

A motion was made and seconded to tentatively approve the Parking budget as proposed. The motion passed with a unanimous voice vote.

**AIRPORT:** A copy of the Airport proforma was distributed. The FY 2014 estimated budget is projected to end with a \$38,828 net loss. For FY 2015, expenditures are budgeted at \$435,909, and revenues at \$379,250. Several Capital projects are recommended in FY 2015 at a total cost of \$165,373.

The 20-year old Fixed Base Operator (FBO) agreement expires at the end of FY 2014. A Request for Proposals was issued and negotiations are currently underway. As part of the change in FBO structure, the Community Development Department will review possible changes in Airport management to more effectively and efficiently run the day to day operations.

The Airport proforma projects potential negative annual operating balances for the next six years. Revenues are expected to remain flat until the economy improves. There is flexibility in the Capital plan, which is driving expenses. This proforma is based on the current revenue stream and will likely change as the negotiations with the FBO proceed and come to agreement.

The Mayor opened a public hearing on the Airport budget. As there was no testimony, the Mayor closed the public hearing.

A motion was made and seconded to tentatively approve the Airport budget as proposed. The motion passed with a unanimous voice vote.

**GOLF COURSE:** FY 2014 revenues are projected to come in over budget by about 1% or \$6,000. FY 2015 revenues are projected to increase 2% or \$18,000, mainly from cart rentals and Pro Shop sales. FY 2014 appropriations are projected to come in just under budget. FY 2015 appropriations are up 1% or \$10,000.

City Manager Aspell distributed the Golf Course proforma and noted that we were projecting the FY 2014 year-end fund balance to be \$5,590; however, it is now projected to be \$13,689. FY 2015 is budgeted so as to achieve a similar net increase in reserves. City Manager Aspell indicated that measures will need to continue to be taken to improve this fund and return it to its fiscal health.

The Mayor opened a public hearing on the Golf Course budget.

Chris Mulleavey, Chariman of the Golf Course Advisory Committee, approached the Council and thanked them for their support of the course's five year plan. He stated that membership was up and that the course is in better shape.

As there was no further testimony, the Mayor closed the public hearing.

A motion was made and seconded to tentatively approve the Golf Course budget as proposed. The motion passed with a unanimous voice vote.

**ARENA:** The Arena proforma was distributed. City Manager Aspell indicated that revenues for FY 2014 are expected to come in under budget by 1% or \$8,000. FY 2014 appropriations are expected to come in under budget by 3% or \$17,000. Looking at the proforma, the FY 2014 budget had a planned net loss in working capital in the amount of \$69,798. The estimated net loss at this time is \$60,896. It is now projected that the year-end working capital will be \$119,538. For FY 2015, revenues are expected to decrease to be in line with the FY 2014 estimates, and appropriations are programmed to decrease by 5% or \$37,000, mainly due to the decreased use of a cash transfer to the CIP. Within the appropriations – there are \$85,000 in planned capital improvements. Looking at the projected ending working capital, the amount of \$81,887 is planned, which is above the City Council's goal.

The Mayor opened a public hearing on the Arena budget. As there was no testimony, the public hearing was closed and a motion was made and seconded to tentatively approve the Arena budget as proposed. The motion passed with a unanimous voice vote.

**WATER UTILITY:** The Water proforma and a comparison of other communities' water rates were distributed. City Manager Aspell stated that FY 2014 appropriations are on target. FY 2015 appropriations are down 3% or \$158,000.

Combined appropriations for Administration, Metering, Billing, Engineering Services, and Vehicle Costs are projected to come in under budget by about 1% or \$8,000. Budget to budget there is an increase of 4% or \$51,000, mainly for administrative overhead and compensation costs.

FY 2014 costs for Water Treatment and Water Distribution, together, are coming in on budget and are flat for FY 2015.

FY 2014 Debt Service costs are on target. For FY 2015, this amount is reduced by 15% or \$332,000.

Appropriations for Cross Connection Control and Capital Outlay and Transfer are projected to come in under FY 2014 budget by 3% or \$9,000. For FY 2015, appropriations are up 40% or \$115,000. The main item driving this increase is an additional \$99,000 in transfers for capital projects.

In looking at the proforma, City Manager Aspell noted that, at this time last year, we were looking at a projected planned loss of \$476,608. Based on current estimates, the projected loss in this fund is \$458,522. Looking at the year-end position, at this time last year it was projected that a 4.5% rate increase would be needed for FY 2015. The current recommendation is to reduce that to 2.44%.

This rate increase, however, is projected to result in a \$299,000 loss to the fund. The ending working capital after this projected loss will still be within the parameters established by City Council. FY 2015 appropriations, overall, are programmed to decrease by \$158,000.

The Mayor opened a public hearing on the Water Utility budget. As there was no testimony, the public hearing was closed and a motion was made and seconded to tentatively approve the Water Utility budget as proposed. The motion passed with a unanimous voice vote.

**WASTEWATER UTILITY:** The Wastewater proforma and a comparison of other communities' sewer rates were distributed. FY 2014 revenue is expected to come in on target. FY 2015 revenue is projected to increase 2% or \$126,000.

FY 2014 appropriations for administration, metering, billing, engineering services and collections, combined, are expected to come in under budget by 11% or \$191,000. FY 2015 appropriations are up 3% or \$58,000 in administrative overhead.

FY 2014 appropriations for wastewater treatment are expected to come in under budget by 3% or \$72,000. FY 2015 appropriations are up 1%.

FY 2014 appropriations for vehicle costs are expected to come in on target. The FY 2015 request is down slightly.

FY 2014 appropriations for debt service and capital outlay and transfers, taken together, are expected to come in under budget by 14% or \$390,000. For FY 2015, appropriations are down 16% or \$450,000.

In reviewing the proforma, City Manager Aspell noted that, at this time last year, we projected a \$378,558 planned loss in fund position. However, based on current estimates it appears that the projected net will be a \$336,045 gain. For FY 2015, there is a planned net gain in the amount of \$110,104. City Manager Aspell noted that, at this time last year, it was projected that a 2.75% rate increase would be needed for FY 2015. However, based on better than expected results in operations, the recommended rate increase is 2.69%.

Councilor St. Hilaire inquired as to why the next phase of the Odor Control CIP was occurring in 2017, not in 2016. City Manager Aspell responded that testing is occurring now, design will occur in 2016, and construction will begin in 2017.

The Mayor opened a public hearing on the Wastewater Utility budget. As there was no testimony, the public hearing was closed and a motion was made and seconded to tentatively approve the Wastewater Utility budget as proposed. The motion passed with a unanimous voice vote.

**SOLID WASTE:** The Solid Waste proforma and a comparison of other communities' solid waste rates were distributed. City Manager Aspell indicated that collection and disposal revenue, the transfer from the General Fund to the Solid Waste Fund, is down from \$1.219 million to \$992,000.

Closed landfill operation appropriations are up 2% or \$2,000. This is caused by increases in costs related to groundwater and air monitoring required by the State. FY 2015 recycling revenues are flat, and appropriations are down by 22% or \$279,000. FY 2014 PAYT/refuse revenues are expected to come in below budget by 2% or \$22,000, and are flat for FY 2015. FY 2014 PAYT/refuse appropriations are close to target, and are programmed to decrease by 9% or \$149,000 in FY 2015. FY 2014 Commercial and Other revenue is expected to come in on budget, and is expected to increase by less than 1% in FY 2015. FY 2014 Commercial and Other appropriations are coming in on target and are expected to remain flat for FY 2015. Capital outlay and transfer revenues are flat. FY 2015 will be the final year of a transfer from trust for the SVMS program.

City Manager Aspell reviewed the proforma. FY 2014 had a planned operating loss of \$347,315. However, we now estimate ending the fiscal year with a \$320,010 loss. For FY 2015, appropriations are down 10% or \$432,000, due to the new collection contracts. At the same time, revenues are down 5% or \$189,000. The cost per ton at the waste-to-energy plant, which is \$66.80, is kept stable through the use of reserves by the Solid Waste Co-op. The City is subject to this rate through the end of calendar year 2014. Effective January 1, 2015, the costs per ton will be decreased to \$57.00 for residential waste and \$61.00 for commercial waste. This is the beginning of a 10-year contract. Now that the new contract is in place, City Manager Aspell recommends that the Solid Waste Advisory Committee (SWAC) undertake a review of the PAYT system in terms of the pay structure.

Looking at last year's proforma for FY 2017, there was a negative \$1.3 million fund balance. Given the hard work and foresight of the SWAC and the City Council, FY 2017 is projected to be \$147,000 in the positive. After FY 2017, the fund goes into the red due to the current PAYT price structure.

Councilor Todd inquired, and discussion ensued, about the PAYT Program, its history and cost savings.

The Mayor opened a public hearing on the Solid Waste budget. As there was no testimony, the public hearing was closed and a motion was made and seconded to tentatively approve the Solid Waste budget as proposed. The motion passed with a unanimous voice vote.

The non-public session regarding comp adjustment was postponed until 6:30 PM on June 2<sup>nd</sup>, just prior to the 7:00 PM Finance Committee Meeting.

With no other discussion, a motion was made and seconded to adjourn. The motion passed with a unanimous voice vote and the meeting was adjourned at 12:30 PM.

Respectfully submitted,  
Sue Stevens, Executive Assistant