

City Finance Committee Minutes

May 18, 2015

City Council Chambers – 7:00 PM

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

Excused: Councilors Herschlag, Werner, and Shurtleff.

The Mayor opened the meeting at 7:00 PM and turned the meeting over to City Manager Tom Aspell for presentation of the FY 2016 proposed budget.

City Manager Aspell gave an overview of his proposed budget for FY 2016, highlights of which are as follows:

- The six Overarching Objectives 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 (61%) of Penacook residents' taxes go to the Merrimack Valley School District.
- The City has received an AA+ bond rating from Standard & Poor's, which reflects a healthy financial position, a stable/diverse tax base, sound financial management, and moderate debt burden.
- Concord's tax rate is comparable or ranks much lower than the other cities in NH.
- Concord's percentage of tax exempt property (28.96% in 2015) is dramatically higher than other cities in the state.
- 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 seventh year in a row that the City has had a balanced budget with no use of unassigned fund balance.
- The overall FY 2016 budget is \$100.9 million; with the General Fund equating to \$57.9 million.
- The City Manager's recommended tax rate for FY 2016 is a 3.95% increase.

- Overall FY 2016 operating budget changes include: 1) State of NH downshift of retirement costs, \$1,376,000; 2) increased Worker's Comp and Property Liability Insurance costs, \$53,200; 3) increase in health insurance costs, \$665,600; 4) additional costs for utilities, \$51,900; 5) a new IT position and changes to a position in the City Clerk's Office, \$84,100; and 6) increase in debt service costs for previously approved projects, \$57,400.
- Staffing levels remain the same in FY 2016. A total of 24 FTE positions have been eliminated since 2008.
- The overall operating budget for the Police Department is up \$468,300 or 4.2% from FY 2015, plus \$165,000 for police cars and equipment replacement which are now budgeted in the CIP. Reductions include cost savings due to existing position vacancies (\$120,000). Additions include: costs related to the purchase of ballistic vests (\$70,000); Cellebrite updates (\$3,600); and drug buy money (\$8,000).
- The overall operating budget for the Fire Department is up \$499,600 or 3.9% from FY 2015. Additions include replacement of Engine #5 (\$534,000); support vehicle replacement (\$35,000); communications equipment (\$190,000); personnel protective equipment (\$20,000); and alarm signal system replacement (\$32,000).
- The overall operating budget for the General Services Department is up \$207,000 or 2.4% from FY 2015. Reductions include cost savings due to existing position vacancies (\$20,000). Additions include administrative training (\$1,365); inspection and maintenance shop lifts in the Fleet Division (\$1,000); an upgraded work order system for the Public Properties Division (\$3,600); overhauling of the doors at the Audi (\$1,500); a part-time custodian for the Green Street Community Center (\$7,105); annual floor maintenance at the Green Street Community Center (\$2,500); COMF facility improvements (\$459,000); and annual vehicle and equipment replacement (\$766,000).
- The overall operating budget for the Community Development Department is up \$55,600 or 2% from FY 2015. Additions include updating of the Open Space Plan (\$30,000, offset with \$30,000 from Forestry Trust); training and membership dues for the City Planner (\$1,425); and development permitting software (\$100,000).
- The overall operating budget for the Library is up \$41,300 or 2.5% from FY 2015. Additions include conference opportunities for staff (\$1,750); mobile print service (\$1,025); and Library roof replacement (\$230,000).
- The overall operating budget for the Parks & Recreation Department is up \$113,500 or 4.4% from FY 2015. Additions include replacement of the Rolfe Park pool (\$391,229); White Park pond maintenance (\$7,500); continued funding for July 4th fireworks (\$30,000); and a new men's basketball program, which will cost \$68,100, but will result in new revenue of \$24,780.
- Funding for Welfare Aid is up slightly in FY 2016.

- Support for social service agencies is recommended at \$271,780. 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. There is no funding for the First Congregational Church, as the Cold Weather Shelter will not be reopening in winter 2015.
- A rate increase of 3% is recommended for the Water Fund. A loss is projected for this fund in FY 2016; however, sufficient working capital reserves are in place.
- A rate increase of 4.25% is recommended for the Wastewater Fund. A loss is projected for this fund in FY 2016; however, sufficient working capital reserves are in place.
- There is a recommended 25% increase in Pay-As-You-Throw prices for both purple bags and containerized dumpsters. A loss is projected for FY 2016; however, the fund will remain solvent through FY 2021 with the proposed increase.
- There is no rate change recommended for the Parking Fund. A loss is projected in FY 2016. With this loss, working capital will be negative by \$65,000 at the end of FY 2016. A comprehensive parking study was conducted in FY 2015. The results and recommendations from the study will be presented to City Council this summer.
- There is no additional rate change recommended for the 2015 golf season. A loss of \$9,678 is projected for FY 2016. 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 2016; however, sufficient working capital reserves are in place.
- The Airport Fund is projected to have a loss in FY 2016; however, significant working capital reserves are in place. The City has reached a new tentative agreement with the current Airport Fixed Based Operator (FBO). Rental revenues are down significantly for the FBO while fuel flow markup is up \$21,600.
- In FY 2015, the Capital Improvement Program (CIP) was funded at \$10.85 million. In FY 2016, the CIP is substantially higher at \$20 million. The FY 2016 CIP is funded by the General Fund (53%), and Enterprise and Special Revenue Funds (47%).
- Manager Aspell gave a brief overview of some of the individual capital projects.
- 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 enhanced maintenance (capital and operating) which are not included in the FY 2016 proposed budget.

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

The Mayor reminded the Council that the next meeting of the Finance Committee is scheduled for Saturday, May 30th, at 8:00 AM.

The meeting was adjourned.

Respectfully submitted,

Thomas J. Aspell, Jr.
City Manager