

City Finance Committee Minutes

May 30, 2015

City Council Chambers – 8:00 AM

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

Excused: Councilor Werner

The Mayor opened the meeting at 8:00 AM. He stated that this meeting was to review the FY 2016 budget for the entire General Fund, Special Revenue Funds, and Enterprise Funds.

City Manager Aspell gave an overview of the various changes that were made to this year's budget book.

City Manager Aspell noted that insurance costs for FY 2016 include a 7.3% increase for Beneflex and retiree health insurance costs; a 5% increase in Worker's Comp costs; a 6.5% increase in property, liability and auto insurance costs; and an 18% decrease in unemployment insurance costs.

City Manager Aspell then proceeded to review the FY 2016 proposed budget.

GENERAL GOVERNMENT: FY 2016 revenues for all administrative departments, plus the new General Overhead section, are up by \$1.2 million or 2.3%. FY 2016 expenses are down \$155,000 or 1%.

City Manager's Office: FY 2016 appropriations are down \$2,300 from FY 2015. The General Fund Grant Administration cost center that was previously reported separately in this section is now part of the overall City Manager's Office appropriations. For FY 2016, that appropriation is flat.

Legal Department: Overall, revenues are up 1%. This is the result of an increase in the fees charged for prosecutorial services provided to the Towns of Loudon, Bow and Dunbarton. For FY 2015, appropriations will come in slightly over budget by about \$6,000 due to compensation. For FY 2016, overall appropriations are proposed to increase by 6.2% or \$69,000. This increase is due to funding for a part-time Victim Witness Advocate position in the Prosecutor's Office, in addition to increases in annual compensation and health insurance costs.

Assessing: FY 2015 revenues are projected to come in short of budget by \$22,000. Timber Tax revenue is projected to come in slightly over budget based on 10% of the stumpage value. For FY 2015, Payments in Lieu of Taxes (PILOTs) are expected to be short of budget by about \$24,000, mainly due to the Heritage Heights project on East Side Drive. This revenue is expected to return to normal in FY 2016. Overall, revenues for FY 2016 are expected to increase by 1%. FY 2015 expenses, budget to estimate, are expected to be overspent by \$58,000 due to outside services and pending abatement/tax assessing cases and the need to hire third party appraisers. Expenses in FY 2016 are projected to increase by 1.5%.

Human Resources: FY 2015 revenues are projected to come in above budget due to the Medicare Part D reimbursement the City receives annually. For FY 2016, this revenue is budgeted at the same level. In FY 2016, there is a new revenue line in the amount of \$30,000, which reflects a

donation from Harvard Pilgrim to help fund a portion of the City's Wellflex Program. FY 2015 expenses, budget to estimate, are down 4.7% or \$20,000 due to staffing changes. FY 2016 appropriations are up 19% or \$79,000, in part due to the \$30,000 that is mentioned above and also due to the fact that Wellflex costs are now recognized in this Department and no longer spread out over all other departmental budgets.

Finance: FY 2015 revenues are projected to come in under budget by \$20,000. FY 2016 revenue, budget to budget, is up by about \$1 million and, for the 7th year in a row, no use of fund balance was used to produce the budget. Appropriations for FY 2015 are under budget by \$47,000, mainly due to staffing and benefit changes in the department. For FY 2015, budget to estimate, Miscellaneous Revenue increased by \$341,000, due to the City's refinancing of debt in January 2015. There is also a partially offsetting increase in debt service of \$150,000. For FY 2016, appropriations are up 3.6%.

Information Technology: Expenses for FY 2015 are projected to come in under budget by \$13,000. Appropriations for FY 2016 are up \$186,000 or 28%. This is mainly due to two things: 1) funding in the amount of \$43,320 for a new IT Systems Administrator II position, and 2) an increase of \$129,000 in the Outside Services line due to the fact that all IT costs are now accounted for in this Department and no longer spread out over all other departmental budgets.

City Council: FY 2015 expenses are projected to come in almost 9% under budget. FY 2016 appropriations are up by \$13,500, mainly due to the \$10,000 increase in Council Contingency.

City Clerk: FY 2016 revenues, budget to budget, are down 3%. FY 2016 appropriations are up 18.7% or \$68,000. This is mainly due to the increase of a part-time position to full-time; adding the accessible voting system programming; adding an automated dog licensing program; and regular wage and benefit increases.

General Overhead: This is a new section of the budget for FY 2016 and includes consolidated information that was previously included under the Social Services, Miscellaneous, and Capital Outlay/Debt Service sections.

Revenues:

- **Transfers:** This section shows all transfers coming into the General Fund from all other funds, as well as transfers in from trusts. The exceptions are: 1) Library Trust revenue transfers will still show in the Library budget; 2) General Services specific transfers from Enterprise Funds will show in General Services; and 3) Community Development Engineering-specific transfers from the Water and Wastewater Funds will show in Community Development. FY 2015 revenues, budget to estimate, are level; and for FY 2016 revenues are projected to increase by \$57,000 or 3%.
- **Special Programs:** Revenue received from Comcast under the Cable TV franchise agreement, budget to estimate for FY 2015, is expected to increase by \$61,000 or 8%. For FY 2016, revenue is up \$75,000 or 10%.

- Risk and Insurance: Revenues for FY 2015, budget to estimate, are down \$18,000 or 1%; and for FY 2016 are down \$12,000.
- Comp Adjustment: The transfer-in from the Self Insurance Trust is up \$35,000 and is reflective of the collective bargaining agreement wage increases due to the health insurance cost share agreement.

Expenses:

- Transfers: Shows transfers out to Capital Project, Golf Course and Arena funds for debt service support and to Trust. Overall, in FY 2016, this section is down by \$795,000 due to the mid-year supplemental appropriation to Trust in FY 2015 from assigned fund balance.
- Special Programs: Includes funding for Intown Concord, Concord TV, Holiday Celebrations, and for the SPCA. Budget to budget, this section is down \$16,000.
- Debt Service: FY 2015 expenses, budget to estimate, are up \$150,000 due to the current year expense on debt refunding. The City also recognized an offsetting miscellaneous revenue increase in Finance of \$341,000 as part of a bond sale.
- Risk and Insurance: Includes retiree health insurance, professional and technical services, and insurance deductibles. FY 2015, budget to estimate, is flat; and FY 2016 is up \$212,000 or 9.8%, which is reflective of the overall increase in insurance premiums.
- Contingency: FY 2016 City Council contingency is up \$10,000 and is offset by the decrease in funding of the First Congregational Church for the Cold Weather Shelter. Operational contingency is flat but does not reflect the \$100,000 transfer to General Services for snow and ice control that the City Council approved at their May 2015 meeting.
- Comp Adjustment: FY 2016 is down \$112,000 or 24%.
- Street Lighting: Electricity for street lighting is down for FY 2015 and is flat for FY 2016.
- Social Service Agencies: All funding is flat except for the elimination of funding for the First Congregational Church.

This concluded the review of the General Government portion of the budget.

General discussion ensued about Worker's Comp increases and how rates are determined.

At the Mayor's request, City Solicitor Jim Kennedy and City Prosecutor Tracy Connolly provided an update on their efforts to expand on the number of towns for which the Legal Department provides prosecutorial services. To date, these services have not been expanded, but the Department has reached out to several towns.

The Mayor noted that the number of juvenile cases is down. City Prosecutor Connolly indicated that on 7/1/2015, the legal age for a juvenile will be changing from 17 to 18 and, as a result, this will increase those numbers substantially.

The Mayor asked City Solicitor Kennedy to explain the Legal Department's need for a part-time Victim Witness Advocate in the Prosecutor's Office. City Solicitor Kennedy explained that, per law, the current Americorps volunteer can now only provide services to victims of domestic violence and/or sexual assault. A Victim Witness Advocate is needed for victims of non-domestic violence/non-sexual assault crimes.

At the Mayor's request, City Clerk Janice Bonenfant explained how the City will comply with the new law requiring photos to be taken of voters who do not have a photo ID, if the State eliminates funding for municipalities to purchase the necessary equipment. Ms. Bonenfant indicated that the Senate had put \$100,000 back into the State budget for this purpose. However, if it doesn't pass, the City would be required to purchase the necessary equipment, if warranted.

Councilor Bouchard asked the City Manager what criteria are used in deciding which social service agencies to fund. Manager Aspell indicated that the City makes it a priority to fund those agencies that provide direct services to the homeless, as well as to victims of domestic and sexual violence, and to children.

As there was no further discussion, the Mayor opened up a Public Hearing on the General Government portion of the budget.

Concord resident Roy Schweiker shared his concerns about the City's increased spending and staffing for IT; his opposition to the proposed automated dog licensing program; and issues with the public computers at the Library.

Intown Concord Board Member Elyssa Paris and Operations Manager Liza Poinier thanked the City Council for its continued support and for the proposed increase in FY 2016 funding of their agency.

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

At this time, Rule 6A was invoked for the following Council members:

- Councilor Champlin for the vote regarding the Greater Concord Chamber of Commerce (City Manager's Office budget);
- Councilor Grady Sexton for the vote regarding the Americorps volunteer (Legal Department budget) and the vote regarding the Crisis Center of Central NH (General Overhead); and
- Mayor Bouley for the vote regarding the Crisis Center of Central NH (General Overhead).

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

PUBLIC SAFETY: FY 2016 appropriations are up 4.1% or \$968,000. Public Safety represents 47% of the entire General Fund budget, minus debt service and capital outlay.

Police Department: FY 2016 revenues are projected to decrease by 3.8% or \$27,000. This is mainly due to the State of NH taking away revenues from the local communities for drug forfeiture/restitution proceeds, and the public no longer being able to get copies of accident reports from the Police Department. This is the same reason revenues are below budget for FY 2015.

FY 2015 appropriations are projected to come in over budget by \$199,900 due to very tight wage budgeting and the fact that several personnel were on Temporary Alternate Duty during FY 2015. There was also \$200,000 budgeted for attrition in FY 2015, which the Police Department did a commendable job managing. FY 2016 appropriations are up 4.3% or \$468,000. Almost half of that is for retirement and Beneflex cost increases. The remaining is for contractual wage increases.

Recommended funding changes include:

- A reduction of \$120,000 by managing existing vacancies;
- Funding for the replacement of four Police cars and the light bar replacement on 5 cars;
- \$70,000 for the Ballistic Vest Program;
- \$3,600 for the Cellebrite update; and
- \$8,000 for drug buy money.

The only significant change in services is a full year of funding to move the POP Program from a pilot to a permanent program.

This concluded the review of the Police Department budget.

Discussion ensued about drug buy money and obtaining accident reports. Police Chief Brad Osgood explained that when drug buy money is used, there's no guarantee that the City will recoup those funds. In some cases the judge will order restitution by the perpetrator, but the money often trickles in slowly. Chief Osgood also explained that, going forward, the State is mandating that accident reports only be purchased through them and no longer through the Police Department. This will result in a significant loss of revenue.

The Mayor noted the unfunded Program Change Request (PCR) in the budget for Community Policing and asked Chief Osgood if these two items are necessary in order to have a successful, year-round community policing program. Chief Osgood responded that the bicycle and motorcycle units are very beneficial for patrolling neighborhoods, a key component of the program.

As there was no further discussion, the Mayor opened a public hearing on the Police budget.

Concord resident Roy Schweiker suggested that the City reduce funding for Intown Concord by \$20,000 and add it to the Police budget.

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

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

Fire Department: FY 2016 revenues are expected to increase by 4.5% or \$104,000, due to a \$50,000 increase in Fire Service Aid from the State and a \$50,000 increase in ambulance service charges. Manager Aspell reminded the committee that Concord Fire Dispatch is the communications center that not only serves the City of Concord, but also 20 towns, two EMS agencies and the Central NH Hazmat Team. Approximately 2/3 of the cost of dispatch is reimbursed by these other agencies which, for FY 2016, equals \$482,280.

FY 2015 appropriations are projected to come in under budget by \$109,000. FY 2016 appropriations are up 3.9% or \$499,600; of which \$355,000 is due to retirement system and Beneflex cost increases. The remaining \$144,000 is for contractual wage increases and other items. There is no change in services proposed.

This concluded the review of the Fire Department budget.

Discussion ensued regarding the cost for a Fire Engine to accompany ambulances on calls, and how the City bills for ambulance fees. There was also a brief discussion about the criteria that is used for Engine replacement, and regarding staff training as it relates to the recent implementation of 24-hour shifts.

As there was no further discussion, the Mayor opened a public hearing on the Fire Department budget.

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

GENERAL SERVICES: FY 2016 revenues are up \$447,000 and the new Transfers-in equate to \$457,000. FY 2015 expenses, budget to estimate, are up \$255,000, mainly due to the difficult winter and added snow and ice control costs. FY 2016 appropriations are up \$658,000, which includes an accounting change moving \$451,000 in allocated costs credit to Transfer-in revenues. As a result, net appropriations are up 2.5% or \$207,000.

Other recommended items to be funded include:

- \$1,365 for administrative training
- \$1,000 for Fleet Division inspection and maintenance shop lifts
- \$3,600 for an upgraded work order system for the Public Properties Division
- \$1,500 to overhaul the Audi doors
- \$7,105 for a part-time custodian at the Green Street Community Center
- \$2,500 for annual floor maintenance at the Green Street Community Center
- \$459,000 for COMF facility improvements
- \$766,000 for annual vehicle and equipment replacement (CIP #121)

The FY 2015 budget for snow and ice control is overspent by \$380,000. In May 2015, the City Council approved a \$336,000 supplemental appropriation to cover the majority of this over-expenditure. The remaining amount will be made up by under spending in compensation.

FY 2016 appropriations are up 6.7% or \$83,000, mainly due to the allocation of wages and benefits and costs for additional supplies.

This concluded the review of the General Services Department budget.

Discussion ensued regarding the “red carpet” crew for downtown. Manager Aspell indicated that the costs for this crew are included in the FY 2016 budget as unfunded PCR’s, and that two options were provided to Council on Friday, 5/29.

Councilor Bouchard expressed her support of the “red carpet” crew for downtown, but indicated she would like to see something offered to the businesses of Loudon Road who use their own time and money for upkeep in the areas around their businesses. She also indicated that the areas around Keach Park and the Heights Gateway are too large for volunteers and, therefore, have not been maintained. Manager Aspell shared her concerns and indicated that work on the Heights Gateway area would be done by Wednesday, 6/3; and the area around Keach Park would be taken care of by Friday, 6/5; both by General Services staff.

As there was no further discussion, the Mayor opened a public hearing on the General Services budget.

Roy Schweiker shared his dissatisfaction with the manner in which the City conducts leaf pick-up; in that the City spends weeks collecting leaves in the spring, but only gets around the City once in the fall. He does not support a “red carpet” team solely for downtown. Lastly, he does not like the way in which the City Alerts and Newsflash items are sent from the City website.

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

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

COMMUNITY DEVELOPMENT: FY 2016 revenue is up \$283,000 and the new Transfers-in from the Water and Wastewater Funds equate to \$306,000. Net of this change, the budget is flat.

FY 2015 expenditures, budget to estimate, are down \$154,000 due to delayed hiring and savings in compensation and benefits, as well as from not contracting for the Open Space Plan update this year. FY 2016 appropriations are up \$342,000 (\$306,000 of this amount is due to the accounting change for allocated costs). Net of this change, the FY 2016 budget is up 1.4% or \$36,000.

Recommended items to be funded include:

- \$30,000 for the Open Space Plan Update, offset with \$30,000 from the Forestry Trust;
- \$1,425 for training and membership dues for the City Planner; and
- \$100,000 for development permitting software.

Conservation Commission: The City continues to see a healthy increase in the number of acres of protected open space. FY 2016 is projected to add an additional 135 additional acres for a total of 6,457 acres. The FY 2016 budget is flat. Manager Aspell briefly discussed the four funding aspects of the Conservation Program.

Forestry Program: The amount of forest land to be managed remains constant at 4,370 acres. This program is self-supporting, as revenue from the Forest Trust and the sales of tree cutting offset any appropriations.

This concluded the review of the Community Development budget.

There was a brief discussion about the Conservation Fund and how it relates to the Conservation Commission. There was also discussion about the Community Development Department's coordination of projects between its divisions.

Councilor Herschlag suggested the City revise its Zoning codes, as they are cumbersome and not very clear for developers. Deputy City Manager Carlos Baia indicated that the current ordinance, which was adopted in 2001, took four years to write. In 2009-2010, changes were made at the Mayor's request, but they were just a band aid. Deputy Manager Baia agreed that the ordinance could use some improvement, but noted that it will take much staff time and involvement.

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

A motion was made and seconded, and the Community Development budget was tentatively approved on a voice vote.

LEISURE SERVICES: Budget to budget, appropriations are up 3.7% or \$155,000.

Library: FY 2016 revenues, budget to budget, are flat.

Funds are provided for the following:

- \$1,750 for staff conference opportunities
- \$1,025 for mobile print services
- \$230,000 to replace the Library roof

This concluded the review of the Library budget.

The Mayor opened a public hearing on the Library budget.

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

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

Parks & Recreation: FY 2015 revenue is projected to come in \$47,000 under budget, mainly due to programs and camps. FY 2016 revenue is projected to increase by 1% or \$9,800. A new men's basketball league will be added, which will bring in additional revenue and the Department is working to bring in other revenue producing programs.

FY 2015 expenditures are expected to be under by \$59,000 to balance out lower revenues. FY 2016 appropriations are proposed to increase by 4.4% or \$113,000 due to compensation and benefit increases; increased utility costs; an increase in Outside Services for the new Men's Basketball League; and for White Park pond maintenance. Other programs that are supported by the budget are replacement of the Rolfe Park Pool (\$391,000) and continued funding for July 4th fireworks (\$30,000).

This concluded the review of the Parks & Recreation budget.

Parks & Recreation Director David Gill confirmed that we are fully staffed with lifeguards for this summer.

The Mayor and Councilor Shurtleff thanked Cemetery Administrator Jill McDaniel and her staff for the great work they are doing.

As there was no further discussion, the Mayor opened a public hearing on the Parks & Recreation budget.

Roy Schweiker testified that the City should reconsider spending money on July 4th fireworks.

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

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

HUMAN SERVICES: FY 2015 expenses are projected to come in 1% under budget. FY 2016 appropriations are proposed to increase by 3.3% and the Welfare Aid line is proposed to remain flat.

This concluded review of the Human Services budget.

Discussion ensued about the growing problem of homelessness and whether or not the new Homeless Resource Center will impact the Human Services budget.

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

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

PROJECT INSPECTION FUND: City Manager Aspell briefly explained the purpose of the Project Inspection Fund. For FY 2016, revenues are projected to increase 23.6% or \$52,000, which far exceeds the previous three years. FY 2016 appropriations are projected to increase by \$56,000, producing an intentional net loss of \$30,000, as the plan is to replace a vehicle for \$30,000. The working capital of this fund remains healthy, ending FY 2015 at \$102,087.

The Mayor opened a public hearing on the Project Inspection Fund.

Roy Schweiker stated that the project inspection services are inadequate and need to be of higher quality. He also suggested that the City charge enough for these services so as to cover the deficit.

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

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

PARKING: The FY 2016 budget maintains current service levels. For FY 2015, revenues are coming in 2.3% or \$47,000 over budget. FY 2015 expenditures are coming in less than 1% over budget. The fund was budgeted to lose \$78,000; instead it is projected to lose \$35,000; leaving a fund balance of \$98,000.

For FY 2016, the main changes are:

- Elimination of a full-time Parking Enforcement Officer (PEO) and increased hours of a part-time PEO, producing a net reduction of \$38,500;
- \$12,264 to replace hand held citation equipment and printers;
- \$25,404 to buy into an unlimited parts exchange program – anticipated to save thousands of dollars each year;
- \$6,360 for AC conversion kits for the kiosks on Main Street; and
- \$9,240 for heating units for the kiosks on Main Street.

In FY 2015, the Parking Committee undertook a parking study, the results of which will be shared with Council later in the year.

City Manager Aspell reviewed the Parking proforma. At this time last year, the FY 2015 year-end net budget balance was projected to be negative \$77,618. It is now projected to be negative \$34,513. This has allowed the Parking Fund to stay in the black for one extra year with additional measures being taken. FY 2016 is budgeted for a \$163,811 loss. The ending working capital will essentially be negative \$65,553, which is why the Parking Study's recommendations are crucially important.

FY 2016 and beyond will produce continued losses unless action is taken. If no action is taken, the General Fund will need to bail out the Parking Fund, thereby increasing the tax rate in future years.

In addition to one small annual IT capital expenditure, there is one new item in the amount of \$51,600 to purchase four additional kiosks for the Complete Streets Project, along with the heaters and AC adapter units.

This concluded the review of the Parking budget.

There was a brief discussion about the kiosks and options for making it easier for the public to pay for parking. Director of Redevelopment, Downtown Services & Special Projects Matt Walsh indicated that the City, along with other communities, will be meeting with two vendors in June that offer pay by cell phone. At Councilor Bouchard's request, Mr. Walsh will also look into the possibility of coordinating with EZ Pass.

The Mayor opened a public hearing on the Parking budget.

Roy Schweiker stated that the City should increase staffing and conduct parking enforcement on nights and weekends. He also stated that he doesn't support transfers from the TIF to the Parking Fund

As there was no further 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: Manager Aspell noted that the City has signed a new ten-year agreement with the current Fixed Base Operator (FBO) and Airport Manager.

The FY 2015 budget is projected to end with a \$97,000 net loss. FY 2015 revenues will be under by \$25,000; and FY 2016 revenue is expected to be under by \$37,000. With the new FBO agreement, fuel flow mark-up will increase to \$0.26 per gallon and overall lease revenue will decrease by \$57,000.

FY 2015 expenditures will be over by \$16,000. FY 2016 appropriations are down by \$3,845.

It is recommended that \$622,287 in Airport funds be expended in FY 2016 for the following Capital projects:

- Hangar 3 roof replacement (CIP 75); and
- Reconstruction of Taxiway A and the existing itinerant ramp (CIP 468).

The Airport proforma was reviewed. The Fund is projected to have a positive fund balance of \$525,759 at the end of FY 2015. However, with the anticipated losses in future years, the Fund will deplete quickly and is projected to go into the negative in FY 2020.

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.

CONSERVATION FUND: Manager Aspell briefly explained the purpose of the Conservation Fund.

For FY 2016, revenues generated from leases are projected to be up by 7%. Manager Aspell noted that \$55,600 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 Conservation Fund budget. As there was no testimony, the Mayor closed the public hearing.

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

GOLF COURSE: FY 2015 revenues are projected to come in under budget by about 4.4% or \$43,000. FY 2016 revenues are projected to decrease by 2.1% or \$21,000, mainly from a decline in season passes, daily fees and concession income.

FY 2015 appropriations are projected to come in under budget by 2.4% or \$22,000. FY 2016 appropriations are up less than 1%.

Manager Aspell noted that this budget was prepared before the golf season got underway and with the favorable weather this spring, it has somewhat improved expectations. The final results for FY 2015 will undoubtedly differ from these estimates.

Manager Aspell reviewed the Golf Course proforma and noted that we were projecting the FY 2015 year-end fund balance to be negative \$13,882; however, it is now projected to be negative \$6,705. FY 2016 is budgeted for a projected net of negative \$9,678 and ending working capital reserves of \$6,903; a very low ending working capital. The next few years provide difficulties in keeping this Fund positive. Operating and Capital costs will need to be managed closely each year and diligent work will be required to increase the revenue stream.

FY 2016 Capital expenses for the Golf Course include:

- Improvements to the clubhouse and maintenance buildings (\$20,000); and
- Course equipment, including replacement of a rough mower and utility vehicle (\$45,000).

There was a brief discussion about the condition of the Golf Course Fund. It was suggested that the City look at charging a fee to winter users for use of the ski trails.

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

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

ARENA: Revenues for FY 2015 are expected to come in under budget by 1% or \$7,000. FY 2015 expenditures are expected to come in under budget by 7.5% or \$48,000. Looking at the proforma, the FY 2015 budget had a planned net loss in the amount of \$37,651; however, the year is actually ending with a gain of \$3,414. It is now projected that the year-end working capital will be \$144,872.

The CIP closeout resolution returns \$50,000 to the Arena Fund and will boost the ending working capital by this amount to \$194,872. It is expected that City Council will take action on that resolution in June.

For FY 2016, revenues are expected to increase by 1.4% or \$8,000. Appropriations are up by less than 1%. The Fund is expecting a loss of \$32,000 for FY 2016, resulting in an ending working capital of \$112,549. While the ending working capital is solid today, the continued expected losses each year will strain the Fund and will require a continued search for new revenue streams.

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

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

SOLID WASTE: A 25% increase is proposed for Pay-As-You-Throw (PAYT) purple bags and in containerized rates, effective July 1, 2015.

FY 2015 revenue is coming in 6.8% or \$268,000 under budget. FY 2016 revenue, budget to budget, is down 9.6% or \$381,000, mainly due to an anticipated decrease in commercial disposal revenue of \$474,000. PAYT bags and containerized revenues are up 5.9% or \$74,000. The full impact of the proposed 25% increase will not be realized until FY 2017. The transfer from the General Fund to the Solid Waste Fund is \$990,000.

FY 2015 expenses, budget to estimate, are down 5.7% or \$231,000, mainly due to a reduction in commercial disposal. FY 2016 expenses, budget to estimate, are down \$398,000, for the same reason.

City Manager Aspell reviewed the proforma. The FY 2014 proforma showed the Fund having a negative ending working capital by FY 2016, and having a negative balance of \$3.2 million by FY 2019. With the implementation of a new contract with Casella for solid waste collection and disposal, the proforma improved by about \$500,000 annually. Dramatically improved, the FY 2015 proforma shows a negative working capital starting in FY 2018 and the negative balance in FY 2019 is reduced to \$589,000.

The FY 2016 proforma shows a planned loss for FY 2015 of \$104,960. The actual loss will be \$142,104, mainly due to the reduced commercial disposal revenue. FY 2016 commercial disposal revenues and expenses have been realigned and recycling expenses are fully supported by the transfer in from the General Fund. The PAYT Program will increase in FY 2016 mainly due to the increase in containerized revenues. A loss of \$87,772 is anticipated for FY 2016. When the full effect of the PAYT bag price increases take effect in FY 2017, a positive net of \$68,142 is projected.

Discussion ensued about curbside leaf pick-up, and the difference in the City's collection styles in the fall and in the spring.

The Mayor opened a public hearing on the Solid Waste budget.

Roy Schweiker stated that the City needs to make it easier for residents to get rid of larger yard waste items. He also stated that he is not in support of the increase for PAYT bags, that the City is passing more and more costs to homeowners, and suggested the City wait until June 1, 2016 to raise the prices.

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

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

WATER FUND: FY 2015 revenue, budget to estimate, is up 2.1% or \$120,000. FY 2016 revenue is up 3.1% or \$172,000.

FY 2015 expenses, budget to estimate, are down 3.4% or \$201,000. FY 2016 appropriations are up 4.3% or \$252,000.

There are no significant changes in the Water Fund in FY 2016. The budget provides for \$3.7 million in Capital spending as follows:

- \$2.6 million for water main replacement and construction;
- \$325,000 for Water Treatment Plant improvements;
- \$185,000 for water meter replacements;
- \$102,000 towards building improvements at the COMF;
- \$200,000 for water system pump station improvements; and
- \$57,000 for hydrant and valve replacement.

In looking at the proforma, at this time last year, we projected a planned loss of \$299,175. Based on current estimates, the Fund will recognize a gain of \$21,805 due to the hot and dry summer in 2014. In FY 2016, the Fund is anticipating a loss of \$379,377. At this time last year it was projected that a 4.5% rate increase would be needed. The current recommendation is to reduce that to 3%.

In future years, the proforma anticipates rate increases and the Fund remains solid. In FY 2021, however, the ending working capital is below the goal. Therefore, we will continue to monitor the Fund so as to minimize rate increases while keeping the Fund in a strong position.

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

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

WASTEWATER: FY 2015 revenue is down by 2.2% or \$157,000. FY 2016 revenue, budget to budget, is up by 1.4% or \$102,000.

FY 2015 expenses, budget to estimate, are down 1.7% or \$123,000. FY 2016 appropriations are up 3.7% or \$264,000.

There are no significant changes in the Wastewater Fund in FY 2016. The budget provides for \$5.4 million in Capital spending as follows:

- \$100,000 for sewer main rehabilitation and construction;
- \$3.9 million for Hall Street Treatment Plant improvements;
- \$250,000 for pump station improvements;
- \$102,000 towards building improvements at the COMF; and
- \$974,000 for Penacook Wastewater Treatment Plant improvements.

In reviewing the proforma, at this time last year, we projected a \$110,104 planned gain in fund position. Based on current estimates the Fund will recognize a gain of \$76,184. For FY 2016, the Fund is anticipating a loss of \$52,045. At this time last year, it was projected that a 3% rate increase would be needed. This budget proposes a 4.25% rate increase to keep the Fund solid in the long term.

In future years, the proforma anticipates rate increases, mainly due to the debt service on the Capital Improvement Program. The Fund remains very solid.

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

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

This concluded the review of the General Fund, Special Revenue Fund and Enterprise Fund budgets.

The Mayor proposed revising the Finance Committee Budget Review Schedule by rescheduling the City Council Budget Adoption Meeting from June 4th at 7:00 PM, to June 25th at 6:00 PM; and adding a Committee Work Session on June 22nd at 6:00 PM. A motion was made and seconded, and the Mayor's proposed revisions were approved on a unanimous voice vote.

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 12:45 PM.

Respectfully submitted,
Sue Stevens, Executive Assistant