

City Finance Committee Minutes

May 24, 2018

City Council Chambers – 5:30 PM

Present: Mayor Bouley, Councilors Todd, Herschlag, Kretovic, Champlin, Grady Sexton, Shurtleff, Coen, Keach, Kenison, Matson, White-Bouchard, and St. Hilaire (late).

Excused: Councilors Werner and Nyhan.

The Mayor opened the meeting at 5:30 PM and explained that tonight's FY 2019 proposed budget review would cover the General Government, Police, Fire, and General Services budgets.

Manager Aspell began with review of the General Government section of the budget, which includes the City Manager's Office, Legal, Assessing, Human Resources, Finance, Information Technology, City Council, City Clerk, and General Overhead.

GENERAL GOVERNMENT: FY 2018 revenue for all General Government departments, budget to estimate, is down \$342,000, mainly due to the use of fund balance from FY 2017 surplus, which is used to transfer funds to reserve accounts. Budget to budget, revenue is up \$706,000 or 1.2%.

FY 2018 expenses, budget to estimate, are down \$620,000. Budget to budget, expenses are up \$291,000 or 1.5%.

City Manager's Office: Budget to budget, revenue is down \$71,000. This is due to the \$20,000 supplemental appropriation revenue for education and training funding from FY 2017 surplus, and \$51,000 from the Economic Development Trust, which is now reflected in the General Overhead Transfers-In. Budget to budget, expenses are up \$53,000, mainly due to the new Public Information Officer position that was only partially funded in the FY 2018 budget.

Legal Department: Budget to budget, revenue is down \$14,000 due to a reduction in fines for Code cases. This budget provides for a 2% increase in the fees charged for prosecutorial services provided to the Towns of Loudon, Bow and Dunbarton. Budget to budget, expenses are up \$33,000 or 2.7%. The increase is mainly due to annual compensation and health insurance costs.

Assessing: Budget to budget, revenue is up \$16,000 or 2.3%, due to increases in PILOT payments. Expenses, budget to budget, are up \$23,000 or 3.4%, due to wage and benefit increases.

Human Resources: Budget to budget, revenue is flat. Expenses, budget to budget, are up \$32,000 or 6%, due to regular wage and benefit increases.

Finance: Budget to estimate, revenue is down \$308,000 due to no revenue being posted for the budgetary use of fund balance. However, revenue is up in property taxes, motor vehicle registrations, and investment income. Budget to budget, revenue is up \$743,000 or 1.4%. For the 10th year in a row, no use of fund balance is used to produce a balanced budget. Expenses, budget to budget, are up \$21,000 or 1%.

Information Technology: Expenses, budget to budget, are up \$70,000 or 7.8%, due to wage and benefit increases.

City Council: Expenses, budget to budget, are down \$2,000 or 4.3%. Manager Aspell pointed out that, all of the City's Boards and Commissions (50 in all) are listed in the City Council section of the budget.

City Clerk: Budget to budget, revenue is up \$3,400 or 4.1%. Expenses, budget to budget, are up \$50,000 or 12%, mainly due to wage and benefit increases, as well as the cost of supplies for the additional Primary Election in 2019.

General Overhead: Budget to budget, revenue is up \$28,000 or .6%. Expenses, budget to budget, are down \$571,000 or 4.3%, mainly due to the reduction in Transfers-Out to Trust.

Manager Aspell noted that the transfer out to trust is down \$1.7 million, mainly due to the \$749,000 reduction in additional Highway Block Grant funds transferred to Highway Reserve in FY 2018; a \$120,000 transfer of street excavation fees from the supplemental budget; and \$975,000 of FY 2017 surplus transferred to reserves.

This budget proposes funding in the amount of \$5,000 for the League of NH Craftsmen as support for a downtown event in the fall. This is funded from the Economic Development Reserve. Funding for holiday celebrations, Intown Concord, and the SPCA all remain the same as FY 2018.

Debt service costs are up \$794,000.

Retiree insurance is up \$80,000 and revenues from retirees to help offset the cost is up \$11,000, while the NHRS reimbursement is expected to be down by \$1,000.

Contingency for both the City Council and the operations is budgeted the same as last year.

Compensation adjustment is up \$144,000 and this issue will be discussed in more detail at the non-public session on June 7th.

Street lighting electricity costs are up \$36,000, based on rate increases. Manager Aspell noted that City Administration is working with the City's Energy Consultant and Unitil on the feasibility of converting to LED street lights and will return to Council with a plan later this year.

All social service agencies are level funded. Last year, funding for the Concord Coalition to End Homelessness was paid through a one-time funding source received in the Human Services Department. It is now budgeted in this category.

The Mayor opened up the meeting for questions.

Councilor Coen asked what percent of the budget is due to compensation and benefits, as opposed to actual services. Deputy Manager LeBrun indicated that roughly 75% of the budget is for compensation and benefits, mainly due to negotiated contracts, increased NHRS costs, and increased health insurance costs.

The Mayor asked about the funding for the Central NH Regional Planning Commission (CNHRPC). Specifically, he wanted to know how the membership dues are calculated and what the City gets in return. Deputy Manager Baia responded that the CNHRPC assists the City with the formulation of Master Plans and conducts research that City staff is not doing, which allows staff to focus on other priorities. Further discussion ensued, during which time members of Council suggested that the City contract out for these services (if it would be less expensive), or that the City farm work out to the CNHRPC and only pay for what we need. Councilor Kenison asked what the downside would be if the City pulled out from the CNHRPC. Manager Aspell indicated that he couldn't answer that right now, but would discuss with staff and come back with an answer to her question at a future meeting.

The Mayor asked City Solicitor Jim Kennedy and City Prosecutor Tracy Connolly to approach and answer some questions about the Legal Department budget. The Mayor noted that the service indicators in the Legal Budget are down by 25% and wanted to know why there is no staff reduction. Solicitor Kennedy indicated that the Felonies First program, which began in January 2017, has caused a dip in some of the service indicators; however, the workload is just as heavy and the Prosecutor's Office absolutely needs four prosecutors. Solicitor Kennedy indicated that juvenile hearings have increased from 2017 to 2018. Juvenile cases take much more time than adult cases, and proceedings are more complex. In addition, juvenile cases include felonies, which don't go through the Felonies First program. Solicitor Kennedy mentioned that he made an inquiry to the City of Manchester as to their numbers and staffing. Like Concord, Manchester has four prosecutors, one of which is specifically for Domestic Violence cases. Unlike Concord though, Manchester does not handle juvenile cases, license suspensions, or arraignments.

Domestic Violence cases are up and also take up much more time. For this reason, Solicitor Kennedy advocated for the need to have a full-time Victim/Witness Advocate in the Prosecutor's Office. Solicitor Kennedy proposed transforming one of the full-time Legal Secretary positions to a full-time Victim/Witness Advocate position, and increasing the current part-time Victim/Witness Advocate position to a permanent part-time position to assist the full-time Victim/Witness Advocate.

The Mayor asked Manager Aspell about the funding for the New American Africans, as his understanding was that the funding for this agency was only going to be for a couple of years. Manager Aspell noted this and said he will keep it in mind when preparing next year's budget.

The Mayor opened up a public hearing on the General Government portion of the budget.

Concord resident Roy Schweiker approached and expressed his dissatisfaction with the way the City (under State law) assesses commercial and residential property, specifically mobile homes. He feels that it creates an inequity between commercial property owners and residential property owners.

Mr. Schweiker also suggested that the City stop funding Intown Concord, as he feels the City is putting too much money into downtown.

Intown Concord Executive Director Michelle Motuzas Johnson approached the committee and thanked the City Council for its continued funding. Councilor White-Bouchard complimented Michelle on the newsletter that Intown Concord puts out. She expressed concern, however, with a recent issue that featured a business that is not in Concord. Councilor White-Bouchard stated that if the City is providing funding to Intown Concord, they should not be featuring competing businesses outside of Concord in their newsletter.

Councilor Herschlag asked Ms. Motuzas Johnson what the impact would be on Intown Concord if the City stopped funding them. Ms. Motuzas Johnson responded that they would most likely have to pull back on some of their events.

In response to a question raised by Councilor Champlin, Ms. Motuzas Johnson indicated that Intown Concord currently holds the following free events: Downtown Market Days, a Pancake Breakfast, Halloween Howl, and Midnight Merriment.

Councilor Herschlag asked why the downtown merchants aren't willing to help pay for these events. Ms. Motuzas Johnson responded that many of the merchants don't collect a paycheck and cannot afford to sponsor them.

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

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

- Councilor Herschlag for the vote regarding the Penacook Community Center;
- Councilor Todd for the vote regarding the Penacook Community Center;
- Councilor Kretovic for the vote regarding the Crisis Center of Central NH;
- Councilor Grady Sexton for the vote regarding the Crisis Center of Central NH;
- Mayor Bouley for the vote regarding the Crisis Center of Central NH;
- Councilor Champlin for the vote regarding the Greater Concord Chamber of Commerce; and
- Councilor White-Bouchard for the vote regarding the NH Municipal Association.

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:

Police Department: Budget to budget, revenue is down \$64,000 or 10.5%, a direct result of the elimination of \$90,000 in parking penalties, which are now being recorded in the Parking Fund. We expect this budget line to be \$100,000 in the FY 2018 estimate. Expenses, budget to budget, are up \$396,000 or 3.2%, mainly due to wage and benefit increases, as well as the addition of a part-time Property Room Technician.

Also included in the FY 2019 Police Department budget are:

- \$180,000 for Police Station improvements to renovate bathrooms, flooring and stairwells;
- \$160,000 for Firing Range improvements;
- \$150,000 for annual vehicle and equipment replacement;

- A reduction of \$119,200 through attrition;
- \$110,000 for video system replacement at the Police Station and around the City Hall Complex;
- \$100,000 for the first phase of records management microfilm conversion;
- Loss of \$100,000 in revenue for parking penalties;
- \$40,000 for taser replacements (phase 2 of 2);
- \$37,800 in staff costs shifted from the Parking Fund to the Police Department;
- \$25,600 to add a part-time Property Room Technician;
- \$25,000 for patrol rifle replacements (phase 2 of 2);
- \$9,300 to dry clean uniform shirts;
- \$4,900 to upgrade dispatch positions; and
- \$4,500 for additional rental space on the Plausawa Hill and Crown Castle towers.

Councilor Herschlag asked what the status is in looking to replace the Police Station. Manager Aspell indicated that it is in the out years of the CIP and no discussions have taken place about this. When the time comes, the City will need to do an analysis of space, parking, and other needs in order to determine the best location for a new Police Station.

Councilor Coen asked if the Concord Police Department uses body cameras. Manager Aspell responded that we CPD does not have any body cameras and the Department hasn't felt the need to obtain them.

Councilor Champlin asked if there was adequate funding in the budget for the POP unit. Manager Aspell indicated that there is full funding for POP. When the School Resource Officers come back after the school year ends, that will allow us to staff the POP unit.

Councilor Todd asked if the Police Department is adequately staffed. Manager Aspell indicated that it has been a challenge for the Department to fill all of its funded positions. The Department would like to get all funded positions filled and feels they will need to add two more Police Officer positions down the road.

The Mayor commented on Police overtime, noting that it is pretty minimal except for Special Duty overtime, which makes annual police officer salaries look higher than they are. Manager Aspell responded that the City can break down the information and report actual salaries without overtime.

As there were no further questions, the Mayor opened up a public hearing on the Police portion of the budget.

Resident Roy Schweiker suggested that the Police Department add a part-time parking enforcement officer for nights and weekends.

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: Revenue, budget to budget, is up \$217,000 or 8.3%. This includes an increase of \$50,000 for billings to other communities for the fire dispatch center and an increase of \$150,000 for ambulance billing charges. Manager Aspell noted that last year City Administration and City Council worked on increasing ALS charges, but we did not know how the impact would affect this revenue line. The \$150,000 increase is part of the positive impact of the change in this fee.

About 98% of all calls are at an ALS1 level of service, which requires a lower level of ambulatory care. About 2% of calls are ALS2, which are the higher level of critical care calls, such as cardiac arrests, which require more intervention and medication.

Expenses, budget to budget, are up \$221,000 or 1.6%, mainly due to wage and benefit increases.

Also included in the FY 2019 Fire Department budget are:

- \$510,000 for replacement of Ambulance #7, Forestry Vehicle #5, and four other Fire vehicles;
- \$100,000 to install an engine exhaust removal system at Manor, Broadway and Heights Stations;
- \$55,000 for Fire Alarm infrastructure replacement;
- \$30,000 for thermal imaging cameras;
- \$20,000 for Fire equipment and hose replacement;
- \$20,000 for Fire Department personnel protective equipment;
- \$5,000 for additional Paramedic refresher training; and
- \$3,000 for Dispatcher training overtime.

At this time, Chief Dan Andrus and Deputy Chief Sean Brown gave a presentation on EMS mutual aid calls and revenue.

Councilor Coen asked for the total amount that is written off for non-Concord residents. Fire staff will conduct more research and come back to Council at their regular July meeting with more detail.

Councilor Shurtleff asked if the City receives payment from the State for transport of prisoners. Deputy Chief Brown indicated that the City bills the State for these transports and, in turn, the State bills Medicare. If the prisoner is admitted, the State bills Medicaid. Payment from Medicaid fluctuates greatly.

Councilor Kretovic suggested that the statistics should portray a larger timeframe and wants more detail in order to get a good analysis of the situation. Mayor Bouley agreed and said he feels the trend is that Concord goes out to other towns more than other towns come to us. He wants to see information over a longer period of time.

Mayor Bouley commented on the Fire Department overtime being higher than any other Department in the City. Chief Andrus indicated that CFD is under budget for overtime in FY 2018. However, with eight retirements last year and two this year, there are staffing challenges and that results in overtime. Chief Andrus said that the savings in compensation and benefits offsets the overtime costs.

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

Resident Roy Schweiker suggested that instead of staffing 4 ambulances, the City conduct research and figure out when the most calls tend to come in, and staff ambulances based on that. He suggested the Fire Department purchase dispatch software that can track this information.

As there was no further 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: Revenue, budget to budget, is down \$31,000, mainly due to the elimination of the \$58,200 transfer from the Parking Fund for snow removal.

Expenses, budget to budget, are up \$284,000 or 3.1%, mainly related to wage and benefit increases, as well as vehicle supplies and repairs. Although the City budgets hundreds of thousands of dollars each year for General Services' equipment replacement, repairs become more costly over time. This year, the budget has been increased by \$40,000 for repairs.

Other recommended items to be funded include:

- A reduction of \$39,900 through attrition;
- \$1.9 million for the Annual Highway Improvement Program;
- \$998,000 for the vehicle and equipment replacement program;
- \$550,000 for COMF improvements;
- \$130,000 for City Hall improvements;
- \$125,000 for a facilities condition assessment for all municipal buildings. This does not include parking facilities;
- \$71,900 in staff costs shifted from the Parking Fund to the General Fund;
- \$40,000 in additional funding for vehicle repairs and supplies;
- \$40,000 to refurbish lavatories at Bicentennial Square;
- \$24,700 for improved custodial services;
- \$20,000 for general facilities repairs;
- \$13,000 for the purchase of high visibility uniforms;
- \$750 for security cameras at the Green Street Community Center; and
- A loss of \$58,200 in revenue from the Parking Fund for downtown snow removal.

Also included under General Services are two supplemental reports – one on Downtown Services and one on Snow and Ice Control.

The FY 2019 budget for Downtown Services is up \$57,000, mainly due to moving an employee out of the Public Properties Division to the Highways Downtown Services cost center. This move is to support the Downtown Services Team and as part of the cooperation with the Parking Division.

Revenue for Snow and Ice Control, budget to budget, is down \$58,000, due to the elimination of the Parking Transfer to the General Fund. Snow and ice control expenses, budget to budget, are up

\$23,000 or 1.6% due to wage and benefit increases and the additional cost of snow removal supplies.

Manager Aspell noted that the FY 2018 estimated total expenses of \$1.395 million are now at \$1.418 million, due to the purchase of additional salt under our current contract to fill the shed for the start of next winter.

Councilor Coen commented on the funding for lighting upgrades and asked if new lighting would be LED. Manager Aspell responded that all lighting upgrades are with LED lighting.

Councilor Herschlag asked if it was necessary to pay for two facility needs assessments and asked if there was a cheaper way to accomplish it. Manager Aspell responded that one of the assessments is for facility needs and the other is more architectural in nature. Two different skill sets are required.

Councilor Herschlag asked about downtown snow removal; specifically, if it includes South Main Street and all metered areas. General Services Director Chip Chesley responded that downtown snow removal covers all metered areas.

Councilor St. Hilaire commented on the increased funding for neighborhood paving activities and asked if the contractor will be able to finish all the planned paving for this year. Highways Superintendent Jim Major indicated that, as of now, it looks like the contractor will be able to complete everything this year. However, paving is weather dependent.

Councilor Todd indicated that with the increased paving, he has received many calls from constituents with questions and concerns, which he redirects to General Services. Councilor Todd commended Director Chesley and Superintendent Major for quickly and efficiently handling these calls.

Councilor Herschlag asked if crack sealing of South Main Street to Storrs Street, and North State Street, will be done this year. Superintendent Major indicated that those areas will be done in the summer of 2019.

Councilor Kretovic asked how much the condition of the substructure of a road affects the decision on when to pave and if the City takes that into consideration. Superintendent Major responded that conditions are considered, and that there are many different condition scenarios.

The Mayor opened a public hearing on the General Services budget.

Resident Roy Schweiker commented about fall leaf collection. He suggested the City do some bagged leaf pick up in the fall because most years all of the leaves at the curb are not picked up prior to snowfall. He also expressed concern that there is no schedule for leaf collection so that residents know when crews will be in their area. He suggested that General Services put out a schedule every week that lists the streets where they will be collecting.

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.

Mayor Bouley noted that the next Finance Committee would be held on Thursday, May 31st, at 5:30 PM, at which time the Community Development, Library, Parks and Recreation, and Human Services budgets will be discussed.

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

Respectfully submitted,
Sue Stevens, Executive Assistant