



City of Concord

Fiscal Policy Advisory Committee

Meeting Minutes - Draft

Monday, March 15, 2021

4:30 PM

Virtual Meeting

<https://us02web.zoom.us/j/8449931650>

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Phone Access: 1-929-205-6099

Toll Free from Land Line:

1-877-853-5257

1. Call to Order

The meeting was called to order at 4:30 PM and the roll was called.

Deputy City Manager Brian LeBrun read the Covid-19 - Public Meeting Procedures Notice in compliance with Governor Sununu's Executive Order #12.

2. Roll Call

Present:

City Councilors - Keith Nyhan (Chairman), Mayor Jim Bouley, Byron Champlin, Fred Keach, Gail Matson, Candace White Bouchard, and Amanda Grady Sexton.
City Staff - Thomas Aspell, Jr., City Manager; Brian LeBrun, Deputy City Manager - Finance; Carlos Baia, Deputy City Manager - Development; Chip Chesley, General Services Director; Marco Philippon, Water Treatment Plant Superintendent; Dave Fox, Raftelis Consultant; Jeff McClure, Weston & Sampson Consultant; Katie Graff, Assistant Finance Director; Bob McManus, Director of OMB; Rebekah Dougherty, Budget Analyst; and Sue Stevens, Executive Assistant.

3. Approval of the Meeting Minutes

A motion was made and seconded to approve the minutes of the February 1, 2021 meeting. The minutes were unanimously approved with a roll call vote.

4. Water/Wastewater Utility Rate Structure Change

Chip Chesley explained that the General Services Department is recommending changing the rate structure of the Water and Wastewater funds so that they both have fixed fee and variable fee components in order to provide rate stabilization going forward. This will only be a structural change and will not impact revenue.

Marco Philippon, Water Treatment Plant Superintendent, explained that the Water

fund currently has a fixed fee and variable rate component. The fixed fee is based upon the assessed value of a property and the variable rate is based upon metered water consumption. He noted that the Wastewater fund currently does not have a fixed fee component in its rate structure, and only a variable rate component. Marco explained that the new Financial Enterprise System (MUNIS), which the City is in the process of implementing, does not integrate with the City's assessing system (VISION), for the purpose of water or wastewater billing. Therefore, the City needs to revise the method of collecting the fixed fee component.

In addition, Marco noted that assessed property values are variable, and that Concord is the only municipality in New England that uses assessed value on which to base its fixed fee. He noted that the industry standard is a fixed fee based on meter size.

Dave Fox of the consultant team Wright/Pierce and Rafetelis Financial Consultants, which the City hired to provide us with guidance and recommendations, conducted a financial analysis of a revenue neutral revision to the City's rate structure and its affect upon our rate payers. Dave indicated that the recommended changes will impact each individual account differently. Some will increase; others will decrease. The majority of rate payers will see an increase of approximately \$0.00 to \$5.00 per month. Some of the city's larger water users could see increases of up to \$25 per month. Overall, revenue will not change.

Councilor Bouchard asked if any homeowners fell in the group of larger water users. Dave Fox indicated that there are no homeowners in that group. That it is large companies.

Mayor Bouley asked if this increase will drive businesses out of Concord. Dave Fox responded that it would not.

Councilor Nyhan suggested the City drop the minimum allowance it has in place so that people who don't even come close to using the minimum could lower their bills. He noted that it would also provide incentive to people to conserve.

A motion was made and seconded to refer the General Services Department's recommendation for a rate structure change to the full City Council. The motion passed with a unanimous roll call vote.

5. FY 2021 YTD Financial Statement Review

Deputy City Manager LeBrun noted that the FY 2021 Year to Date Financial

Statements were included on the March 8th City Council meeting agenda and asked if the committee had any questions. Seeing that there were none, the Committee moved on to the next agenda item.

6. **Cost Drivers - FY 2022 Budget**

Deputy City Manager LeBrun presented the findings of a preliminary FY 2022 budget analysis he conducted. He explained that, as it stands now, the City will be looking at a 7.25% increase on the tax rate if no cuts are made or no federal relief is received. The biggest drivers of this increase on the expense side are wages; a 22% NH Retirement System increase, which equates to \$1.3 million or 3% on the tax rate; and an 8.9% increase in health insurance costs. On the revenue side, we are expecting a decrease in PILOT payments and investment income, and an increase in motor vehicle registrations and construction permits. He explained that rooms and meals tax proceeds and highway block grant funds are uncertain at this time. It is expected that there will be some federal stimulus funds coming our way, but we don't know when or how much that will be.

City Manager Aspell indicated that there is still much work to do in preparing the budget. He noted that he would not be presenting a budget with a 7.25% tax rate increase, or even close to that. However, he reminded the committee that over the past two years the City Council adopted budgets with 0% and 1.6% tax rate increases, and that many cuts were already made in order to come in so low in those two years. Therefore, it will be that much harder to find savings resulting in another really low tax rate increase this year.

Councilor Nyhan suggested that City Administration provide a list of projected savings so that the City Council can make informed decisions when it comes time to make decisions about the budget. City Manager Aspell indicated that included in the budget will be proposed reductions and program change requests, which the City Council will be able to review and take action on.

Councilor Grady Sexton expressed hope that federal stimulus dollars will arrive before the budget is adopted and asked by what date the budget must be adopted by. Deputy City Manager LeBrun indicated that the budget must be adopted by July 27 and that because there is so much uncertainty it is possible that adjustments will need to be made during the budget review process.

This will be discussed further at the next FPAC meeting, at which time there may be more information to consider.

7. Proposed Budget Schedule and Guideline Revisions

Deputy City Manager LeBrun went over the proposed changes to the Finance Committee Guidelines, as well as the FY 2022 draft budget review schedule.

A motion was made and seconded to recommend the revised Finance Committee Guidelines and draft Budget Review schedule to the full City Council. The motion passed with a unanimous roll call vote.

8. Adjournment

A motion was made and seconded to adjourn. The motion was approved with a unanimous roll call vote and the meeting adjourned at 5:45 PM.