

DRAFT MINUTES

Fiscal Policy Advisory Committee
September 19, 2016 / 4:30-6:00 PM
2nd Floor Conference Room/City Hall

In Attendance: Chairman – Keith Nyhan; City Councilors – Candace Bouchard, Mark Coen, Fred Keach, Rob Werner and Mayor James Bouley; City Staff – Tom Aspell, City Manager; Brian LeBrun, Deputy City Manager-Finance; Carlos Baia, Deputy City Manager-Development; Katie Graff, Assistant Finance Director; Bob McManus, OMB Director; Rebekah Dougherty, Budget Analyst; Mike Jache, Treasurer; Laura Richardson and Scott Maslansky, Jordan Institute; Michael Licata, Liberty Utilities.

Excused: Councilors Amanda Grady and Dan St. Hilaire.

- 1) **Approval of April 18, 2016 Meeting Minutes:** Chairman Nyhan called the meeting to order at 5:46 PM and requested a motion to approve the minutes of the April 18, 2016 meeting. **Councilor Coen moved to accept the minutes, seconded by Councilor Keach. The minutes were unanimously approved.**
- 2) **Scott Maslansky, C-Pace Program:** Scott Maslansky of the Jordan Institute gave a presentation to the committee regarding the C-Pace Program. Specifically, he explained how the program can be a positive impact on the community by improving the energy efficiency of buildings and having the cost of the improvements follow the building as a continuing debt instrument after transfer of ownership, which would allow for the cost burden of the improvements to continue to be funded by the energy savings. This program is statutorily allowed under RSA 53-F and needs the City to participate through the tax billing process and transfer of funds to the lending agency upon receipt of payment from the property owner. Mr. Maslansky and Ms. Richardson indicated that the Jordan Institute has revised the original mission of the program to make it workable for the downtown building and business owners that need to convert from natural gas to steam, and that this program can play a role in helping owners to improve the energy efficiency of their buildings and finance the conversion. Ms. Richardson spoke briefly about the for-profit arm of the Jordan Institute, Resilient Buildings Group, Inc. The committee briefly discussed the program and directed Mr. Maslansky to continue to work with and put staff in contact with other communities that have been using C-Pace to learn both the positive and challenging aspects of the program.
- 3) **Preliminary FY 2016 Financial Statements:** Deputy City Manager LeBrun reported that the City ended the year with a \$1,039,700 General Fund surplus; however, this number will change as the year end audit is completed and any adjustments to overlay are recorded, keeping in mind that the City Council approved a \$650,000 transfer to Recreation Reserve and \$300,000 to Economic Development reserve retroactive to June 30, 2016.

Deputy City Manager LeBrun noted that the City had a very good year, which began with an unexpected Workers Comp Premium holiday return of \$530,000; Motor Vehicle Registration revenue of \$539,600 more than budget; Building Permit revenue of \$175,900 more than budget; and Ambulance Service Charge revenue of \$390,000 more than budget. The complete details of the year end results are identified in the report that was presented to the committee. Deputy City Manager LeBrun indicated that Administration has allocated \$930,000 to Assigned Fund Balance and recommends those funds be used to support transfers to reserves as listed in the report. The Committee discussed the use of the reserves and recommended changing the Community Improvement Reserve to \$200,000 and adding \$200,000 to the Economic Development Reserve. There was discussion about the \$30,000 for office furniture and equipment.

Deputy City Manager LeBrun also noted that a resolution for both the Project Inspection Fund and the Golf Fund are set for public hearing in October. This supplemental appropriation is a housekeeping measure, retroactive to June 30, 2016, because expenses were above the approved budget. In both cases, the revenue was sufficient to cover the expenses and the ending results of these two funds were better than expected but just need to have the proper authority for the actual expenditures.

Councilor Bouchard moved to approve the report and recommend the transfers to reserve as revised. Seconded by Councilor Coen. The motion passed unanimously.

- 4) **ERP Update:** Deputy City Manager LeBrun noted that the City is still evaluating an ERP vendor for consideration. He explained that the City had a daylong vendor demonstration on September 1st and is scheduling additional demonstrations and site visits to get a handle on what other communities think of the software. Some departments have already spoken to other communities and, to date, the comments have been favorable. Once the site visits are complete, a final recommendation will be made to the City Manager. In addition to the ERP itself, City staff will be pursuing time and attendance software. There are a number of companies available and we will need to evaluate which company will be the best fit for the City. A formal bidding process is contemplated to secure the best vendor for this module.
- 5) **GASB 74, 75 and 77:** Deputy City Manager LeBrun discussed the new GASB pronouncements and provided a short handout regarding these new rules. GASB 74 and 75 replace GASB 43 and 45. This reporting requirement will, among other things, require the City to report the full Actuarial Accrued Liability reduced by trust assets in its government wide financial statements. There is no other specific budgetary impact due to this change. For Concord, the estimated impact is the reported liability is expected to increase by approximately 5-10%. At this time, it is important to note that the changes made to Medicare supplement insurance has the impact of reducing the City's OPEB liability from \$45,537,409 to 34,195,948, a decrease of \$11,341,461 or 24.9%. Also, while the City is not required to implement this change until Fiscal Year 2018, we intend to implement for the Fiscal Year 2017 audit. FY 2017 is the year the City needs to do a full OPEB review, at a cost of approximately \$9,500. By waiting until 2018, the City would need to do another full review and it would cost another \$9,500, instead of the off year update of \$2,500. This will save the City approximately \$7,000.

GASB 77 requires the City to be in compliance for Fiscal Year 2017 audit and addresses Tax Abatement disclosures. This pronouncement is intended to provide the information necessary to assess how tax abatements affect the City's financial position and its ability to raise resources in the future.

- 6) **S&P Rating Agency:** While staff meet with the rating agency at least annually, there is very rarely an opportunity for elected officials to have a discussion with the rating agencies. Standard & Poors is offering the opportunity for such a meeting with FPAC if the committee sees a benefit to such a meeting. The committee is interested in a meeting with Standard & Poors and would like to travel to their Boston office for such a meeting. Deputy City Manager LeBrun will explore this option.
- 7) **Other:** Councilor Coen brought up a discussion about Special Revenue and Enterprise Funds and their structure. As examples, he brought up the Golf, Arena and Parking Funds. He noted that while these funds are generally able to self-support operations, necessary capital improvements and significant deferred maintenance issues exist and several of these funds would not be able to support the debt service payments needed to make the needed improvements. Councilor Coen wants to review the funds to see if it is the result of management issues or the way the structure is set up. Mayor Bouley noted that he had requested master plan revisions for Golf, Recreation and Arena during the most recent budget deliberations because he knew that the needed Capital Costs in several of these funds outpaced their ability to pay for them and that some type of support from the General Fund will most likely be necessary to manage and improve the City's investments in these operations. The committee discussed having staff develop a philosophy statement for the Special Revenue and Enterprise funds when the Golf and Recreation Advisory Boards complete their master plan work.
- 8) **Adjournment:** A motion was made by Councilor Keach to adjourn, seconded by Councilor Coen. A unanimous vote brought the meeting to an end at 6:17 PM.

Respectfully submitted,

Brian LeBrun
Deputy City Manager – Finance