

DRAFT MINUTES

Fiscal Policy Advisory Committee
January 17, 2017 / 4:30-6:00 PM
2nd Floor Conference Room/City Hall

In Attendance: Chairman Keith Nyhan; City Councilors – Candace White-Bouchard and Mark Coen; Mayor James Bouley; City Staff – Tom Aspell, City Manager; Brian LeBrun, Deputy City Manager-Finance; Carlos Baia, Deputy City Manager-Development; Bob McManus, Director Management and Budget; Mike Jache, City Treasurer/Tax Collector; Kathy Temchack, Director of Real Estate Assessments; Joe Devarenne, Appraiser; Doug Ross, Purchasing Manager.

Excused: Councilors Amanda Grady-Sexton, Dan St. Hilaire, and Fred Keach.

- 1) **Approval of December 19, 2016 Meeting Minutes:** Chairman Nyhan called the meeting to order at 4:30 PM and requested a motion to approve the minutes of the December 19, 2016 meeting. **Councilor Coen moved to accept the minutes, seconded by Councilor White – Bouchard. The minutes were unanimously approved.**

- 2) **Presentation of Assessments by Kathy Temchack:** Director Temchack made a presentation to the Committee explaining how she developed valuations, the changes in the various neighborhoods and strata, and the value of annual statistical updates. She stated that the increase or decrease in values is to reflect the market activity and the goal is to be as close to 100% of market valuation as possible, understanding that we will never be at exactly 100%, as there will be assessments over the selling price and under the selling price. Kathy also stated that 45% of the City’s taxable valuation is commercial and industrial, and because there are many more residential sales, the level of assessment is driven by residential sales. She noted that the courts have said that if a community is not within the reasonable range of 100% of market valuation, and we are assessing at 90% for instance, then we will have to pay automatic refunds to properties based solely on the ratio; mainly commercial properties that hire tax reps to represent them for abatement requests. This could end up being very expensive for the community and is an extremely strong justification for continuing with annual updates.

The committee asked the following questions:

- a) Mayor Bouley asked about neighborhoods, why there are 15 distinct neighborhoods for valuation purposes, and why is there such discrepancy between neighborhoods? Ms. Temchack responded that neighborhoods do not all go up or down in value in a straight line and the market valuation changes are based on sales in those neighborhoods. In addition to the neighborhoods, she also uses site indexes to adjust the land within the neighborhoods. After several years of sales activity, if the market indicated that the delineation of a neighborhood needed to be adjusted, such as to expand, collapse, or create a whole new neighborhood, the ability to do so exists.

- b) Councilor Coen asked if there was a difference between the assessing descriptions of neighborhoods for assessing purposes and the description of neighborhoods for the general population. Ms. Temchack noted that the assessing description of

- neighborhoods takes into account location, zoning, property types/uses, lot sizes, availability of public water and sewer, and other factors.
- c) Chairman Nyhan asked if the Assessing Department publishes the boundaries of the assessing neighborhoods. Ms. Temchack said that she couldn't remember if the maps were currently published on the website, but that they can be and staff will add the maps if they are not.
 - d) Mayor Bouley asked how often the Assessing Department does customer service training. Ms. Temchack responded that the last training with Primex was two years ago.
 - e) Mayor Bouley asked why Assessing reorganized the interior layout of their department. Ms. Temchack stated that it was done to allow more room for customers at the front counter and to provide space for customers with mobility issues to be able to access the assessing information and office more easily. It also provides for easier access to her office if someone has difficulty walking or is in a wheelchair. The rearrangement of the new desk on order is to allow the front line staff person to be able to face customers as they enter the office, as opposed to sitting sideways, which will help with customer service.
 - f) Mayor Bouley complimented Kathy on making changes in her office to improve customer service. He stated that he has received comments from customers stating that when they walk into the Assessing Office it is not a warm and fuzzy feeling and a lot of times the tensions levels are increased because they are coming in upset about valuations or what they owe, so the high level of positive customer service is extremely important. He also stated that it is most important that Assessing and the Tax Offices have exemplary customer service and that they should provide more training to employees and do anything else available to continue to improve customer service.
 - g) Chairman Nyhan stated that many times it is very important to just listen and not say anything and that once you get people to vent, many times that will help.
 - h) City Manager Aspell said it is very important to make customers feel comfortable and able to share their personal information without having the fear that they are revealing things out in the open and that is one of the reasons that the path access to the back of the office has been improved.
 - i) Mayor Bouley asked if the department would be requesting approval for the annual assessment update this year. Ms. Temchack indicated that they would be submitting a request. Mayor Bouley stated that Ms. Temchack should be prepared to answer questions this year about the value spikes.
 - j) Mayor Bouley concluded by stating that perception matters and how customers feel when they leave matters.
- 3) Follow up on Tax Bill issue:** Deputy City Manager LeBrun brought several options forward to the Committee regarding clarifications on the City's tax bills. While the tax bill is very straight forward, the following options are available to help taxpayers better understand their bills.
- a) The City's website offers two documents to help clarify the bill and assessments and provides a tremendous amount of information.
 - b) In the past, the City included a two page explanation when the bills were mailed out. There was a lot of information on it and it resulted in a lot of telephone calls because of confusion.

- c) A simple message can be included as a separate attachment directing customers to the City's website to explain the tax bill and assessment. This would cost about \$1300 per year.
- d) The City can develop the same type of stuffer that was included years ago, but that led to confusion and a tremendous amount of phone calls for clarification.
- e) The last option is to include a small blurb on the front and back of the tax bills directing people to the City's website to view the tax bill and assessment documents. No extra charge for this option.

The committee asked about further clarifying the tax bill by putting the previous year's tax bill amount on the bill so that customers would have that amount as a comparison on the new bill.

- a) Councilor Coen stated that it should be relatively easy to add a line for last year's bill, this year's bill, and the increase, so that it clarifies it for customers. Deputy City Manager LeBrun stated that in the past, when inserts were included with the bill, it caused confusion for customers and resulted in many calls or visits with additional questions. He indicated that he is concerned that if additional lines are added to show last year's bill amounts, this year's bill amounts, and the difference between the two, it will cause additional confusion.
- b) Mayor Bouley asked why the City doesn't change the bill to look more like a credit card statement or a utility statement, or an option for people to go online and see all charges, payments and balances.
- c) Councilor Nyhan indicated that he did not think customers would look at the small print on the bill that directed them to the website for a better explanation of the bills.
- d) The committee asked that we take a look at redesigning the bill to give better information and include a spot for last year's tax bill amount, and make billings and payments clearer for customers. They also suggested that we include a pink colored insert with a simple phrase that say's something like "Tax bills can be very confusing, for a detailed explanation, please visit the City's website). Deputy City Manager LeBrun stated that they will take a look at it and report back to the committee.

4) Proposal to revise Purchasing Ordinance 31-1-3 and 31-1-4 – this proposal would help streamline the City's purchasing and disposal of assets processes. This ordinance was last updated about 10 years ago.

- a) The first change would increase the amount necessary to secure three written quotes from \$2,000.01 to \$5,000.01. Departments will still seek the best pricing but just won't be required to provide written quotes for the purchase requests. \$2,000 does not buy the same things as it did a decade ago. As provided on the chart included in the packet, more than 25% of purchases under \$5,000 fall in the \$2,000.01 - \$5,000.01 band. This change will save a tremendous amount of time.
- b) The second change would increase the RFP threshold from \$20,000.01 to \$30,000.01 as the amount to secure competitive bids. This same chart shows that more than 12% of purchases fall into this band and, again, not going through the formal RFP process for these purchases will save time and most likely produce the same or better results by securing competitive quotes.

- c) The final change is for disposition of assets above \$500. Currently, anything over \$500 needs to be sold publicly, which is time consuming and does not always provide the best results. This proposal would change the threshold to \$10,000 and allow private sales up to that amount, which most likely will produce the same or better results.
- d) Purchasing Manager Doug Ross spoke positively of the changes and how it will streamline the purchasing and disposal processes.
- e) The committee commented that they have full confidence in Mr. Ross and they support the change from \$2,000.01 to \$5,000.01, as well as the disposition change from \$500 to \$10,000. However, they suggested increasing the RFP threshold to \$50,000.01 instead of \$30,000.01. Deputy City Manager LeBrun and Mr. Ross will process the changes to be included in the next City Council agenda in February.

Councilor Coen made a motion to recommend these changes to the full City Council through an ordinance change. Seconded by Councilor Bouchard. The motion passed unanimously.

- 5) **FY18 Budget Process – Same electronically through iLegislate** – Deputy City Manager LeBrun stated that the plan was to present the budget to the City Council in the same manner as last year, through iLegislate, and asked the committee if they were in agreement to follow the same process as last year or if there were any small tweaks that they wanted to incorporate. The committee indicated that they were in agreement with keeping the process the same and requested that the Parks & Recreation and Legal Department goals be expanded so that more subcommittee meeting statistics are included, and to make the information included in the budget more meaningful.
- 6) **Annual Review of the Tax Rate Target** – Annually the committee reviews the tax rate target issue for the upcoming budget. Over the past several years, the committee has recommended that the City Manager bring a responsible budget to the City Council. The committee recommends the same for this year. The process has worked well in the past few years.
- 7) **Quarterly Financial Statements** – Deputy City Manager LeBrun presented the quarterly financial statements for the period ending December 31, 2016.
 - a) He noted the additional steam costs identified in the memo and reported that, since the memo was written, we have received the December bill. Based on the projection of the bills received so far, the next memo will likely show an anticipated over-expenditure of slightly more than \$100,000. Again, this is weather dependent for the remainder of the year.
 - b) He also identified that the Workers Comp Premium Holiday from Primex is zero for FY17 on a budget of \$80,000, and last year it was over \$500,000.
 - c) Revenues from Motor Vehicles are on par with budget and ahead of last year.
 - d) Ambulance Service Charges are on budget but behind last year.
 - e) Winter maintenance is just starting but we have already exceeded the number of storms that have been treated compared to last year.
 - f) Will keep monitoring closely and identify variances as they appear.

8) Other:

- a) Bond Sale – Deputy City Manager LeBrun noted that the bond sale went well on Wednesday with a 2.439% interest rate. Additionally, there were two other sales this week with our financial advisors.
- i. Quincy Mass with the same AA+ rating sold \$15.185M in bonds at 2.67%
 - ii. Orleans MA with a AAA rating sold \$9.168 at 2.72%
- The City of Concord did very well!
- b) Update on City Hall Boiler Project – Deputy City Manager LeBrun updated the committee on the City Hall Campus Boiler Project. This boiler project is being worked on in conjunction with the City Hall landscape project and the COMF boiler project. He indicated that the engineers are finalizing the bid documents for a mid-February bid. The engineer's estimate of the total project is quite a bit higher than originally anticipated, at \$2 million for the entire scope, and a more focused \$1.4 million for just the City Hall Campus Boiler. We will not know the real pricing until bids are received. A couple of factors have attributed to the increase in City Hall boiler estimated pricing.
- i. \$600,000 was the estimate from the original project scope and was understated by approximately \$300,000. It should have been almost \$900,000 to start with. In reviewing why there was a discrepancy, it was found that the original documents combined a couple of different categories to develop the pricing and only the first category was used in the initial analysis of moving away from steam. When the original ESCO project was developed, the transition from steam to natural gas was taken off the table right away and not addressed again until winter 2015-16.
 - ii. The second factor, as Tom indicated at the last Council meeting, is the increase in mechanical costs due to all of the development that is occurring.
 - iii. Additionally, the estimate for the landscaping is higher than the original budget, \$400,000 versus \$250,000, and includes a heated snowmelt handicapped accessible ramp to the side door.
 - iv. With the underestimate of the initial cost, the increased mechanical costs that Tom discussed, resolving the A/C moisture issue at Green Street Community Center, and the heated walkway for the handicapped access ramp, it results in the higher costs. Again the final costs will be determined when the actual bids are received.

- 9) Adjournment:** A motion was made by Councilor Coen to adjourn, seconded by Councilor White Bouchard. A unanimous vote brought the meeting to an end at 5:55 PM.

Respectfully submitted,

Brian LeBrun Deputy City Manager – Finance