MINUTES

City of Concord Finance Committee Meeting
June 2, 2025 @ 5:30 PM
City Council Chambers

Present: Mayor Byron Champlin, City Councilors Fred Keach, Brent Todd, Michele Horne, Stacey Brown, Jennifer Kretovic, Judith Kurtz, Amanda Grady Sexton, Paula McLaughlin, Jim Schlosser, Kris Schultz (late), and Jeff Foote.

Excused: Councilors Nathan Fennessy, Karen McNamara, and Ali Sekou.

The Mayor opened the meeting at 5:30 PM.

Manager Aspell stated that this meeting was to review the FY 2026 budgets for the Special Revenue and Enterprise Funds.

Manager Aspell began his review with the Special Revenue Funds.

PARKING: Manager Aspell noted that revenues for FY 2025 are projected to be better than budget by $525,000, mainly due to an increase in parking penalties of $120,000; an increase in metered parking fees of $223,000; an increase in rental income of $102,000; and an increase in finance charges of $107,000. FY 2026 revenues are up $19,000, mainly due to parking fees, rental income and investment income increases.

FY 2025 projected expenses are under budget by $179,000, mainly due to wages and benefits being under budget.

FY 2026 expenses are budgeted to increase by $20,000 or 1%. This is driven by the following:

- Increase in wages and benefits, $46,000;
- Decrease in repairs and maintenance, $6,000;
- Decrease in building supplies, $3,000;
- Increase in electricity rates, $9,000;
- Increase in real estate taxes, $10,000;
- Increase in debt services, $12,000; and
- Decrease in transfer-out to Capital, $50,000.

Also included in the wages and benefits section of the Parking budget are upgrades to the Parking Officer and Equipment Technician II positions of $4,000.

Manager Aspell gave an overview of the Parking pro forma, which shows a budgeted loss of $351,000 for FY 2025. The same projected net line shows an estimated gain of $353,000 for FY 2025, which is $704,000 better than budget. With this $353,000 gain, the ending working capital is projected to be $2.3 million.

In FY 2026, we are budgeting for a loss of $352,000, which would decrease the ending working capital to $2 million.

Also, FY 2026 is the last year of the Sears Block TIF District transfer to support debt service for the Storrs Street garage bonds which were issued in 2005 and 2007.

There are major capital expenses planned for Fiscal Years 2026, 2027, 2028, 2029, and 2031. Along with those capital expenses is the debt service to support those needed projects.

A parking rate increase will need to be considered in the next year or two in order to keep the fund solvent in future years. We will need to determine the alternative impacts to the parking system based on the various alternatives for the State Street Garage – to rebuild, to renovate, or to demolish and replace with a surface lot. Whichever decision is made will drive the fee changes system wide.

This proforma anticipates General Fund support starting in FY 2030 if other revenue streams are not sufficient to support expenses.

AIRPORT: FY 2025 projected revenues are ahead of budget by $46,000, mainly due to an increase in fuel markup and other revenues. For FY 2026, revenues budget to budget, are up $19,000, or 4%, due to an increase in rental income and fuel markup.

FY 2026 expenses, budget to budget, are down $35,000 or 6%, due to the following factors:

- Increased wages and benefits, $3,000;
- Professional Services are down $5,000;
- Vehicle fuel is down $23,000 (due to new aviation refueling system being completed);
- Electricity is down $2,000; and
- Principal and interest are down $11,000.

Also included in this budget is $2,000 in funding for polycyclic aromatic hydrocarbon sampling. (This is an EPA-required sampling as part of the multi-sector general permit and needs to be done in Years 1 and 4 of the permits.)

Manager Aspell reviewed the Airport pro forma.

For FY 2025, in the projected net line, revenues are projected to be less than expenses by $74,000.

In the FY 2025 estimate column, the projected net is for revenues to be less than expenses by $12,000. This is better than budget by $62,000 and produces an ending working capital of $439,000.

In FY 2026, the Airport projects that revenue will be less than expenses by $20,000, and produces an ending working capital of $419,000.

The ending working capital is projected to be depleted in FY 2028. Manager Aspell is projecting General Fund transfers into the Airport Fund starting in FY 2028.

<u>CONSERVATION PROPERTY FUND</u>: Manager Aspell briefly explained the purpose of the Conservation Fund.

Manager Aspell noted that the revenues in this fund are projected to decrease by $7,000 or 5% due to rental income being flat and decreases in the use of fund balance.

Expenses, budget to budget, are down $7,000 or 5%, due to slight increases in wages and benefits, a slight decrease in the transfer-out to trust, and a decrease in the transfer to the General Fund to offset debt service costs for conservation property purchases and for reimbursements for plowing of the trailhead parking lots.

<u>REVOLVING LOAN FUND</u>: Manager Aspell noted that the FY 2026 proposed revenue of $629,000 is a portion of the estimated unexpended balance of the fund, plus the scheduled loan repayments and investment income revenues.

Expenses include $10,000 for any services needed to administer loans under this fund, and an appropriation for up to $613,000 in revolving loans.

Mayor Champlin stated that he is very pleased that the City is able to offer this program, which helps people to address emergency situations in their homes and make repairs that they otherwise would not be able to afford.

<u>GOLF COURSE</u>: FY 2025 revenues are projected at $2.1 million or 10% ahead of budget due to the following:

- Season passes are projected to be short of budget by $81,000;
- Daily fees are projected to be up $72,000, assuming nice weather (we are seeing greens fee play make up for a majority of the loss of season pass play);
- Cart rentals are projected to be up $50,000;
- Pro Shop sales are projected to be up $116,000;
- Concession sales, which is vendor rent, are down $9,000;
- Simulator revenue is down slightly, by $2,000;
- Driving range revenue is up $41,000;
- While league and tournament fees are projected at budget, this revenue line will end up being short of budget. This revenue should be the net between the fees collected and the Pro Shop credits that paid out for prizes. In FY 2025, the gross amount of league fees was budgeted in revenue and the gross amount of Pro Shop credits was budgeted in League and Tournament expenses. This did not work out as smoothly in practice for FY 2026 and was adjusted to align with how this played out.

For FY 2026, revenues, budget to budget, are up $117,000 due to the following:

- Season passes are down $75,000;
- Daily fees are up $66,000;
- Cart rentals are up $78,000;
- Driving range revenue is up $50,000;
- League and tournament fees are down $29,000;

- Simulator revenues are up $4,000; and
- Concession revenue is down $14,000.

FY 2025 expenses, projected to budget, are up $92,000 due to the following:

- Temp wages higher than budget by $11,000;
- Repairs and Maintenance higher than budget by $9,000 due to drainage issues in the bathroom and repairs in the kitchen with the vent, walk-in cooler, stove and dishwasher;
- Rent is up $4,000;
- Department supplies higher than budget by $2,000 for the purchase of additional range balls for the driving range;
- Cost of Goods Sold up $77,000, which is a function of increased sales;
- Leagues and Tournament expenses, while projected here at budget, will come in under budget;

Manager Aspell indicated that he will bring a supplemental appropriation forward after June 30, 2025 for FY 2025 to align the budget with actual.

FY 2026 expenses, budget to budget, are up $46,000 due to the following:

- Wages and Benefits up $46,000;
- Professional Development up $3,000;
- Repairs and Maintenance down $3,000 due to a one-time plumbing repair in FY 2025;
- Professional Services down $6,000 due to one-time tree service in FY 2025;
- Department Supplies up $4,000 due to PCR's for the purchase of a Grapple Bucket (picks up and loads limbs, brush, and leaves safely) and replacement of power tools;
- Auto Parts up $3,000;
- Grounds and Horticultural up $10,000 due to PCRs for increased costs, drainage work, and additional grass seed and sod;
- League and Tournament expenses down $41,000 due to changing Pro Shop credit budgeting to revenue line and moving Pro Am fees to Professional Development;
- Electricity down $5,000; and
- Debt Service up $31,000.

Manager Aspell reviewed the Golf Course pro forma.

In FY 2025, the fund projected a gain of $124,000. The FY 2025 estimate shows a gain of $231,000, or $107,000 better than budget, and produces an ending working capital of $1.07 million.

In FY 2026, the projected net gain is $195,000, with an ending working capital of $1.264 million.

Manager Aspell pointed out that, in FY 2027, he has included a $250,000 transfer to the General Fund for debt service for the new clubhouse, and is also recommending the use of Recreation Reserves so that there is no tax rate increase in the first year of the bond payment.

Manager Aspell also included additional expense adjustments for the items that have been identified as needing to be included as part of the new facility.
As we follow the ending working capital through to FY 2031, the ending working capital remains positive for at least the next five years.

Manager Aspell noted that, in addition to using the fund balance to help finance the new clubhouse, he plans to work with the Golf Course Advisory Committee to increase rates for season passholders, greens fees, carts, etc. to keep this program going into future years, beyond FY 2031, in order to minimize any impact and have the users pay the majority of the improvement costs, and also have some support from the Recreation Reserve.

Councilor Brown requested clarification on tent rental revenue and noted that she couldn't find revenue received for several events that were held at the course. Deputy City Manager – Finance Brian LeBrun explained the various types of events that are held at the golf course, as well as different fee structures. He also noted that many of the outings are charitable, and typically $7 goes to tent rentals, $23 to carts, and the balance to daily fees. Deputy City Manager LeBrun indicated that much of the revenue has been captured all in daily fees and that he is working on streamlining postings for better clarity as we go forward.

Councilor Brown stated that she has heard from constituents that they find it almost impossible to book a tee time, and questioned why there are so many member events held on the weekends. She also mentioned that members are able to book tee times farther in advance than a non-member. Deputy City Manager LeBrun indicated that the course has limited the number of outings that are mainly scheduled on weekdays. He also noted that, in most cases, the outings are in the morning and the course frees up in the afternoon.

Mayor Champlin indicated that he is a member of the Capital Center for the Arts, and that, as a member, he can purchase tickets and seats in advance of non-members. It is a benefit of being a member, just like being a member of the golf course has some perks.

Councilor Brown shifted her focus to entry fees for Pro Am tournaments and asked if the City pays for its golf pros to play in Pro Am tournaments. Deputy City Manager LeBrun indicated that the City does pay for the pros to play in Pro Am tournaments, as we feel it is important for them to participate and play in these events, see other courses, and learn about how they operate, etc. The City views these tournaments as Professional Development opportunities.

A question was raised as to why the rent is less for the current restaurant vendor than what the past vendor was paying. Deputy City Manager LeBrun indicated that the City didn't receive many responses to its RFP when looking for a new vendor, and the proposal was less than the previous vendor had been paying. In addition, there have been many issues that have cropped up since the new vendor came in, such as problems with the hood vent, the walk-in cooler, the stove and the dishwasher, and that the vendor has been very patient and accommodating with the City. Ultimately, Deputy City Manager LeBrun explained, the condition of the building is preventing the City from bringing in as much revenue as it could.

Councilor Brown raised concerns about the fact that the golf pros are allowed to keep 85% of the revenue they earn for giving private lessons. She also expressed concern that the course is not doing enough for Concord youth.

Councilor Brown asked why the course isn't charging the schools the fee that is posted on the website. Deputy City Manager LeBrun could not answer the question, as the person that did those billings for the schools is no longer with the City. Deputy City Manager LeBrun indicated that, going forward, the schools will all be charged the scheduled amount. Councilor Grady Sexton asked how Mr. LeBrun would ensure this happens. Mr. LeBrun indicated that he, personally, will ensure it by reviewing the bills himself going forward.

Councilor Foote noted that the golf course, through the various outings it holds, raises a lot of money for charities that benefit the community. He appreciates this.

The topic of dynamic pricing came up, as some non-profit organizations seem to pay more than others for tournaments. Manager Aspell noted that we have been able to be flexible and offer dynamic pricing. For instance, if a non-profit can't afford to pay the full price to hold a tournament, the City has the flexibility to reduce the rate to not only allow the non-profit organization to hold its event and make money for a good cause that benefits the community, but that will also guarantee revenue for the golf course. It is a win-win situation.

Councilor Brown expressed her opinion that the City is prioritizing growing the game of golf over its residents. She is concerned with the steep discounts we are giving to the NH Golf Association, as well as to non-Concord schools.

Councilor Todd mentioned a question that was presented to him by a constituent. The question was why can't the City make the golf course a bare bones operation – where we just have a couple of restrooms and a small outbuilding for collecting fees. Deputy City Manager LeBrun indicated that without having a clubhouse, the course would lose simulator revenue, restaurant revenue, and pro shop revenue. The end result is that both expenses and revenue would change; and it would also negatively change the long history and dynamic of Beaver Meadow.

Councilor Todd also asked for clarification on a pie chart that has been included in much of the public testimony, which constituents are misinterpreting as the golf course comprising 40% of the City budget. Deputy City Manager LeBrun clarified that the total City budget is $153 million, of which $2 million is in the Golf Fund for golf operations and $5.8 million is proposed in the capital fund. This is considerably less than 40%.

Councilor Todd clarified that 40% of the General Fund bonded capital budget is for the golf course. Deputy City Manager LeBrun said that is probably close, not including the Police Department building project.

ARENA: Projected FY 2025 revenues are down $52,000 compared to budget. This is due to reduced Pro Shop and Concession sales, and reduced rental income. FY 2026 revenues, budget to budget, are down $41,000 or 5% also due to reduced Pro Shop sales, concession sales, and rental income.

Projected FY 2025 expenses, budget to estimate, are up $20,000, mainly due to unplanned compressor repairs, and an FY 2024 catch-up billing for a maintenance agreement for refrigeration maintenance services. Employee benefits are down due to staffing changes.

Expenses for FY 2026, budget to budget, are down $11,000 or 1% due to a $4,000 decrease in wages and benefits, and a $5,000 decrease in Repairs and Maintenance.

Also included in this budget is funding for the following:

- Yard Sale co-sponsor revenue and expense, $4,000 offsetting;
- Compressor Oil Disposal, $1,000;
- Fire Extinguisher/Suppression Inspection, $1,000; and
- Replacement of rental skates, $1,000.

Manager Aspell went on to review the Arena pro forma.

For FY 2025, the Arena was budgeted to lose $85,000. The FY 2025 estimate is projected to lose $156,000, resulting in an ending working capital of $115,000.

For FY 2026, the projected net is a loss of $115,000, which would result in an ending working capital of $8.

As we move through the fiscal years, this fund will need support from the General Fund for operations starting in FY 2027, as well as for any debt service on capital projects, unless anything major changes.

Councilor Schultz indicated that she is opposed to renting out the Arena for the annual gun show. Councilor Grady Sexton asked if the City has the discretion to pick and choose who can rent the facility. Manager Aspell indicated that as long as the vendor is meeting all the City's safety requirements for renting the facility, the City cannot discriminate against one vendor over another.

SOLID WASTE: FY 2025 revenues, budget to estimate, are flat. FY 2026 revenues, budget to budget, are up $139,000 or 3% due to:

- Downtown Solid Waste District up $16,000;
- PAYT containers up $78,000; and
- Transfer-in from the General Fund up $45,000.

FY 2025 expenses, budget to estimate, are down $31,000 due to savings in wages and benefits.

FY 2026 expenses, budget to budget, are up $232,000, or 5%, due to the following:

- Wages and Benefits down $3,000;
- Professional Services/PAYT compliance monitoring for camera equipment and software, $18,000; and
- Other contractual increases, $215,000.

Manager Aspell reviewed the Solid Waste pro forma.

For FY 2025, the projected net is a loss of $835,000. For FY 2025, the estimated net is a loss of $802,000, or $32,000 better than budget, and results in an ending working capital of $2.9 million.

For FY 2026, the projected net is a loss of $928,000. Without the use of fund balance, the General Fund transfer would be much more significant. Following the ending working capital line to the out years, the balance remains positive but is below target at the end of FY 2028, even with a PAYT bag rate increase of 15% in 2029.

Manager Aspell reminded the councilors that the General Services Department is working on the plan to implement a pilot program for the automated collection system, which is scheduled to start in July 2026. It will be necessary for the Solid Waste Advisory Committee (SWAC) and the City Council to review program outcomes.

WATER FUND: FY 2025 revenues, projected to budget, are down $159,000 due to the following:

- Water usage is down $206,000;
- Private fire service is up $10,000;
- Utility investment fees are up $60,000;
- Investment income is down $12,000; and
- Other revenue is down $19,000.

FY 2026 revenues, budget to budget, are up $529,000, or 7%, due to the following:

- Usage revenue is up $409,000, partially driven by a 7.75% rate increase;
- Availability is up $90,000, partially driven by a 9% availability increase;
- Private fire service is up $10,000;
- Utility investment fees are up $40,000;
- Investment income is down $47,000; and
- Other revenue is up $11,000.

FY 2025 expenses, projected to budget, are down $77,000, due to the following:

- Wages and benefits are down $67,000;
- Electricity is up $3,000; and
- Departmental supplies are down $12,000.

FY 2026 expenses, budget to budget, are up $180,000 or 2%, due to:

- Wages and benefits are up $133,000;
- Professional Services are up $22,000;
- Bond costs are up $9,000;
- Debt service is up $106,000;
- Transfer out to the General Fund for Overhead is up $16,000; and
- Transfer to Capital is down $84,000.

Also included in this budget are the following:

- Water and Sewer Investment Fee Consulting, $,6000; and
- Cost increases for supplies and services, $8,000.

Manager Aspell reviewed the Water fund pro forma.

The projected net for FY 2025 is a loss of $499,000. The FY 2025 estimated loss is $581,000, or $82,000 worse than budget. This provides for an ending working capital of $2 million.

The FY 2026 request calls for a 7.75% water rate increase and provides for a loss of $150,000. This results in an ending working capital of $1.9 million.

Manager Aspell explained that, in the out years, the pro forma is calling for rate increases of between 4% and 7%. Debt service costs for capital is a large driver in the rate increases.

The ending working capital in FY 2031 is consistent with the target working capital goal.

Manager Aspell presented a water rate comparison to other communities, which showed Concord as having the third lowest rate of those communities.

Water Treatment Plant Superintendent Marco Philippon explained the difference between water usage rate and water availability rate.

WASTEWATER: Projected FY 2025 revenues are expected to be $744,000 under budget, due to the following:

- Sewer usage revenue is down $667,000;
- Leachate processing is down $315,000;
- Utility investment fees are up $70,000; and
- Investment income is up $168,000.

FY 2026 revenues, budget to budget, are up $287,000 or 3% due to the following:

- Sewer usage is up $393,000 (includes a 9.5% rate increase);
- Fixed charges are up $133,000;
- Leachate processing is down $500,000;
- Septage processing is up $50,000;
- Investment income is up $103,000; and
- Share of debt service from the State is up $15,000.

FY 2025 expenses, projected to budget, are down $285,000 due to the following:

- Professional Services is down $345,000, as less sludge is being disposed of;
- Wages and benefits are up $103,000;
- Department supplies are down $10,000; and

- Electricity is up $36,000 (FY 2025 was underbudgeted).

FY 2026 expenses, budget to budget, are up $1.8 million or 15%, due to the following:

- Wages and benefits are up $246,000;
- Repairs and Maintenance are up $15,000;
- Professional Services is up $18,000;
- Department supplies is up $10,000;
- Electricity is up $43,000;
- Debt service is up $1.3 million;
- Transfer to General Fund is up $189,000; and
- Transfer to Capital projects is down $29,000.

Also included in this budget are the following PCR's:

- $6,000 for water and sewer investment fee consultant services;
- $4,000 for pump station communication services;
- $4,000 for Professional Development and certifications;
- $15,000 for Penacook Plant maintenance;
- $10,000 for autonomous lawn mowers; and
- a reduction of $500,000 in leachate revenue.

Manager Aspell reviewed the Wastewater fund pro forma.

The projected net for FY 2025 is a loss of $444,000. The estimated net loss for FY 2025 is $903,000 or $458,000 worse than budget. This results in an ending working capital of $5.97 million.

For FY 2026, we are budgeting a loss of $1.95 million, which includes the proposed 9.5% wastewater rate increase. This results in an ending working capital of $4.02 million.

Manager Aspell explained that, in the out years, the pro forma is calling for rate increases of 20% in FY 2027 and FY 2028, and 16% in FY 2029, then decreasing to 10% in FY 2030; all driven by the significant capital investments that are planned and necessary over the next few years.

Manager Aspell noted that, under the Capital line, there are substantial capital projects proposed for FY 2026 through FY 2031, which result in greatly increased debt service costs and rate increases. The majority of this is to deal with the Hall Street Wastewater Treatment Plant loading issues. Manager Aspell explained that a requirement of the Hall Street Plant Discharge Permit requires testing the toxicity of the water leaving the plant. As presented to City Council in February, the process evaluation report indicated that the organic loading coming into the plant was at or near its design capacity. The combination of the organic loading and secondary process challenges has the plant operating at near its current capacity. The cost of the recommended improvement of the secondary process is approximately $30 million in capital improvements.

Manager Aspell presented a wastewater rate comparison to other communities, which showed Concord as having the fourth lowest rate of those communities.

Manager Aspell indicated that he is recommending a 9.5% rate increase for FY 2026, which translates to an annual increase of $3.15 per month to the wastewater portion of the bill for the average property owner using 8 cc of water.

Councilor Kurtz asked why the wastewater treatment plant is no longer accepting leachate. Manager Aspell indicated that the plant is at capacity and cannot accept any additional leachate without causing environmental damage to the Merrimack River.

Councilor Kurtz expressed concern that a 20% increase in wastewater rates in the outyears seems high. She suggested that the fees be increased for water usage, rather than for wastewater. Acting General Services Director Jeff Hoadley indicated that sewer costs are based on water consumption.

Councilor Keach asked if the City would be looking at increasing capacity at the Penacook plant, which is now at capacity. Manager Aspell indicated that the City will have to determine whether it's best to increase capacity at the Penacook plant, or to increase capacity at the Hall Street plant and send more Penacook sewer there.

The Mayor opened up a public hearing on the Special Revenue and Enterprise Fund budgets.

Roy Schweiker, Concord resident, provided testimony on the following: the usage fee for water should be more than the availability fee; there are too many chemicals in Concord's water; developers should be made to pay the increase for increased wastewater capacity; prices are too high at the Transfer Station; people are placing unacceptable items in the recycling bins and the City should provide translucent containers to solve this problem; parking fees should be raised downtown; non-resident fees should be higher than resident fees at the golf course; and City Administration is hiding the fact that the Golf Fund is subsidized by the General Fund.

Jennifer Fletcher, Concord resident, spoke in favor of a new clubhouse at the Golf Course.

Jeff Dusseault, Concord resident, spoke in favor of a new clubhouse at the golf course.

Chris Emond, Director of the Concord Boys & Girls Club, spoke in favor of a new clubhouse at the golf course.

Charlie Russell, Concord resident, would like to see the City close the NEOCTIF District and pull money from various reserve funds in order to have a zero percent tax rate increase this year. He feels non-profits should be conducting fundraising for the new clubhouse; that rates should be increased; and that we shouldn't be giving discounts at the golf course. He expressed his opinion that there is no need to have three year-round golf pros and he does not agree with the golf pros keeping 85% of the revenue from giving private lessons. He also indicated that the Golf Course Advisory Committee needs an overhaul, and that the committee should include citizen members who are non-golfers.

Jennifer Chase, Penacook resident, suggested that the City budget should be run like a household budget, and said she opposes taxpayers subsidizing a new clubhouse at the golf course.

Craig Savage, Concord resident and newly appointed member of the Golf Course Advisory Committee, spoke in favor of a new clubhouse at the golf course.

Chris Brown, Concord resident and business owner, spoke in favor of a new clubhouse at the Golf Course.

Matt Delois, Pembroke resident and member of Friends of the Beav' spoke in favor of a new clubhouse at the golf course and reiterated the Friends' offer to raise $250,000, over time, for the new clubhouse. At Councilor Kretovic's request, Mr. Delois explained the First Tee Program.

With no further public testimony, the Mayor closed the public hearing.

Mayor Champlin noted that the next meeting of the Finance Committee will be held on Thursday, June 5, 2025 at 5:30 PM. City Council will convene as the Finance Committee and will hold a work session to discuss any potential changes they'd like to make to the budget. Immediately following the Finance Committee meeting, there will be a City Council meeting at which time there will be one last public hearing on the budget, followed by budget adoption.

With no other discussion, the meeting adjourned at 8:38 PM.

Respectfully submitted,
Sue Stevens, Executive Assistant