

MINUTES

City of Concord Finance Committee Meeting
May 15, 2025 @ 5:30 PM
City Council Chambers

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

Excused: Councilor Nathan Fennessy.

The Mayor opened the meeting at 5:30 PM.

City Manager Aspell delivered his FY 2026 Budget Presentation, which provided an overview of the proposed budget. He noted that the presentation is available to the public on the City website.

Following the presentation, the Mayor opened the meeting for questions and discussion.

Councilor Brown asked how much would have to be cut from the budget for a zero percent tax rate increase. This amount was determined to be approximately \$2.1 million. Discussion ensued regarding possible ways the City could make these cuts. Mayor Champlin asked if eliminating anything from the CIP would reduce the tax rate. City Manager Aspell indicated that there are only a few projects, equating to about \$300,000 in transfer to capital, that could be cut from the CIP. Manager Aspell explained that CIP projects are bonded over a long period of time, and the City doesn't start paying until the following fiscal year. Also, some CIP projects are reliant on donations; and some are just place holders for the outyears. Manager Aspell indicated that the majority of the City's general fund consists of compensation and benefits.

Councilor Kurtz expressed concern about how a tax rate increase affects renters. Manager Aspell noted that he could not answer that question. He expects that some of those costs are passed down to renters, but it is at the discretion of each landlord.

Councilor Foote asked if the City could spend some of its unassigned fund balance to cover the \$2.1 million. There was considerable discussion about this. Manager Aspell indicated that the Council could certainly decide to do that, but there would be repercussions down the road, because expenses, if not cut, will still need to be paid for in future years. In addition, a significant use of fund balance could affect the City's bond rating, potentially increasing the City's interest rates on future bonds.

Councilor Keach suggested that the committee, during these budget hearings, consider the sustainability of maintaining seven public swimming pools.

Councilor Grady Sexton asked how City Administration is ensuring that the social service agencies we fund are prioritizing Concord citizens. Manager Aspell indicated that he and Karen Emis-Williams, the Human Services Director, have met with some of the social service agencies and are working on agreements with them to ensure Concord citizens are prioritized. Councilor Grady Sexton asked if the \$20,000 increase proposed for the Concord Coalition to End Homelessness to keep the cold weather shelter open on weekends will be used for staffing. Manager Aspell confirmed that the agency can use it for staffing.

With no further questions, the Manager then went on to discuss the Budget Summaries and the General Fund Revenue.

Manager Aspell indicated that public hearings will be held at the end of each night's Finance Committee Meeting to ensure that the public has a chance to weigh in on the budget deliberations.

Manager Aspell noted that the proposed FY 2026 budget provides a spending plan for both operational and capital budgets, and is in line with the City Council's goals and objectives.

Manager Aspell stated that the total proposed FY 2026 budget for all funds, including Capital, is \$154,891,595. This is \$15.2 million less than last year's adopted budget and includes a decrease of \$21.4 million in requested funding for Capital projects.

The funding request includes \$5,850,000 for the new golf course facility; and \$5,900,000 for Hall Street Wastewater Treatment Plant improvements. There is \$38,400,000 presented in the Capital budget for the new police headquarters, but funding is not requested at this time.

Manager Aspell gave an overview of the notable staffing changes within the organization that are included in the proposed budget, which results in two additional full-time equivalent (FTE) employees over the FY 2025 budget. One of the positions is the addition of an Outreach Social Worker in the Police Department; and one is the addition of an Assistant Fire Marshal in the Fire Department.

He indicated that the total General Fund budget is \$86.9 million, an increase of \$3.5 million, or 4.2%, over the adopted FY 2025 budget.

War service credits increase by \$164,000 to \$431,000 in FY 2026. This is a result of the decision made by City Council to increase the amount of veterans' credits last year.

The total use of funds, including war service credits and overlay, is \$87.5 million. All other revenues, not including taxes, total \$32.9 million, an increase of \$773,000 over FY 2025.

The proposed amount to raise in taxes is \$54.7 million, an increase of \$2.9 million over FY 2025, which results in a 3.96% tax rate increase.

The anticipated assessed value before any market changes is \$5.3 billion. This includes an estimated \$47 million in new assessed value or real growth.

The estimated City portion of the tax rate is \$10.23, a \$0.39 increase (3.96%) over FY 2025.

Manager Aspell highlighted the following large revenue items:

- 1) Property Taxes – The single largest revenue item in the budget, \$54 million.
- 2) Payments in Lieu of Taxes (PILOTs) – budget to budget increase of \$68,000. The biggest single change is the Briar Hydro increase of \$39,000. All other PILOTs increased marginally to make up the difference.
- 3) Rooms and Meals Tax revenue is up \$158,000.

- 4) School District payments are down \$87,000, due to one less School Resource Officer at the Merrimack Valley School District.
- 5) Rental income is up, mainly due to the Concord School District paying their agreed upon portion, \$22,000, for the fuel island upgrade project.
- 6) Licenses and Permits – Fire prevention permits are down \$37,000 due to the Fire Marshal's time constraints. This line is expected to increase with the addition of the proposed Assistant Fire Marshal position.
- 7) Investment Income is down \$76,000.
- 8) Use of Fund Balance – Budget to budget, this revenue is down \$11,000 and is positive. The revised column shows \$4.2 million in use of fund balance and that includes the supplemental appropriations the City Council approved during the fiscal year for surplus; incentives for the Police Department; stipends for winter maintenance; City Council DEIJB initiatives; and the Concord Stables project.
- 9) Motor Vehicle Registration – This revenue, the second largest source, is up by \$636,000 over the FY 2025 budget.
- 10) Department Service Charges – Review fees are down \$55,000; Police Special Duty services are down \$58,000; and Ambulance charges are up \$385,000.
- 11) Retiree Health Reimbursements are down \$109,000.
- 12) Other Revenue – This line is down \$139,000, as the Southern NH Hazmat was over budgeted by \$90,000 last year. This year, it is budgeted at \$93,000. This is reimbursement to the Fire Department for overtime expenses for hazmat events.

Manager Aspell noted that the ten-year fund balance history shows an unassigned fund balance of \$15,645,535 or 21.6% of expenses.

Manager Aspell provided an overview of the Summary of Expenses:

- 1) Compensation and Benefits - Compensation and benefits represents \$63.5 million, which is 73% of the total FY 2025 expenditure budget and is up \$2.5 million over FY 2025.
- 2) Outside Services – Outside Services is up \$387,000 over FY 2025.
- 3) Supplies – This line is up \$140,000.
- 4) Utilities – Utilities are down \$258,000, due to a decrease in electricity for streetlights and on-bill finance charges for the old streetlights (this was overbudgeted last year).
- 5) Insurances are up \$35,000.
- 6) Debt Service – This line is up \$589,000 or 7.2%.
- 7) Miscellaneous – This line is up \$56,000 or 5%, mostly due to a \$25,000 increase in Human Services Special Programs.
- 8) Transfers Out – Transfers out are up \$56,000, or 1.5%, and include increases to Trust and Solid Waste; and a decrease to Capital Projects.

Lastly, Manager Aspell explained the ratio of expenses, which shows each expense category by percentage. He noted that Wages, Benefits, Debt Service, Utilities and Transfers equate to \$77.3 million of the \$86.9 million budget. This is 89% of the total budget.

This concluded the City Manager's presentation.

With no further discussion, at 7:15 PM, the Mayor opened a public hearing. As there was no public testimony, the Mayor closed the public hearing.

At 7:15 PM, a motion was made and seconded to go into non-public session for the purpose of discussing compensation adjustment. The motion passed with a unanimous vote. Councilor Brown recused herself.

The committee came out of non-public session at 7:41 PM. A motion was made and seconded to seal the minutes. The motion passed with a unanimous vote. Councilor Brown was not present.

With no further discussion, a motion was made and seconded to adjourn the meeting. The motion passed with a unanimous vote and the meeting adjourned at 7:43 PM.

Respectfully submitted,

Sue Stevens
Executive Assistant