

MINUTES

City of Concord Finance Committee Meeting
May 18, 2023 @ 5:30 PM
City Council Chambers

Present: Mayor James Bouley, City Councilors Brent Todd, Jennifer Kretovic, Erle Pierce, Byron Champlin, Fred Keach, Nathan Fennessy, Gail Matson, Amanda Grady Sexton, Keith Nyhan, Stacey Brown, Karen McNamara, Paula McLaughlin, Candace White Bouchard, and Zandra Rice Hawkins.

The Mayor opened the meeting at 5:30 PM.

City Manager Aspell delivered his Fiscal Year 2024 Budget Presentation, which provided a broad 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.

Councilor Nyhan asked what the average debt increases are each year. Manager Aspell responded that we try to keep it the same each year, but it fluctuates based on interest rates and the number of projects we are paying debt service on.

Councilor Brown asked if the City is on track to meet its goal of purchasing 100% renewable energy by 2030. Manager Aspell responded that the City has already met that goal and has been purchasing 100% green electricity for the past six years.

Councilor Brown asked what the City is currently paying for electricity. Deputy City Manager – Finance Brian LeBrun indicated that the City is currently paying 6.15 cents per kilowatt hour, which is an incredibly low rate, and that contract expires in December 2023. Deputy City Manager – Finance LeBrun noted that the City just signed a new two-year contract for electricity, which begins in December 2023, and the new rate of 10.6 cents per kilowatt hour is substantially less than what the default market is at this time.

Councilor Brown asked why the City is investing funds to expand wastewater service on the Heights. Manager Aspell noted that with new tenancy and redevelopment expected at the Steeplegate Mall, as well as other upcoming retail and housing development on the Heights, new wastewater infrastructure and support will be necessary.

Councilor Pierce noted that people are keeping their cars longer and asked if the City Manager had considered this when budgeting for motor vehicle registration revenue. Manager Aspell responded that this was considered and that with supply increasing at dealerships, the demand is still out there.

Councilor McNamara noted that there is substantial funding for street paving, but not for sidewalks unless a new road is being built. She asked what it would cost to repair our sidewalks. Manager Aspell responded that when we pave a street, we are also now repairing the sidewalks on that street at the same time.

Councilor Kretovic asked if the City is making progress on paving our streets. Manager Aspell responded that we have paved most of the major roads and that we are now trying to get to the neighborhoods.

Discussion ensued about sidewalks. Mayor Bouley commented that he has seen children walking to school in the street because the sidewalks aren't cleared. Manager Aspell explained how the City prioritizes sidewalk plowing, with downtown being cleared first and then the Safe Walk to School routes second. He indicated that the Safe Walk to School routes are determined in coordination with the School District. Manager Aspell noted that if kids are walking in the street to get to school, their street isn't included in the School District's Safe Walk to School route. Mayor Bouley iterated that sidewalks are very important for the community and that we have to consider the maintenance of existing sidewalks just as much as building new ones.

Councilor Grady Sexton asked if the City could add sidewalks to the list if they weren't included by the School District. Manager Aspell said that if the City Council directs the City to do so, we will.

Councilor Kretovic expressed her opinion that there should be more cooperation by the School District. She noted that despite having the labor and equipment, the School District won't clear the sidewalks immediately in front of their schools.

At the Mayor's request, Deputy City Manager – Development Matt Walsh explained the on-line parking module.

Mayor Bouley asked why the EV charging stations are being located at the water and wastewater treatment plants. Manager Aspell indicated that those locations have vehicles that will utilize the EV charging stations and that it will be a good way to test how they function before we install any in the future for the public.

Councilor Brown asked about the cost of the EV charging stations, noting that \$75,000 is budgeted for two of them. Manager Aspell indicated that faster charging EV stations cost much more than that, and that the infrastructure to install EV stations is also very expensive.

Mayor Bouley noted that, in the past, the State of NH paid for construction permits from the City. He noted that the State has three large projects in the works and asked if the City would be seeing any dollars for permits. Manager Aspell indicated that the City will receive no money from the State for any permits.

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 2024 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 noted that the total proposed FY 2024 budget for all funds, including Capital, is \$130,104,467. This is \$7 million more than last year's adopted budget and includes an increase of \$1.9 million in Capital.

Manager Aspell gave an overview of staffing changes included in the proposed budget. Most notably, the Assessing and Information Technology Departments will begin reporting to the Deputy City Manager – Finance on July 1st; and the Golf staff will now be listed separately under Finance, as they have been reporting to the Deputy City Manager – Finance for several years now.

Manager Aspell noted that the total General Fund budget is \$77.9 million, an increase of \$3.2 million, or 4.3%, over the adopted FY 2023 budget.

War service credits and overly remain the same for FY 2024.

The total use of funds, including war service credits and overlay, is \$78.4 million. All other revenues, not including taxes, total \$29.2 million, an increase of \$1.3 million over FY 2023.

The proposed amount to raise in taxes is \$49.2 million, an increase of \$2 million over FY 2023, which results in a 3.95% tax rate increase.

The anticipated assessed value before any market changes is \$5.2 billion. This includes an estimated \$36.7 million in new assessed value or real growth. This results in an estimated City portion of the tax rate of \$9.47, a \$0.36 increase (3.95%) over FY 2023.

Manager Aspell highlighted the following large revenue items:

- 1) Property Taxes – The single largest revenue item in the budget, \$48.7 million.
- 2) Intergovernmental Revenue – An additional \$2 million was received from the State for bridge aid that the City Council transferred to a reserve to be used for the Loudon Road Bridge Project; and \$339,000 received for Police and Fire as part of a one-time payment from the State for retirement costs.
- 3) Rooms and Meals Tax revenue – Increased from the FY 2023 adopted budget by \$578,000 during the tax rate setting. The City used these additional funds to reduce the use of fund balance in FY 2023 and lower the tax rate last year. The budget for FY 2024 remains at the same level as revised at the tax rate setting last year.
- 4) Highway Block Grant revenue – FY 2023 budget is projected higher due to an additional \$33,000 received during the tax rate setting; and an additional one-time payment of \$741,000 received and transferred to the Neighborhood Paving Program in FY 2023. For FY 2024, the amount budgeted is back to the normal level.
- 5) Licenses and Permits – We are projecting building permits to increase by \$88,000, due to the increased building and renovations in the community at this time.
- 6) Investment Income – This item is increasing by \$510,000. With interest rates at their highest levels in more than 15 years, it is expected that this revenue line will remain strong in 2024.
- 7) Transfers-In – There is no use of impact fees to offset debt service costs, so that line is reduced to zero. The transfer from Grants and Donations is the last of the ARPA funds being used in FY 2024.

- 8) Use of Fund Balance – There is no use of fund balance planned for FY 2024.
- 9) Motor Vehicle Registration – This revenue is up by \$100,000 over the FY 2023 budget.
- 10) Ambulance Charges – We are budgeting a \$252,000 increase due to increased runs and billings.

Manager Aspell noted that the ten-year fund balance history, through 2022, shows an unassigned fund balance of \$13.2 million or 19.6% of expenses.

Manager Aspell provided an overview of the Summary of Expenses, which is a new section of the budget this year, and included:

- 1) Compensation - Compensation is up \$1.6 million or 4.5%. This includes Cost of Living Adjustments, step increases, and new positions.
- 2) Fringe Benefits – The Retirement line is down \$269,000, which reflects the reduction in NH Retirement System rates. The Beneflex line is up by \$528,000 or 6.2%. The biggest part of this increase is for health insurance.
- 3) Outside Services – Professional Development is up \$62,000 due to increased efforts for employee training across all departments; Repairs and Maintenance is up \$40,000 due to cost increases; and Professional Services is up \$334,000, which will be discussed in more detail when reviewing the individual department budgets over the coming weeks.
- 4) Software and Hardware Maintenance – This line is up \$65,000 due to overall cost increases to support the IT infrastructure.
- 5) Supplies – There are continued increases in Department Supplies, Auto Parts, Building Supplies, and Winter Treatment Supplies.
- 6) Utilities – Electricity is up by \$142,000.
- 7) Debt Service – This line is up slightly for FY 2024 by \$120,000 or 1.6%.
- 8) Transfers Out – The transfer to Solid Waste is up by \$100,000 for FY 2024. This line will increase to a greater degree in FY 2025 due to the new Solid Waste contract that will go into effect on July 1, 2024.

Lastly, Manager Aspell explained the ratio of expenses, which shows each expense category by percentage. He noted that Wages and Benefits make up 73.7% of the General Fund budget and Debt Service is just under 10%.

This concluded the City Manager's presentation and the Mayor opened up the meeting for questions.

Councilor Brown asked what the Professional Services funds were for. Deputy City Manager – LeBrun indicated that the City has many things it has to hire out for. This budget includes funding for a Class and Compensation Study; paying for CDL training, as we've had difficulty filling positions that require a CDL; and other items that will be addressed as each Department's budget is reviewed.

With no further discussion, at 7:09 PM, the Mayor opened a public hearing. As there was no public testimony, the Mayor closed the public hearing.

With no further discussion, at 7:10 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.

The committee came out of non-public session at 7:25 PM. A motion was made and seconded to seal the minutes. The motion passed with a unanimous vote. Councilor Brown was not present.

Councilor Brown returned, and 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 7:29 PM.

Respectfully submitted,

Sue Stevens
Executive Assistant