

DRAFT MINUTES

Fiscal Policy Advisory Committee
February 21, 2017 / 4:30-6:00 PM
2nd Floor Conference Room/City Hall

In Attendance: Chairman Keith Nyhan; City Councilors – Candace White-Bouchard, Mark Coen, Dan St. Hilaire and Amanda Grady-Sexton; 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; Ed Roberge, City Engineer; Chip Chesley, General Services Director; and Matt Walsh, Director of Redevelopment, Downtown Services and Special Projects

Excused: Councilor Fred Keach.

- 1) **Approval of January 17, 2017 Meeting Minutes:** Chairman Nyhan called the meeting to order at 4:30 PM and requested a motion to approve the minutes of the January 17, 2017 meeting. **Councilor Bouchard-White moved to accept the minutes, seconded by Councilor St. Hilaire. The minutes were unanimously approved.**

- 2) **Presentation of CIP:** Ed Roberge, City Engineer, made a presentation to the Committee on proposed plans for the Storrs Street Extension. He presented three options for the Storrs Street extension: Option 1, with a cost estimate of \$7.5 million; Option 2, with a cost estimate of \$11.2 million; and Option 3, with a cost estimate of \$11.1 million. All of the options include estimated costs for Water and Wastewater utilities. Mr. Roberge went on to discuss the benefits and drawbacks of each option and how the City is working with the NH Department of Transportation (NHDOT) and the railroad on impacts and partnerships of this project. Councilor Coen asked what the best benefit would be, as far as return on investment, for the commercial property tax base. Mr. Roberge noted that they have not yet done an economic viability study for the highest and best use of the property. City Manager Aspell stated that the decision should center around what is the best design plan for access to all roadways in that area, including the bus station, U-Haul and service to all properties. If the most expensive option has the best long term solution to provide the most economic development and integrates with the I-93 expansion plan, it might be a wise investment. Mr. Roberge also noted that it would be important to come up with the best solution to best utilize the current NHDOT space in that area. Councilor Bouchard-White asked what the NHDOT plans to do with the bus terminal. Mr. Roberge indicated that the Storrs Street project includes the terminal as an important function and hopes the NHDOT will participate in the project. Chairman Nyhan asked what direction Mr. Roberge was looking for from the committee. Mr. Roberge indicated that Option 1 is the least expensive and provides the best flexibility for the future of this extremely important project. Councilor St. Hilaire asked if the Pan Am railway will be used. Mr. Roberge said there is no real functional use of that rail line now and that Pan Am may consent to just reserving space instead of actually building portions of the rail line. Mayor Bouley encouraged Engineering to work closely with NHDOT, as they have an interest in this project. The Mayor also said he wants to ensure that whichever option is selected provides for the best flow of traffic and creates the most potential for economic development. Mr. Walsh spoke briefly about funding and indicated that a portion would be funded from the Water and Wastewater funds, a portion would be

from the TIF, and a portion may come from general obligation bonds. The TIF may need to be extended, and other changes to the TIF may be necessary, to support the expenses of this project. City Manager Aspell indicated that the City has a meeting scheduled with DOT on February 23rd to discuss I-93 and the Storrs Street project.

- 3) **Review of FY18 Budget Schedule for Finance Committee:** Deputy City Manager LeBrun presented the draft budget schedule. While the schedule looks a little different than in previous years, it provides a little more detail and is aligned with the order of the budget document and the order of the iLegislate agenda. It again includes one Saturday meeting and three evening meetings, the last of which is the Committee Work Session, Public Hearings and Budget Adoption.

The committee discussed the fact that the State does not adopt its budget until late June, and suggested that we wait until we know if there are going to be any significant changes to any line items that will impact Concord. Mayor Bouley said that we can stay with this more condensed version of the budget schedule or it can be extended to coincide with the State budget adoption.

The committee liked the idea of doing the budget presentation and reviewing the General Fund Revenues at a separate meeting, because a lot of citizens like to watch that portion of the budget meeting. City Manager Aspell suggested the possibility of adding the budget presentation piece to the May City Council meeting, depending on the number of items on the Council agenda for that night. The committee decided to postpone a decision on the schedule until the March FPAC meeting.

4) **Other –**

- a) Deputy City Manager LeBrun noted that the Water and Wastewater Divisions of the General Services Department are currently working with Weston and Sampson on a rate study for the utilities. City staff have discussed whether a recommended rate increase for the utility funds should be recommended during the budget process in May/June, or if it is more prudent to wait until the rate study is complete and bring a recommendation back to the City Council then. Staff is looking for direction from FPAC on which way to proceed. FPAC recommended waiting until the rate study is complete and bring a recommendation back to City Council at that time. The committee discussed briefly and the Mayor suggested that waiting until the rate study is complete to propose a rate increase would be best. The committee concurred.
- b) Councilor Coen distributed pie charts of the City's General Fund operating expenditure and revenue budgets as approved by City Council last June for FY17. The expenditure graph shows that most costs are relatively fixed and there is very little flexibility in the whole operating budget. As shown, wages, retirement, benefits, transfers, debt service, insurances, and utilities make up the majority of the operating budget. The remaining amount is more flexible for services, supplies and miscellaneous special programs. He also pointed out that the vast majority of the budget is wages and benefits, which the Council has very little control of. He also stated that, at times, the City and School Districts have worked together during difficult budget years.

- 5) **79-E Referral from City Council Meeting** – As a special note, Deputy City Manager LeBrun left the meeting before any discussion about this agenda item began. The Committee reviewed both the referral from the City Council, which was received from Mr. Jon Chorlian for the former Sacred Heart property at 54 Pleasant Street, and the RSA 79-E statute. The Committee discussed the benefits to the community that result as part of the project, namely the preservation of an important historic and cultural building, the addition of high-end residential properties to the relatively unbalanced housing market downtown, and the continued very positive economic development that has and continues to result from the Main Street Complete Streets Project. It was noted that this is the first application that the City has received since the adoption of the enabling legislation that actually was submitted after the project construction started. It was the consensus of the Committee that the City Council should favorably consider the application, while at the same time recognized that the statute only allows for the benefit to be granted from the point in time where the City Council actually votes to approve the application and the necessary covenant is officially in place. The Committee asked staff to calculate the potential tax credits that may accrue to the project based on different scenarios (number of years) that are allowed under the statute and present that information to the City Council for consideration.
- 6) **Adjournment:** A motion was made by Councilor Bouchard to adjourn, seconded by Councilor St. Hilaire. A unanimous vote brought the meeting to an end at 5:42 PM.

Respectfully submitted,

Brian LeBrun Deputy City Manager – Finance
Thomas Aspell Jr. City Manager