

MINUTES

City of Concord Finance Committee Meeting
May 18, 2020 @ 5:30 PM
Virtual Zoom Meeting

Present: Mayor James Bouley, City Councilors Brent Todd, Brent Todd, Jennifer Kretovic, Erle Pierce, Rob Werner, Byron Champlin, Fred Keach, Meredith Hatfield, Nathan Fennessy, Gail Matson, Amanda Grady Sexton, Keith Nyhan, Linda Kenison, Candace White Bouchard, and Zandra Rice Hawkins.

The Mayor opened the meeting at 5:31 PM and indicated the committee was meeting electronically due to the Covid-19 pandemic, in accordance with Governor Sununu's Emergency Order #12, pursuant to Executive Order 2020-04.

Deputy City Manager LeBrun noted that, in accordance with the Governor's Emergency Order, the City had provided public notice of the necessary information for accessing this meeting, and indicated where this information could be found.

Deputy City Manager LeBrun also noted that all votes taken during this meeting would be done by roll call vote.

Deputy City Manager LeBrun took the roll and asked committee members when stating their presence to please also state whether there was anyone else in the room with them, which is required under the Right to Know Law. In accordance with the Right to Know Law, Councilor Nyhan indicated his son, Joe Nyhan, was in the room with him. Councilor Rob Werner indicated his wife, Susan, was in the room with him. All other committee members indicated they were alone.

City Manager Aspell delivered his Fiscal Year 2021 Budget Presentation, which provided a broad overview of the proposed budget.

Following the presentation, the Mayor opened up the meeting for questions.

Councilor Bouchard asked if the Human Services budget was expected to increase due to more people seeking assistance as a result of the Covid-19 pandemic. Manager Aspell responded that he does expect it to increase; however, he does not believe it will have an effect on the tax rate and that he is expecting the City will receive some assistance from the federal government.

Councilor Hatfield inquired as to how the City Manager is estimating possible federal assistance. Manager Aspell indicated that there are several programs available for assistance and that 5-6 teams of City staff are working on researching and tapping into the possible funds.

Mayor Bouley asked how much money the City is seeking from the State of New Hampshire for reimbursement for FY 2020. Deputy City Manager Brian LeBrun indicated that the City is seeking several hundred thousand dollars.

Councilor Fennessy asked what assumptions have been built into the proposed budget with the resumption of full-time activities and parks and recreation programs following the Covid-19 pandemic. Manager Aspell responded that the proposed budget provides funding for all full-time City positions; that Parks & Recreation has budgeted for all seven pools to open; and that fireworks

are budgeted for. However, it is likely that there will be no fireworks this year, or maybe they will be delayed; and that it is possible the pools won't open, or will have a delayed opening, due to the need to hire lifeguards. These are just a couple of scenarios which could result in there being a surplus at the end of FY 2021.

Mayor Bouley asked what the City Manager's approach will be moving forward into October and November. Manager Aspell responded that the budget was put together to be as flexible as possible and will be monitored closely. The overall budget picture will depend on property tax collection at the end of June and at the end of September. It also depends on revenues received from NH rooms and meals tax proceeds, among other things. Depending on how things play out, it is possible that the City Council may have to make some difficult decisions during the year should there be a need to cut City services.

The Mayor proposed making a change to the Finance Committee budget review meeting schedule. He noted that, in past years, a public hearing was held after each section of the proposed budget was reviewed. However, due to this year's meetings being done through Zoom, and the difficulty virtual meetings pose in holding public hearings, he suggested a change in the Finance Committee schedule. He suggested that instead of having a public hearing and taking a tentative vote after each section of the budget is reviewed, that the committee hold one public hearing on June 4th, to be followed by a committee work session; and that a final public hearing be held, followed by adoption of the budget, on June 15th.

A motion was made and seconded to hold one public hearing and tentative vote at the end of the June 4th meeting, followed by a Committee Work Session; and to hold a final public hearing followed by budget adoption on June 15th. The motion passed with a unanimous roll call vote.

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

Manager Aspell noted that the total proposed FY 2021 budget for all funds, including Capital, is \$106,551,695. This is \$2.7 million less than last year's adopted budget.

Manager Aspell indicated that the FY 2021 budget proposes a total of 475.99 full-time equivalent (FTE) employees, which is up 1.07 FTE's over FY 2020. The only significant staffing change is the addition of a Deputy Police Chief position, which was approved by City Council in January.

Manager Aspell noted that the total General Fund budget is \$68.4 million, an increase of 2.8% or \$1.9 million over the adopted FY 2020 budget.

War service credits and overlay remain the same for FY 2021, for a total of \$69 million.

The proposed amount to raise in taxes is \$42.8 million, an increase of \$171,000 over FY 2020.

The anticipated assessed value before any market changes is \$4.4 billion. This includes an estimated \$33 million in new assessed value or real growth. This results in an estimated City portion of the tax rate of \$9.77, no increase from FY 2020.

Manager Aspell highlighted the several large revenue items that the City Administration will be paying extra attention to this year:

- 1) Property taxes – will watch delinquencies very closely and monitor the impact on cash flow and tax revenues.
- 2) Rooms and meals tax revenue – the City is waiting on information from the State, likely in September.
- 3) Investment income – this revenue will continue trending down and now there is discussion by the Federal Reserve about negative fed funds rates.
- 4) Use of Fund Balance – this is the first time the City has used to balance the budget in over a decade.
- 5) Motor Vehicle Registration – will follow closely to see how this revenue line progresses.
- 6) Ambulance charges – will watch closely but we think this line will maintain for the fiscal year.

FY 2021 fringe benefit costs increased by 2.2% or \$385,000. Property, liability and auto insurance costs decreased by 3% or \$14,000. Unemployment insurance costs increased by 7.7% or \$1,700. Workers compensation costs increased by 6.6% or \$41,000.

The ten year fund balance history, through 2019, shows an unassigned fund balance of \$11.8 million or 19% of expenses.

Manager Aspell noted that the City is in a very strong financial position, which is being tapped into to balance the FY 2021 budget.

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

Councilor Pierce asked about revenue numbers for the current budget year, and how bookkeeping is conducted. Deputy City Manager LeBrun indicated that we look at dollars coming in and appropriations going out, then, if necessary, we will do a supplemental appropriation for FY 2020.

Councilor Champlin asked what the City will do if revenue doesn't meet expectations. Manager Aspell indicated that Council would be provided with options for cost savings and Council would have to make some decisions, possibly reducing City services.

Councilor Keach expressed his concern with cash flow and asked what the City will do if there is a cash flow problem. Deputy City Manager LeBrun noted that the City does not have a line of credit like some private businesses. The City would consider Tax Anticipation Notes (TANS), and would come to Council for approval. Cash flow is dependent on tax revenue collected. Mayor Bouley noted that interest on TANS is covered by the CARES Act.

With no further discussion, at 7:00 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 roll call vote.

The committee came out of non-public session at 7:15 PM, a motion was then made and seconded to seal the minutes. The motion passed with a unanimous roll call vote.

The Mayor noted that the next meeting would be on Thursday, May 21st, at 5:30 PM, at which time the General Government, Police, Fire, and General Services budgets would be discussed.

With no further discussion, a motion was made and seconded to adjourn the meeting. The motion passed with a unanimous roll call vote and the meeting adjourned at 7:45 PM.

Respectfully submitted,

Sue Stevens
Executive Assistant