

MINUTES

City of Concord Finance Committee Meeting
May 21, 2020 @ 5:30 PM
City Council Chambers

Present: Mayor James Bouley, City Councilors 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 5:36 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.

The Mayor 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.

Mayor Bouley 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 and wife were in the room with him. All other committee members indicated they were alone.

The Mayor explained that tonight's FY 2021 proposed budget review would cover the General Government, Police, Fire, and General Services budgets.

Manager Aspell began with review of the General Government section of the budget, which includes the City Manager's Office, Legal, Assessing, Human Resources, Finance, Information Technology, City Council, City Clerk, and General Overhead.

GENERAL GOVERNMENT:

City Manager's Office: Budget to budget, revenue is down \$30,000. This is due to the \$30,000 supplemental appropriation revenue for education and training funding from FY 2019 surplus. Budget to budget, expenses are down \$27,000, due to a reduction in outside services from the education and training FY 2020 supplemental appropriation.

Councilor Hatfield asked if the City Manager is concerned with cutting the training and education budget. Manager Aspell indicated that the City will take advantage of free webinars and programs offered by the NH Municipal Association.

Legal Department: Budget to budget, revenue is up \$1,900 due to a 2% increase in fees charged to other communities for prosecutorial services. This budget provides for a 2% increase in the fees charged for prosecutorial services provided to the Towns of Loudon, Bow and Dunbarton. Budget to budget, expenses are up \$51,400 or 3%, mainly due to wage and benefit increases.

The Mayor had some questions about the Legal Department's FY 2021 goals, which appeared to have been completed prior to the Covid-19 pandemic. He asked if the goal pertaining to tax abatement cases needed to be revised and if the goal pertaining to the department's work with the circuit court needed to be revised.

City Solicitor Jim Kennedy indicated that they had considered changing the numbers for the tax abatement cases, but that there really is no way to estimate what the effect of the pandemic will have on the numbers so they left it alone. There very well could be an increase.

City Prosecutor Tracy Connolly responded to the question about the work with the circuit court. She indicated that the goal does in fact reflect the pandemic at the very beginning. The circuit court will remain closed until at least June 15th. However, hearings are ongoing via telephone. This new way of conducting hearings results in more paperwork and responsibilities for the Prosecutor's Office. She indicated that there is a backlog of cases due to the closure of the court.

Mayor Bouley asked if the Prosecutor's Office has enough resources to handle the increased case load we believe is coming. Prosecutor Connolly indicated that they do have enough resources.

Assessing: Budget to budget, revenue is up \$52,100 or 6.9%, due to increases in PILOT payments and the addition of a PILOT for the Concord Regional VNA's property. Expenses, budget to budget, are down \$26,900 or 3.9%, due to wage and benefit increases.

Mayor Bouley asked for and was provided clarification on the digital mapping project, which has taken a number of years and is nearing the end.

Human Resources: Budget to budget, revenue is flat. Expenses, budget to budget, are down \$8,500 or 1.5%, due to wage and benefit increases changes and the elimination of trainings and seminars.

Councilor Kretovic took this time to recognize HR Director Jennifer Johnston for her leadership and work in the HR community on the Covid-19 pandemic.

Finance: Budget to budget, revenue is up \$275,300 or .5%. Property tax revenue is up \$320,700 due to new properties, additions and renovations. We will be watching the property tax collection rate very closely this year. Motor vehicle registration revenue is down \$82,000. Investment income is down \$310,000 and Manager Aspell indicated that he thought this might be wishful thinking due to the recent discussions by the Federal Reserve of negative interest rates. The \$1.5 million request for the use of fund balance is new in FY 2021, even though we are showing \$1.1 million used in FY 2020. The FY 2020 amount is the assigned fund balance from surplus. The \$1.5 million FY 2021 request is to offset a tax rate increase. Expenses, budget to budget, are down \$4,500 or .2%.

Councilor Hatfield asked what the City estimated to receive in Rooms and Meals Tax revenue from the State. Deputy City Manager LeBrun indicated that he had been trying to get information from the State but has been unsuccessful. Indications suggest it won't change for FY 2021, but possibly will for FY 2022.

Councilor Hatfield also asked if the City would work with property owners who have trouble paying their property taxes. Deputy City Manager LeBrun noted that the City already works very closely with property owners and will continue to do so.

Councilor Fennessy asked if City Administration was being too optimistic on motor vehicle registration revenue. Deputy City Manager LeBrun indicated that we did bring it down a bit once the pandemic began. He noted that we are doing our best to be as conservative as possible and will be keeping a very close eye on things.

The Mayor asked for and was provided an update on the implementation of the ERP system.

Information Technology: Expenses, budget to budget, are up \$48,800 or 5%, due to wage and benefit changes and an increase to outside services for tuition reimbursements and certifications for members of the IT staff.

City Council: Expenses, budget to budget, are down \$1,200 or 2.9% due to a reduction in Council orientation expenses.

City Clerk: Budget to budget, revenue is up \$4,200 or 4.7%, mainly due to an increase in School District payments. Expenses, budget to budget, are up \$14,000 or 2.8%, due to wage and benefit increases.

There was a brief discussion about the upcoming election and the recruitment of election officials. The City Clerk indicated that her office is in good shape with elected ward officials but may have trouble recruiting ballot inspectors.

There was also a discussion about the expected surge in absentee ballots due to the pandemic. The City Clerk noted that she had requested funds in her budget for temporary employees to help. However, if the surge is larger than expected, she may need to ask for help and cross train current City employees.

Councilor Pierce asked if the City Clerk is comfortable with the ward houses. City Clerk Janice Bonenfant indicated that they are expecting direction from the State pertaining to social distancing. She has concerns with social distancing at some of the ward houses and noted that some may not allow us to use them, especially one that is a nursing home.

General Overhead: Budget to budget, revenue is down \$252,200 or 5.8%, due to a reduction of \$95,000 of transfer-in from the Impact Fee fund; a reduction of \$8,400 from the Sears Block TIF; a reduction of \$56,500 from the Cable TV franchise fee; and a reduction of \$71,000 from retiree health insurance.

Expenses, budget to budget, are down \$1.2 million or 7.8%.

Under the Transfers section, there is a \$1.3 million reduction in transfer out to trust, which is from the supplemental use of fund balance from FY 2019 surplus. There is also a proposed reduction of \$16,800 to the Golf Fund, and a reduction of \$41,800 in the transfer out to Capital line.

Under the Special Programs section, all items remain funded at the same level as FY 2020, except for the reduction for Concord TV, which reflects the reduced revenues from Comcast.

Debt Service is up \$382,600 due to the payment for the newly bonded projects.

Retiree Health Insurance is up \$38,900.

Comp Adjustment is down \$249,000, due to overall wage and benefit changes

Manager Aspell noted that there is a \$419,000 reduction in transfer out to Capital projects; \$50,000 is proposed to be transferred to the Golf Fund as part of the new approach approved by City Council last year to budget these Special Revenue Fund support items in the annual budget; and an \$842,000 reduction in the transfer out to trust.

Debt service costs are up \$382,600 due to paying for the newly bonded projects.

Retiree health insurance is up \$38,900.

Compensation adjustment is down \$249,000.

Street lighting electricity costs are up \$8,000. Manager Aspell noted that City Administration continues to work on an LED street lighting project and hopes to implement it before the end of calendar year 2020. Once that project is implemented, a savings is anticipated in this line for reduced electricity charges.

All social service agencies are level funded, except for the New African Americans, which shows a reduction of \$5,000, due to FY 2020 being the last year of funding the City Council authorized for the organization.

Councilor Hatfield asked about the transfer-in from impact fees being reduced to zero. City Manager Aspell indicated that Council had reduced impact fees and there are none that apply in this category. He noted that we no longer collect impact fees from the school districts or from commercial and non-profit organizations. We only collect impact fees for residential projects.

Mayor Bouley commented on the fact that funding for Concord TV continues to go down as a result of reduced franchise fees collected by Comcast and asked if the City has done anything to address what will probably be a continuing trend. Manager Aspell responded that Concord TV does a lot of good work for the City and the problem needs to be addressed. He indicated that in the future, the City could just budget a certain dollar amount for Concord TV instead of a percentage of franchise fees.

There was a brief discussion about funding for the social service agencies, the fact that the City provides funding to the same agencies every year, and whether or not we are able to place people in these agencies. According to the Human Services Director, the City has been able to place some people, but since the pandemic it has been very difficult due to hotel closures. There has been a limited placement of referrals due to capacity at the shelters.

Councilor Pierce asked if there are other social service agencies we could consider funding. Manager Aspell indicated that all agencies are welcome to apply and be considered for funding every year.

At this time, Rule 6A was invoked for the following Council members:

- Councilor Champlin for the Greater Concord Chamber of Commerce;
- Mayor Bouley for the vote regarding the Crisis Center of Central NH; and
- Councilor Grady Sexton for the vote regarding the Crisis Center of Central NH.

PUBLIC SAFETY:

Police Department: Budget to budget, revenue is up \$8,400 or 1.2%. There are modest increases in special duty services, cruiser rental fees, and School District payments; and decreases in drug forfeiture restitution and other revenues.

Expenses, budget to budget, are up \$797,400 or 6.2%. The main drivers are increases in wages and benefits, health insurance increase of 3.25%; and the addition of the Deputy Police Chief position that was approved by the City Council last January.

Councilor Champlin asked how confident the Department is that the contractual changes to wages will provide for more successful recruitment of officers. Police Chief Brad Osgood indicated that the department is in good shape right now, morale is good, and he has received much positive feedback on the new contract. Recruitment efforts are ongoing and there are five new officers starting on July 1st.

Councilor Kretovic commented on the service indicators which project 500 more calls for service in FY 2021. She asked if more calls were expected due to the pandemic. Chief Osgood indicated that calls for service have trended down about 40%, but he expects that to increase.

Mayor Bouley commented on the unfunded PCR from the Police Department for a school resource officer at Rundlett Middle School. Manager Aspell indicated that he had planned to fund it, but the School District wasn't prepared to move forward with it.

Fire Department: Revenue, budget to budget, is up \$28,000 or less than 1%. This includes an increase of \$46,600 for ambulance charges; a decrease of \$40,600 in FEMA funds; an increase of \$10,000 in other local government agencies; and small increases in other lines.

Expenses, budget to budget, are down \$70,000 or less than 1% and does not include funding for the IAFF ratified agreement.

Also included in the FY 2021 Fire Department budget are:

- \$1,000 for boat equipment and repairs;
- \$2,000 for the AED Program; and
- \$1,500 for wireless devices.

Councilor Pierce asked if the Fire Department had adopted the First Net Program. Fire Chief Newbery indicated that just prior to the pandemic, First Net gave a presentation. However, to date we have not transitioned to First Net.

Councilor Fennessy asked if the Fire budget built in expenses for additional PPE or an additional ambulance. Chief Newbery indicated that it does not, as the Department is relying on federal grants.

Mayor Bouley commented that there is a growing need to consider a new ambulance and that we won't be able to avoid it much longer.

GENERAL SERVICES: Revenue, budget to budget, is up \$37,400 or 4.2%, which is mainly due to transfers in from other funds.

Expenses, budget to budget, are up \$222,000 or 2.3% and are mainly related to wages and benefits increases.

Outside services are down \$69,900 due to a supplemental resolution that was approved by City Council in FY 2020 to remove trees in conjunction with the State of NH project along I-93, and a reduction of \$12,400 for conferences and seminars. Supplies are up \$28,000 and includes an increase of \$45,900 for additional auto parts along with a reduction in other supply items.

Also included under General Services are two supplemental reports – one on Downtown Services and one on Snow and Ice Control.

For Downtown Services, expenses, budget to budget, are up \$26,400, mainly due to wage and benefit increases.

For Snow and Ice Control, expenses, budget to budget, are up \$13,400. This increase is due to wage and benefit increases.

Mayor Bouley noted that the next Finance Committee would be held on Thursday, May 28th, at 5:30 PM.

With no other discussion, a motion was made and seconded to adjourn the meeting. The motion passed with a unanimous roll call vote and the meeting was adjourned at 7:10 PM.

Respectfully submitted,
Sue Stevens, Executive Assistant