



City of Concord

Finance Committee

Meeting Minutes - Final

Thursday, May 23, 2019

5:30 PM

City Council Chambers
37 Green Street
Concord, NH 03301

1. Call to Order

The Mayor opened the meeting at 5:41 PM and explained that tonight's FY 2020 proposed budget review would cover the General Government, Police, Fire, and General Services budgets.

2. Roll Call

Present: Mayor James Bouley, City Councilors Brent Todd, Allan Herschlag, Jennifer Kretovic, Rob Werner, Fred Keach, Mark Coen, Amanda Grady Sexton, Keith Nyhan, Linda Kenison, Candace White Bouchard, and Zandra Rice Hawkins.

Excused: City Councilors Byron Champlin and Gail Matson.

3. Approval of Meeting Minutes

Presentations

General Fund

4. General Government

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.

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 2018 surplus. Budget to budget, expenses are down \$36,000, due to a reduction in Beneflex costs and a reduction in professional services from the education training 2019 supplemental appropriation.

Legal Department: Budget to budget, revenue is up \$770 due to an 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 \$12,000 or 1%, mainly due to wage and benefit increases.

Also included in the Legal budget are the reclassification of the City Solicitor and Deputy City Solicitor labor grades; the elimination of two Legal Secretary positions; the addition of two full-time Administrative Victim Witness Advocate positions; and the elimination of a part-time Victim Witness Advocate position.

Assessing: Budget to budget, revenue is up \$24,000 or 3.3%, due to increases in PILOT payments. Expenses, budget to budget, are up \$12,000 or 1.9%, due to wage and benefit increases.

Human Resources: Budget to budget, revenue is flat. Expenses, budget to budget, are up \$26,000 or 4.6%, due to regular wage and benefit increases.

Finance: Budget to budget, revenue is up \$26,000 or less than 1%. Property tax revenue is up \$1.1 million; motor vehicle registration revenue is up \$341,000; interest cost and penalties are down \$75,000; and investment income is up \$118,000. Expenses, budget to budget, are up \$24,000 or 1.1%.

Information Technology: Expenses, budget to budget, are up \$14,000 or 1.5%, due to wage and benefit increases.

City Council: Expenses, budget to budget, are up \$2,000 or 4.6%.

City Clerk: Budget to budget, revenue is up \$850 or 1%. Expenses, budget to budget, are up \$36,000 or 7.8%, mainly due to wage and benefit increases, as well as an additional \$13,000 allocated for Elections (overtime and temporary staff for elections).

General Overhead: Budget to budget, revenue is down \$448,000 or 9.4%, mainly due to a reduction of \$76,000 of transfer-in from the Golf Fund for General Overhead; a reduction of \$203,000 of transfer-in from the Self Insurance Reserve; a reduction of \$36,000 in retiree health reimbursements from the NH Retirement System and individuals; and a \$68,000 reduction in Cable TV Franchise revenue, which has an impact on the amount the City sends to Concord TV.

Expenses, budget to budget, are down \$832,000 or 5.9%.

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 \$354,000 due to paying for the newly bonded projects.

Retiree health insurance is down \$66,000 and more than offsets the retiree health revenue reduction.

Compensation adjustment is up \$128,000.

Street lighting electricity costs are down \$7,000. Manager Aspell noted that City Administration continues to work with its Energy Consultant and Unitil on a conversion program. Some good progress has been made with agreements, but it has been a slow process. City Administration hopes to bring something forward to City Council sometime in FY 2020 for consideration.

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.

The Mayor opened up the meeting for questions.

Mayor Bouley noted that it has been a very long time since Concord has done a citywide revaluation of properties. He asked Manager Aspell if Concord should be thinking about doing such a thing. Manager Aspell responded that it would be very expensive, well over \$1 million, and that right now it would not be cost beneficial. Currently, the NH Department of Revenue Administration reviews Concord's property valuations.

Councilor Kretovic noted that only 18 City employees completed the Wellness Program and wanted to know what efforts the City is taking to increase participation. Human Resources Director Jennifer Johnston and Benefits Administrator Robin Wirbal approached the committee and indicated that participation is actually quite high; however, there are a number of rigorous

components that are required to complete the program. Therefore, many employees and spouses participate, but not many actually complete the program. The Human Resources Department takes great lengths to promote the program.

There was considerable discussion and many questions from Councilors about the City's cyber security efforts. IT Director Ed Drouse approached the committee and indicated that his department is taking strong action to protect the City's data and prevent attacks, including IT staff attending trainings; training other City employees; and investing in our storage and back-up capabilities, which are extensive.

Councilor Coen asked Manager Aspell what the process is for a social service agency to request City funding. Manager Aspell indicated that we have an application that is sent out each year in February to the agencies we currently fund, as well as to any new agencies that have contacted us and asked to apply.

As there were no further questions, the Mayor opened up a public hearing on the General Government portion of the budget.

Carolyn Musyimi-Kamau, Executive Director of the New American Africans, and Victoria Adewumi, Board Chairperson, approached the committee and requested another three years of funding for their agency. There was a lengthy discussion about the services they provide and why they need the funds. Mayor Bouley asked them to provide the committee with a copy of their budget and indicated that the committee would consider their request.

Doris Ballard, Executive Director of Concord TV, and staff members Michael O'Meara and Josh Hardy, approached the committee to discuss concerns with the decrease in their revenue due to the reduction in franchise fees from Comcast, which is likely to continue as more and more people stop purchasing cable TV. As a short-term fix, Doris Ballard requested that the Finance Committee consider providing Concord TV with an additional 3% of funding for FY 2020, which equates to \$23,400.

Major Rick Starkey, of the Salvation Army, and two board members, approached the committee and thanked them for their continued support of the Edna McKenna House.

As there was no further testimony, the public hearing was closed.

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

- Councilor Herschlag for the vote regarding the Penacook Community Center;
- Councilor Kretovic for the vote regarding the Penacook Community Center and the Crisis Center of Central NH;
- Councilor Grady Sexton for the vote regarding the Crisis Center of Central NH; and
- Mayor Bouley for the vote regarding the Crisis Center of Central NH;

A motion was made and seconded to tentatively approve the General Government portion of the budget as proposed. The motion passed with a unanimous voice vote.

5. Police

Budget to budget, revenue is up \$54,000 or 8.4%. The main driver of this increase is the Merrimack Valley School District's payment for 75% of the new school resource officer. Several of the other revenue lines in the Police budget are down year over year.

Expenses, budget to budget, are up \$233,000 or 1.9%, due to wage and benefit increases.

Other recommended items to be funded include:

- \$6,000 for ammunition;
- \$5,000 for communications equipment;
- \$1,000 for educational and promotional materials;
- \$8,000 for additional rental space on the Plausawa Hill tower; and
- \$8,000 for taser equipment.

The Mayor opened up the meeting for questions.

Councilor Herschlag asked how placing resource officers in schools impacts patrol coverage to the rest of the city. Police Chief Brad Osgood and Deputy Chief Greg Taylor approached the committee. Chief Osgood replied that it does leave holes in patrol coverage, but he feels it is very important to have resource officers in the middle and high schools.

Mayor Bouley asked for a status update on police officer staffing. Deputy Chief Taylor indicated that currently they have two vacancies, two at the academy, five in training, one away on active military duty, and three on medical leave.

As there were no further questions, the Mayor opened up a public hearing on the Police portion of the budget. As there was no public testimony, the public hearing was closed.

A motion was made and seconded to tentatively approve the Police Department budget as proposed. The motion passed with a unanimous voice vote.

6. Fire

Revenue, budget to budget, is up \$109,000 or 3.7%. This includes a decrease of \$90,000 in FEMA reimbursements, and an increase of \$200,000 in ambulance billing charges. Manager Aspell noted that during 2019, the Fire Department made a change in its billing service to a new company called QMC. The increased revenue is due to the good work of the Fire Department and improved service from this new vendor.

Expenses, budget to budget, are up \$70,000 or less than 1%.

Also included in the FY 2020 Fire Department budget are:

- \$3,700 to upgrade an Administrative Specialist position to a Fiscal Supervisor;
- \$9,100 for Airvac filters;
- \$1,000 for hazardous material sensors; and
- \$5,400 for operations and maintenance of the new Fire Training Facility.

Additionally, the City Council approved a Project First grant, which included adding one additional Fire Department employee, fully paid for from the grant, with no General Fund contribution.

The Mayor opened up the meeting for questions.

Councilor Herschlag asked about the need for the City to add a fourth ambulance. Fire Chief Dan Andrus and Deputy Chief Aaron McIntire approached the committee and indicated that there is definitely a need for a fourth ambulance, the question is how to pay for it, as there isn't just the cost of purchasing the

ambulance that must be considered, but staffing it as well. Increased call volume has provided an increase in revenue, but adding a fourth ambulance will not increase the revenue enough to cover the cost.

Mayor Bouley asked Chief Andrus about the Fire Department's relationship with the Community Development Department, as the Fire Department plays a part in the permitting process for new development. Chief Andrus responded that the Fire Department has a positive working relationship with the Community Development Department, and that Fire staff attend weekly Development Team Meetings to help developers navigate the process. Chief Andrus noted that the Fire Department applies the same standards to every project.

As there was no further discussion, the Mayor opened a public hearing on the Fire Department budget. As there was no public testimony, the public hearing was closed.

A motion was made and seconded to tentatively approve the Fire Department budget as proposed. The motion passed with a unanimous voice vote.

7. General Services

Revenue, budget to budget, is up \$21,000 or 2.5%, mainly due to transfers from other funds and reserve.

Expenses, budget to budget, are up \$161,000 or 1.6%, mainly related to wage and benefit increases, as well as vehicle supplies and repairs. Although the City budgets hundreds of thousands of dollars each year for General Services' equipment replacement, repairs become more costly over time and the overall fleet is aging. This year, the budget has been increased by \$40,000 for repairs. Manager Aspell noted that the City will need to take a hard look at increasing vehicle replacement capital expenditures for next year and beyond.

Other recommended items to be funded include:

- \$3,600 increase in the downtown snow removal contract;
- \$5,600 increase in Highway Division equipment replacement;
- \$40,000 increase in fleet repair parts and supplies;
- \$2,200 increase in staff development;
- \$2,400 increase for rental space for the Shattuck Wagon;
- \$7,500 increase to seal Main Street concrete sidewalks; and

- \$13,000 for tree planting (this is being paid for through a transfer from reserves, and Manager Aspell recommended increasing this amount to \$19,000)

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 \$8,000, mainly due to wage and benefit increases, as well as the General Fund portion of the \$7,500 Main Street sidewalk sealing.

For Snow and Ice Control, revenue, budget to budget, is flat. Expenses, budget to budget, are up \$13,000 or less than 1%.

Manager Aspell noted that he has authorized the Highway Division to fill the shed with salt before the end of this fiscal year in order to be prepared for the start of the next winter season.

The Mayor opened up the meeting for questions.

Councilor Herschlag asked how the Department determines when equipment should be replaced; i.e., is it based on age, mileage, condition of the equipment; or a combination of all three. General Services Director Chip Chesley, Deputy General Services Director Jeff Hoadley, and Fleet Manager Brian Levesque approached the committee. Director Chesley indicated that the Department keeps a record of operating hours for each piece of equipment. He noted that the large trucks are on about a 15 year replacement schedule. The Fleet Division does a lot of preventive maintenance, but equipment wears out quicker here in the Northeast due to winter and salt. When repair costs start to add up on a piece of equipment, it is time to consider replacement.

There was a brief discussion about the many City-owned buildings and properties, and the investment required by the General Services Department to maintain those buildings. In the future, on a property by property basis, the City may have to determine if a property is going to meet its future needs and whether or not it is worth continuing to put money into.

The Mayor opened a public hearing on the General Services budget. As there was no public testimony, the public hearing was closed.

A motion was made and seconded to tentatively approve the General Services budget as proposed. The motion passed with a unanimous voice vote.

Mayor Bouley noted that the next Finance Committee would be held on Thursday, May 30th, at 5:30 PM, at which time the Community Development, Library, Parks and Recreation, Human Services, and Capital Improvement/TIF budgets will be discussed.

8. Other/New Business

9. Adjournment

With no other discussion, a motion was made and seconded to adjourn the meeting. The motion passed with a unanimous voice vote and the meeting was adjourned at 8:00 PM.

Respectfully submitted,
Sue Stevens, Executive Assistant