



# City of Concord

## Fiscal Policy Advisory Committee

### Meeting Minutes - Draft

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Monday, October 19, 2020

4:30 PM

Virtual Meeting

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#### 1. Call to Order

The meeting was called to order at 4:35 PM and the roll was called.

#### 2. Roll Call

**Present:** City Councilors - Keith Nyhan, Fred Keach, Byron Champlin, Candace White Bouchard, Amanda Grady Sexton, and Mayor Jim Bouley. City Staff - Thomas Aspell, Jr., City Manager; Brian LeBrun, Deputy City Manager - Finance; Kathy Temchack, Director of Real Estate Assessment; Sue Golden, Assessor; Sean Brown, Deputy Fire Chief; John Chisholm, Acting Deputy Fire Chief; Katie Graffi, Assistant Finance Director; Bob McManus, Director of OMB; Rebekah Dougherty, Budget Analyst; and Sue Stevens, Executive Assistant.

**Excused:** City Councilor Gail Matson.

#### 3. Approval of the Meeting Minutes

A motion was made and seconded to approve the minutes of the September 21, 2020 meeting. The minutes were unanimously approved.

#### 4. 1st Quarter EMS Billing Report

Deputy Fire Chief John Chisholm gave an overview of the FY 2021 first quarter EMS billing report. He indicated that the Department collected approximately \$9,000 from accounts in collections that were greater than one year old.

#### 5. Property Valuation Update

Kathy Temchack, Director of Real Estate Assessments, began by answering a question the committee had raised at its last meeting, which was if federal assistance received by businesses due to COVID affected their property assessment. Ms. Temchack indicated that the City values real property - not businesses that reside in a property. Any federal funds provided to businesses could assist businesses in paying their rent to the property owner, but that's about

the only affect it would have on the property owner.

Ms. Temchack proceeded to provide an update on property valuations in the City. In the past year, residential property values have increased faster than commercial property values. She indicated that in Merrimack County, for the period of April 2019 to April 2020, the median single family home price went up on average 10.5%. She noted that there was also an increase in condominium and manufactured home values. She also noted that apartment rents have increased on average 14.5% in Merrimack County, and the vacancy rate is 0%.

Ms. Temchack indicated that she was trying to determine how to factor in the impact of a couple weeks of COVID in the current valuation for commercial properties, for the period of April 2019 to April 2020, as the pandemic didn't really begin until March 2020. The affect of COVID will be mostly realized in April 2021. She noted that the City is making adjustments to properties that were shut down and/or impacted by COVID. The Assessing Department sent out surveys to commercial property owners in May in an effort to find out what they were experiencing, if they were adjusting their rents, and if rents were being paid. The Department intends to send out another survey in January.

In summary, the City expects commercial property values will be flat and residential property values will be up.

Councilor Champlin asked what the rate of response was on the surveys. Ms. Temchack indicated that 900 surveys were sent out and we received 10-15% back.

Councilor Champlin also asked if the predicted exodus of people from Massachusetts could be a factor on the City's residential property values. Ms. Temchack explained that when supply is down and demand is up, values go up; therefore, it is certainly a possibility. Ms. Temchack went on to say that, currently, the average value of a single family home in Concord is higher than \$250,000; and the days of finding a home for under or at \$250,000 in Concord are over; therefore, the City may have to adjust its range.

Councilor Keach expressed his concern that lower wage earning residents are leaving Concord and moving north where housing is more affordable. He expressed his concern that there is not enough affordable work force housing in Concord.

## **6. General Projection**

Deputy City Manager LeBrun provided an update on some budgetary implications that will need to be considered and addressed for FY 2022. Specifically, the City will be facing wage increases of 3.5% or \$1.82 million; Beneflex increases, which estimated at 6% would equate to \$474,000 (this is just an estimate, the actual increase could be more or less than 6%); and NH Retirement System increases of 20% or \$1.4 million. Some critical decisions may need to be made to address these increases. As City Council has stayed in front of budget increases and has already made lots of cuts over the last couple of years, FY 2022 is going to be a difficult budget. For instance, in the last two years, City Council has been able to keep the tax rate increase to 1.3% and 0%.

Mayor Bouley suggested it may be a bit premature to start discussing and we should wait to see if a stimulus package comes from the Federal government. Mayor Bouley also suggested that if new Senators are elected, the committee should consider bringing them in to educate them on the City's concerns.

In the meantime, Deputy City Manager LeBrun asked FPAC members to let him know if there are any City services they feel are not necessary.

Chairman Nyhan suggested the committee bring this issue back for discussion in December or January.

## **7. September 30, 2020 Fiscal Year to Date Financial Update**

Deputy City Manager LeBrun provided an overview of the September Fiscal Year to Date FY 2021 Financial Statements. Of note, the property tax collection rate for the October 1st tax collection is at 93.5% (last year at this time we were at 92.5%) and motor vehicle registration revenue is up. Highway Block Grant funding is going to be down by about \$50,000 this year. Parks & Recreation revenue is down, but so are expenses. Most other revenues and expenses are on target.

## **9. Adjournment**

With no further business to discuss, a motion was made and seconded to adjourn. The meeting adjourned on a unanimous voice vote at 5:37 PM.