

City Finance Committee Minutes

June 3, 2013

City Council Chambers – 7:00 PM

Present: Mayor Bouley, Councilors Blanchard, Kretovic, Grady-Sexton, McClure, Werner, DelloIacono, Coen, St. Hilaire, Shurtleff, Bennett, Nyhan, White-Bouchard, and Keach.

Excused: Councilor Patten

The Mayor opened the meeting at 7:04 PM. He stated that this meeting was to review the FY 2014 budget for Administration, the Community Development Department, the Conservation Commission, the Airport, the Library, Parks & Recreation, the Golf Course, Human Services, Social Services and the Miscellaneous sections of the budget; with public hearings to follow. The Mayor also noted that immediately following the Finance Committee Meeting, the City Council would go into non-public session to discuss compensation adjustment, followed by a public meeting to discuss the Main Street Project.

On a motion made and seconded, the draft minutes from the May 20, 2013 Finance Committee Meeting were unanimously approved.

City Manager Aspell, Deputy City Manager-Finance Brian Lebrun, and City Treasurer Mike Jache announced the good news that Standard & Poor's Ratings Service had upgraded its long-term rating and underlying rating on the City's General Obligation bonds from "AA" to "AA+".

Manager Aspell went on to provide an overview of the FY 2014 proposed budget.

ADMINISTRATION: Manager Aspell indicated that the overall FY 2014 budget for all Administrative departments is up by \$102,189 or 1.9%, with a 0.1 FTE reduction in staffing.

City Manager's Office: The City Manager's budget appropriations in FY 2014 are down \$6,000 from FY 2013. Appropriations for the Community Development Block Grant Program, which is managed under the City Manager's Office, are down \$3,000.

The Community Development Revolving Loan Fund Program was also reviewed, as it is also administered by the City Manager's Office. The Program is responsible for the administration of the CDBG Program, the Revolving Loan Fund Program, and the Emergency Grants Program. Although administered by City staff and supported by the General Fund, the Revolving Loan Fund Program is self-supporting and separate from the General Fund. There are no changes in appropriations, budget to budget.

Legal Department: Overall, revenues are down \$18,000, primarily due to the courts not being as willing to award restitution due to the economy. Manager Aspell noted that for FY 2013, appropriations will come in under budget by \$18,000. For FY 2014, overall appropriations are proposed to increase by 7% or \$68,000 due to increased retirement and benefit costs, changing a part-time Legal Secretary position to full time, and additional lease funding for the Prosecutor's Office space.

Assessing: FY 2013 revenues are projected to come in 6% higher than budget. Payments in Lieu of Taxes (PILOTs) are projected to come in \$38,000 higher than budget. In FY 2014, PILOT payments are projected to increase by about \$71,000. Overall, revenues for FY 2014 are proposed to increase 38%; and appropriations are projected to decrease by 3% or \$20,000.

In response to Councilor Coen's request, Manager Aspell provided a brief explanation as to what a PILOT is.

Mayor Bouley asked Manager Aspell to elaborate on why he did not recommend funding the FY 2014 Program Change Request for the hiring of independent appraisal services for outstanding Superior Court and BTLA appeals. Manager Aspell indicated that if there becomes a need for the City to hire an independent appraiser, there is enough money in the proposed operating budget to cover those costs.

Human Resources: Revenues are projected to come in at budget for FY 2013. For FY 2014, this revenue is budgeted at the same level. Appropriations are up 1.9% from FY 2013 due to the proposed addition of \$10,000 to create an Employee Recognition Program; otherwise, the budget would be down 0.7%.

At the Mayor's request, Human Resources Director Jennifer Johnston provided an update on the City's Wellness Program.

Finance OMB: Appropriations are proposed to decrease by 0.2% in FY 2014, due to a partial vacancy.

Finance Accounting: Appropriations, budget to budget, are up 9.2% or \$47,000 due to the elimination of the Controller position and creation of Assistant Finance Director position; and the proposed increase of two Fiscal Technician II positions to Fiscal Technician III positions.

At the Mayor's request, Deputy Manager LeBrun provided an explanation of where things are at and what the next steps are for the ERP system.

Finance Treasury: FY 2013 revenues are projected to come in 2% or \$122,000 higher than FY 2013 budget. Motor vehicle registration revenues in FY 2013 are coming in \$306,000 over FY 2012; and, at this time, they are \$115,000 higher than budget for FY 2013. Manager Aspell pointed out the continuing decrease in delinquent tax interest (\$386,000) from 2012 to 2013. A further decrease is projected for FY 2014. Interest income remains dismally low. For FY 2014, revenues are projected to increase by about 1.1%. Appropriations are proposed to be up 3.8%.

Councilor McClure asked how many properties are reflected in the delinquent tax interest reduction. City Treasurer Mike Jache responded that the City issued 60 fewer liens this year. Last year, 1,142 liens were issued.

Mayor Bouley asked what the impact of staying open late on Thursday nights has been. Treasurer Jache indicated that it has been very positive with a record high of 26 customers on one particular Thursday.

Finance Audit: Appropriations, budget to budget, are proposed to decrease by \$6,000.

Finance Purchasing: For FY 2013, revenues are projected to come in 16% or \$5,000 over budget. Appropriations, budget to budget, are proposed to increase by 4% or \$10,000. The only real increase is in the Supplies line, as Purchasing is now carrying the cost of paper and service to the copy machines at City Hall (these costs used to be appropriated in each individual department).

Information Technology: Appropriations for FY 2013 are projected to come in under budget by 4% or \$26,000. Appropriations, budget to budget, are up 2%.

City Council: FY 2013 appropriations, budget to estimate, are projected to come in 5% under budget, as the Mayor spends very little of his expense funds. Appropriations, budget to budget, are flat.

City Clerk Records: Revenues, budget to budget, are flat. Appropriations, budget to budget, are up 4% or \$12,000.

City Clerk Elections: Revenues, budget to budget, are down. Manager Aspell reminded Council of their approval to appropriate \$10,000 from surplus for new voting booths in FY 2012 and FY 2013. Appropriations, budget to budget, are down 60% or \$48,000.

The Mayor opened a public hearing on Administration. As there was no testimony, the public hearing was closed and a motion was made and seconded to tentatively approve the Administration budgets as proposed. The motion passed with a unanimous voice vote.

COMMUNITY DEVELOPMENT: Overall, departmental appropriations are down 0.1%. Expenses for FY 2013 are projected to come in under budget by 1.3% or \$32,000.

Community Development Administration: Appropriations, budget to budget, are up 2% or \$5,000.

Community Planning: Revenues, budget to estimate, are up 10% or \$3,000. Appropriations, budget to estimate, are down 3% or \$12,000. Appropriations, budget to budget, are proposed to increase 2%.

Building & Code Services: Most years, this Division covers its total costs with its revenues. This is not the case for the FY 2013 estimate or the FY 2014 budget. FY 2013 revenues are projected to be down by 11% or \$101,000. In FY 2014 revenues are projected to be slightly less than the FY 2013 estimate. FY 2013 expenses, budget to estimate, are projected to come in under budget by \$11,000. Appropriations in FY 2014 are proposed to increase by 1%.

There was a brief discussion about the inspection of rental properties within the City.

Engineering Services: Revenues, budget to budget, are projected to decrease 30%, as impact fee revenue has declined with the slowdown in the economy. Appropriations, budget to budget, are down 2.4%.

Community Development Project Inspection Fund: This fund was developed in 2007 to utilize City staff to perform construction inspection services versus using outside consultants. Revenues and expenses are dependent on construction activity – primarily driven by the economy. For FY 2013, revenues are projected to be \$15,000 under budget, and expenses to be \$42,000 under budget. For FY 2014, revenues are projected to remain flat. Appropriations, budget to budget, are down by \$57,000 (half of this amount is because we purchased a vehicle for staff, which is reflected in the Vehicle Maintenance line in FY 2013).

Conservation Commission: The City continues to see a steady increase in the number of acres of protected open space. Budget to budget, the amount requested is down 42% or \$4,000.

Forestry Program: The amount of forest land managed is anticipated to increase by 270 acres in FY 2014, for a total of 4,711 acres. This program is self-supporting, as revenue from the Forest Trust and the sales of tree cutting go back into the fund.

Community Development Conservation Property: This is a relatively new fund designed to account for costs associated with revenues, the payment of debt, and expenditures associated with the acquisition and management of conservation property. For FY 2014, revenues generated from leases are projected to remain flat. There is a \$23,300 use of fund balance that will be transferred to the General Fund to be used for debt service on conservation property purchases.

Airport: A copy of the Airport proforma was distributed. The FY 2013 estimated budget is projected to end with a \$21,070 positive operating balance. For FY 2014, expenditures are budgeted at \$411,342, and revenues at \$384,074. Several Capital projects are recommended in FY 2014 at a total cost of \$64,656. A little over \$100,000 is projected to be bonded to construct Phase One of the parallel taxiway to runway 12/30.

The 20-year old Fixed Base Operator (FBO) agreement expires at the end of FY 2014. The FY 2014 budget includes \$5,000 to retain the services of a consultant to assist in the issuance of an RFP for a new FBO. As part of the change in FBO structure, the Community Development Department will review possible changes in Airport management to more effectively and efficiently run the day to day operations.

The Airport proforma projects potential negative annual operating balances for the next six years. It is hoped that with a new FBO and resurgent economy, the Airport Fund balance will improve.

Councilor St. Hilaire asked what the City's long term plans are to renovate the main building at the Airport. Manager Aspell indicated that we have applied for grants for that purpose and we are ineligible for funding. This is one of many issues that the City Administration will address with the new FBO. Councilor Keach suggested that there might be an opportunity to partner with the NH Speedway or Lincoln Financial who use the Airport frequently.

The Mayor opened a public hearing on Community Development, including Planning, Building & Code Services, Engineering Services, the Project Inspection Fund, the Conservation Commission, the Forestry Program, Conservation Property, and the Airport. As there was no testimony, the public hearing was closed and a motion was made and seconded to tentatively approve the Community Development budgets as proposed. The motion passed with a unanimous voice vote.

LEISURE SERVICES: Budget to budget, appropriations are up 3.6% or \$138,000.

Library: From FY 2012 to FY 2013, total circulation activity is up 2%, while the traffic count is down 4%. Revenues are flat, budget to budget. Book sale revenue remains at \$0, as the City Council previously approved a proposal to allow the funds generated from book sales to go to a special fund for approved Library expenses. Appropriations, budget to budget, are up 2.4% or \$38,000; largely driven by retirement costs.

Parks & Recreation: In FY 2013, direct revenues are estimated to support 75% of the total cost of the Department. Budget to budget, revenues are projected to decrease 1.5%. Appropriations, budget to budget, are proposed to increase 7.5% or \$54,000, as additional funds have been budgeted for expenses for new programs. The creation of a full-time Program Coordinator for the Heights Community Center is also proposed.

Heights Community Center: Due to the timing of the transfer of the Dame School property, we were not able to implement the Heights Community Center programs in FY 2013 as anticipated. Appropriations are lower than budgeted in FY 2013 for the same reason.

Parks & Recreation – Grounds: Cemetery Administration/General Expense revenues are flat. Appropriations, budget to budget, are up 7% or \$12,000. This is due primarily to two PCRs: one in the amount of \$5,000 for dead tree removal in the Old North Cemetery, and one in the amount of \$2,000 to replace the carpet at the Blossom Hill Cemetery Office.

Cemetery General Maintenance revenues are down 54% or \$73,000, as the Cemetery Trusts are contributing much less in funding due to low interest returns over the last several years. Appropriations, budget to estimate, are projected to come in 8% under budget. Appropriations, budget to budget, are up 4% or \$17,000, mostly due to an increase in the cost of horticultural supplies and increased retirement costs.

Cemetery Burial Marker revenue is up slightly in FY 2013; while budget to budget they remain flat. Appropriations, budget to estimate, are up.

Park Maintenance revenues, budget to estimate, are flat. Budget to budget, revenues are projected to increase 22% or \$6,000. Appropriations, budget to budget, are up 5% or \$34,000. Labor costs for the Adopt-A-Spot Program are now included, which is a \$13,000 increase.

At 8:30 PM, the Mayor opened a public hearing on the Leisure Services budget.

Allan Herschlag, resident and former Memorial Field employee, approached and began by giving kudos to the staff at Memorial Field for going above and beyond in maintaining the facility. He shared some concerns he has with the City's oversight of the facility. He suggested the City develop a Master Plan for Memorial Field. He also suggested the City build a tiered parking lot and consider charging for parking at notable Memorial Field events.

Mayor Bouley thanked Mr. Herschlag for his testimony. As there was no further testimony, the public hearing was closed at 8:40 PM.

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

HUMAN SERVICES

Human Services: Appointments, emergencies and walk-in requests for assistance remain flat. Appropriations, budget to estimate, are down 2% or \$8,000. The appropriation request for FY 2014 is up 5% or \$21,000, a small portion of which is for the office space lease for a full year. In addition, a part-time Administrative Specialist II position is reduced from 30 hours to 15 hours per week; and a permanent part-time Case Technician is increased to full-time.

Welfare Aid: Appropriations, budget to estimate, are projected to come in at budget. Budget to budget, the request is for a reduction of 2.5%. The City continues to meet all of its legal obligations.

Social Services: Funding is sustained at last year's level for Senior and Special Transit; for agencies providing shelter for the homeless and victims of rape and domestic violence; and for the Penacook Community Center. In FY 2013, funding for the First Congregational Church Cold Weather Shelter was made available by City Council through the use of its previous year's contingency fund. This funding is now included in the Social Services budget.

MISCELLANEOUS

Miscellaneous: The Miscellaneous section of the budget includes Street Lighting, Insurance and Loss Reserve, Comp Increase and Retiree Health, Citywide Dues and Memberships, Performance Improvement Program, Miscellaneous and Contingency, Cable TV, and Holiday Observances. Budget to estimate, Miscellaneous appropriations are down 10% or \$359,000 overall. Budget to budget, the request is down 3% or \$127,000.

Councilor Nyhan asked what the \$20,000 appropriated for Intown Concord is used for. Manager Aspell responded that Intown Concord uses those funds for downtown activities.

At 8:49 PM, the Mayor opened a public hearing on the Human Services, Welfare Aid, Social Services and Miscellaneous budgets.

TPAC Member Ursula Maldonado, City Engineer/TPAC Staff Representative Ed Roberge, and Jim Sudak of Concord Area Transit approached the Council. They indicated that the communication and cooperation between TPAC and CAT has improved tremendously. They have made concerted efforts to reach out to the CAT ridership and together they continue to review data to measure progress of goals. Jim Sudak expressed thanks to the City Council for their continued support and reported on some of CAT's successes. Councilor Nyhan commended their efforts.

Paul Lloyd of the Concord Veteran's Council approached and thanked the City Council for their continued support. Councilor Nyhan commented that the Veteran's Council asks for very little in the amount of funding and asked if they were sure they didn't need anything else. Mr. Lloyd indicated that they have been able to find better prices on flags and the amount requested would suffice.

Jerry Madden, Executive Director of the Friends Program, thanked the City Council for its continued support.

Lorrie Dale of the Salvation Army McKenna House thanked the City Council for its continued support.

Tonya Rochette of Intown Concord approached and thanked the City Council for its continued support.

As there was no further testimony, the Mayor closed the public hearing at 9:08 PM.

A motion was made and seconded to tentatively approve the Human Services, Welfare Aid, Social Services and Miscellaneous budgets as proposed. Rule 6A was invoked for the following Council members:

- Councilor Grady-Sexton for the vote regarding the Rape & Domestic Violence Crisis Center, which is now The Crisis Center of Central New Hampshire.
- Councilors Keach and Shurtleff for the vote regarding the Concord Veteran's Council.

Mayor Bouley noted that \$98,000 from the General Fund goes directly to agencies that provide shelter to the homeless.

The motion to tentatively approve the Human Services, Welfare Aid, Social Services and Miscellaneous budgets, as proposed, passed on a unanimous voice vote.

GOLF COURSE

Golf Course: FY 2013 revenues are projected to come in over budget by 2% or \$16,000. FY 2014 revenues are projected to increase 12% or \$102,000, mainly from permits and greens fees and Pro Shop sales. Appropriations, FY 2013 budget to estimate, are projected to come in under budget by 1% or \$9,000. FY 2014 appropriations are up 9% or \$75,000.

Manager Aspell distributed a copy of the Golf Course proforma and noted that we were projecting the FY 2013 year-end fund balance to be in the red by \$12,925; however, it is now projected to come in in the black by \$11,983. The FY 2013 Budget had a project net of -\$20,685; however, the FY 2013 estimate is now +\$4,223. FY 2014 is budgeted so as to achieve a \$5,590 net increase in reserves. Manager Aspell indicated that measures will need to continue to be taken to improve this Enterprise Fund to return its fiscal health.

Councilor Keach inquired as to why revenue from Pro Shop sales is projected to double in one year. Manager Aspell responded that this is due to the City taking over the Pro Shop back in January.

Councilor Kretovic commended staff for all the work resulting in positive changes to the Golf Course, as well as to the improved marketing efforts.

Mayor Bouley noted that the food concession contract expires in the fall and asked what the plan was for a new concessionaire. Manager Aspell responded that the City is looking at different options. Mayor Bouley expressed his concern that there seems to be a disconnect between the current concessionaire and the Golf Course and would like to see better collaboration between the two entities in the future.

At 9:23 PM, the Mayor opened a public hearing on the Golf Course budget.

Allan Herschlag, resident and former Memorial Field employee, expressed concerns with the quality of the grooming of the cross country ski trails at the golf course.

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

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

On a unanimous voice vote, the meeting went into non-public session at 9:30 PM to discuss compensation adjustment.

On a unanimous voice vote, the meeting came out of non-public session at 9:45 PM.

On a unanimous voice vote, the minutes of the non-public session were sealed.

The meeting was adjourned at 9:47 PM.

Respectfully submitted,
Sue Stevens, Executive Assistant