

MINUTES

Fiscal Policy Advisory Committee
November 21, 2013 4:30-6:00 PM
Second Floor Conference Room

In Attendance: Chairman – Allen Bennett; Mayor Jim Bouley, Mayor Pro-Tem Dan St. Hilaire; City Councilors – Mark Coen, Keith Nyhan and Jan McClure; City Staff – Tom Aspell, City Manager; Brian LeBrun, Deputy City Manager-Finance; Katie Graff, Assistant Finance Director; Bob McManus, OMB Director; Matt Walsh, Director of Redevelopment, Downtown Services and Special Projects; Kathy Temchack, Director of Real Estate Assessments; Susan Golden, Deputy Assessor

Excused: Councilors Fred Keach and Candace White Bouchard

- 1) **Approval of October 24, 2013 Meeting Minutes:** Chairman Bennett called the meeting to order at 5:30 PM and requested a motion to approve the minutes of the October 24, 2013 meeting. **Councilor Nyhan moved to accept the minutes, seconded by Councilor Coen. The minutes were unanimously approved as presented.**

- 2) **Parking Strategic Master Plan** – Matt Walsh, Director of Redevelopment, Downtown Services and Special Projects, presented the Parking Fund strategic master plan to the committee. This is the same plan that was presented to the Parking Advisory Committee. Mr. Walsh discussed the report and the struggles of the Parking Fund. He stated that even with the increase in parking rates over the past couple of years, the Fund will most likely be in a deficit position sometime in Fiscal Year 2015. Mr. Walsh recommended hiring a consultant to develop a parking study and evaluate all potential areas for revenue enhancements. While there was some concern about spending dollars to conduct the study with the Fund in such a difficult position, the recommendation is to utilize Economic Development reserve funds since parking in the City really is a very strong economic tool that is critical in the continued improvements in the downtown area. Mayor Bouley stressed that it is very important to have professionals who are well versed in parking issues to conduct this study and the committee agreed. Mr. Walsh noted that both the Parking Advisory Committee and the Economic Development Advisory Committee support hiring a consultant to prepare this study.

Councilor McClure moved to accept the report and forward to City Council without changes. Councilor Nyhan seconded the motion which passed unanimously.

- 3) **Property Valuations** – Kathy Temchack, Director of Real Estate Assessment presented the 2013 Property Assessment Report and discussed market and real growth changes, valuation decrease due to abatements that were granted, changes in values by neighborhoods for residential properties, and exemptions. The committee asked Director Temchack a few questions about the assessments and specific neighborhoods and the changes in exemptions.

- 4) **Tax Rate** – Deputy City Manager LeBrun presented the 2013 Tax Rates and Property Assessments memo. The City portion of the tax rate was set at \$9.04/\$1,000, the total tax rate for Concord is \$25.58 and Penacook is \$29.34. The tax rate increase projected at budget adoption time was an increase of 3.11%. Due to a decrease in real growth (net of abatements) the actual rate was an increase of 3.43%. LeBrun also noted that unexpected premium holiday revenue from Primex was used during tax rate setting to increase the amount of overlay in order to set additional funds aside for abatement requests.
- 5) **Use of Surplus** – Deputy City Manager LeBrun presented the Use of Surplus report to the Committee. He identified a final FY13 surplus amount of \$953,300 based on certain revenues collected in excess of budget and spending less in certain expense categories. In addition to using \$935,000 of surplus for the listed purposes, the report also requests that FPAC recommend to City Council to transfer \$618,788.14 from Committed Fund Balance to Assigned Fund Balance and to use \$1,553,788.14 from Assigned Fund Balance to support \$1,008,788.14 as additional allowance for abatements and the balance of \$545,000 as a transfer to reserves. Additionally the report recommends a supplemental appropriation of \$145,000 from reserves to the FY 2014 budget.

LeBrun also discussed the rate at which the City's Fund Balance has been growing over the past several years. The rate of growth is certainly a very strong positive for the City and is looked upon very favorably by the rating agencies, most notably with the S&P upgrade last May from AA to AA+. As of the close of books for FY13, based on the City's calculation of unassigned fund balance retention, this amount is currently 18.7% which exceeds the City's fund balance policy of 17.5%. With the City in a very strong position, it is still a goal to achieve an AAA rating from both Moody's and S&P. Maintaining a healthy fund balance is a key component to achieving and maintaining high ratings. In future years the City will need to manage the fund balance level by using portions of the unassigned balance for things like transfers to reserve for paving, equipment and other capital that may reduce the need to bond portions of certain projects. By using more of unassigned fund balance it will give the appearance of deficit spending when annual surplus does not exceed the supplemental appropriations for transfers to reserve accounts.

The committee noted that it is important to send the right message regarding reserves and fund balance.

- 6) **Tax Rate Target** – City Manager Aspell discussed that over the past couple of years the committee has not set a specific tax rate target for the City Manager for the upcoming budget. The committee discussed the pros and cons of setting a target for the FY15 budget and agreed that they like the way the budget has progressed and recommend keeping it the same for next year.

Councilor St. Hilaire moved to recommend no tax rate target for the upcoming FY15 budget and instead to direct the City Manager to present a responsible budget with a reasonable tax rate increase. Councilor Nyhan seconded the motion. The motion passed unanimously.

7) Adjournment - A motion was made by Councilor Nyhan to adjourn, seconded by Councilor McClure, and a unanimous vote brought the meeting to an end at 6:04 PM.

Respectfully submitted,

Brian LeBrun
Deputy City Manager – Finance