

MINUTES

Fiscal Policy Advisory Committee
October 16, 2014 / 4:30-6:00 PM
Second Floor Conference Room

In Attendance: Chairman – Allen Bennett; Mayor Bouley; City Councilors – Candace CW Bouchard, Mark Coen, Dan St. Hilaire, Jan McClure, Rob Werner; City Staff – Tom Aspell, City Manager; Brian LeBrun, Deputy City Manager-Finance; Katie Graff, Assistant Finance Director; Bob McManus, OMB Director; Rebekah Dougherty, Budget Analyst; Concord Energy and Environment Committee – Randy Bryan and Chuck Willing, Jr.

Excused: City Councilors – Amanda Grady Sexton, Fred Keach

- 1) Approval of August 21, 2014 Meeting Minutes:** Chairman Bennett called the meeting to order at 4:37 PM and requested a motion to approve the minutes of the August 21, 2014 meeting. **Councilor St Hilaire moved to accept the minutes as amended, seconded by Councilor Coen. The minutes were unanimously approved as amended.**
- 2) Funding Request from Energy and Environment Advisory Committee** – Councilor Werner, Roger Hawk and Chuck Willing, Jr., of the Energy and Environment Advisory Committee (EEAC), made a brief presentation on a request to fund energy consulting firm Beacon Integrated Solutions regarding the solar photovoltaic initiative they are proposing for the City of Concord.

Based on a project scope submitted by Roger Hawk, Deputy City Manager LeBrun requested a proposal from Beacon Integrated Solutions for this project.

City Manager Aspell discussed the separate phases of the project and recommended starting with Phases I and II, and discuss Phase III with the full City Council at a later date.

Phase I is for a feasibility study to determine if there is financial merit to move forward with the solar photovoltaic concept. Funding for this phase of up to 40 hours will cost \$5,950. The second phase is for procurement support and funding of up to 208 hours, which will cost \$28,080. The third phase is to develop strategies to bring the City to a Net Zero electrical consumption level over a period of years and funding for up to 95 hours, which will cost \$12,825.

Funding for Phases I and II, combined, total \$34,030; and for all three phases is \$46,855. If FPAC recommends moving forward with all or part of this project, funding options would be a supplemental resolution in FY15 or included in the FY16 budget. These costs could be shared between the Wastewater Fund and the General Fund.

After deliberation, **Councilor St Hilaire moved to recommend Phases I and II to the City Council for appropriation of \$34,030. The motion was seconded by Councilor McClure. The motion was unanimously approved.**

- 3) Budget Revisions Presentation** – Deputy City Manager LeBrun made a presentation on the proposed changes to the FY16 budget book. He indicated that there are four things he is trying to achieve with these changes. The first is to keep the budget process as efficient as the FY15 process was. The second is to make the budget book easier to read to the average person and have the most pertinent information in the first several tabs of the budget book. The third is to line up the budget book reporting to the quarterly reports that are now presented to FPAC and the City Council, and line up the internal financial system with the budget book, department by department. The fourth is to include necessary information in the budget book that will comply with the requirements for securing the Government Finance Officers Association Budget Award.

Deputy City Manager LeBrun indicated that the major changes in the book are:

1. Include an organization-wide Org Chart.
2. Move Full Time Equivalent (FTE) listing from each department to the front of the book, and include a note that relates the FTEs to the number of actual positions/employees.
3. Create a separate tab for resolutions.
4. Combine General Fund Revenue into one section and provide expanded detail by account for all funds.
5. Change Administration to General Government.
6. Include Core Responsibilities after the mission statement for each Department.
7. Report all departments at the department level, with supplemental reports if warranted; and all funds at the fund level.
8. Add a section titled General Overhead, which combines the information that was previously in the Miscellaneous, Debt Service, Social Services and Transfers sections of the book.
9. Create a new book for the Capital Improvement Plan (CIP) only, and include only a current year summary CIP report in the operating budget book.
10. Include the Council Priorities and Fiscal Policy Goals in the book and move the Glossary and Categorical/Classification information from the Budget Summary in the front of the book to the Appendix at the end of the book.
11. Change General Services Allocated Costs/Recoveries (negative) expenses to revenue and expense transfers.
12. Keep all General Fund technology and phone related expenses in the Information Technology budget instead of spreading it across all department budgets (retain charges to Enterprise Funds).

There is a zero net change to the bottom line of the budget for all of these items and it will make the processes, both at budget time and internally, more streamlined and efficient.

The committee asked the following questions and made the following comments:

1. Councilor McClure requested clarification of the SPCA wording under General Overhead Special Programs.
 2. Councilor St. Hilaire requested clarification of the Cable TV Franchise wording to say Concord TV and to identify that the revenue is coming from Comcast. This is also under the General Overhead Special Programs section of the budget.
- 4) Quarterly Financial Statements** – Deputy City Manager LeBrun reviewed the Quarterly Financial statements and cover memo. Not much to report at this time. There were no questions from the committee.
- 5) FY14 Final Financial Results and Surplus Recommendations:** Deputy City Manager LeBrun reviewed the final results for the Fiscal Year Ending June 30, 2014.
- a. Total General Fund expenses were \$53.63 million, and revenues were \$53.33 million, resulting in expenses exceeding revenues by \$304,000. Management has allocated \$750,000 to Assigned Fund Balance, and Unassigned Fund Balance will increase by approximately \$800,000 to \$9.9 million or 19% of expenditures.
 - b. The detailed report highlights revenue variances in the General Fund of greater than \$20,000 and variances in expense by category.
 - c. Included in the FY14 results are an additional allowance for abatements (overlay) of \$1.1 million, which had the impact of reducing tax revenues, and recognizing the \$1.5 million received from the Co-op as Concord’s share of the return of reserves.
 - d. After adjusting for the non-recurring transactions, revenues exceeded expenses by \$784,000.
 - e. The \$750,000 assigned fund balance is proposed to fund \$580,000 for Paving Reserve; \$110,000 for Equipment Reserve and \$60,000 for Building Improvement Reserve.
 - f. After discussions with our Auditors we recommend changing how we account for abatement payments and, for Fiscal Year 2016, record all abatement payments in the Income Statement. We have been funding abatements in various ways over the past couple of years and this is the right time to make this change. From a budgetary point of view, it is neutral to the overall budget, as overlay will be recorded as a revenue and the abatement payments will be recorded as an expense.
 - g. Enterprise and Special Revenue funds are included in the preliminary report as well. Most funds finished the year as expected or better. A couple of items to highlight are:
 - i. Golf Fund – expected a gain of \$5,600 and reporting a loss of \$2,200, mainly due to a tough spring golf season and lower memberships than expected, as well as some repairs made to the course to fix some drainage problems.
 - ii. Parking fund – Deputy City Manager LeBrun’s original memo to FPAC reported an expected loss of \$71,900 and recognized a gain of \$85,600. A change was made after the memo was prepared that revised the gain to \$42,600 or \$114,500 better than budgeted.

- 6) Non public RSA91-A:2,I (a) – Councilor McClure moved to go into a non-public meeting for consultation with Legal Counsel at 5:42 pm and concluding at 6:27 pm.**
- 7) Adjournment – A motion was made by Councilor Coen to adjourn, seconded by Councilor McClure, and a unanimous vote brought the meeting to an end at 6:28 PM.**

Respectfully submitted,

Brian LeBrun
Deputy City Manager – Finance