

MINUTES

Fiscal Policy Advisory Committee
November 21, 2016 / 4:30-6:00 PM
2nd Floor Conference Room/City Hall

In Attendance: City Councilors – Amanda Grady-Sexton, Candace Bouchard-White, Mark Coen, Dan St. Hilaire and Mayor James Bouley; City Staff – Tom Aspell, City Manager; Brian LeBrun, Deputy City Manager-Finance; Carlos Baia, Deputy City Manager-Development; Katie Graff, Assistant Finance Director; Bob McManus, OMB Director; Rebekah Dougherty, Budget Analyst.

Excused: Chairman Keith Nyhan and Councilor Fred Keach.

- 1) **Approval of September 19, 2016 Meeting Minutes:** Amanda Grady-Sexton called the meeting to order at 4:35 PM and requested a motion to approve the minutes of the September 19, 2016 meeting. **Councilor Bouchard-White moved to accept the minutes, seconded by Councilor Coen. The minutes were unanimously approved.**

- 2) **Preview of FY 2018 Budget Drivers:** Deputy City Manager LeBrun discussed the things that will drive the FY 2018 budget. He started with the pro forma that was produced for the FY 2017 budget and the projection for FY 2018. Overall, the pro forma projects a property tax rate increase of 7%. A large part of that increase is due to the increase in debt service costs of \$1.1 million and an additional .5% for the paving plan that was put in motion over the past two years. It is also worth noting that ambulance service charges in the pro forma are projected to increase by \$200,000 in FY 2018. Considering that these revenues are trailing FY 2016 and FY 2017 budget estimates, it is unlikely that any increase in this revenue will be realized. The other items to consider are:
 - a) Retirement costs – impact \$550,000-\$600,000, a portion of which is part of the pro forma calculation.
 - b) Debt Service – currently preparing for the January bond sale. City has about \$15 million in authorized and unissued bond authorizations and expects that more than \$9 million in General Fund debt will be sold in January 2017.
 - c) Health and other insurance increases – fortunately, the City’s experience ratios have been favorable so far this year and we are waiting for the GMR, usually received in December.
 - d) Contractual wage increases.
 - e) The additional .5% for the paving plan.
 - f) Not expecting any big increases in revenues this year.
 - g) Electricity costs, overall, are expected to be down slightly due to the recent contract pricing of 6.8 cents per kWh.
 - h) Special revenue and enterprise fund support. Discussions are ongoing about restructuring the funding for parking with a significant impact to the General Fund. The City is also talking about support for the Golf fund and possibly the Arena and Airport funds. All great things to do for the community but they just need to be paid for somehow.

The Committee discussed the impact of the collective bargaining agreements wage increases on the overall future tax rate increases, and the need to keep this in mind when approving these agreements.

3) Other:

- a. **C-Pace:** The committee followed up on the C-Pace discussion from the September 19th meeting. No additional information has been provided to the City since that meeting and the committee recommends to the City Council that the City not move forward with this program at this time. If new information becomes available that makes it favorable for the City to consider reviewing again in the future, we will do so at that time.
- b. **Meeting with Standard and Poor's:** Councilor Coen asked about the visit to S&P in Boston and inquired about their comments to the City. The committee discussed the meeting and summarized by saying that the rating agency has very high regard for the City and its management practices. They gave positive marks to the City's consistent financial statements, and echoed that not having major swings from year to year is a good thing. Overall a very positive visit.

4) Adjournment: A motion was made by Councilor St. Hilaire to adjourn, seconded by Councilor Bouchard-White. A unanimous vote brought the meeting to an end at 5:16 PM.

Respectfully submitted,

Brian LeBrun
Deputy City Manager – Finance