

**CITY COUNCIL BUDGET WORKSHOP MEETING  
JUNE 14, 2011**

**Call to Order**

Mayor Merrifield called the meeting to order at 6:00 p.m. in the Council Chambers, Franklin City Hall. Salute to the Flag was said.

**In Attendance**

Councilor Clarenbach, Councilor Boyd, Councilor Starkweather, Councilor Trudel, Councilor Audet, Councilor Bowers, Councilor Sharon, Councilor Andreozi, Mayor Merrifield, Manager Dragon and Finance Director Milner.

**Absent**

Councilor Feener

Councilor Bowers commented he has had some conversations with the City Attorney concerning the tax cap issue and the fact that the City does not have one right now because of a Supreme Court decision. There is some legislation that has been passed and he requested City Manager Dragon update the Council on the tax cap issue.

Manager Dragon advised SB2 has passed both the House and the Senate and this bill is relative to a tax cap for Cities and Towns. One of the pieces to this legislation talks about any town or city charter which had already adopted a tax cap is basically legalized and validates and ratifies that tax cap. This bill has passed both the House and the Senate and it should reach the Governor's Office shortly if it hasn't already.

**Revenues/Fines/Fees**

Section 4 Page 1-6– Revenues was reviewed. Manager Dragon stated Concord Region Waste is in the budget at \$110,000 which is the amount that has been

## City Council Budget Workshop

June 14, 2011

Page 2

agreed upon although we don't have a signed agreement yet but have received a check from them for that amount. Franklin Regional Hospital payment is what they have agreed to continue on with as they have in the past. There is also a small increase on property taxes. Councilor Andreozzi questioned the \$22,000 for land use change tax as it is currently showing less than \$5,000 as of May 25. Director Milner advised that those payments for some reason don't come in until sometime in June.

Manager Dragon advised that on Page 2 the most difficult one is the Motor Vehicle Permit. Last year \$950,000 was budgeted and this year \$952,000 is being budgeted which is a slight increase and the most educated estimate at this time. She advised the other revenues on Page 2 are not changing much. Page 3 has some revenues that come in from the State like meals/rooms and the highway block grant. She stated at first she thought the highway block grant money would have to be changed; however, the changes that are occurring to the highway block grant funding will happen in the following year. In the following year the City will lose approximately \$34,000. Solid Waste Fees are not changing much. Councilor Bowers commented that the Co-Op took a vote last week to go ahead with the recycling plant in Penacook so hopefully once the plant is open the City will see an increase in revenue with the plant being close by and get more for recycling. Councilor Clarenbach questioned the Solid Waste Fees shown at \$73,000 and \$145,000 is budgeted. Director Sullivan advised the \$73,000 is a figure from February. Councilor Clarenbach commented the City is over charging on demolition. Director Sullivan commented it is costing the City \$74.00/ton and we are charging \$115.00/ton. Mayor Merrifield inquired as to what bill the City is basing the State revenues on as it does remain unsettled. Manager Dragon responded this is what we know right now as everyone seems to agree that meals and rooms will stay and the highway block grant will not reduce until next year as the State is eliminating a \$30.00 administration fee. Manager Dragon stated she feels pretty good about these but the retirement piece is the one that concerns her. On Page 4 it shows the elimination of the boat ramp fee. She commented the illegal fire fee has been reduce as not many illegal fires which is a good thing.

## City Council Budget Workshop

June 14, 2011

Page 3

Councilor Clarenbach questioned the Misc. Revenues/Police which is down from \$10,000 to \$1,200. Director Milner stated that about \$9,000 of the \$10,000 was a one-time thing.

Page 5 – Manager Dragon commented Interest income is way down from \$100,000 budgeted the previous year to \$44,000 budgeted this year. She stated the Lease for the Cell Tower, rental income from the Court House and the Cable Franchise we know what those will be. The new line is the Ambulance Services agreement, which is a new way of doing business; it is new revenue so there are numbers in the budget that are being offset with this number in the revenue. Manager Dragon provided the Mayor and Council with a copy of the current draft agreement. Manager Dragon stated she is hopeful this agreement will work out as it makes for good relations with Franklin Regional Hospital, as well as funds to the Fire Department and the purchase of a new ambulance within a year, training opportunities for EMS personnel, equipment for the ambulances, etc. She stated it would be very financially beneficial to the City of Franklin. Councilor Boyd inquired if the Laconia Fire Department does this and Manager Dragon advised they have been doing it for a while now and they are very happy with the agreement. Manager Dragon pointed out the Police Dispatch Fees have increased from last year by over \$20,000 and the difference is the agreement with Bristol. Boscawen who was with the City was paying approximately \$19,000 and Bristol is paying about \$38,000. Councilor Clarenbach asked how the 85/15 formula was developed and Manager Dragon stated a lot of time and effort by the police department, Chief Goldstein and herself checking other communities and giving lots of consideration to a fair but good formula for the City. Councilor Clarenbach expressed his concern that a couple of the communities went down in the amount that had been paying for dispatch services. Manager Dragon explained that happened because all communities were treated the same; all had the same formula applied to them. Councilor Clarenbach stated it doesn't seem right to him that two communities would go down in their fee because Bristol came on board. Manager Dragon responded that those two communities have far less calls than Bristol as those that are using the service the most are charged the most. Manager Dragon commented they used the same formula for everyone

to be fair and some communities went down and some communities such as Hill went up as it was based on call for service. Director Milner commented that there was no formula before and so once the base formula was established it was to apply to all communities and therefore a couple of communities' fees were reduced; however, that should not be the case in the future. Councilor Clarenbach commented his issue is with the fact two communities are paying less this year than before for the same amount of service. Councilor Audet questioned the fact that Franklin is charging Bristol \$38,000/year when it was costing them \$76,000/year for dispatch services with Plymouth and questioned how Franklin can do it so much cheaper. Manager Dragon commented that Plymouth's formula is very different and the problem that Plymouth is having now is because the way they are allocating their dispatch fees communities are leaving and going elsewhere such as going to Grafton or Merrimack Counties who are not charging as much for the service. Councilor Boyd commented that there probably be increases to the fees in the future and Bristol may have an increase next year, however, the reason communities have come to Franklin is because they were being overcharged other places such as the Merrimack County Sherriff's Department.

Page 6 - Interfund Transfers: Manager Dragon commented there is \$2,900 in Trust Funds.

### **Municipal Services Department Budget**

Director Sullivan commented that most of his budget is level funded or has been reduced, health insurance comes into play but most of the operating lines including electricity, utilities, and supplies are level funded or reduced.

Section 5, Page 9 City Hall: Director Sullivan advised the expenses for City Hall have been reduced as the \$10,000 that had been appropriated for rekeying the building has been completed. There is an increase for Parks and Rec mainly due to a request of \$5,300 to redo the signage for all the parks and beaches. Odell Cottage is level funded but there is a need at some point in time to do a

renovation of the building. Councilor Boyd inquired as to what is the main purpose of Odell Cottage. Director Sullivan stated the Boy Scouts are using the building. The Girl Scouts also use the building and are considering raising monies to have work done on the Cottage.

Page 12 Police Building: Director Sullivan noted the budget for this building is down slightly.

Page 17 Fire Station: Level funded. The Fire Department maintains their building.

Page 24 Municipal Services: Director Sullivan advised there is a decrease as the Operation's Superintendent's salary has been reduced from the General Fund and put more in water/sewer because of the amount of time being given to building the water treatment plant and other water issues. Councilor Andreozzi inquired that when the water treatment plant is completed, these costs will be taken out of water/sewer and put them back so that the water users are not paying 20% of someone's salary or 45% of a salary that they are no longer giving that kind of time to the water department? Director Sullivan stated that will be evaluated as there are many other projects that will be happening in the water department. Councilor Starkweather asked for a breakdown on the cleaning contract. Director Sullivan advised janitorial service is 5 days per week, Monday – Friday including the office \$230.00 for a yearly cost of \$2,760 and the water pays half of that charge. There is a decrease in municipal buildings.

Page 25 MSD Road Maintenance: This represents the 6 fulltime people in this department and their benefits and over time and includes snow removal overtime. This is level funded with the exception of NH Retirement and Benefits. Councilor Audet commented that under wages the figure should be \$198,893. Director Sullivan in response to Councilor Bowers question that there are no steps or cola in the budget. Finance Director Milner reported that as of June 7<sup>th</sup> it was \$205,856 and the overtime line as of the same date \$74,132.

## City Council Budget Workshop

June 14, 2011

Page 6

Page 26 Snow and Ice Removal: Level funded at \$85,000. Salt is \$62.10/ton compared to \$35.00 in 2004. Director Sullivan advised they have limited the use of salt, and have done all that can be done to maximize the use of City equipment, two passes are being done on road rather than four passes saving on fuel, the hook lift saved the City about \$6,000. Director Sullivan commented that survival is on the bottom line and it is hoped that the winter is not a real bad one. Councilor Clarenbach questioned that perhaps \$75,000 should be allocated in the sand and salt line.

Drainage and Vegetation Page 26: \$183,500 represents two grants and other than the grants, it is level funded. Councilor Starkweather commented that some of the ditches need to be cleared out and defined as when it rains the water sits in the ditches and is eroding the roads. Director Sullivan stated that a lot of their work this year and last has been on drainage.

Highways & Streets, Traffic and Street Lights, Page 26: Slightly under.

Mechanical Garage, Page 27: Down slightly. Councilor Trudel inquired why there is overtime for the garage and if the City is not staffed properly. Director Sullivan stated that is basically it, all the City equipment is maintained, cruisers, cabin chassis for the Fire Department and other city vehicles plus a fleet of 50 over the road vehicles and aging equipment and vehicles. Rather than put on another full-time mechanic, it is more economical to have the two mechanics work some overtime. The Fire Department maintaining a lot of their equipment helps out too. Councilor Boyd asked how many vehicles do the two mechanics have to maintain. Director Sullivan stated the Police have 12; MSD has 5 large dump trucks, 4 1-ton trucks, 2 loaders. He stated 60 pieces over the road. Councilor Starkweather commented that the condition of the roads is taking a toll on the vehicles and equipment.

MSD Parks, Page 28: Budget slightly down due to a personnel position that has gone part-time.

City Council Budget Workshop

June 14, 2011

Page 7

Curbside Collection, Page 29: This is the cost to run the curbside program less the tipping costs. It is level funded including the lease payment for the two trucks.

Recycling/Demolition, Page 29: Cost is for disposal. To run the hook lift over to Belmont and back is costing about \$8.00/ton.

Transfer Station, Page 30: Director Sullivan advised that for the last five years there has been 2 ½ people budgeted in the Transfer Station and 2 ½ in Curbside and the idea for this was to use a rotation and that is what is currently being done. The 5 employees rotate between the curbside and the transfer station. The five employees are cross-trained and they know the routes. Director Sullivan stated the hours at the Transfer Station and survey other municipalities, many of the transfer stations are only open 3 days a week. Director Sullivan did a count and stated this is an average/per day, Tuesday averages 120 cars; Wednesday averages 70 cars; Thursday averages 90 cars; Friday averages 86 cars; and Saturday averages 127cars. These are average figures and will fluctuate with the seasons. It appears Wednesdays and Fridays are the slow days.

Director Sullivan recommends that the Transfer Station be closed on Wednesdays and Fridays and eliminate the 5<sup>th</sup> position at the Transfer Station. With the exception of holidays, curbside/recycling would continue on Monday, Wednesday and Friday and the Transfer Station would be open on the off days (Tuesday, Thursday and Saturday). In an ideal week the extra people would be floating. Director Sullivan stated this proposal is built into the budget and he advised he has done a lot of research and talked to people who use the Transfer Station about this proposal and they don't seem to have an issue with it. Manager Dragon commented that this proposal was not in the first budget Director Sullivan submitted but she requested that he go back and attempt to find ways to still offer the services but reduce costs and Director Sullivan after much thought came up with this proposal and Manager Dragon commented it certainly makes sense for efficiency, use of personnel, heating, lighting, etc. Councilor Starkweather asked what is being done about some of the recycling problems that are being experienced with the multi-family housing. Director Sullivan stated he would like

to be enforcing but does not have the personnel for that. Director Sullivan stated he has not pulled barrels yet but has talked with Code Enforcement and several locations are being targeted where barrels are going to be removed within the next couple of weeks and discontinuing service. There are two trailer parks that are presenting problems. He also advised that if the proposal is accepted for the hours at the Transfer Station, he will be able to use a couple of people at time for enforcement.

***Motion made by Councilor Bowers that the Franklin City Council approve the plan for the Transfer Station as proposed by Director Sullivan, motion seconded by Councilor Boyd.***

Councilor Andreozzi commented that it took months for some people to know when their pickup day would be for the recycling/trash pickup and they didn't know who or where to call. Councilor Andreozzi suggested that all residents be noticed of the change in days open to the Transfer Station. Councilor Audet commented that if there is a sign at the Transfer Station listing the days the dump will be open that would suffice as everyone that uses the facility will see the sign.

***Councilor Bowers called the question, seconded by Councilor Sharon. 5 yes, 3 no; discussion is ended.***

***Vote on Motion for the proposal for the Transfer Station as outlined by the Municipal Services Director. 7 yes, 1 no; motion passes.***

Page 30 – Transfer Station: A \$4,000 increase mainly because of tipping fees. The tonnage is set annually and runs from December through November. Director Sullivan advised the City has gone down on the gross annual tonnage, it use to be at 6,300 tons when all buildings were occupied in Franklin (there is high vacancy rate now which affects the tonnage). When there is less tonnage going through the burn facility, the tipping rate is higher. Councilor Starkweather asked about the 3-family apartment complexes and would the City make more money if they



## City Council Budget Workshop Meeting

June 14, 2011

Page 9

had a dumpster that is taken to the Transfer Station and Director Sullivan responded yes, the City would make more money, however, the ordinance reads 6 families and it was suggested that be brought up at the next MSD Committee meeting. Councilor Bowers stated changing the ordinance to 3-family from 6-family will definitely be on the next MSD committee agenda. Councilor Boyd commented that he is aware that many times people are borrowing vehicles from people who live in Franklin and have the sticker and hauling their trash to the Franklin Transfer Station. Director Sullivan commented he would like to have plate numbers as he has never heard that one but perhaps they can do a spot check.

Page 31 – Transfer Station Building Maintenance: Level funded. Other contractual services was reduced.

Section 9/Water Fund: Revenues must match expenditures, some projects such as Memorial Street Water Main, Capital Efficiency Program that have been included in revenues. There is approximately \$900,000 in retained earnings in the Water Department and you cannot encumber in the Water Department so projects must be re-appropriated. \$131,000 is coming out of retained earnings for a couple of projects. If the revenue is taken out from the retained earnings, it is a level fund budget with no rate increase for water.

Councilor Bowers asked how many years has it been that the City did not raise the water rate. Director Sullivan advised the last water rate increase was in 2007. He also commented that we have held off in making a payment on the USDA Loan and that will not kick in until 2012. Councilor Clarenbach commented we should make sure we hold onto a certain amount of the retained earnings because of loss of use. Director Sullivan advised that currently the City has 120 meters not in use because of vacancies so when those properties go back on line consumption will go up. He commented that consumption has been fairly steady.

Water Distribution and Treatment/Administration: There is an increase which is mainly due to the capital efficiency plan and looking at the entire system in City

## Council Budget Workshop Meeting

June 14, 2011

Page 10

conjunction with a tank replacement. An evaluation of the system has not been but this plan will enable the City to do long-term capital planning and is budgeted under engineering. GIS mapping is also planned as one of the requirements on the sewer permit is to have mapping in placing, and the City's current mapping is not accurate so GIS will assist in getting gates, valves, hydrants, etc. on GIS layers for the water and sewer system.

Capital Outlay/Water: Costs have gone down from \$426,000 to \$330,000. The Tannery Street Property is currently under phase II of the browns field and it is hoped that will be completed in July, 2011. Money has also been set aside for the bond payment that will be due when the water treatment plant is completed.

Water Supply: Largest cost is the price of chemicals but once the treatment plant is completed, purchases can be made in bulk which hopefully will bring the cost down.

Section 10/Sewer: Director Sullivan stated the sewer fund and the impact of the basin program is going to have a long-term affect on the rate payer. There are approximately 1,890 customers and the City's portion cost to the basin program to operate all go into the sewer fund. 70% of the operating costs for sewer go to the basin program. The City owns 22.7% of the basin treatment plant. Director Sullivan stated there is a rate increase in this sewer budget which is basically a result of the basin program expenses, it is a 5.76% increase, 31 cents and next year with Council's direction, the UV System will cause another rate increase. Councilor Bowers commented that at the last MSD Committee Meeting Councilor Clarenbach had made a good point and maybe it would be better advised to raise the sewer rate a little bit more than the 5% to take some of the sting out of larger increase at one time. Councilor Bowers stated he would rather spread the increase out over a couple of years. Councilor Starkweather inquired if it is correct that the annual bill from the treatment facility stays the same every year no matter what the water consumption is. Director Sullivan responded that is correct. Councilor Starkweather commented so if the City has a large number of unoccupied buildings not using water the City is still paying for them and Director

Sullivan responded yes we are paying that percentage. Councilor Clarenbach suggested that this increase that is coming be spread over a 3-year period which would be better than doing one 20% increase. Councilor Boyd stayed he agrees with spreading the increase out over a 3-year period. Director Sullivan commented looking at next year \$5.30 to \$6.31, it would be about a \$70.00 increase. Director Sullivan commented there is already a 5.78% to keep things level and then a 20% to get what is needed for the treatment plant, which comes to 26% over a three-year period. Finance Director Milner stated to cover the \$136,000 payment, if the .72 cents that was discussed before all at once and divide it by 3 for a three-year period it is about \$45,000+ and add that into the current the sewer rate would go from \$5.30 to \$5.84 which is a 10.23% increase this year. Councilor Bowers stated 10% over three years makes sense rather than 30% all at the same time. He stated this is for the UV and is not taking into account any increases the City may have, or increases in the operation of the treatment plant.

***Motion made by Councilor Bowers that the Franklin City Council approves the proposal of a sewer rate increase from \$5.30 to \$5.84. Motion seconded by Councilor Boyd. Motion passes: 7 yes votes; 1 no vote.***

Sewer Expenses: Director Sullivan stated he is requesting a full-time position in the sewer department without increasing the budget. He stated there are many challenges in the sewer department. He stated the system has not been cleaned and flushed, there is a camera sitting in the MSD office that is only used for an emergency and the need to be proactive has arrived. There is a maintenance and operation plan which is due to the Federal Government in September that asks how the City will maintain the system. Director Sullivan explained an I & I Study and 50% of the cost is bringing in a company that does camera work and does an analysis of the system and Director Sullivan stated with a full-time position in the sewer department the I & I Study could be done for less than the estimated \$125,000. Councilor Clarenbach commented a contractor will still be hired but the \$125,000 that was not spent will go into retained earnings and this year's \$125,000, \$61,084 will be left to retain an outside firm and the full-time person

City Council Budget Workshop Meeting

June 14, 2011

Page 12

will do a lot of the work. Director Sullivan stated prior to a company coming in we should be able to identify where the hot spots are. Director Sullivan commented that if I & I as can be taken out of the sewer system it will also help the flow metering rate. The system also needs to audited, and a full-time person can do many things prior to the flow metering being put in place.

Councilor Starkweather commented that he cleaning contract appears to come up to about \$86,400, and he asked if the City would be better off if someone was hired to be on staff and have that responsibility. Director Sullivan advised the City is on the third year of a contract and the company has kept it level funded. They spend about 80 hours a week cleaning 30,000 sq feet and lot of the areas are common areas, very little of it is office space. If this was brought in-house, it would require a minimum of two people and the cleaning company has 4 people doing the work for \$86,000 and if brought in-house it would cost the City a lot more, at least a minimum of \$100,000 and in addition the City would have to purchase cleaning supplies.

City Manager Dragon gave an update on the retirement issue and advised SB-3 has now passed the House and the Senate and it is awaiting the Governor's signature. If the Governor vetoes the bill, it would cause great problems. If the bill is signed the City will be able to save an additional \$126,000. The retirement bill will require employees pay an additional 2% average.

***Motion to adjourn made by Councilor Audet, seconded by Councilor Sharon. All in favor, meeting adjourned at 8:40 p.m.***

Respectfully submitted,

Sue E. May