

**CITY COUNCIL BUDGET WORKSHOP MEETING
JUNE 27, 2011**

Call to Order

Mayor Merrifield called the meeting to order in the Council Chambers, Franklin City Hall. Councilor Boyd led in the Salute to the Flag.

In Attendance

Councilor Clarenbach, Councilor Boyd, Councilor Starkweather, Councilor Trudel, Councilor Audet, Councilor Bowers, Councilor Sharon, Councilor Andrezzi, Mayor Merrifield and City Manager Dragon.

Absent

Councilor Feener

Outside Agencies

Career Fighters Association – No one in attendance from the Association.

Franklin Historical Society – No one in attendance from the Society.

Franklin Animal Shelter/Granite State Animal League – No one in attendance from the Shelter. Councilor Audet requested that the \$10,000 be put back in the budget for the shelter. Manager Dragon advised that the Animal League submitted their request before meetings were held and the league felt they would be okay with the \$20,000 if other things that have been discussed including fund raising were to happen. Councilor Bowers commented that the information the shelter submitted this year was excellent and very thorough. Councilor Bowers inquired about the problem the Shelter is having with the 501C3. Manager Dragon advised they were in the process of getting that status back; they have a grant they are trying to move some funds through. Manager Dragon

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advised that the shelter does need some active volunteers.

Franklin Business & Industrial Development Corporation (FBIDC) – Mr. Jim Aberg addressed the Mayor and Council stating they are seeking level funding of \$45,000. One of the major projects last year was the Regal Marquee, FBIDC negotiated with the Morissettes to have it deeded over to FBIDC, once entitled FBIDC was able to go to the State and qualify under the Community Development Finance Authority for grant funds to do the restoration of the sign. The total grant was \$42,700 and that was in the form of tax credits and FBIDC would go to businesses and sell and FBIDC raised the total amount to do the restoration. The owners of the building pay the electricity for the sign, insurance and all maintenance. The second project they worked on for well over a year is the Freudenberg building in the Industrial Park and while they worked with several potential users, they ended up with Black Kat Coffee and they closed on the building May 1, 2011. For their efforts working with NH Business Finance Authority they paid consulting fees to FBIDC in the amount of \$20,550. Our management fees FBIDC collected were \$7,400 for various projects, \$5,000 was raised to buy a tractor which was donated to the City and raised an additional \$1,500 for the flowers. He advised they have a memorandum of understanding with the City and FBIDC will engage in fund raising each year so that the flower project can be ongoing. Mr. Aberg stated with all of the fees collected and the projects FBIDC returned \$76,920 so return on the \$45,000 investment was 171%. He also commented what they didn't do very well last year was keep in good communication with the Council. Going forward we all will be working together to identify what needs to be done. Councilor Boyd commented that FBIDC has always done great work for the City.

Upper Merrimack River Local Advisory Committee – Mr. Tucker Noack addressed the Mayor and Council stating they are requesting their usual \$250.00 (level funded) again this year. Mr. Noack advised that they will continue to seek grants to help preserve the Merrimack River.

CCNTR/TRIP Center – Ms. Carol Plumb spoke on behalf of the TRIP Center and stated the funds that the City provides have paid the rent for the TRIP Center. Councilor Sharon commented that the TRIP Center is one of the great organizations we have in Franklin and the service that is provided to the seniors in the City is outstanding.

Visiting Nurse and Hospice Organization – Ms. Carol Plumb stated that they are requesting level funding again this year. She thanked the City for the support that has been afforded to them for the past 13 years. She advised that about 80% of their program is funded through Medicare and since 2007 through January 1, 2012 they will have experienced a 24% cut in the Medicare revenues. She said they are experiencing a much broader use of their Hospice Program.

Winnepesaukee River Basin Program – No one present from this organization.

Community Action Program (CAP) – Ms. Gail Lyman addressed the Mayor and Council stating this is her 12th year to come to the City for support. The Fuel Assistance Program and the State-wide Electrical Discount Program are two of their programs they offer. Additionally they offer go into homes to assess situations with regard to Meals on Wheels or other services they might need. She advised that last year the Council funded CAP \$15,000 and some other funds they had to help are not available this year. She advised that last year the Federal Government did not supplement the Fuel Assistance Program.

Pemi River Local Advisory Committee – No one present from this Committee.

Outing Club – Manager Dragon advised they have not yet received a request from the Outing Club but she assumed they would need the same amount this for their insurance and that has been included in the budget.

Welfare Department, Section 5, Page 33 – Mrs. Sharon Stephen, Director commented that the Community Action Program has a policy that they send everyone to the City Welfare Office first and sometimes when they are turned

down for assistance the CAP Office makes them aware of their legal rights through Legal Aid. Mrs. Stephen stated her number are up, burials are up, rents have been outrageous but the good news is she has seen the rents coming down and will be reflected more in the next year 's expenditures. She commented that the State wants to cut a couple of the programs that will send people directly to her office. She stated it is a struggle to keep the budget at level funding but that is what is hoped for. Councilor Bowers complimented Director Stephen on her directness to the point. Councilor Clarenbach questioned the amount of reduction for medical payments. Director Stephen commented that Manager Dragon has been working on the wording of RSA 165 (200 years old) to reword the RSA to state that additional hospital costs and medical costs that would come to the Welfare Office that were directly passed down from the State that the City Welfare Office would not be responsible for. Director Stephen stated that if her office has to cover that type of issue, it would only take one big medical emergency or one serious illness, the City would sink. She stated her office is not an insurance program nor should it be.

Mayor Merrifield asked what are the programs the State is considering eliminating. Director Stephen stated there are about five of them but one of them is the Unemployed Parents Program and that program is if someone becomes unemployed and they weren't working last year but they had a job this year because unemployment draws on last year's earnings, so if no earnings from last year, they were able to go to the State and apply under the Unemployed Parents Program. The State's idea of support is to give a family of four- \$725.00/month. The Temporarily Incapacitated Head of Household is another program. Both of these programs hit the working population. Another program the State is cutting out is the Catastrophic Illness which is for a person who has cancer or some other type of disease and the program provides them with money for transportation to the hospital for treatments, etc. Mayor Merrifield commented are we budgeting enough knowing that these programs are going to be eliminated. Director Stephen commented that she feels the rents are coming down and she is not going to pay large amount on rent, people will have to settle for something a bit less than they might like or can go to a shelter.

Director Stephen advised this year she worked with 185 families, last year she worked with 220 and the year before 140. She advised she looks at it that Franklin's population does change much from year to year so that means there is a certain capacity and generally the capacity that changes is transients. This year the average was about \$844.00 per family. Councilor Andreozzi inquired about the condition of a place someone wants to live in. Director Stephen advised that everyone that comes into her office for rental assistance, an inspection is done by Code Enforcement and if the inspection does not pass, the City does not assist. Mayor Merrifield commented that we all appreciate Director Stephen's efforts.

Library, Section 6 – Director Rob Sargent advised other than salary and benefits, the library budget is level funded. He stated they have been at the \$51,500 amount for several years. He stated they are continuing to do the same if not more with less since their costs continue to increase. Councilor Andreozzi requested an explanation on how the Library fund operates. Director Milner stated the Library fund is actually governed by RSA, even though most of the funding come from the general fund it is absolutely considered and treated as a special revenue fund which means that it is governed by a Board of Trustees who will set and approve the budget and the piece that comes from the General Fund like the School District, is the piece the Council may say more or less but how it is allocated is up to the Board of Trustees. Councilor Bowers asked how many hours the library is open during the week and Director Sargent advised 64 hours.

Parks & Recreation Department, Section 5, Page 35 & 36 - Director Krystal Alpers called to the Council's attention in the proposed budget there are changes in the full-time and part-time positions. This change eliminates the Assistant Director position but adds a part-time Events Supervisor. The summer staffing remains the same. No other major changes. Councilor Bowers asked will services remain at the same level eliminating the Assistant Director position. Director Alpers responded that she will do her best. She further stated she should be able to. Councilor Sharon commented Health and Dental laying off one person and it was reduced by \$21,000, it cost \$21,000 for one person? That is the cost of a family plan. Councilor Bowers asked if there was an increase in the summer programs

and Director Alpers advised the costs were kept pretty much the same. Councilor Bowers asked what is the comparison to what a resident pays compared to a non-resident. Director Alpers advised it is \$325.00 for a resident and \$770 for a non-resident for the 8-week program and does not include any early care or after care. Mayor Merrifield asked the net savings moving from Director Assistant, and was informed the net savings is \$35,000.

City Clerk/Tax Collector, Section 5, Page 3, 4 & 5 – City Clerk Holly Burbank advised she has very little that has increased in her budget. Specially under Other Professional Services has increased and she stated she averaged the costs out

over the past three years and she added about \$830 the cost for installing and \$90 annual fee in the event the payment of water/sewer bills and property tax becomes available on line, that would cover the fee. Concerning elections, City Clerk Burbank advised the only increase was the fee for the testing of the ballot machines. Councilor Starkweather inquired as to how many elections there will be and was informed there will be two in this budget year, the City election in October and the Presidential primary in January and for the next budget year there will be three more elections.

Drug Free Communities – Director Traci Fowler stated this is an overview as it is a Federal Grant. Congress appropriates funds to the Office of National Drug Control Policy and they fund the Drug Free Communities Grant Program which funds Community Coalitions nationwide and the City of Franklin is now one of the grantees. The grant is for 5 years and each year the amount is \$125,000 and the first year of the grant ends the end of September. The grant has two main goals, the first being to develop a coalition and work with all sectors of the community to help to reduce substance abuse. The other main goal is reduction of substances abuse through things like parental monitoring and education, community norms, focusing on access to substances, and helping to increase enforcement. Mayor Merrifield inquired under Travel the two day grantee training in Washington, has that been called off. Mrs. Fowler responded that is correct, it has been called off. The high school summer program was cancelled

due to lack of funds but funds were being sought to keep the program going so that the high school kids (about 70 of them) would still be able to be out hiking, canoeing, etc. The Mayor's Task Force via the grant and the also Healthy Eating, Acting Living Coalition stepped up to the plate, each donating \$1,000 to support the camp which enabled the camp to happen this summer. The students have to do about 40 hours of community service in return before graduating so a contract is being written with the students and their parents to have them do their community service hours.

Finance, Section 5, Page 5 – Finance Director Milner began with the Operating Costs, Professional Development, there is no increase. Staff Development has a slight decrease. The Auditing line has an increase; the City and the School together went out for proposals and received four proposals. The auditor chosen is Grzelak & Company and the total contract for the City of Franklin is a little bit less than what the City is currently paying. Postage she advised as consistently gone above the \$1,700 year after year so there is an increase for postage. Concerning wages Director Milner stated she is recommending a re-grade of the bookkeeping position to a Finance Assistant. She stated she has reallocated and relooked at how the office runs for internal controls, cash management, etc. and the person that is currently the bookkeeper has taken on a multitude of tasks that are above the bookkeeper position and looking at the job description, what she is doing is actual the Finance Assistant description. The increase in wage is minimal (about \$500) and is grant funded because of the Task Force grant. Councilor Bowers complimented Director Milner on the great job that she does.

General Government

Manager Dragon discussed her budget memo and that many of the items in the memo have already been discussed. She stated there has not been any discussion on the benefit changes in the departments. She stated there is a zero percent COLA and no step increases for employees in this budget. 9.9% Health Insurance increase which is about \$117,525 and a 4.5% increase in Dental Insurance which is about \$3,804. The Retirement System has been an absolute moving target

throughout the budget process has now coming to closure and it is both good and bad news. It appears the Retirement System reform is going to go through. The agreement is not going to go through with the hospital at this time so Manager Dragon advised she has to back out all those numbers from the budget that were put in for that agreement. Manager Dragon provided the Mayor and Council with an update to the budget that takes care of the retirement reform issue and it takes out the lines that were for the Fire Department and the agreement with the hospital. The difference is running through the contingency grant line so it is reducing the contingency grant line in the manager's budget. She advised that all the changes are reflected in the updated resolution. Concerning the retirement reform, there is good and bad, the employees will pay more into the retirement system; about 2% for regular employees/teachers, and 2.25% for police and 2.5% for fire. Worker's Comp is increasing 9% which is about \$1,300, no increase in unemployment and no increase in disability and life insurance. The Property Liability Insurance is increasing 6% which is \$5,288.00.

General Government – Executive, Page 1 – This is Mayor and Council and is level funded.

City Manager, Page 2 – Manager Dragon called attention to a new line which is called Nuisance Abatement for \$10,000. This line was suggested by Director Sullivan as the City acquires tax-deeded properties and they require clean-up and have to be boarded up, etc., those expenses would be taken from this line. Manager Dragon called attention to the Contingency Fund line and advised the figure has been adjusted and should now be \$44,806.

Assessing, Page 6 – Manager Dragon pointed out that Other Professional Services which is the contract with Corcoran Associates has been for several years \$90,000 and this year has been reduced to \$80,000. Typically when budgeted for \$90,000 the \$90,000 is not spent. The contract is based on hours worked.

Data Processing, Page 7 – Manager Dragon advised the City has 50 work stations or laptops and three servers and at one time they were being replaced on a 5-

year schedule. Later scheduled replacements were every 7 years and now it is every 10 years. The reason being level funded or some years cut back. It is level funded this year which would include a server at the Fire Department. Servers are replaced every 5 years. Three computers systems will also be replaced and a data switch for City Hall and the Police Department. The service contract is also level funded for maintenance of all the computers.

Legal Expenses, Page 7 – Level Funded.

Insurance, Page 10 – As discussed General Liability has increased.

Equipment and Supplies, Page 10 – Copier Maintenance Agreements, all level funded.

City Hall Travel, Page 10 – Manager Dragon advised a lot of money has been saved. Two years ago she combined all the City Hall travel lines into one line and used an old cruiser and everyone would use that car to go to their class, conference or meeting and the fuel was paid for through the Fuel Depot which is cheaper than paying mileage reimbursement. It is now being used by beach attendants that have to go to the different beaches. Manager Dragon commented that they probably could use a second older cruiser as the one car is being constantly used, especially during the summer with the different issues the Parks and Rec needs transportation to and from.

Debt Service, Page 39 – The only change is that the long-term interest is declining (\$8,900). Councilor Clarenbach commented that when debt retires the monies need to be moved into the CIP. He stated he realizes \$8,900 is a very small amount but it is something to begin with for the CIP. Mayor Merrifield commented that it could be almost doubled because the School overstated their debt service by \$9,400. Councilor Starkweather stated we need to concentrate on getting funds into the CIP because infrastructure has been neglected far too long.

Overlay

Director Milner advised that she has had a discussion with Janis in the Assessing Department and she feels the \$34,000 is sufficient for next year. It looks like only about half or a little more of the \$34,000 is being spent this year. Mayor Merrifield asked if abatements are being primarily requested by residents or by commercial. Manager Dragon stated there have been both and there is an increase in abatement requests. She advised there will likely have to be some adjustments made for multi-family and lake property.

Motion made by Councilor Bowers that the Franklin City Council approves Resolution #07-11 to allow the City to expend like appropriations until the FY12 Budget is adopted. Motion seconded by Councilor Boyd.

Roll Call:

***Councilor Clarenbach - Yes
Councilor Sharon – Yes
Councilor Boyd – Yes
Councilor Bowers – Yes***

***Councilor Audet – Yes
Councilor Andreozzi – Yes
Councilor Trudel - Yes
Councilor Starkweather – Yes***

Resolution #07-11 is approved.

Mayor Merrifield read Resolution #07-11 into the record:

RESOLUTION #07-11

A Resolution relating to payment of necessary accounts payable and payroll in fiscal year 2011.

In the year of our Lord, Two Thousand Eleven,

WHEREAS, The City Council of the City of Franklin has not adopted a Budget for Fiscal Year 2012, which will begin July 1, 2011, and

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WHEREAS, The City Council of the City of Franklin wishes that all necessary accounts payable and payrolls be paid during the month of July, 2011, now

THEREFORE, BE IT RESOLVED THAT, The City Council of the City of Franklin does hereby authorize payment of like FY11 expenditures for both accounts payable and payrolls and the City Treasurer is hereby authorized to draw necessary drafts as approved by the City Manager up to the time that the 2012 Fiscal Year Budget is adopted by a roll call vote.

Motion made by Councilor Clarenbach to adjourn, seconded by Councilor Bowers. All in favor, motion passes. Meeting adjourned at 9:20 p.m.

Respectfully submitted,

Sue E. May