



Joint City Council & School Board Budget Workshop Meeting Monday, June 20, 2016

Call to Order

Mayor Merrifield called the meeting to order in the Council Chambers, Franklin City Hall at 6:03 p.m.

In Attendance

City:

Councilor Clarenbach, Councilor Starkweather, Councilor Barton, Councilor Giunta, Councilor Desrochers, Councilor Wells, Councilor Zink, Councilor Dzujna, City Manager Dragon, Finance Director Milner and Mayor Merrifield.

School:

School Board Chair Husband, School Board Member Dow, School Board Member Brown, School Board Member Hallett-Cook, School Board Member Carter, School Board Member Grimm, School Board Member Burns, Superintendent LeGallo, Business Administrator Bergquist .

Absent

City:

Councilor Boyd.

School:

School Board Member Tremblay, School Board Member Gargano.

Salute to the Flag was led by School Board Chair Husband.

Mayor Merrifield asked the group if anyone had a good definition of Stabilization Aid. The Mayor stated that it is the difference of what Franklin used to get for adequacy aid and the number that the legislature has decided what we will get. Per Adequacy law every year they will take 4% until they reach they reach \$4M. When they are done Franklin will receive half of the State Aid then it used to get. Mayor Merrifield stated that he is considering taking the State back to court as Franklin can't raise those funds to cover what the State is cutting and it is hurting Franklin's education.

School Board Chair Husband stated he wants to share what the School Board has come up with (a few handouts were passed out). He stated they made three (3) adjustments in the revenue section this evening of \$281,783. On the second page, the items that are crossed out were items that are desperately needed but understand there are cuts that are needed to be made so \$283,692.66 was cut. Business Administrator Bergquist stated the second section had

\$156,739.46 that was cut from salaries, benefits, health Ins., note interest for a total of \$440,432.12 which is still \$1.1M over budget.

Mayor Merrifield asked about the revenue of capital reserve of \$150K. Business Administrator Bergquist stated there is \$250K in Franklin's reserves specifically for the audits and now that they are caught up to 2014, what they are working on now, the auditors felt comfortable in releasing the \$150K. Mayor Merrifield clarified that this is a fund balance rather than a capital reserve. School Board Chair Husband stated that their actions resulted in \$281,783 in revenue changes and \$440,432.12 in total budget cut/changes.

Mayor Merrifield spoke about the Special Ed Trust Fund of \$160K and the Capital Reserve School Fund of \$100K. School Board Member Brown stated that the Special Ed Director came back and reduced their budget by \$100K thinking that if they needed it they could come and get it from that account. If they have a student who moves in that would need the services that is over and above the budget they can get it from that account. The other question is how does that account get replenished. As far as the \$100K, the middle school needs a roof as it is leaking and if we use this money we couldn't just take the funds from the budget. Mayor Merrifield stated those are legitimate concerns and feels those funds should stay intact.

Councilor Clarenbach spoke and agreed with the Mayor but if we don't use these funds when are we going to use these funds. We shouldn't worry about city funds or school funds we have to commingle funds and if the school needs a roof then we need to find funds from where ever they come from. That is the problem here over the next few years the projections are not positive and the trend is not going to get any better. Franklin has a revenue problem and it is not going to go away and that is the challenge. Each year going forward there is going to be less and less money coming into the City and how do we make that different. The school knows the school budget and the City knows the City budget and we need the administrators to bring forth what they can get by with that will cause the least amount of pain.

Mayor Merrifield brought up the idea to use funds in this coming year only that are dedicated for the purchase a fire truck and give those to the school. It is about \$82K. Councilor Barton asked if the cuts of \$283K was after last week's meeting. School Board Chair Husband stated that it was as of about 26 minutes ago. He stated that they met as a board and it wasn't an easy decision and we didn't get here overnight and there is even a board member who is going to approach churches for supplies as we need supplies.

School Board Chair Husband went through things and looked at the budget as a benchmarking exercise and what do other communities who are similar to Franklin in size, population, school and what do they look like (documents were passes out). On the documents are towns/cities that are similar to Franklin but they expend their funds differently. He stated that maybe we should consider what other communities are doing and relook at what we are doing, like the Mayor said these are hard times. These documents list everything for everyone to compare and benchmarking is a good exercise and you can learn from other people. School Board Chair Husband stated he gave these to his board and he wanted to share these with the Council to

give them a chance to review these as well (a document was handed out). City Manager Dragon stated that when you look at these other communities you need to not only look at population, size and schools but because we are a regional community it is important that we need to make sure we are comparing the calls of fire and police and the types of calls. Franklin has a great deal of domestic violence issues and drug issues and make sure we are comparing these types of calls to each of the towns/cities. You also need to compare the miles of road they maintain as Franklin has an Urban Compact. School Board Chair Husband asked if the Urban Compact is because we are a City. City Manager stated no and the City had asked them to take it back. We also asked them why Franklin has an Urban Compact and we don't know why. School Board Chair Husband agreed and also stated there is a big disparity in the dollars that are expended and on how those dollars are spent between these communities. Changes are going to have to be made somewhere as we have limited funds and limited tax base to draw those funds.

Councilor Giunta asked School Board Chair Husband what is his assessment? School Board Chair Husband stated he thinks there needs to be more research and understanding and reprioritize as a community and ask ourselves, where do we need to be or should be. Data can lie and maybe someone needs to reach out to these communities and other communities and compare Franklin to them. Claremont was one he thought was like us and they have a new community center that is full of people. Franklin is in a great location and should be thriving so something is wrong and as a community it needs to be fixed. Councilor Giunta stated that the Claremont adequacy aid was going to fix the problem and be the end all was the promise. School Board Chair Husband interjected that it is \$8.2M about half of what the budget is but it is going down. Councilor Clarenbach chimed in and stated that this community rested on what was Claremont II and didn't forecast where the revenues were going to get reduced too. Franklin didn't invest in itself 25 years ago and that is the challenge today. As government is changing it is the responsibility of the cities. The challenge is how do we do government and schools and Franklin can't keep doing what it has been doing. Mayor Merrifield stated that when the stabilization aide is gone it will be less than when the Claremont lawsuit began.

School Board Chair Husband stated that the Federal Government is downshifting and if you look at special education costs that are mandated, don't mandate anything unless you are going to fund it and the state is doing the same exact thing. Mayor Merrifield stated that the Supreme Court said that the State is primarily responsible for funding adequate education and they are pulling the funding. Councilor Giunta stated that this is not just student population loss this is unwinding what Claremont II wound up and it is shirking the responsibility of providing an adequate education and it is about the mandate. School Board Chair Husband wrote a memo to the Dept. of Education when Hill withdrew about losing the \$700K and it had no impact.

Councilor Dzujna stated that they know Franklin is in trouble and we all know we need to work together. You passed out a budget of \$15.7 and then it went to \$16.1 and now it is back to \$15.7. School Board Chair Husband stated that all the things in there are things that are vital to the school. The board spoke tonight about what is needed and made some cuts. We were

asked to bring in a full budget so we brought in a full budget. The School Board knows they have work to do and they are committed to get it done.

Councilor Wells spoke and would like to challenge both to create a strategic plan so we all know what we are doing and how we are getting there by this time next year. To do this you have to think outside the box. He feels that we don't have to stay in the same rut we have been in. He would also like to see the school get a budget to the Council by February, knowing that it won't be perfect but a place to start. School Board Member Hallett-Cook stated that the School Board will have a strategic plan before this time next year and it will be a plan that we can all live with. It will have their strategies, goals, action steps, who's completing them and where is the money coming from to complete them. The Council will also have a better understanding of where the school's money is being spent and how it is being spent. She also agrees that they need to work together and have a vision for the City and have a strategic plan that works for everyone. She also agrees on having the budget early as if the budget is to the Council and approved by May 15 deadline then they won't have to give out the pink slips. Councilor Dzujna stated that part of working together is consolidation and there are people that are dead set against it but it is working together. Councilor Barton stated that they should sit together every 6 months and do it together. School Board Chair Husband stated one thing about a strategic plan it is a plan and every year it gets updated as it is not a stagnant document it's a living document. It needs to be monitored and updated. The school has had a strategic plan in the past and it wasn't followed it was more a concept.

Councilor Dzujna stated that with the removal of the ELO teacher there are people downtown who would love to bring in the kids once or twice a day to do an ELO plan. Mayor Merrifield stated someone would have to manage that. School Board Chair Husband stated they have looked at items like that but are not sure what the legalities are and need to look further into that.

School Board Member Dow stated that the school came in with the \$16.1M budget and then came in with \$440K in cuts and the only thing the City has offered is \$82K and the Capital Reserve Fund and the Special Ed Fund and nothing else, what else is the City looking to help do. Is the City looking to reallocate money, looking to reallocate taxes? Everyone received their tax bill a few weeks ago and it is a 65/35 split, which comes to almost \$25 for municipality and just over \$12 for the schools and that is the issue and not enough funding is going for schools and the City needs to reallocate the funds and have a 50/50 split of tax revenue of the money that the citizens of this town are giving in their taxes. Mayor Merrifield stated that the overall taxes are actually more than that with the adequacy money. Councilor Giunta stated that out of the total amount of money that Franklin brings in it spends more money than Laconia, Bristol, and Concord on the school. School Board Chair Husband stated that what School Board Member Dow is trying to address is local tax dollars. When you look at all the things out there Franklin has the least per student spending. Mayor Merrifield asked in what budget is Title I or SEA spending as those are federal funds and they don't show anywhere and are not expended per pupil. There are communities that do that and you can see them in their budgets.

Councilor Giunta then asked in all these communities that we are being compared are those funds in their budgets and the Mayor didn't know but if their budgets are showing those expenditures and ours are not then we are not comparable. Business Administrator Bergquist stated that when they report to the Department of Revenue they only report their budget, they do not include grant monies in their budget and she believes that is how they determine the per pupil cost on just their budget and not any Title I or grant monies as they are just an agent for them. Councilor Giunta wanted to know are we looking at comparable information here. Mayor Merrifield stated there are revenue accounts that don't appear in the budget and are we really reporting like others are.

School Board Chair Husband stated that we both need to go off and have another meeting ourselves and then come back together again. Councilor Giunta asked that some of the major components of the budget are salaries and is there any willingness to freeze salaries. School Board Member Dow stated that the Teachers are contractual and that doesn't come up again until September. In these cuts presented tonight there was some work done on the support staff, custodial, School Board and a freeze on raises to Administration.

Councilor Clarenbach stated that these are one year fixes and then in the next year it will be heavier. The challenge is you can only put so many things off and then you will have a huge amount of money that will never be able to be covered. As we get reduced revenue every year the problem is still there next year. If we blow the cap this year we still have the problem next year. The City of Franklin has a housing problem and that is the root of the problem. School Board Chair Husband stated the City and School Board were in this position 15 years ago. Everyone need to do something to reinvent the way things are done.

City Manager Dragon stated that the City's budget is under the tax cap and is \$11.6M and it has \$4.8M in revenues that we are taking in making it a \$6.75M on the tax rate. She also stated that if all was good and school revenues were level the school is still \$689K over the tax cap allocation. School Board Chair Husband stated that they need to step back and the whole point of us being here is that we are all one community and we are trying to find a solution so if we separate and start saying yes, them, we, they, we are going right back to where we were. \$1.1M is not a small number and collectively that is the challenge Franklin is faced with and the School Board has work to do and they know that they are not asking the City to do everything.

Motion to adjourn made by Councilor Clarenbach, seconded by Councilor Giunta. All in favor; meeting adjourned at 7:25 p.m.

Respectfully Submitted,

Lauraine G. Paquin