

**CITY COUNCIL WORKSHOP MEETING
OCTOBER 15, 2012**

Call to Order

Mayor Merrifield called the meeting to order at 6:30 p.m. in the Council Chambers, Franklin City Hall. Salute to the Flag was said.

In Attendance

Councilor Starkweather, Councilor Trudel, Councilor Feener, Councilor Desrochers, Councilor Cournoyer, Councilor Sharon, Councilor Dzujna, Mayor Merrifield and City Manager Dragon.

Absent

Councilor Clarenbach and Councilor Boyd.

A moment of silence was held in honor of Buzz Clarenbach (Councilor Scott Clarenbach Father) who had passed away.

Proposed Revisions to the Industrial Park TIF Plan

Planning and Zoning Director Dick Lewis passed out a memorandum summarizing the issues of the TIF District and the proposed Downtown Tax Incentive Program. A copy of that memo is attached to these minutes.

Mr. Lewis advised the Industrial Park TIF District was adopted in 2002 was a bit smaller than the proposed district and focused on the land which is referred to as the Industrial Park. This plan expands some since the 2002 adoption, some land extending from the Industrial Park down to and past Punch Brook Road was rezoned from Conservation to Industrial and the proposed plan includes this land. He stated there are some industrially zoned properties that are currently residential that have been pulled out but he stated these properties will probably always remain residential. Mr. Lewis asked if anyone had any questions as to what a TIF District is or how it works. Councilor Desrochers stated he understands that a TIF District is money that is put aside, that is a separate fund. Mr. Lewis

responded if the Council was to adopt this new TIF for the Industrial Park area prior to April 1 of 2013, then the April 1, 2012 values that are on the books now would become what are referred to as the base value. For each subsequent tax year after that, if there is added value to the overall TIF District, then that differential is what is referred to as the captured tax value. That added value is put aside for some portion of it is put aside and put into a dedicated TIF fund to be used for the improvements that are outlined in the TIF or other related improvements that would at the discretion of the Council. Manager Dragon stated and concerning the value, the Council has the ability to set a percentage; it does not have to be 100% of the new value; it could be a percentage. The way it is being proposed is 50% of the new value; therefore, 50% would go as it always does to the general fund for general expenditures and 50% would stay for improvements under the TIF plan for that area. There is also an option if there would be concern about getting to the end of the budget year and not being able to balance the budget and wanting to access that percentage, there is language Mr. Lewis has included in the plan to be able to do that but there are pros and cons to doing that and that would be a decision the Council would make. Mr. Lewis stated that since the adoption of the TIF in 2002, none of the value has ever been set aside and due to the declining economy some value has been lost. Mr. Lewis stated Webster Valve has a building permit and is beginning between 3 and 4 million dollar improvements to their facility and with that project underway it is an excellent time to capture some value. Big Kat Coffee has come into the Industrial Park, there is one new building in the park on Commerce Drive, FBIDC still has land in the park; the Polyclad building is under consideration for purchase and they have some back land so there are some development possibilities which will benefit the City in the future. The sooner value is captured, the better.

Improvements under the TIF Plan would focus on some roadway/stormwater improvements. The road is beginning to break up, there have been complaints from some of the property owners about the ledge is cropping up or depressions in the road, shoulder erosion is taking place and with DOT doing improvements to South Main and the intersection of Industrial Park Drive, it would be a good time to consider blending some of the City's work in with DOT and get the entire

roadway in a better condition. It might be possible to get the same contractor as DOT if the City positions itself at the right time which might present some cost savings. Councilor Desrochers inquired the improvements listed in the Plan (A. B. C. D. E. on Page 5) what are the construction costs for these items. Mr. Lewis pointed out at the end of the draft Appendix C shows the cost estimates and the total is approximately \$140,000 which is less than was anticipated. Commerce Drive in the Industrial Park is fairly new and is in good shape as well as the road at the top of the hill going down to Commerce Drive. The entrance area is what really needs some improvements.

Mr. Lewis stated establishing a new TIP District for the Industrial Park would be a two-part process. First would be the scheduling of a public hearing and once the public hearing is set, then copies of the TIP Plan go out to the School Boards and the County Commissioners. At the public hearing they have an opportunity to ask questions, make comments, they can provide input concerning changes or modifications and once the public hearing has been accomplished, at the next Council meeting, adoption of the plan could be considered.

Mayor Merrifield asked if the reason the School and County have to be notified of this new proposed plan is because they are impacted by the plan. Mr. Lewis stated that is correct. Manager Dragon commented this proposed TIF plan does not represent a huge amount of money, typically TIF plans they are for a million dollars or a large number that you are trying to bond over a number of years and use the increased increments on the assessed value to fund the bond payment. Manager Dragon stated how do you increase and encourage economic development if you are not spending it back in the area in which it is being invested.

Mr. Lewis stated it is a two meeting process, and it is not critical that this process starts tomorrow but the critical issue is to adopt the plan at the March, 2013 meeting, it cannot wait to the April meeting as the added value would be lost.

Councilor Trudel clarified a certain percentage of the tax revenues generated under the TIF plan goes into the general fund and certain percentage goes into providing infrastructure updates just to the TIP District or can these funds be allocated somewhere else. Mr. Lewis responded just to the defined district.

Councilor Trudel asked if the funds are not spent in a given year, what happens to them?

Mr. Lewis stated if they are not spent after perhaps a 3 to 4 year period of time, the Council could make a determination that the TIF District is to be rescinded and any of the funds would be returned to the general fund. Manager Dragon stated that another option would be to amend the plan to add more projects. Councilor Feener stated as he understand it one of the modifications in this plan is to give the City an out clause so that if there is a time the City is in a tough budget we would be able to take more than 50% of the funds from the TIF District. Mr. Lewis responded Item 5 outlines that. Councilor Feener inquired if we are looking to do improvements when are we required to go out for the bonding for the loan. Mr. Lewis stated one of the requirements in the TIF Statue is to have language and bond estimates in case that option is chosen. Councilor Dzujna asked if there are improvements that need to be made in the District, is there a time limit in the plan as to when they have to be accomplished. Mr. Lewis stated there is no requirement in the State Statue for integrating a time/deadline into the language but the City could probably do that if the Council wanted to add some clause stating a deadline and if the improvements have not been accomplished, the Council could take the funds out of the plan and put them into the general fund. Councilor Starkweather inquired if this TIF Plan is adopted does that make the one adopted in 2002 automatically null and void. Mr. Lewis recommended that at the public hearing after public comment that the Council takes a vote to rescind the 2002 plan. Councilor Sharon stated that if too many loopholes are put into the plan, would the businesses moving into the area step out on a limb and do improvements. Mr. Lewis commented that is a very valid point and this plan is focused on a simple project for the beginning. Five or ten years down the road there could some other more costly components to a TIF project that could be incorporated into the plan.

The Council agreed that at the November City Council Meeting they will schedule a public hearing to be held at the December meeting and adopt the plan at the January or February, 2013 meeting.

Mr. Jim Aberg, Director of FBIDC stated he supports this proposed TIF Plan and he commented that having a TIF District is a terrific sales tool. The road as you go up the hill in the Industrial Park, that road is pretty chewed up and people buy with their eyes and getting that road fixed would be a real selling tool because once you get up that road everything is good. Mr. Aberg stated that down the road the sign at the entrance needs to be looked at. The sign is owned by the City, it was paid for with funds from FBIDC, FDI by soliciting funds and some of those tenants that contributed are now gone. He stated the sign is really too small now.

Proposed Downtown Tax Incentive Program

Mr. Lewis this program utilizes RSA 79-E which is a tax relief program. If the City were to adopt this program the incentive created is a property owner would come in, lay out for the Council plans to do certain improvements to a building and a covenant is created, recorded at the registry of deeds outlining the specifics of the work, the provisions, the length of time of the tax relief as granted by the Council which is usually up to 5 years and the differential between the current value and the new value following the completion of the work. Relief can be granted to the property owner for the taxes on the added value. This acts an incentive, a tool to get property owners to do improvements to buildings. There is language in 79-E about the intersection of the provisions of 79-E and the TIF District that the City has in the downtown area. The City Council is not obligated at any time for any project to grant the tax relief and in cases where the Council would view that granting the tax relief would adversely impact the functioning and the goals/objectives of the TIF, then that could be a reason for not granting the tax relief. Mr. Lewis stated property owners and developers are always looking for something that can help them, to support their decision to do certain improvements. There are buildings in the downtown area that could see some improvements and having this program might act as an incentive to get something going. Councilor Feener asked if the tax break would only be on the buildings that are being rehabbed and Mr. Lewis advised that is correct. Mr. Lewis further stated if a building right now is worth \$200,000 and a plan is presented, does the work and the building is now valued at \$300,000, then the

\$100,000 in increased value and the taxes on that \$100,000 would be about \$2,200 and that amount would be forgiven. Mayor Merrifield commented what he likes about this process is it is an application process project by project and the Council can accept or deny. Councilor Feener further stated and it has to be at least 15% increase or \$75,000 increase in value. Mr. Lewis stated that is correct and they would go before the Council and would have to prove their project before the tax relief is granted.

Manager Dragon stated this tool will be more effective than the TIF District for the downtown because this goes directly back to the property owner not to the general district. She stated she can't bring her values backwards, she has a base that is needed to move forward with and costs don't go down. With this program, it is only the new value that they would get a break on so it does not change the base and it is a temporary grant for 5 year or possibly longer if they qualify or it could be less years. She also advised this can be replacement of a building not just repair. There is a section in this RSA that talks about replacement of buildings.

Councilor Feener asked if we are looking to dissolve the TIF District Downtown and adopt RSA 79-E. Mr. Lewis stated that could be something the Council could consider. Councilor Feener commented that this RSA sounds like a good thing and the Downtown TIF District has done nothing for the City. Manager Dragon commented that dissolving the Downtown TIF District might be something to consider and developing a new TIF plan like is being done for the Industrial Park. She stated it is true to date that the TIF Downtown has done nothing for the City but she stated she envisions at some point when the Mill buildings begin to become active it would be beneficial to have a TIF plan in place. Mayor Merrifield stated he feels this is a great statute and one the City should have had a long time ago. Councilor Desrochers commented there is a clause in 79-E that states that if so much money is allowed in tax relief if also have to allow so much in low income housing. Councilor Desrochers also stated that the City needs to improve other areas of the City, not just the downtown area. Councilor Dzujna inquired as to whether there could be both a TIF Plan Downtown and the Tax Relief program.

Manager Dragon stated yes both can be in place. Manager Dragon commented that people judge the City when they drive through downtown and she stated she knows other areas of the City need attention but if a tax incentive for a period of time that can be denied if it is something the Council would feel does not fit into the public benefit would create enough incentive for someone to fix some of these buildings in the downtown which then might spur other development. Manager Dragon advised there is a clause in 79-E that allows for additional years, if it is an affordable housing project you can add more years to it, and that again would be something the Council could do, if you are a community that doesn't need more affordable housing you may not even accept the application. Councilor Feener commented he would hope that some of the property owners take advantage of this to improve their buildings. Councilor Feener asked if the Council can limit the number of years on the tax relief. Mr. Lewis advised 5 years is the number outlined in the statute and there is a provision where 2 years can be added if that is determined to be beneficial, but it could 2, 3, 4 or 5 years which is up to the Council. Mr. Lewis stated the driving criteria for someone to be eligible for tax relief is the public benefit. As part of the hearing process, the City Council would have to make that determination. Councilor Sharon asked if the TIF is left in the downtown which captures a percentage of the increase value, if the tax relief is put in, at the end of the time on the relief, that increase in value will go on the tax roll but is the TIF Plan able to take a percentage of that value and he was advised yes. Mr. Lewis further commented that added value could then be directed towards the TIF, there would be a conflict between the TIF and the tax relief program but it would be for a very short period of time.

Councilor Trudel inquired the number of dollars invested will determine the number of years that they receive tax relief. Manager Dragon stated that is not correct, it is up to the Council as to the number of years. Mr. Lewis commented it also has to be 15% value of the property for a \$500,000 building or more or a minimum of \$75,000 in improvements.

Mr. Lewis stated that the conditions can be formulated by the Council with input from staff and the City Manager. One of the outcomes of an approval by the City Council is the creation of a covenant that would contain the conditions. The covenant is then signed by all parties, recorded at the registry of deed. He stated one thing we would not have with the implementation of this, is the developer starts a project, puts \$100,000 into it but never finishes it.

Motion made by Councilor Desrochers that the Franklin City Council schedule a public hearing on the adoption of 79-E for the November meeting, motion seconded by Councilor Sharon.

Mr. Lewis recommended that the public hearing be set at the November meeting along with the scheduling of a public hearing on the TIF Plan for the Industrial Park and possibly have some cost savings on the advertisement for the hearings. Manager Dragon stated she thought about that also but after listening to everyone tonight she stated she feels it could be confusing to people to hold both public hearings on the same night.

Mr. Lewis stated his office could mail out a Q&A concerning 79-E to all the downtown property owners before the hearing and might get more participation at the hearing.

Councilor Feener commented he agrees with Manager Dragon that it could be an information overload situation and we do not need to rush into adopting 79-E tomorrow. He suggested possibly setting the public hearing for the February, 2013 meeting in order to have the time to get the TIF District for the Industrial Park well underway. Mr. Lewis commented that would allow plenty of time to get a flyer out to the different downtown property owners.

Councilor Desrochers agreed in his motion the date for the public hearing would be February, 2013 instead of November and Councilor Sharon who seconded the motion agreed. All in favor, motion passes.

Odell Cottage Renovation

Manager Dragon advised she has spoken to Director Sullivan and Director Alpers concerning the renovations and the proposal from Leigh Webb and the submittal from George LaBonte. Director Sullivan advised that volunteers are welcomed and always needed. Discussion was held as to whether to move forward with some partial work with the \$750 that Mr. Webb had mentioned or doing the more substantial renovation work that was proposed by George LaBonte in his letter of September 10, 2012. Director Alpers spoke to Mike Mullavey concerning funds available and they are getting ready to do the fishing pier work and have applied for an additional grant and it is felt that they will get the grant and that there would be some excess money and they would be able to buy the materials for the cottage. However, they will know right now about the grant and until the fishing pier is completed and don't want to commit funds until they know for sure they have them. Mr. Donohue, the Boy Scout leader was in favor if there were going to be funds left over of doing the entire project instead of pieces of the project. They are generally saying they prefer to do the entire project minus the architectural plans that were in the first plan proposal because in those plans they were trying to meet historical requirements which we have learned is not required. Now that there is a cost established they feel together they can raise the funds to do the work. They are leaning toward waiting to hear on the grants and then raising the added needed funds for the entire project.

Manager Dragon stated she has been trying to understand the differences between what Mr. LaBonte is saying and what Mr. Webb's proposal is. In Mr. LaBonte's recommendation he talks about stripping the roof and installing a new roof sheaving and completely removing the porch decking, framing, columns and support and install new concrete footings, install new columns. Mr. Webb commented the difference between Mr. LaBonte's approach and mine is Mr. LaBonte's is an overall approach basically demolishing both porches, the front and side porches, and start from scratch. Mr. Webb stated upon inspection of particularly the front porch which is the most visible in terms of damage, is that only some of it is damaged. The underlining floor and other porch boards are

fine. The columns do not need to be replaced; they still have life in them. Mr. Webb stated what he is saying with limited resources and voluntary help it is amazing what can be accomplished with just a few hundred dollars. Mr. Webb stated he feels instead of destroying the whole porch, fix only what needs to be fixed. Mr. Webb commented when you talk about waiting for grant funds from the Odell Park Committee, it should be noted any grant will come with restrictions, as long as they are not Federal funds, it probably would be okay. Mayor Merrifield commented he believes what is being stated is there are additional grant monies that are going to go to the fishing pier and that will free up existing Odell Park monies, so the grant has nothing to do with it. Councilor Feener stated as he understands it with the grant for the pier project, it frees up some funds the Odell Park Committee had designed for the pier project and can now be used for another project. Councilor Starkweather commented with the construction season closing up on us with the on come of winter. Is there something that should be attended to immediately? Mr. Webb responded stated what he would like to see done immediately is at least do a temporary patch to the front porch roof so that damage does not continue and also railings put on the front and side steps. Councilor Starkweather commented railings could probably be an easy fix and Mr. Webb stated if you give me permission he could do that tomorrow. Councilor Starkweather stated if we take care of the things that need to be done immediately, then the people doing fund raising would have the winter to come up with the funds that are needed. Councilor Feener stated it sounds like the railings are a different safety issue that needs to be addressed immediately and the leaky porch roof needs to be done to prevent further damage. If those two things are done, it gives time for the fund raising efforts. Mr. Webb stated there is another item and it is conditional. One of the important issues that needs to be dealt with and it would be better sooner than later is the issue of accumulation of water in the basement. So far it has been fairly dry so it has not been a problem. He stated the one thing he was hoping to do sooner than later is to figure out how to drain the water, what the outlet is for a sump pump and install a sump pump so water does not accumulate. Councilor Sharon inquired if the package states replacing of the porch and Manager Dragon responded yes. Councilor Sharon commented so we are going to patch up and

just keep what we patch or are we going to patch and then tear down. Councilor Sharon stated they are two different plans here and he would like to know which one we are doing. Mr. Webb stated there is a possibility that the existing porch could be salvaged except for the damaged portion. If you are going to commit to tearing down the porch then it is an academic discussion because there is no point in patching the roof if it is going to be torn down as it is only protecting material that is going to be discarded. Councilor Desrochers commented that if it were up to him and the funds could be raised he would put a whole new porch on the cottage and the roof should be rubber not shingles. He stated the back stairs are rarely if ever used and you could put a 2 x 4 across there to keep anyone from using it and replace the railings on the main entrance and won't be expensive but is a must do right now. Councilor Starkweather stated he feels we should try to get the railing done as that is a liability issue. Mayor Merrifield inquired of the City Manager if she needs a motion and Manager Dragon stated he does not that she wanted just a sense of how the Council feels and it would seem if Mr. Webb is willing we would like to have the railing fixed as soon as possible. She stated she does not know what to do about the sump pump as we don't know where to pump the water. Manager Dragon stated the sense of the Council seems to be that we will do minimal and that is necessary for safety reasons or preserving the building with the eye towards raising funds with the Odell Park Committee for more complete renovations. Councilor Sharon commented on the sump pump saying when the building was built the drain went back to the river and once the laws were passed that you could no longer do that, the pipe is probably plugged for that reason.

Update concerning Councilors presence at the polls on Election Days

Manager Dragon advised that the Attorney has reviewed relevant statues and concur with the Attorney General's Office. There does not appear to be any enforcement on this currently, however that does not mean that we shouldn't look at it and address for the future.

Manager Dragon requested that a public hearing be scheduled for the November City Council Meeting for the update on the Tiny Twisters and Headstart grants as required under the CDBG Block Grant, it is required we have a progress public hearing to inform the public on the progress of the project and to accept public comment.

Motion made by Councilor Feener and seconded by Councilor Desrochers that a public hearing be scheduled for Monday, November 5, 2012 in the Council Chambers concerning an update on the Tiny Twisters and Headstart grants and the progress of the project and to also receive public comments. All in favor, motion passes.

Other Business

Councilor Sharon advised that Big Kat Coffee will be holding an Open House on October 23, 2012 from 4:00 p.m. to 7:00 p.m. Councilor Starkweather commented that some of the discussion tonight hinted on enforcement of the codes and if anyone has read the results on the survey from a couple of months ago the City was hit pretty hard on not enforcing the codes and property maintenance and some point in time that problem needs to be tackled. Manager Dragon stated it is the FBIDC survey that they put out a while back and they will be coming in at the November Council Meeting to present the results of that survey, they have an executive summary and also the entire package. She stated overall the City rated very well as did the departments.

Councilor Dzujna inquired about the Brownsfield project; Manager Dragon stated we just submitted a request for proposals for engineers, one has been selected an engineer which is the next step and are working with EPA to finalize that. Once that is complete the engineer will start the work and remediation will begin but a lot won't be happening until spring.

Councilor Feener advised there is a Joint Finance Committee meeting tomorrow night (October 16th) as there are some serious issues with the School. Councilor

Feener stated we have not received the 2011 audit from the school and he stated the project that Mr. Lewis was talking about earlier, he would doubt that anyone would loan us money at this point. Manager Dragon stated her concern is the setting of the tax rate as we have to get in the queue now at DRA which is a new system they have in place and to get into the queue you have to have all documents complete. The City documents have been ready for some time but we still don't have everything from the school so currently we have not even made it into the queue. There are many that are already in the queue so even when the City finally makes it into the queue, who know how long it will be before they get to us because we are already behind a whole bunch of other communities. Another concern is regardless of whether we have set the tax rate or not the county payment (1.6 million) is due which could present a cash flow for the City. Councilor Starkweather, this isn't the first year and a few years ago they misplaced \$80,000, they try to spend money they don't have, and they don't get reports in on time.

Motion made by Councilor Feener that the Franklin City Council enter into non-public session under RSA 91-A:3, II A the dismissal, promotion or compensation of any public employee. Motion seconded by Councilor Desrochers.

Roll Call:

Councilor Cournoyer – Yes

Councilor Trudel – Yes

Councilor Sharon – Yes

Councilor Starkweather – Yes

Councilor Desrochers – Yes

Councilor Dzujna – Yes

Councilor Feener – Yes

The Council took a short break before entering into non-public session at 8:35 p.m. The Council came out of non-public session at 9:05 p.m.

Motion made by Councilor Feener that the Franklin City Council seal the minutes of the non-public session because releasing them would make the action taken ineffectual. Motion seconded by Councilor Desrochers.

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Roll Call:

Councilor Cournoyer – Yes

Councilor Trudel – Yes

Councilor Sharon – Yes

Councilor Starkweather – Yes

Councilor Desrochers – Yes

Councilor Dzujna – Yes

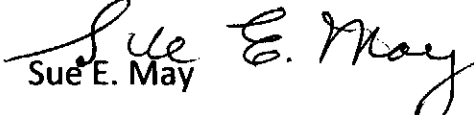
Councilor Feener – Yes

Motion to seal the minutes passes unanimously.

Motion made by Councilor Desrochers and seconded by Councilor Feener to increase the City Manager's salary by 3%. All in favor, motion passes.

Motion to adjourn made by Councilor Feener, seconded by Councilor Dzujna. All in favor; meeting adjourned at 9:10 p.m.

Respectfully submitted,


Sue E. May