

**City Council Budget Workshop Meeting
June 10, 2014**

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 led by Councilor Starkweather.

In Attendance

Councilor Clarenbach, Councilor Barton, Councilor Starkweather, Councilor Feener, Councilor Desrochers, Councilor Cournoyer, Councilor Dzujna, Mayor Merrifield and City Manager Dragon.

Absent

Councilor Boyd and Councilor Giunta.

Section 5, Page 35 – Parks and Recreation

Director Alpers stated she will go through the line items that have changed. Professional Development increased by \$100.00; the telephone line increased by 75% due to the Static IP address for the Community Center security system. Equipment Maintenance for software has increased by 43% and she advised she is hoping to do the on-line registration.

Section 5, Page 36

Other Contracted Services increased by 10% to redo the pool tables, they have not been done since the move to the community center and they should be done on a yearly basis. Office supplies has increased and part of that is due to the Drug Task Force using the copy machine as part as the in-kind matching for the grant. Bus rentals have decreased because of the elimination of the one week of the summer program as well as a decrease in the miscellaneous summer program. The operating supplies for the before and after school programs did increase but is still offsetting. Miscellaneous supplies increased as some replacements are going to be needed at Odell Park. Councilor Dzujna asked if having the summer program reduced by one week has hurt the number enrolling and Director

Alpers stated she does not think so, they are about 75% filled with another week to go and many wait until the last minute. Councilor Desrochers inquired how the after school program faired last year, did we break even or make money. Director Alpers stated she has not run those numbers recently but when it was last checked we were making a little bit of money.

Director Alpers advised that concludes her review of the Parks/Recreation budget, however, she wanted to review the memo she had provided the Mayor and Council. She discussed a seasonal beach pass as over the last couple summers the beach attendants have been noting to her that people are asking if the City would consider doing a yearly non-resident beach pass. How it stands right now is the residents do not pay to go to the beach, they get a beach sticker so we know that they are a resident and they are free to go. Right now we charge \$5.00 per car for a non-resident and that is administered by the beach attendants. She stated she contacted some other Rec Departments that have beaches, most everyone besides Sanbornton do not charge anybody. Salem was the only one that did a seasonal pass for residents and non-residents. Director Alpers stated her recommendation would be to keep it the way we have it. She stated we do not make a lot of money off of the passes but we do make some. She did comment that the pros of having a seasonal pass would take a little bit off of the beach attendants because there is only one there and they are going between the two beaches. She also stated if the City were to do a seasonal pass she feels the City would lose out on some revenue and again she recommended it be left the way it is.

The Proulx Center use and as a part of the move to the Community Center, the gym has only been used for the Basketball Program and questions have come up asking if we can let leagues rent it, etc. She advised she has put together two options based on funding. With both options some small renovations using the Revolving Fund money just to enclose the staircases so that anyone coming in can only go into the front lobby and up or down the stairs but would not get into any other rooms. A keypad would be installed like the one at Bessie Rowell and the keypad can be put on a timer so it will open at 8 am for planning and zoning and close at

5 pm, and the door remains locked until an authorized user with a code comes to access the door. Two cameras would be installed in the gym and one in the hallway for additional security in case something breaks when the league are using it or when one of the basketball coaches are using it there will be security measures. We would continue to refinish the floors once each year. All the renovations would be paid for out of the Revolving Fund. We would not be offering user of the facility during planning/zoning; assessing; and FBIDC hours of operations or their meetings. Director Alpers recommended the gym be rented out on an hourly basis and then depending upon the rental requests a staff member should be on site. Currently the building is cleaned by the office staff and then the maintenance person at the community center goes down three days a week for cleaning the common areas and he does the gym during basketball season. For Option One we looked into having the cleaning company do an on-call type basis that if we rented it out on Saturday for two hours that they would come in at the end of the event and clean it. To re-coup those costs for the first hour we have to charge \$55.00 and then after that we would just need to cover utilities and the suppliers so it is recommended a \$10.00 per additional hours. Option Two would be to eliminate the cleaning contract for the beaches and parks which currently we pay Great Northern Cleaning for that service, we would hire a part-time employee to do the Proulx Center, the beaches and the parks and the cost to use the facility would be \$29.00 for the first hour and \$10.00 for any additional hours which covers the two hours of cleaning that would be done by the employee and includes utilities and supplies. Director Alpers recommended Option Two and stated with this option she feels there will be better accountability for the parks and beaches getting cleaned and locked when they are supposed to be cleaned and locked. This would also provide a backup for the maintenance person at Bessie Rowell if they are out sick or on vacation and offers a lower rental rate to the consumers and based on the revenues that would be brought in from the pickup basketball and the Saturday night rental that is currently at the community center which goes into the General Fund and that would offset so we could offer the leagues use at a lower rental rate. Option Two if we had a staff rental it would be \$40/first hour and \$30/per additional hour; unstaffed rental is \$30/first hour and \$20/for additional hour and it is recommended for the

League \$100 per month and also have an agreement if there is any damage done to a light, exit sign or window they would be responsible for that damage.

Councilor Cournoyer suggested it might be a good idea to have the leagues' put down a deposit. Director Alpers asked would this be in addition to the \$100 deposit for supplies and Councilor Cournoyer responded yes.

Councilor Clarenbach commented that his problem is as a community we need to understand who it is we are here to help and who it is here that we need to break even with or who we can money off of. For the men's league over 40 playing basketball he stated he has no problem charging. If we are looking for kids to charge a league fee for a community owned building for Lassie League to practice for 3 weeks because the fields aren't ready does not make sense as they are a volunteer group trying to raise their own money. He further stated we are here to try to give recreation to our youth. Director Alpers stated just to clarify when we ran the numbers for the Option Two; we could offer it free to the leagues and still break even because there is revenue coming in from the men's pickup league and the Saturday night group.

Manager Dragon asked if the leagues are Franklin leagues and Director Alpers responded no. Manager Dragon stated it is important to keep in mind that these are things that are being paid for with Franklin taxpayers and there is also time that is not included in her for Director Alpers to set up codes for the people to have access to the building, to schedule people to be in and out of the building. There are additional costs for that and Manager continued that she agrees that recreation is meant for the youth and the line is to be drawn by who is paying for it and what it is being paid for. She further stated she had the same concern last time we proposed a league fee because it is not entirely Franklin and now the leagues are offering to pay money to use the gym during the off season. She stated having them pay something to cover the cost of using the people is not unreasonable. We are providing the services that we had been providing up at the Bessie Rowell Community Center so we are talking about

expanding use and providing a second recreation facility. Granted the facility is there and is being used for 6 months out of the year for basketball because the community center is not big enough for that program but we are talking about adding another facility, more hours, more staff time and she stated it is important at this juncture to make sure while we are talking about that that we are thinking about the cost and whether or not it is fair to recoup the costs.

Councilor Feener commented he wants clarification; this would be for any league that is going to use the Proulx Center even like Lassie League if go in there to warm up in the spring. Director Alpers commented that is correct. Councilor Starkweather commented on the recommended rates there should be some clarification on the league fee, age limit such as if the members are 18 or 20 or older. Director Alpers commented we could do an Adult and Youth League Fee. Councilor Starkweather also asked if when the staff goes to the beaches, they use the City car and Director Alpers responded that is correct. The Parks and Recreation Department has two hand me down vehicles from the Police Department and one is used by the beach attendants and the SUV is using for changing scoreboards, lights, etc. Manager Dragon stated before the department had these vehicles, the Director was using her own car and reimbursing her for that use and now they are saving funds with the two vehicles for the PD.

Councilor Dzujna commented the Proulx Center is open for basketball leagues that need to be official. Director Alpers responded it is the third through high school basketball and men's pickup. Councilor Dzujna stated and it is for people that need an official court. Director Alpers responded yes official size regulation. Councilor Dzujna this spring people wanted to get in there to hit balls and they still had that opportunity at the community center. Director Alpers stated the older leagues it is pretty tight for them to use Bessie Rowell.

Councilor Feener commented the issue is do we want to have a \$100 fee for the leagues or not. Mayor Merrifield suggested this be taken under advisement by the Council and when they go to make their final adjustments on the budget they will decide on these questions. Councilor

Feener further stated we are talking about fees and that would require a public hearing in order to add them to the fee schedule. Councilor Feener also inquired if the Rec Committee has reviewed this program yet. Director Alpers stated they have not and Councilor Feener recommended this goes to the Rec Committee first and brings back a recommendation to the Council.

Section 7, Page 1 – Parks/Rec Revolving Fund

Director Alpers advised there are no changes to the Revolving Fund except for the Program Fees which was increased by \$2,000 in the hopes of increasing programming from outside instructors. Cheerleading has been zeroed out.

Section 5, Page 9 - General Government-Buildings

Director Sullivan stated three general themes throughout budget, one is the increases in personnel and the related costs; trying to bring some of the expenses more into line with historical expenditures, that is evident when you get into snow and ice control; and third there is no large capital items in the budget but some smaller ones.

City Hall

32% increase and the major increase are attributed to the renovation of the downstairs for the Finance Department and the fire alarm system.

Proulx/Parks/Beaches

2% reduction.

Bessie Rowell Community Center

1% increase mainly attributed to other contractual services with a 5% increase in that line but offset it with reductions in other lines.

Odell Cottage

12% increase, the price of oil is a significant cost, we burn a lot of oil and the Scout s are down there.

Councilor Clarenbach commented the Rowell component is still receiving the improvement, they will get the improvement that were passed or not? Manager Dragon commented we are still hoping as they have been put on hold for a very long time but until we have our financial statements we can't move forward with the project and the school has told us they are done with 2012 but we have not seen anything yet.

Page 12 - Police Building

Increased 14%, which is contributed to other contractual services. There was one water heater that had to be shut off and there is another one that is the same age that will probably take the same path. Budgeted is a larger water heater to replace the two.

Page 17 - Fire Station

9% reduction and that is due to the completion of the security upgrade.

Page 24 – Municipal Services

Administration

5% increase mainly attributed to personnel related costs. Councilor Clarenbach inquired about the 196% increase in Worker's Comp and a 24% decrease. Director Milner stated that overall there is a 24% decrease; however, even the current worker's comp company is reclassifying George Turcotte to a different position not allowing the City to use the lower rate for Mr. Turcotte so it reallocated the worker's comp.

MSD Buildings

13% increase because of the need to replace overhead doors; they are in very poor condition at the main garage.

Page 25 – Highways and Streets

MSD Roadway Maintenance

10% increase and some of that can be related to personnel costs. There is an increase in other contractual services as the need is there for a variety of work, Central Street at the bridge, by McDonalds sections are going to have to be taken out and repair, paving and shoulder work; possibly turning a section of road back to dirt on Chance Pond Road. Councilor Clarenbach stated that some amount of money needs to be put into the roads every year.

Page 26 – Snow/Ice Removal

27% increase, \$3,000 of that can be attributed to the cost of plow blade. The cost of salt and sand has gone up, especially sand and last winter the City experienced a shortage of sand. This line has been increased from \$65,000 last year to \$85,000 this year.

Drainage and Vegetation

5% increase mainly because of other contractual services. There is always work that must be done in drainage.

Traffic and Street Lights

13% increase caused by electricity costs are up 6% and last year Director Sullivan stated they underfunded the other contractual services line which is the line painting and the maintenance of traffic lights.

Page 27 – Mechanical Garage

2% increase overall. A big item of concern is vehicle parts, the age of the equipment and the price increase on vehicle parts.

Page 28 – MSD Buildings and Grounds

3% increase. There are 3 full-time positions and one part-time position in this department who take care of the City buildings and grounds.

Page 29 – Sanitation-Solid Waste Collection

Curbside Collection/Recycling

3% increase attributed mainly to personnel related costs. Director Sullivan advised they are gaining on their equipment lease, we are averaging about 1,000 tons per year recycling; the City's pays \$20 per ton but the City is winning, that coupled with hauling our own demolition we offset our costs by \$9,700 this past year. It is anticipated the costs for demolition disposal and recycling hauling and tipping costs will not change. Demolition costs are recovered through fees.

Page 30 – Sanitation/Solid Waste Disposal

Transfer Station

Councilor Clarenbach stated he feels there needs to be someone out by the gate when you come in the Transfer Station because there are people going to all different stations and the attendants are busy as there are people going wherever they want and some of it is probably supposed to be paid for. Director Sullivan stated on Tuesday and Thursday there are 3 attendants at the Transfer Station.

9% increase in solid waste and some of that is attributed to personnel related costs and some of it can be attributed to tipping. On the tipping it is really the tonnage that is recycled. Right now the City is recycling about

1,000 tons per year and it is about \$20 per ton. Other contractual services the City burning at the Transfer Station a couple of years and the grinding of vegetation is included in this line. 6% increase in sanitation.

Page 31 – Transfer Station

No increase in the budget for the building. Director Sullivan stated they saved a lot of money on oil because the City burns the waste oil.

Section 9, Page 1

Expenses – Sewer Department, Page 2

Director Sullivan stated basically the Sewer Department budget is level funded on the City side, and we would like to take some retained earnings out. The increase on the City side is coming out of retained earnings. Right now we will have at the end of fiscal year 2014 \$834,000 (projected) available in the retained earnings. It is being proposed that we take the retained earnings down by \$145,000 and that would be used to purchase the balance of the meters and the software needed to put the water meter system into automatic read.

External Operations, Page 2

On the State side, the Winnepesaukee River Basin is up 2% which is the increase in cost to the City to operate the program. The City is paying 16% for O and M, 22 1/2 % for Capital based on a formula that was developed back 30 years ago when there was water consumption by the Mills. The plant certainly cleaned up the rivers but was over built; the plant has a capacity of 42 million gallons a day. Mayor Merrifield asked what does the State contribute to the operation of the plant and the answer is nothing. Director Sullivan stated we are looking at a rate increase in the sewer of 2% which is not a significant amount. Director Sullivan advised 10 years ago there was \$60,000 in the Sewer Fund and about \$225,000 in the Water

Fund and that has been built up. Finance Director Milner commented on the sewer side it is anticipated there will be \$887,000 at the end of FY14. What is recommended in an enterprise fund is about 25% of appropriations which would be about \$477,000 so there is about \$400,000 additional retained earnings sitting in the Sewer Fund. When it was looked at it, the Council had generally wanted to do a rate increase for the piece that was outside the control of the City which is the Winnepesaukee River Basin Program which is what this 2% rate increase shows and there are plenty of projects in the Sewer Fund that need to be done. The first project is the water meters using \$145,000 of the retained earnings which will leave about \$255,000 to use for other projects.

Sewer Revenues, Page 1

Director Sullivan stated that water consumption is down, The City has taken about an \$850,000 hit in water consumption and that affects the sewer. The number of vacant buildings and foreclosures has affected the consumption.

Section 10 – Water Fund

Expenditures

Director Sullivan stated what is happening in the Water Department is a rate increase was done in 2007, and that increase supported the \$10.5 million dollar's worth of projects. That helped offset the City's side of the grant and enabled us not to raise the rates; we were offsetting the Water Fund operations by using some of that money from the rate increase. We held the line for 7 years. During that period the operating costs have gone up 3% per year and that was not absorbed over the last 7 years with a rate increase.

Administration for the Water Department, there is a 2% increase and is mostly for personnel related costs and debt service. In Distribution there is an 81% decrease because capital is not included. Water Supply is a 6% decrease. The Water Treatment Facility has an increase of 87% and in the second year of full operation. The electrical had to be increased and other property service which is the annual maintenance of the filtration system.

Chair of the MSD Committee Councilor Clarenbach advised one of the things that is happening in both water and sewer is less usage and as we see less usage we can increase the cubic foot dollar per cubic foot but the problem is with less usage we are not retaining that same amount of money because of the decrease in usage so you would have to increase the cubic foot rate. It was discussed at the MSD Committee Meeting could we actually change the base rate which is a quarterly charge; currently it is \$20.00 per quarter, if the quarterly rate were increased the vacant houses and the people that weren't using much water their rate would go up because they have access to the water more so than how many cubic feet of water and sewer they consumed. The \$20.00 has been \$20.00 for well over 17 years and in the discussion it was said then at least you would capture the number of users which is 2,300 and would see that as a regular amount of money coming in every year and not worry so much about many cubic feet. Councilor Clarenbach stated that is the way it was left at the meeting but what they were not sure of what it would cost a single elderly lady in her home when she is going to get an additional \$40 per year for the quarterly charges versus how much water would she see in an increase. He further stated the large users would make out on this but there are probably only 2 or 3 really large industrial users in the City. The Committee made no decision. Councilor Starkweather commented we are already doing an availability charge. Anybody that has a sprinkler system they have to pay for the availability of water to the sprinkler system whether it is used for not. Director Sullivan commented with all the improvements that have been made and solving the problems in West Franklin we have maintained the rate.

Director Sullivan explained the Water Rate Option recommended by the MSD Committee. We took the \$20.00 quarterly base charge and increased it to \$30.00. The City has 2,314 system users charging \$30 for 4 quarters give additional revenue and brings down the percent of the rate increase. The Committee recommended increasing the base rate charge by \$10.00 and doing a 7.4% increase in the rate from \$4.51 to \$4.84. Director Sullivan advised that for every \$25,000 raised it is a 12 cents on the rate per 100 cubic feet. There are 4 employees in the Water Department and 2 in the Sewer Department. The Treatment Plant is where the long term costs are in the operation of that plant.

Councilor Desrochers inquired if the City gets a commercial electrical rate and he was advised the City does get a commercial rate. Director Sullivan stated concerning the selling of water, based on the rate if we filled 5,000 gallon tankard trucks for filling pools it would be \$1,600 based on the rate but if we added another \$1.00 we could make significant money. Councilor Clarenbach commented he would like to see an average single person usage. Director Sullivan responded for the average water customer .51 cents to .84 cents is a .36 cent increase per 100 cubic feet and if you take that plus the \$10 increase in the quarterly for the average customer \$17.20 per quarter for a family four. Mayor Merrifield commented something that concerns him about this is knowing that when we increased rates in past, people reacted and so we sold less water; we saw sales going down as the price went up. Director Sullivan pointed out the size of the system stating there are 52 miles of pipe, 5 tanks, 3 different pressure zones and only 2,300 customers; it is huge system to support and it is the same thing with the sewer system. Director Milner advised an average family of 4 using the 2400 cubic feet per quarter, the difference would be \$18.00 per quarter and the proposal that was discussed tonight it would be \$17.92 per quarter. Mayor Merrifield asked if the two proposals raise the same amount of money and the response was yes they do. Director Sullivan stated the thing that concerns him is the size of the system and the amount of work.

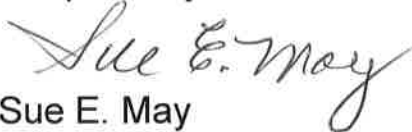
Motion was made by Councilor Feener that the Franklin City Council schedules three consecutive public hearings on July 7, 2014 beginning at 6:05 p.m. regarding an application for a Community

Development Block Grant (CDBG) up to \$500,000 on behalf of New England Family Housing (or a related other entity) for acquisition and/or renovations to the Franklin Woods Apartment Complex on Plans Court. Motion seconded by Councilor Starkweather. All in favor, motion to set public hearing passes.

Motion made by Councilor Feener that the Franklin City Council deed back 5 A Street, Map 083, Lot 02 upon receipt of all back taxes and interest (without 15% penalty). Motion seconded by Councilor Dzujna. 6 Yes Votes 1 No Vote. Motion passes.

Motion to adjourn made by Councilor Feener, seconded by Councilor Clarenbach. All in favor, meeting adjourned at 8:20 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sue E. May". The signature is written in black ink and is positioned above the printed name.

Sue E. May