



Finance Committee Meeting Minutes

January 31, 2022 – 6:00 p.m.

City Hall (Downstairs Blue Conference Room)

In attendance: Councilor/Committee Chair Vincent Ribas, Councilor/Committee Member Valerie Blake, Councilor/Committee Member George Dzujna

Others in attendance: Mayor Jo Brown, City Manager Judie Milner, Finance Director Esandra Gaudette.

Councilor/Committee Chair Ribas called the meeting to order at 6:00 p.m.

Salute to the flag was led by the board.

City Manager Milner stated she left the minutes from the last meeting off in error and would like to do them under other.

Motion – Councilor/Committee Member Dzujna moved that the Finance Committee approve the minutes of the October 19, 2021 Finance Committee Meeting. Seconded by Councilor/Committee Member Blake.

All in favor. Motion PASSED.

Agenda Item I.

Current year budget status

City Manager Milner stated the current year budget we are 6-7 months in now. The snow budget at the end of December was already over ½ the budget because of the many ice storms and all storms have been happening over the weekend. At the last department meeting she mentioned they will be stop spending soon and based on this report the spending will stop next week. They will keep doing payroll and expenses and very little operating spending will be going out so projects will have to wait. Every year in March they start looking at fund balance to see and project where they will be at for year end. It will be looked at monthly and then every two weeks until June. In beginning of June, funds will be released for some projects or reallocated for something else. This is the status of the budget and it is not the worst the City has been in nor is it the greatest. Councilor/Committee Member Dzujna stated that since the storms are on the weekend the overtime must be eating the budget. City Manager Milner stated MSD Director Hanscom and Deputy Director Marsh are doing a good job with having the guys flex their time with another date as the guys just want a weekend off and not the overtime. There was some discussion regarding the sidewalks and plowing and City Manager Milner stated there are new employees who are getting used to the sidewalk plow. She stated

Councilor Chandler sent an email to her wanting the guys to know the roads were completely cleared compared to other communities where they were not. Councilor/Committee Chair Ribas asked if they are flexing, are they not working the Saturday or Sunday storm? City Manager Milner stated if the storms are happening at the end of the week, then they get the overtime. If a storm comes on a Sunday, then they can flex their time over the upcoming week since that is still in the same pay period.

Agenda Item II.

FY2023 Budget timeline, process and update

City Manager Milner gave the committee the budget timeline. She explained how the timeline works from starting with Finance Director Gaudette doing payroll projections and the department heads reviewing for employee retirements and hires. Councilor/Committee Member Blake asked if finance does HR as well. City Manager Milner explained that Finance does HR, risk management, IT, welfare backup. City Manager stated we are right on schedule and we will get our not to exceed number for the health insurance but the final number can't be done until March as we need nine months of numbers. Finance Director Gaudette stated she changed the short-term disability but that is locked in so no change this year and the health insurance plan was changed last year. City Manager Milner stated there was a double-digit increase and Finance Director Gaudette is working on getting them to bring that down because we don't have the claims to support that increase. The insurance company is basing their number on pre-covid which is not fair. City Manager Milner stated Finance Director Gaudette has been working with our consultant and has so far gotten a reduction from 11.97% to 9.47% and she is trying to get it to around 7%. Finance Director Gaudette stated there was no increase last year since they changed insurance companies but that company pulled all our claims and history to a not to exceed. Most plans are having a 14% increase but our claims have dropped significantly so they are waiting another month to see what comes through so we can get our final percentage.

City Manager Milner stated on the upcoming City Council agenda she is asking the council to change the date for the July 4 holiday so this information can get sent out with the actual date on it instead of TBD in the budget.

The next finance meeting is joint in April so we know where each other is. The number for pickups for taxes doesn't come in until April so we won't have the final numbers until the end of April. She mentioned she is not hearing to many issues with the school since they have the ARPA money. Councilor/Committee Chair Ribas asked if he is chair for that and City Manager Milner stated yes. If the school hosts the meeting their secretary does the minutes and if we host it our executive secretary will do the minutes. City Manager Milner stated the CPIU is 7% and the highest she's ever seen was 4.1% right before the recession which is good news on both sides but you then have to take into account inflation. The school district is locked into the May 4 date and wanted the committee's opinion on how to do the budget as it has been done many different ways. The first way was to have the departments come in over five different nights. We have also tried to have school present their budget in one night and the

municipal departments present in one night and that was very long. Last year we did three nights, the first night was an over view night of payroll, second night some departments and the third was the rest of the departments. She asked the committee if they would like the three nights with the department heads at all three nights and the committee's consensus was yes. Councilor/Committee Chair Ribas clarified that the school gets one night and the we get three nights. Councilor/Committee Member Blake stated she would like the chairs to give the Council what they are looking as action items and she may ask for that at the City Council Meeting on Monday. Just an idea of what they are looking at and where they are so that we are informed.

Agenda Item III.

Pay & Class Study Update

City Manager Milner stated she sent out an RFP at the end of November due December 10 and received zero replies. She asked around as to why she got no replies and it is because the towns around us are on a calendar year so the companies were all busy. She sent out a new RFP today with a due date of September 30 so we are looking at fiscal year 2024 for implementation. She reached out to the companies she knew about, posted on NHMA and our website. Councilor/Committee Member Blake asked if this was across the board? City Manager Milner stated yes and the last time they did this was in 2014 and the cost to implement the study back then was \$1.2M. At the same we were going to implement a 10% health insurance copay which would have cost \$120K. What has been done since is she created a spreadsheet of which positions are way off and where they should be and plugged away at that sheet. Most of the positions have been able to get close to that study from 2014.

Employees have told her if they are not getting the wage that effects their retirement and they rather pay the 10 or 15% for insurance and get paid the correct wage. She stated she has been watching the Manager's listserv and many communities we compare to are paying 85% while others are paying 90 or 100% and very few communities are at 80%. She may implement that when they make the jump based on the next pay and class study. Councilor/Committee Member Blake asked if that is just a percentage of the premium? City Manager Milner stated it would be 10% of what the payroll projections are for 2023 which is about \$206K of a savings. Councilor/Committee Member Dzujna asked what the school is at and City Manager Milner stated they are at 95% and 90% and their plan is better than our plan. The school has more of a Cadillac plan where as the City's plan is more of a if you use it, you pay more and if you don't you pay less. The school tries to mirror our plan but they have two unions so it is harder.

Councilor/Committee Member Blake asked if there was any discussion around self-insurance. City Manager Milner stated the problem with that is we aren't big enough to be self-insured. She stated they are looking into an HSA but that is a lot of maintenance for finance. We already offer FSA and you can't offer HSA and FSA at the same time. Councilor/Committee Member Blake asked if there is an advantage to having an HSA vs FSA? City Manager Milner explained that an HSA is a high deductible for people who don't want the out of pocket and FSA allows to pay for services pretax and it has been in place for a while. Councilor/Committee Member

Dzujna asked if we have more family plans vs single and City Manager Milner believes we have more single. Councilor/Committee Member Blake asked is it worth getting rid of the buy back and Finance Director Gaudette stated no as that is only at 25% so it saves lot of money as if we got rid of that then we would pay more because we pay 100%. She stated we have found that the 100% benefits are what is keeping the employees not the pay. Councilor/Committee Member Blake asked if one spouse works here and one works self-insured do, they get the buyout? City Manager Milner states it depends where the spouse works and what the better option of money is. City Manager Milner stated the new pay and class study is due on February 25th, open it on the 28th and is due to us on September 20th way ahead of payroll projections.

Agenda Item IV.

Buildings and Grounds employee regrade

City Manager Milner stated the buildings and grounds new foreman Kirk Kelly has 20+ years of experience. He was chosen over an internal candidate and that internal candidate has left and what MSD Director Hanscom would like to do is have a supervisor under the foreman. This position he would like regraded to a Heavy Operator I as they do operate a bigger position. Councilor/Committee Member Dzujna stated he has spoken with Foreman Kelly and MSD Director Hanscom regarding this situation and he feels this is the right move.

Councilor/Committee Member Blake asked what is the downside? City Manager Milner stated she doesn't feel there is one if nothing else we were doing an injustice to the employee who left as he was being paid the same rate as the part time cleaners but doing so much more. She felt it is unfair and she did try to get the employee to stay. She is not sure how the committee feels about regrading mid-year as they are looking to hire under the new position.

Councilor/Committee Member Blake asked if this goes to the council and is voted down would it then just go through the budget and City Manager Milner stated yes. Councilor/Committee Chair Ribas asked if the committee said wait for the budget would they be able to hire someone more quickly. City Manager Milner stated if they have this position, they could hire a more experienced candidate. Mayor Brown stated it would be better if we hire one time rather than regrading and City Manager Milner stated she agreed as if you hire under the current position, you may not get the right person for the regraded position. City Manager Milner stated she will add this as a late item on Monday. Councilor/Committee Member Blake asked how many are in buildings and grounds? City Manager Milner stated it is 5 employees' consisting of the foreman and four custodians. One of them is dedicated to the Bessie Rowell Community Center, the other two took over for the cleaning contract and clean the buildings of the City and the fourth one does all the other stuff like running heavy equipment, lawns, etc. Two of the custodians are only part time.

Agenda Item IV.

Sweeper Opportunity

City Manager Milner stated the street sweeper is a 1995 and on its last legs as the body has several holes in it so when you are sweeping it up it goes right back out on the road. MSD Director Hanscom stated they may be able to weld the holes but the broom carriage is

inoperable and they can't get parts for it. City Manager Milner stated her third year here they were able to buy a sweeper to use for parts and that is now all used up. We have an opportunity to buy a used sweeper from the City of Burlington, which is 2013 with 7,000 hours on it compared to ours with 10,000 hours, for \$90K. A quote for a new sweeper is \$300K and a rental of a sweeper is \$100 per hour. MSD Director Hanscom really would like to get this sweeper so all departments will need to stop spending and save up for this sweeper but need the Council's approval as we don't have a line item for a sweeper this year. Last time we did this was for the firehouse roof and was able to save \$61K to get it fixed. Councilor/Committee Member Blake stated she never had heard of this before. Councilor/Committee Member Dzjuna asked when we could get to this? City Manager Milner stated she is hoping to get to it by the June 1 date when they can start spending but will talk about it in the department head meeting to see what can be saved. Police and Fire have had many issues with Covid so they have had a lot of overtime. She is checking to see if they can use transportation money as that is really road money. Councilor/Committee Member Blake asked if we could use fund balance and City Manager Milner stated they could be she would like to see if they can save for it first. Finance Director Gaudette asked what are the chances of this still being available? City Manager Milner stated former MSD Director Sullivan had been having discussions with the City of Burlington and they are saving it for us and they said to let them know by April. Councilor/Committee Chair Ribas asked how much is it used per year? City Manager Milner stated not much as ours is a 1995 with just about 10,000 hours on it. Councilor/Committee Member Dzujna stated it typically comes out around April for the sand. Councilor/Committee Chair Ribas asked if it already has 7,000 hours on it how long will it last. Finance Director Gaudette stated City of Burlington rotate theirs out every ten years and we don't rotate out. Councilor/Committee Chair Ribas asked is it worth to buy new? City Manager Milner stated we have done this before with the City of Burlington with one of our six wheelers and it is working out perfectly as most of their equipment is kept indoors. Councilor/Committee Chair Ribas stated if we only get to the 10,000 hours that would be about six years. He stated he doesn't want to spend \$300K either but just looking at what is right.

Agenda Item V.

Capital Improvement funding ideas

City Manager Milner stated she had some ideas and the first is a lease/purchase program for all the bigger equipment. The bank can write one for them but is looking at other places. The program would work like this: over a twenty-year lease we would tell them what we needed on what date and the bank would work their magic to come up with a payment for the course of twenty years. The only downside is if we get to a point where we can't fund capital, we would have to fund this outside of the cap for one year to reset the tax cap. If you put it debt service outside, which is the cap formula, it resets the tax cap so the next year it is under the cap. It is a way to reset tax cap for some capital. This is the only way at this point in time to reset and get it in. Based on the current rate, if we put \$500K outside the tax cap it is .72 cents on the rate for \$100,000 which would be \$72. For the roads program it would be \$800K outside the tax cap for \$1.16 based on the tax rate for \$100,000 is \$116. City Manager Milner stated she will be bringing this up a lot if we need to get items. Councilor/Committee Member Dzujna

asked if \$500K is enough and City Manager Milner stated she is not sure. There are a few vehicles that we are going to need coming up and once the budget is reset, we know the money is there.

City Manager Milner stated she is also trying not to take away some form of COLA and step increases as we are already behind in wages. Councilor/Committee Member Dzujna asked about the education part of this and City Manager Milner stated she is still thinking about that. She was thinking to talk about it at the CIP meeting so it starts getting out there and people will come and ask so we can have a discussion. Councilor Dzujna thought that an average house now in Franklin is about \$225K. City Manager Milner stated per the census data, Franklin's median income came up a lot whereas we were almost ineligible for the grant, which is what we want but we need the grants as well. Councilor/Committee Member Blake stated the \$500K debt service would be great and after City Manager Milner meets with the CIP members, we can talk about it to the public correctly and with the numbers. If we have talking points because she can't defend it or advocate for it because she doesn't have the information to answer the questions. City Manager Milner stated she can do a spreadsheet with formulas and house assessments so you can follow it. Mayor Brown stated Judith Ackerson can put it in the Town Crier and some other sites for information only. Councilor/Committee Member Dzujna stated this should help the negative people about breaking the tax cap. City Manager Milner stated we should stay away from saying we are breaking the tax cap and it is absolutely in the tax cap formula. City Manager Milner stated we can have some fun with capital improvements. The last time some capital improvements were done was in 2018 and we had \$16M on the list. Councilor/Committee Member Blake stating talking points should mention this allowed within the charter. Councilor/Committee Member Blake asked about technology and City Manager Milner stated it is covered under our contract to be replaced every three years. Councilor/Committee Member Dzujna stated his biggest concern is replacing big items.

Agenda Item VI.

Other business

The Economic Development Task Force has been working diligently on an EDA grant opportunity that came available at the end of December and is due today. This is with the ARPA funds as they got a boat load of funds for outdoor recreation and tourism. The team has been working hard and this grant is for \$1.5M with a \$386K match and this will finish the other two features on the course, river features and the slalom course. The rebar is in the section where the slalom course is and it would include removing that. For the match we are going to be applying for a CDFA tax credit because we can't use ARPA funds to do the match. If needed, CDFA will assist us and they may need to loan Mill City Park the \$386K so it's in place. There is a meeting with CDFA this week to discuss this.

The workshop meeting this month will be all things ARPA as they have loosened some of the restrictions for cities and towns so that means the \$909K we can use for almost anything. There are some emergency funds for the water department that need to be looked at. They just had a meeting with Merrimack County on how they can help us with their ARPA funds and

we have applied for three other ARPA fund grants. At the workshop she is going to suggest sidewalks and then roads first.

Councilor/Committee Member Dzujna asked about the red line bridge and City Manager Milner stated we don't have a red line bridge. She stated Daniel Bridge will be red lined at some point in time but the repairs we have done and paving it has helped save it. We will need to start putting money aside for bridges in the capital reserve fund so we will have our match for the 20%.

City Manager Milner stated Cumberland Farms has paid us back for the purchase of Birke's property and also for our Ciao Pasta property. They are going to allow the State Police and our police department to train in the old Elk's property. We do have ARPA funds of \$50K that was going to every community through business and economic affairs department to be spent on anything and we are spending it on the scale at the transfer station. Councilor Blake asked if that is to repair or replace and City Manager Milner stated it is to replace. City Manager Milner stated she is going to start a spreadsheet of direct ARPA and indirect ARPA to show what is coming to the City of Franklin.

Councilor/Committee Member Dzujna mentioned they got the \$10,000 grant for NH Forward. They are going to be a 501 but don't have their certificate from the federal government so we will use the City to transfer the money. City Manager Milner stated it will work like our NMRS fund. Mayor Brown stated that her and Councilor/Committee Member Dzujna will be very smart in how they use this money. Councilor/Committee Member Dzujna stated on February 4th there is going to be a manufacturing day at the school.

Councilor/Committee Chair Ribas asked if they want to set a date for the joint meeting and after discussion April 13 at 6:00 pm was chosen as a tentative date. Councilor/Committee Chair Ribas or City Manager Milner will reach out to the School Finance Chair Brown.

There was discussion about setting dates for other committee meetings.

Motion to adjourn was made by Councilor/Committee Member Dzujna and seconded by Councilor/Committee Member Blake.

All in favor. Motion PASSED.

Meeting adjourned at 7:30 p.m.

Respectfully submitted,

Lauraine Paquin