

**CITY COUNCIL INFORMATIONAL BUDGET WORKSHOP  
THURSDAY, MAY 21, 2015**

**Call to Order**

Mayor Merrifield called the meeting to order at 6:00 p.m. in the Council Chambers, Franklin City Hall. Since there was not a quorum present the Mayor stated this would be an informational meeting.

**In Attendance**

Mayor Merrifield, City Manager Dragon, Councilor Dzujna, Councilor Wells, Councilor Feener, Councilor Clarenbach, School Finance Committee Chair Husband and Supt. McKenney.

**Absent**

Councilor Starkweather, Councilor Barton, Councilor Boyd, Councilor Giunta and Councilor Desrochers.

**School Budget Update**

Supt. McKenney commented as of May 11, 2015 the budget was estimated at \$15,239,220.00 and making some additional cuts as of May 19, 2015 the budget is currently estimated at \$15,127,110.00. May 11<sup>th</sup> the shortfall was \$478,000 and as of today, May 21<sup>st</sup> the shortfall is \$257,000. The deficit over the last two weeks has been reduced by \$222,000. With regard to revenues \$170,000 is estimated to be the fund balance this year and it is hoped the City Council will return that to the school. Open enrollment hopefully will be another source of revenue. Supt. McKenney stated right now he anticipates 5 students for open enrollment which would \$52,000 which totals \$222,000 which would leave a shortfall of \$35,000 if the above revenues happen. He stated they have lost a full time guidance counselor and would need about \$40,000 to keep a person in that position. In the budget we have committed \$50,000 for a Spanish teacher and to get someone with experience might cost an additional \$10,000. At the middle school a position they are concerned about is French/World Culture. A support staff member has resigned which if that position is not replaced and an additional \$15,000 is added, the French Teacher could be brought back. Another need that exists is a person that has received a layoff notice and it is hoped they will be able

to place that person in a position with a grant. Looking at the three losses: a guidance counselor, a Spanish Teacher and a French Teacher that adds up to \$65,000. Supt. McKenney stated if the Council could find a way to provide the School District an additional \$100,000 those losses can be restored. Supt. McKenney also stated that if they should get more than anticipated open enrollment students an option would be to work repayment to the City. He thanked the City as the appropriation for the City this year is over \$100,000 from last year. The adequacy funds are not firm at this time but the latest figure is \$173,000. The School Board will vote on the budget at their meeting in June and then it will be brought to the City Council. Supt McKenney commented we need to have good programs for open enrollment. Mayor Merrifield questioned concerning a 60 day reporting requirement to the Board of Education on kids coming to us and does that shut the door on Franklin. Supt. McKenney responded that he talked to Matt Upton about that and that applies to Charter School Open Enrollments.

#### **Revenues – Page 1 of 6 – Section 4**

Manager Dragon advised there has been a change in how the budget is shown and asked Director Milner to explain. Director Milner stated last year a small step was made toward transparencies in that the County and City taxes were added together to try to get it to go from the tax cap formula page to the budget. This year another step was taken and you can go right from the tax cap page to the budget. The school budget is not in there but the amount that goes to the School District is shown.

Page 1 – Manager Dragon commented the City took a large hit this year with the Pilot agreement with Concord Regional Waste going from \$110,000 to \$8,000. The ash fill will close in FY15. She further stated the 53<sup>rd</sup> month in the budget this presented another difficulty, which means there are no steps and no COLA included in this proposed budget. She advised she has been working with Easter Seals and the Pilot Easter Seals shows \$11,000.

Page 2 – No major changes.

Page 3 – The Flood Control Reimbursement goes from \$38,000 down to \$12,000.

Page 4 – No major changes.

Page 5 – Change in Ambulance Fees which will require a change in billing changing it to 65% above Medicare and looking at an estimated increase of \$40,000.

Manager Dragon stated we continue to receive a contribution from Healthtrust in the Misc. Revenues.

Manager Dragon stated that is the major changes in revenues. She commented the budget was very difficult and that 53<sup>rd</sup> week was a real hardship on the budget.

Total Revenues is \$16,686,941 which is a slight increase due to tax increase from CPIU and the pickups is \$100,000.

### **Section 5 – Page 35 & 36 – Culture and Recreation**

Page 35 - Wages slightly down. Background check down.

Page 36 – Other Contracted Services – increase as food permit necessary for the kitchen at Bessie Rowell Community Center. Operating Supplies increased by a \$1,000 and Director Alpers added she took a \$1,000 out of the trophy line but trophies are supplies too but that is the reason it looks different. Misc. Supplies shows an increase as the tire swing at Odell Park has to be replaced.

Director Alpers stated those are the main changes in her budget this year. Councilor Wells inquired about maintenance of the two City vehicles Parks and Rec uses. Director Alpers stated the maintenance of the vehicles falls under Municipal Services budget and the gasoline is charged to travel reimbursement in the Recreation budget. Councilor Feener inquired as to how the Summer Program is doing concerning costs and fees. Director Alpers stated we are getting there, she stated she did increase the fees \$25.00 from \$340 to \$365 and stated her goal would be to get to \$530 the full price. Non-residents currently pay the full price of \$530.

### **Municipal Services**

#### **Buildings – Page 9**

Director Sullivan commented about his agenda report of several pages to the Mayor and Council and stated he felt it was important to bring everyone up-to-date concerning both water and sewer. He stated Councilor Giunta attended a Winnepesaukee River Basin Program with him and is aware of some of the challenges the City is facing.

Municipal Services takes care of all the buildings with the exception of the Fire Department Building and the Fire Department maintains their own building.

City Hall – 37% decrease and part of that is due to the encumbrances in other contractual services.

Proulx/Parks/Beaches – down 8%

Bessie Rowell Community Center – down 2%

Odell Cottage – Level Funded – Director Sullivan stated the heating of the cottage is the biggest problem and the Boys and Girl Scouts use the Cottage during the winter so we have to heat it. The building does need a lot of work and Director Alpers is working on a grant for that.

Total Buildings down 18%

### **Page 12 – Police Building**

Police Building – Down 20% and the main reason is they redid the flooring in the building last budget and that was about \$20,000.

### **Page 17 – Fire Station**

Fire Station – Down 3% Director Sullivan stated they did 2 meters in the Fire Station for water/sewer in order to save on the sewer fund and not charging water tanks to sewer and that line shows a reduction of 17%.

### **Municipal Services Administration – Page 24**

Total Administration – Down 2%

MSD Buildings – Up 15% Director Sullivan explained that last year it was determined the gas meter had not been working properly and the meter was changed as well as at the Police Department and costs certainly increased.

### **Highways & Streets – Page 25**

MSD Roadway Maintenance – Down 2% Director Sullivan noted that Other Contractual Service was level funded.

### **Page 26**

MSD Snow/Ice Removal – Level funded. Director Sullivan stated they went over 72% this budget season but found ways to absorb it. There was also about \$90,000 over in overtime. Director Sullivan stated there is a reduction in the companies that supply salt, down to three from four supplying the State and there is talk of another company dropping out and that drives the cost up but we use the State's price, District II which is the lowest.

MSD Drainage & Vegetation – Up 44% Director Sullivan stated he is concerned about this issue as there are many problems and they get so many calls concerning drainage. This has been increased by 4%; Other Contractual Services has been increased by 30% and Operating Supplies 77%. Due to the age of the system there are many problems, calls concerning drainage are many and a list of priorities is followed. Several catch basins have collapsed. The older basins were made out of steel prior to going to PCV Pipe and salt rusts steel piping.

Total Highways & Streets – Up 4%

### **Highways & Streets – Street Lighting**

Traffic & Street Lights – Level Funded

### **Highways & Streets/Other – Page 27**

Mechanical Garage – Up 1% Director Sullivan advised that is due to a re-grade in the Master Mechanic. The new fuel system is up and running.

**MSD Buildings & Grounds – Page 28**

Buildings & Grounds – Down 1%

**Sanitation – Solid Waste Collection – Page 29**

Curbside Collection – Down 2%

Recycling – Up 19% There has been an increase in demolition. Director Sullivan stated we are handling 617 tons of demolition at \$74/ton. Director Sullivan advised between the recycling and the demolition the City was saving \$94,000 which help to offset the \$154,000 for the truck.

Transfer Station – Page 30 Tipping Fees have increased from \$297,000 to \$336,000 which is a 13% increase. The City is recycling about 1,000 ton per year. The problem is nationwide as these recovery facilities were built 10 to 15 years ago when the packaging was different and now much of the packaging has changed and the recovery facilities won't accept it. You also have more municipalities entering the market, there is contamination (however, Franklin has never had a load rejected). All the facilities are having trouble moving their solid waste and they are also finding contamination and it is not just bottles not being rinsed out but some of the materials can no longer be accepted. When the City began it was \$15.00 per ton, then it dropped to \$5.00 per ton and then back up to \$7.00 per ton, then the City was paying \$8.00 per ton, right now the City is paying \$20.00 per ton and Director Sullivan stated he has been told it is going up to \$55.00 per ton.

Director Sullivan stated if we gave up the recycling and starting burning everything we would still spend more money and would have to run the pickup routes 5 days a week. \$55.00 per ton has been put in the budget but Director Sullivan advised it could be \$45.00. He stated the City's hauling cost are good and the City is very fortunate to have the facility in Belmont and Wheelabrator.

Total Solid Waste Disposal – Up 7%

**Page 31**

Transfer Station – Up 4%

Total Municipal Services – Up 3%

**Section 9 – Sewer Fund**

Director Sullivan advised they will be flushing lines again this year. Flow metering project is underway with the Winnepesaukee River Basin Program and when that project is complete and the City has its own flow metering determination can be made as to where the City is with I&I. He also advised that during the smoke testing it was learned that almost every building downtown is connected to the sewer system. The problem is the way each municipality is allocated and this is where the flow metering comes into play. Director Sullivan stated he has heard that way back Laconia and Franklin bought more into the system because they accounted for their I&I. Franklin is paying 22% of the capital cost and Laconia is paying 49% and it is hoped that after the I&I comes through Franklin may be no different that the City is currently. Director Sullivan advised there is no increase in the sewer fund this year. \$50,000 of retained earnings was transferred. Total projected revenues as shown on Page 1 of Section 9 are \$1,448,920 which is down 6%.

Looking at Page 1 and 2, Sewer Department Administration, it is 17% down. Director Sullivan stated that in the Sewer Fund, machine and equipment there is a proposal to do a 7 year lease/purchase an excavator and several months it has been necessary to rent an excavator at a cost of \$4,500/month.

**Section 10 – Water Fund**

Director Sullivan stated he hopes everyone will read his report as the City will be facing problems due to the antiquated infrastructures. There is an 8” and a 12” main on North Main Street and there are twelve services still tied into the old 8” main and the rest are tied into the 12” main. South Main has 24 services tied into

an old 8" Main and a new 12" main the services were never tied over. Nelson Street is very bad. There is a curb stop for service, no main. Some improvements have been accomplished on Nelson Street but there is still work to be done.

There are other streets with problems. Freeze ups were a problem this year. Curb stops had to be dug up and lines had to be steamed to unfreeze. Million gallons of water was lost last week from the Salisbury Tank that stirred the entire system up. Consideration is being given to relocating the Acme II Well by about 20 feet so the City can once again get 700,000 gallons a minute from the well. Because being down in production at Acme Well II, Acme Well I had to be worked on due too loss of production and a new well and motor had to be replaced in Acme I and these costs were unanticipated. After July 1 the Franklin Falls well will be refurbished.

Director Sullivan stated what the City is billing out does not match what is being produced. The proposed rate increase in the water is \$1.05 which would be going from \$4.76 to \$5.81. This is a 22% increase and would cover capital needs. The plant is working great, however, there are still aging pipes in the ground and Director Sullivan stated it is a constant challenge. Councilor Wells stated it is important that people understand what is going on with the water system and why a rate increase is necessary and ways to communicate this to all residents should be done. Director Sullivan advised that a full report is on the City's website. Finance Director Milner reminded everyone that .25 cents of the proposed increase was deferred from last year. Councilor Clarenbach commented that lots of places have a hydrant charge but under the tax cap Franklin cannot do that. Director Sullivan stated the hydrants on private property we might want to consider charging a fee in the future. Councilor Dzujna asked what the proposed rate increase would be for the average family. Director Sullivan stated the average household use 2,400 cubic feet per quarter \$29.00 per quarter which would be \$117.00 per year and the availability charge was just increased by \$10.00 so that would be another \$40.00 which would be a total increase of \$157.00 per year. Year 2012 a water rate survey was done and Franklin came in a little bit above average before the rate increase but a new one will be out soon. Director Sullivan advised that right now in the Water Department there is a foreman, two light equipment operators and one heavy equipment II operator. What is being proposed is to go to two heavy equipment

City Council Informational Budget Workshop

May 21, 2015

Page 9

II operators, one light equipment operator and one foreman and this will not affect the budget.

Mayor Merrifield advised the New Hampshire Municipal Association has agreed to sponsor a free two-hour program on Thursday, June 11, 2015 from 7:00 pm to 9:00 pm at the Salisbury Town Hall on the Right to Know Law.

***Motion to adjourn made by Councilor Clarenbach, seconded by Councilor Feener. All in favor; meeting adjourned at 8:05 p.m.***

Respectfully submitted,

Sue E. May