

CITY COUNCIL WORKSHOP MEETING
FEBRUARY 26, 2007

Prior to the beginning of the workshop meeting, the Mayor and Council met with the City Solicitor.

Call to Order

Mayor Palfrey called the workshop meeting to order at 7:45 p.m. and advised this workshop meeting is an opportunity for the Council to meet with the Department Heads and give them some direction concerning the upcoming budget.

In Attendance

Councilor Rabinowitz, Councilor Boyd, Councilor Starkweather, Councilor LaFever, Councilor Merrifield, Councilor Feener, Councilor Bowers, Councilor Andreozi, Mayor Palfrey Manager Doyon, Chief Clarenbach, Chief Haas, Director Sullivan, Welfare Director Stephen, Library Director Sargent, Recreation Director Charbono, City Clerk/Tax Collector Torsey, and Finance Director Ouellette.

Absent

Councilor Gassett

Mayor Palfrey asked what you see as the current direction of the City. Councilor Bowers stated the City has been on a good course for the last three years in trying to address issues such as infrastructure. He stated he feels this year will be one of the most difficult years the City has had in a long time. Development has not been as big as it has been in the past few years so it will tighten the purse strings even more, the County is taking a huge chunk. The big challenge this year will be trying to put a budget together where we can meet the expectations of the citizens for services. We are now barely doing an adequate job with the funds that we have. The staff does an outstanding job with the funds that they have but they are getting to a point where they are getting really stretched thin.

Councilor Bowers stated that we have not addressed many of the major problems with the roads, we have major water problems and these issues are not going to go away. We need to really punch the numbers hard this year and put our heads together and come up with some creative solutions to get some of these issues taken care of and it won't be easy. Talking about the effects of the spending cap, just because some conversations may be uncomfortable and may produce some unpopular ideas that doesn't mean that the Council should shy away from it, it should be hit head on and the Council should do what they were elected to do and take care of the City. And, it is not all about the tax rate, it is about taking care of the citizens too and true the tax rate is important but when people call in to complain usually the first thing they say is I pay taxes, what are you going to do. Councilor Bowers commented that concerning the downtown, if the City could get

something going with a corporation it might give some of the citizens a little more confidence if they see something finally being done.

Mayor Palfrey commented that the Council did come up with the funds to fix some of the roads last year because of citizens petitioning the City to get their road fixed. He stated his question is does it take the City to be petitioned to get moving on things. Mayor Palfrey then asked the Council what are the concerns coming from the residents.

Councilor Boyd stated the direction of the City has been pretty significant for the last several years and it starts with leadership. He stated one of the things this City has is very good leaders in our department heads. He commented with the last snow storm, how well the roads were taken care of in comparison to many of the neighboring communities. He stated people do that, people that the City employs. Councilor Boyd stated he has been a resident of the City for a long time and that he truly believes the City right now has cancer and that cancer is eating the City alive. The County taxes are part of it and there is no cure in the immediate future. The capital reserves are not going to be very fat, parts of the water and sewer system are ancient, they have to be replaced, the people are going to have to pay somehow, some way. The road improvement program is at an absolute minimum at best. He added we do a great job with what we have, thanks to our leadership and personnel. People make a great organization and we have the people, we need to keep them. He stated he believes the way the County tax is, they are out of control, they have no thought about the City of Franklin and could care less about the City's tax rate. As time goes on, the troubles with the sewer and water, the road program, salaries and benefits, future of the school system will get worse and the things we need to be doing we cannot do. Capital improvements is just one example. He stated he has not seen or heard any suggestions from anybody on how to take care of these issues and every year we come in with the tax cap and the tax cap tells us and that cancer keeps eating at that tax cap and there may come a day the City Manager will come in and say with the tax cap we have \$100 we can raise for the City. He stated he thinks one of the ways to cure that is the County tax is a huge deterrent and if somehow we could set that aside, think of what we would be able to do. He further stated he is not talking about going on a huge spending spree, but we would be able to sit down fill those minimum requirements that need to be filled for the City, it only makes fiscal sense to do that and to do otherwise and keep going is not good.

Councilor LaFever stated her concern is that we spend a lot of time in crisis mode and yes things get done but it is because of the crisis mode. Last year we got some roads done and depleted designated funds to do that. We don't have a plan, we take each crisis and then move on. She stated we will have to be a lot more creative than we have been in some of our solutions.

Councilor Andreozzi commented that one of the concerns that has been expressed to her is the usage and dealing of drugs in Franklin.

Councilor Merrifield stated he thinks he see the current condition of the City of Franklin in a much more positive light and a community is more than its City budget. The lives of our citizens are far more important and when you look at for example the value that is placed in dollars on the City as a whole, the property value over the last four years the City has increased its value faster than the State of New Hampshire, faster than the Town of Bow, each of the last four years. In business it is called a trend. There are very good things happening in Franklin and the amount of services that the City delivers for a community this size is remarkable. We have a fabulous team working for the City. He stated he understands some of the Council is not as enamored with the tax cap as he is but he asks it be considered that for the first ten years of the tax cap, 1989 to 1999, there is objective evidence from census data that shows that the income rose about 30%. Under the tax cap, our tax rate rose at nearly 40%. So, if we are here to represent the people of Franklin, keep in mind that we are already under the cap taking money from people faster than they can earn it even with the tax cap in place.

Councilor Rabinowitz stated his sentiments are similar if not identical to Councilor Boyd's. He stated he thinks all the department heads do an excellent job. He stated there are certain factors, in particular the County tax, which we have little or no control over which keeps going up and we can't control it. The tax cap is still good but it may have out-lived its usefulness. The fact is if we should have a major disaster tomorrow, we may not have the money to do anything about it. We have sewers as Councilor Boyd described as ancient, these things have a limited amount of life, they are going to go and if we don't start thinking about it now, and we need to deal with it now. If something happens we will really get the calls and everyone will wonder why we didn't do something about it when we knew about it. He stated he does not want to raise anyone's taxes to the point they can't survive and they have to move out but a small incremental raise, such as a 1% increase over the tax cap rate, would be very helpful and if you build the infrastructure, then it will build the City.

Councilor Bowers stated that he feels the City's resources are so minimal that the departments are barely getting by. He stated yes the Council does fix a crisis when it comes before us and it is at the detriment of everyone else. Something big comes up, the other departments will suffer. We have not been able to put any money aside. We did buy a fire truck this year but what about all the other things we didn't do. He stated it is time to stop looking from year to year.

Councilor Boyd stated he voted in favor of the water rate increases in the hopes there would be money there to fix some of the problems although he stated he feels some of the money needed will probably have to be bonded.

Councilor Starkweather stated most of the calls that he gets concern the fixing up of the roads so you can travel at a normal speed and the water mains. He stated the cost of highway repairs continues to go up and we can keep deferring it but each year it gets more costly.

Councilor Feener complimented all the department heads. He stated some of his contingents expressed their concern over taxes as he has quite a few elders in his Ward. They also express concern over the water/sewer. He stated he agrees that the County tax has been the biggest issue, that it is out of control and is unfortunate because it keeps eating into our spend able dollars. He stated as well as Councilor Merrifield, he is a big supporter of the tax cap and the voters were the ones that put that in and it has been presented and voted on and passed 3 times.

Councilor Bowers stated he would like to see the Municipal Services Director put something together for the Municipal Services Committee and come forth with bonding for some of the big issues. He stated he would like to see the Police Department at full staff and maybe another detective position added. He complimented all the department heads.

Councilor Starkweather asked Director Sullivan about the timber harvesting in the Great Gains Forest and at that time there was other City-owned properties which were to be researched and see what the possibility of doing timber harvesting on them would be. Director Sullivan advised that the Council authorized the Conservation Commission to look into Griffin Road and another piece off of Salisbury Road and the City Forester is looking at those and a report will be brought back to the Council. There is also some discussion of doing a timber harvest in another area of the Great Gains Forest.

Councilor Bowers advised that the CIP Committee has been working hard this year and will have a comprehensive plan showing the top priorities of each department. He stated the City must start funding the CIP.

Councilor Boyd mentioned FBIDC and stated they have been a huge partner for the City and their leadership has done many things that are very good for the City. Councilor Feener commented that we are still one of the few communities that count our ballots by hand and we need to consider ballot machines in the budget this year. He then inquired as to where the City is with the audit for 2006.

Manager Doyon stated that the conversation the Council needs to have about the City's current financial condition and its reporting is going to have to be a more detailed discussion with the Finance Committee. Councilor Feener advised his reason for asking is that we heard at the end of last fiscal year there was going to be a fund balance on the school side and going into the budget process the Council needs to know that.

Director Ouellette advised that the day she started with the City, the trail balance was out of balance by \$275,000, and she made additional entries to the tune of one million dollars for the City alone because of misstatements on the financial statements. The auditors were trying to get the numbers correct. She advised she instructed them to stop working because they charge by the hour. In addition, the way the school district is handled has a direct impact on what we see in the trial balance and financial statements. However, she stated we are not actually accounting for the school, it is cash in and cash out. She advised she is working as quickly as she can and would like to have the figures by June as by then she is looking at the next year's audit. Manager Doyon stated they will work very hard to get this done as quickly as possible without sacrificing an accurate starting point for the City. Part of the support that will be needed from the Council involves the dynamics between the City and the School with reporting and accountability. He advised they are looking for a way to isolate the school funds and keeping track of both the expenditures and the revenues. Manager Doyon stated we are the only dependent school district in the state that does not process all the school stuff but we are not looking to get into that either as that would create a whole new dynamic in the Finance Office.

Councilor Starkweather asked Director Ouellette how far back she is trying to reconcile things. She stated she was forced to go back to 2005 and happened upon another error that occurred in 2004 which appears that the expenditures have been overstated because of a program problem but she stated she is just trying to get to fund balance 2006. Councilor Starkweather asked if we could get a handle on the Trust Funds to see what resources could be used there. Director Ouellette advised she is working on that as well. Councilor Starkweather stated he has in mind a trust fund that was set up for the maintenance of Odell Cottage and the arch.

Manager Doyon stated that part of this discussion at this workshop is if we don't know what are perceived as the real problems we can't propose solutions to fix them so it is very important for the administration to partner with the council and make sure that we have a good understanding of what your constituents are telling you that is acceptable and what is not an acceptable service level to them. Manager Doyon stated one concern that he does have about the cap in general is that a lot of people don't understand it and he advised that one of his personal goals is to make sure that each of the councilors has a very good understanding of how it impacts the decisions that they make when they lay out the budget. Manager Doyon advised that the reality of being able to put any funds into CIP this year is very slim and some of that reason is due to outside influences. He also stated the retirement system changes their rates every two years and we are going into a new cycle which will hit heavily. The County budget will have to be met. Manager Doyon asked if anyone has given any thought to consolidating or eliminating or extending a particular service. Is there anything that you have seen in your travels and

conversations with other elected officials that makes you think they have something we ought to look at in the City of Franklin.

Councilor Merrifield responded that he does not know how feasible this would be but at one time Director Sullivan had suggested making our Transfer Station a hub for the area and somehow driving income for the City in that way. Director Sullivan advised there are some things happening at the State level that will allow curbside pickup to become enterprise funds. He stated as far as the Transfer Station on its own there is a possibility to make some money there, it would increase the traffic flow and put pressure on the personnel. Director Sullivan advised that the curbside program is costing the City more than going outside, equipment has gone through the roof and you have personnel and injuries to consider. He advised that private curbside pickup is always a consideration. Mayor Palfrey stated there would be a concern that City employees would lose their job but they could go to work for the private company. Councilor Boyd commented that if it can save the City money it is certainly worth looking at. Councilor Feener commented that if we can save money and provide the same level of service we should be looking at it. He stated a few years ago the school privatized the buses. Councilor Merrifield agreed that we should look at it.

Manager Doyon advised he would like to get some feedback on the outside agencies. He stated he knows the Council has been very supportive of FBIDC. Manager Doyon suggested that perhaps some of the funds going to some of the outside agencies would be better spent in the City's own Welfare budget. Councilor Merrifield stated in looking at how the residential population has grown in Franklin, it is absolutely critical that this Council and FBIDC continue to pursue marketing the City's industrial property, the City has to balance the growth in single family homes in the community with commercial and industrial development, he stated to him FBIDC is absolutely sacred. Councilor Bowers stated he agrees with Councilor Merrifield on that and he further stated the City is reaching a point where the Industrial Park is going to be full and the City will need another area to develop for commercial and industrial use. Councilor Feener commented that maybe this is the year we need to stress to the outside agencies that they need to look to other sources for some of their funding. He advised that some of the agencies can go after grants to help offset their expenses. He stated maybe in another meeting Welfare Director Stephen can advise the Council about the social service agencies the City supports and if a cut is made how will it affect the City's Welfare Department. Councilor Boyd stated the veterans' credit will be part of the budget and the State says you can go up to \$500 and the City is currently at \$100 and for every \$100 you increase the credit it costs \$42,500. He stated that the outside agencies aren't asking for that much but with all due respect and all are good causes it becomes a habit after awhile. Councilor Merrifield stated that the Finance Committee did look at the Veterans' credit but the dollars are so very significant that the Committee felt it was something the entire council needs to look at.

Comments from Department Heads

Finance Director Ouellette stated the top priority for her department is accuracy, accuracy, accuracy. She stated if the Finance Department can't give good numbers then no one is doing their job well.

City Clerk/Tax Collector Torsey stated the top priority for her department is voting machines, perfecting the water and sewer accounting system with MSD, the employees and the software company, and communication between departments. Councilor Starkweather asked if there is a problem with the software. Mrs. Torsey responded that in just the past 6 months her department has taken over the water/sewer billing and there were existing problems that we are attempting to fix as well as training the employees on how to use the system. Mayor Palfrey asked when someone registers a boat in Franklin, if they register in Franklin does that fee go to Franklin and if they register in Concord that money goes to the State. Mrs. Torsey responded that is correct.

Director of Parks and Rec Charbono stated his top priorities would be the maintenance of the parks, beaches and fields as well as maintenance of the Rec Center; capital improvements for the playgrounds and development of new fields.

Director Sullivan stated in regard to the Transfer Station update standard operating procedures and advised the flyers that were mailed to all the residents concerning trash pickup, one will be done for the Transfer Station. Develop user friendly transportation guidelines for the public, evaluate current disposal charges at the Transfer Station and adjust fees accordingly. Councilor Merrifield asked if the mailing for the Transfer Station would have mention of covering loads and Director Sullivan advised yes that would be in the flyer. For Building and Grounds continue to improve the mechanical systems within City buildings, attempt to address needs of the Recreation Department and City Hall while working with limited operating budget and personnel and re-evaluate and re-bid the cleaning service contract for all public buildings. For Vehicle Maintenance Shop, maintain current service levels for all City equipment, continue implementation of shop safety improvements aimed in improving employee risks and injuries and State Inspection requirements and implementation. For Highways continue to correct drainage failures due to recent flood events in October and May; complete FY07 road projects as approved by City Council and initiate work on FY08 road projects upon City Council approval in July, 2007. For curb-side collection, investigate feasibility of creating more user-based programs, eliminate commercial and multi-family dwellings from pick-up service; re-evaluate privatization of curb-side collection program and rewrite the solid waste ordinance accordingly; and continue to make the curb-side collection program more self-supporting with less of a drain on other divisions within Municipal Services. For water work on on-going hydrant flushing to improve water quality; install a water main on Munroe Street and work with the Municipal Services

Committee to put forward a bond issue for water system improvements based on the CIP Plan and adoption of a new water/sewer ordinance and construction standards. For the sewer, complete the 3A/11 Sewer Project grant and state revolving loan funding ; perform line inspection and cleaning to critical sections of sewer line where recurring failures occur; and City Council adoption of the new sewer ordinance and construction standards.

Police Chief Haas stated his department's priorities would be to retain personnel through training opportunities, work schedules, and equipment needs. Continue to work on the cultural department with emphasis on professionalism and positive relations with the people that they serve. Comprehensive review of policies, procedures and amend or re-write as needed. Implement new policies and procedures as necessary.

Library Director Sargent stated the library priorities would be to look into the hours the library is open; improve the technology which gets more costly each year; and be able to maintain material requests and individual service requests.

Welfare Director Stephen advised her priorities are to spend as little money as possible, however, with the rents in Franklin it is difficult, and the amount of welfare people that the City has seems to be generational and lack work ethic and no intention of working.

Chief Clarenbach advised that he has some observations. He stated this evenings activities are the right direction, that we need a solid plan from the Council in order for us as department heads to continue to move forward. He stated as the senior department head in the City, being in this position for the last 14 years it starts to really belabor your patience in where are we going and we are we just treading water. He stated he does agree with the comments that everyone here wants to do what is in the best interest of the City and sometimes that is very difficult when all of us department heads are competing as well to get our individual projects done. If the Council had a direction or a plan that was clear or clearer it would be better for all of us. Chief Clarenbach stated he truly believes that none of the department heads can make a mistake. We all have very little resources and that investment that the Council gives to the departments each year is to make sure that we plan, buy the best thing we can purchase and protect every single item that is put in our care. Chief Clarenbach stated Councilor Boyd commented that we could be headed down a path that isn't good and Councilor LaFever commented we are in a crisis mode and he stated he agrees with a lot of those things. He stated he has also been here through the entire time of the cap and understands its purpose and what it was here for. We have retired bond and interest payments that are converting to county and operating budget on a regular basis. Every single bond that is retired and interest payments every single year just go off and we never see them again, they never go over to help out the CIP which has been dwindling in years past. The road program there are

City Council Workshop Meeting

February 26, 2007

Page 9

no local taxes invested in the last 2 or 3 years other than what was appropriated last year from fund balance. We are going on 3 or 4 years with nothing but State money, whatever the State grant is that amount is put in the budget for our roads, so if the roads are getting worse it is because the City is not spending any local tax money on them. CIP is in crisis mode, this year we were able to get \$120,000 to purchase a fire truck, prior to that there was \$20,000 and the year before that \$50,000, which is not adequate replacement with infrastructure or for buildings. We need to look at all those things that the City has just continued to do every year with a close eye and determine which ones we can continue to do and which ones we can't. Trash will be a big issue in the next 5 years, if it's recycling, curb-side or privatization. The School District has gotten a million plus more from the State funding formula, we should be in good times, a million dollars last year, a million dollars this year, at some point what if something happened with the funding formula, it could be reduced or it could go away and then we would be a million short. We can't keep the City-side of the house in order because the County keeps taking away and if we were to lose a million dollars in the school side, where would we be. The cap was installed and worked when the City was not growing and from 1989 to 2003 the City did not have any new developments, didn't have any residential growth, 2003, 2004, 2005 and 2006, new neighborhoods began developing, additional streets and more kids in the schools and it's not time to tell the cap to go but we need to look at the long-term impacts that the cap has on the City when it is growing.

Planning & Zoning Director Lewis stated the priorities are to continue with the updates to the various regulations, site plan regulations, zoning ordinance, etc. Continue to work on the mill district redevelopment. Improve operational activities, data management, etc. He stated regarding trash there is a bill before the legislature that would allow cities and towns to have an enterprise account for trash pickup but the question is if trash pickup costs every household \$50/year and you have people pay that if you don't put that money back into a capital program you may not be ahead of the game.

Finance Director Ouellette stated she is very concerned about the spending from fund balance because what that reflects to the open market is that the City is not planning its finances. Mayor Palfrey commented that the fund balance got rather high 15%. Director Ouellette responded respectfully if it got that high there are problems with the budget. Councilor Merrifield stated it is worth mentioned that from 2000 to 2006 the undesignated fund balance grew by 50%, by \$500,000 so maybe there was something with the budgeting.

Manager Doyon asked the Council what is the number one complaint you hear from residents. Water and roads were the answers the majority gave, one also mentioned taxes. Manager Doyon stated that most of the things that have been said here tonight were said last year and he encouraged the Council to go back and look at the slides from the survey that was done. The Council needs to decide if we are going to do things differently this year.

AIANH “Blueprint for America”

Motion made by Councilor Merrifield that the Franklin City Council authorize Mayor Palfrey to sign the letter of support dated February 26, 2007 for an AIA “Blueprint for America” design service award. Motion seconded by Councilor Feener. All in favor, motion passes.

Manager Doyon advised the City is getting ready to review the 10-year plan which is a product of the Regional Planning Commission (TAC) whereby they recommend certain projects in the area and is then reviewed at the State level and then reviewed by the legislature and adopted. For some projects on the list it is more like a 30-year plan. Franklin has two projects. The first project is the I-93 connector which has an engineering study for one million dollars. Manager Doyon stated there was a State official at the last TAC meeting and he was not aware of the project which makes you think it is not a high priority with the State and the likelihood of this project happening is very small. He asked the Council if they continue to support efforts to get another connection from Franklin to I-93. He stated one reason it is important is there is only one river crossing to West Franklin. Mayor Palfrey commented that he believes it was 20 years ago that the project for Exit 21 across the river was killed which was an extension of Route 11. Mayor Palfrey stated the City does need another option to cross the river. Councilor Merrifield stated he is absolutely in favor of this project. The Council advised the Manager that they support this project.

The other project is the Industrial Park Intersection and engineering plans were funded through a grant with DOT so there are plans on the shelf for this intersection. This project got inserted into the 10-year plan and the TAC Committee was not pleased with that. The project was submitted to be municipally managed with a 20% match and the project is estimated at 2.8 million dollars, so that would be a \$700,000 project for the City in 2011 and the City would have to put away \$140,000/yr to make the match. Manager Doyon hopes to have this project moved up and the cost reduced.

Workshop meeting was adjourned at 9:35 p.m.

Respectfully submitted,

Sue E. May