



**City Council FY19 Budget Workshop - Meeting Minutes**  
**May 14, 2018 – 6:00PM**  
**Franklin City Hall**

Councilor Clarenbach called the meeting to order in Council Chambers at 6:08PM. Mayor Giunta joined the meeting at 7:28PM.

**In attendance**

Councilor Clarenbach, Councilor Desrochers, Councilor Trudel, Councilor Dzujna, Councilor Moquin, Councilor Zink

**Others in attendance**

City Manager Milner, Director Brian Sullivan

*Absent:* Councilor Brown, Councilor Barton, Councilor Ribas

The pledge of allegiance was led by Councilor Desrochers.

**Budget Overview for the Municipal Services Department**

Director of MSD, Brian Sullivan began with mention that this is his fifteenth budget review since he held his position with the City and as councilor Clarenbach has always stated, it's how we survive; it's all about the bottom line. He stated that Judie will review the payroll and benefits information, which is where you will see most of the increase. This year the overall budget has increased by two percent since last year's budget; it's mostly due to benefits costs. Operations of maintenance are level funded.

Director Sullivan began on page 95 of the Proposed Budget. This page does not show any wages. We are at a zero percent increase. MSD is down overall by 29.9%. The reason for the decrease is that we have a proposal to bring the cleaning positions for City Hall, the Library, and the PD into two part-time positions, which shows a savings and more continuity. Councilor Dzujna asked if the library is still doing their own cleaning out of the Trust and Mr. Sullivan responded that yes that is what is being proposed. Park and beaches are up 3.7% overall. Each line has been level funded. There is an 8.9% increase in other contractual services because the restrooms are being kept under other contractual services. O'Dell cottage is flat level funded. The Bessie Rowell Community Center is a zero percent increase. There is an 8% reduction in the total general government buildings in these four buildings.

Director Sullivan then reviewed the Police Department increase under the Water and Sewer section. He stated that there is a 25% increase, but there is a 75% reduction in building repairs. Contractual Services are down almost 86%. The cleaning service is being cut out and it's coming in house. The overall increase for the PD is 45% less than last year's budget.

He continued with the Fire Station's budget and stated that it's pulled together by Chief Lachapelle. The total cost is up 18.2% overall due to electrical upgrades and a new fire station generator being installed. City Manager Judie Milner stated that the generator is part of our match for the grant that we put in for. We have not heard if we have received the grant yet, which is why the money was added into the budget.

Director Sullivan then reviewed the Municipal budget which is level funded all the way down to maintenance. It is down 4/10<sup>th</sup> of a percent. The expenses are flat except for the salaries and benefits. Next, he discussed Municipal Services Highway and Streets.

Engineering has been cut out and will be applied to the cost center. That money is rarely spent so we cut that out. City Manager Milner stated that there is a change in this presentation for this budget in that all debt service that is capital related shows up under debt service at the end of the budget. The uniform cost center is down 7.4%. The snow and ice are level funded. If we should go over in snow and ice it is taken from other line items such as roadway maintenance, drainage, or sometimes traffic lights. In March we always start with a fund balance. A lot of money is not spent until after the season because we don't know what it is going to do in the winter. Municipal service traffic and street lightning that pays for the cost for electricity and our payment for LED street lights. Line painting and other non-capitalized cost which are offset by the block grant. The block grant is applied to various cost centers such as roadway maintenance, tree removal, drainage, anyone that is brought in, and road work. Traffic and street lighting are level funded.

Municipal service's garage has aging equipment which requires parts in order to keep this equipment running. We have a large fleet and seasonal duties such as, mowing, street sweeping, plowing, transfer station, and curbside pick-up. The department maintains over 78 over-the-road vehicles which include police vehicles and fire with only two maintenance men. We have been giving overtime instead of hiring a third person. There is a decrease of 1.1%. Mostly because of a staff change with lower pay grades. Councilor Dzujna asked if there were plans to upgrade the maintenance building. Director Sullivan replied that there isn't. Councilor Clarenbach stated that vehicle parts are over spent by 50% and wants the budget to reflect what we are legally obligated to do and all the nice to haves need to be cut back. This year's focus is on the bridges in the area. Every other road that we propose for paving we cannot do. We have some money set aside from the finishing of the road paving from the MTIF funds. It costs \$700,000- \$800,000 to pave one mile of road. Director Sullivan expressed concern of the

sweeper and a few of the other trucks that may require expensive maintenance or repair. Overall, the total for Municipal Services highway is down 3.6%.

Director Sullivan proceeded to the Building and Grounds section which is showing an increase of 29.1%. This is mainly due to two part time employees have been hired to take over the contractual services cleaning. When new employees are hired for the contractual services cleaning, we are required to run a background check because they are working in city buildings. This year, we are budgeted for these new employees to work thirty-two hours a week; the library is helping to contribute to this. City Manager Milner stated that the Police Station was audited and now every person that enters the police station must be escorted unless they complete a security training course. Cleaners and other non-PD personnel will have to go through this four-hour training class and take a test to get clearance otherwise they need to be escorted. This year the cost has brought us forty-five hundred dollars over the cost of the cleaning contract (before the increase that they were going to give us). These positions are exempt from a union contract. We are expecting it to be a better service than what we have had in the past. We are expecting it to be a decrease moving forward. With the 2 part-time cleaners and full-time custodian, they can cover each other's shift so overtime can be eliminated.

Another challenge is in the bathrooms in the parks. Rocks and other items are shoved into the toilets which are costly to continue to keep fixing. The vandalism is horrendous and too much time is spent on vandal repair. There have been discussions around providing port-o-lets. Councilor Clarenbach asked if it was cheaper to rent toilets. If it continues to get worse, we will have no choice but to go that route.

Director Sullivan moved on to page 123; Solid Waste. Curb side collection is down 4.6% partly due to fuel cost decreased a little. However, we are finding the volume for recycling is increasing. More product than estimated is being shipped out causing an increase in our estimates for tonnages that we are using. He stated that this money is one hundred percent off set by revenues. The other contractual services line had to be adjusted a little; there was a price increase. Overall, we are seeing an increase in tonnage for that too. The tonnage is increasing by about a hundred ton a year. This is due to people building, demolishing disposal, and clearing brush. There has been an increase in residency and rehabs.

The transfer station is up 6.1%. Some of this is due to salary, benefits, and an increase of tonnage. More trash is being put through the plant. Director Sullivan stated that the recycling market has just gone to pieces. Our program is still intact, but it has to be diverted the recycling to Wheelabrator because we would have to pay \$136 per ton with Bestway (it is the closest facility). All of the tipping fees have gone up with recycling. We can burn at the Wheelabrator plant for \$68 a ton. This is an issue with every community right now. The overall quality of single stream recycling is not good. We are accepting recyclables at the Transfer Station.

Although, the curb side recycling is on hold until the market comes back, we are keeping the program intact. He stated that once you go the other way, you will never get it back. Councilor Trudel asked about the possibility of the transfer station being open two days instead of three days. Per Brian Sullivan that is not possible because they are only able to cover so much per day (curb side trash, bringing items to the Wheelabrator plant, etc.). Councilor Clarenbach stated that the cost of curbside trash pick-up is going to become more and more expensive.

Councilor Moquin asked what the City is required to do as far as trash pick-up. Director Sullivan responded that we are not required to do anything. Replacing the garbage trucks would cost \$275,000. Councilor Zink asks how many residents do we pick-up for. Director Sullivan stated that we had 1,800 stops on Mondays, Wednesdays we have about 1,600 stops, and on Friday we do about 1,600. Councilor Zink stated that it would be very beneficial to hold an Enterprise workshop on reviewing costs associated with trash pickup because there are clearly a lot of costs associated with this. We have an entire increase of 2% which includes salary and benefits.

Director Sullivan stated that the 3 main concerns about creating these budgets are the things that are regulated by the state. These are the water system, the sewer system, and the trash. All of these have to be reported to the state due to health reasons.

Director Sullivan expressed concern on the unpredictability of the department. Every day is pretty much dealt with in reactionary mode. Many things can't be controlled and the materials used to maintain the City's main systems are antiquated. His team works very hard and tries the best they can to stay on top of the day to day demands. It's very hard to plan the capital projects out when unknowns surround old systems and materials.

Councilor Clarenbach stressed that it's getting harder and harder to continue to provide the services that we always have and when it gets impossible, we will have to answer to the state and be able to provide those things that we are required to provide and possibly charge fees for other services that we didn't need to before.

Director Sullivan discussed the Water Administration Budget next on page 151. We are level funded and have done several increases in the last few years that are very necessary. These increases will likely continue. We have an extensive and complex water system with very few costumers. Water consumption is down. That effects our sewer department revenue. There's a slight increase for Admin. Councilor Zink asked about the increase in debt service principal. City manager Judie Milner stated that the debt service interest has gone down. Zink also asked for explanation on the \$60,000 that was budgeted in loan forgiveness for two of West Franklin's water tanks.

Director Sullivan stated that Water Distribution shows an increase of 4.3%. This is due to an assess management grant that will be offset by revenue. Distribution is up a little. He continued

that Water Supply is level funded. The Water Treatment Plant is up 1.7%. These annual costs are difficult to budget because they do fluctuate.

Sewer Administration overall bottom line shows a 9.4% increase. We have two grants coming in; USDA Grant and a DES grant. Much of the sewer department's budget goes to the Winnepesaukee River Basin Program. The state controls 66% of the budget.

Water Enterprise Revenues was also reviewed. Expenditures have to balance to the revenues. We are looking at a 1.3% increase in the water rate. This is based on our expenditures. The manager's proposal cut the cost of living, down and also cut the step increases out. This is the reason for the difference in the rate increase.

City Manager Judie Milner reviewed Revenues. The major decrease is that we are no longer receiving a pilot from Franklin Regional Hospital. An increase there is the recently voted pilots for our 6 solar sites. The assumption is that they will be built in half year increments. Therefore, it has been prorated for a half year. She stated that the Interest on delinquent property taxes, when we climb out of a recession, interest on our bank account goes up and interest rates on delinquent properties go down. The State of New Hampshire has made it more difficult to collect taxes. Starting on 4/1/2019, the interest rate on delinquent taxes will go from 12% to 8% and interest on property loans, or tax deeded property, is going from 18% to 14%.

City Manager Milner continued explanation of licenses, permits, and fees. Our licenses have gone up between \$200 -\$1,000 dollars. Motor vehicle registration is a rolling average and has gone up. We have noticed about a 6-year average. Building permits are up. They have been up for the last five years. Municipal agency fees are the same. Dog licenses are up; they have been up every year.

Milner continued with a review of Revenue from federal and state government. The meals and room tax are level funded. We do not know this number until we set the tax rate. The Highway Block Grant looks like it went down, but we had a one-time surplus revenue of \$176,000 dollars, which was for the Haynes Brook repair. The grants that we have budgeted in right now are the VAWA for \$30,000 and the Mayor's Drug Task Force for \$127,000 dollars. Sustainability for the Drug Task Force is currently being looked at.

Next, Milner reviewed Charges for Services. Municipal Services has gone up \$1,500 dollars. Disposable of waste and demolition fees changed. Recycling revenues is an extra \$2,500 dollars. Finance revenues are the same. The Planning Board went up a little bit. Revenues for the Summer Program have gone up. It is expected to be closer to the \$50,000 dollars that we are budgeting this year. We are not issuing very many pistol permits due to new legislation. Police reports are up. Parking fines are down. Witness fees are down. Fingerprinting fees are down as well. K-9 is the same. Fire alarms are the same, 37 fire boxes at \$250 dollars per box. There is a new program called a Listed Agent Program. That is expected to bring in \$1,500

dollars. Miscellaneous fire fees are down. Ambulance billing is up a lot. Andover did vote for us to take care of their EMS services. They put \$80,000 in their budget (not included in this line) and we are getting all of the billables for the ambulance services which we believe will be about \$90,000 dollars. This totals \$170,000.

Milner stated that Miscellaneous Revenue, Interest at Franklin Savings Bank went up. She reviewed the Contingent Grant Revenue, which is the same. Contingent Revenue for the Mayor's Drug Task Force is there for us to record the match for the government. The Court House is zero. That \$100,000 bond was paid off last year. The Court House paid half of it. So, we are no longer receiving the revenue from the State of New Hampshire. Shared costs at Bessie Rowell are the same. The cable franchise fees went down a little bit. Sales of municipal properties went down a little bit. That is an adjustment from last year's budget. Miscellaneous revenues look like it went down a huge amount, but we had a fire at 31 Church Street. The proceeds from the insurance are in appropriation for FY18. Welfare reimbursements is way down. We got to a point on our Lean List where people who are left are not going to pay in advance.

City Manager Milner continued stating there is a new line for the cleaning service for the library. Water and Sewer also paid a portion of the cleaning service since they will also use the service. Transfer from Trust to Agency is the exact amount to offset O'Dell Park. The revenues for Demolition Disposal are expecting to change. Fire permits revenues now show \$0 due to the State taking over the collection. The dig permit is increasing to \$200 dollars. VIN verification is a new \$10 dollar fee. We are proposing to eliminate the parking fee for the City lot. There is one person who pays \$200 dollars a year.

Next, Milner reviewed Wages and Benefits. There are a couple of changes in the position listing. In in the Fire Department, sometimes a new hire doesn't always have the same experience with the same title and adjustments need to be made. For example, a Captain was promoted to Deputy Fire Chief and the person who was hired to fill the Captain position was a Captain but not a Captain/Paramedic. So there are adjustments are made based on this type of hiring throughout the year. A Master Firefighter resigned. A firefighter/paramedic replaced that position. We still have a City Clerk position from FY14 that is still not funded. She continued stating that the City has two proposed positions for firefighter/paramedic with the Andover contract. Library has not changed. Municipal Services has one position still open and not funded. In FY 19, we are recommending reclassification of a light equipment operator, in Buildings and Grounds, to a Grounds-Custodian. Every position under Rocky in Buildings and Grounds will be called a Building and Grounds Custodian. The part-time secretary at the Police Department is still partially funded from FY14. We also have the addition of our new K9 officer, Maverick. He will be finishing training just as Max retires. No changes in Recreation or Welfare. The drug free community project coordinator is 100% covered by the grant.

Next City Manager Milner reviewed the Wage Matrix. For FY 19 there are 21 grades instead of 22. There were three empty grades from FY 18. Two of those grades were filled in. The COLA for this year would have been 2.1%. The steps in the budget are usually funded instead of the COLA. We do it that way so that it is a merit system. There are 30% of our work force that are on the last step of their budget and they have not seen an increase in five of the last nine years. We took step one of our current pay grade and step one of our 2014 paying class study and found the difference. We have been working on the biggest differences first. There is a position in fire that is still five dollars an hour off from the 2014 pay study. That position is a union position. The union is not open. So that position is not considered for this budget. There are four positions that are still \$4.67 an hour off and \$3.39 an hour off since 2014. There is an adjustment in the budget for these four positions.

Councilor Clarenbach stated that it's obvious that we are considerably underpaying our staff and asked if we have looked at and considered the Benefit portion. City Manager Milner stated that yes this has been considered and it gets employees closer to the guidelines. Clarenbach stated that this needs some better long term planning and projections.

Health increase is 6.48%. Dental went up 20%. We are still under our delta rate from when we moved from HealthTrust three years ago. Workers comp went up 7.2%. Unemployment stayed the same. New Hampshire retirement stayed the same.

Next year will be going out for RFP for Benefits. Milner concluded with notice that there are five interviews for Finance Director scheduled on Wednesday.

Mayor Giunta asked if anyone had any questions. There were none.

**Motion to adjourn was made by Councilor Zink.**  
**Seconded by Councilor Dzujna.**  
**All in Favor. Motion PASSED.**

**Meeting adjourned at 8:19PM**

Respectfully Submitted,

Audrey Lanzillo