



Approved as amended by the City Council on January 7, 2019

**City Council FY19 Budget Workshop Minutes**  
**6:00PM - Council Chambers**  
**June 18, 2018**

**Call to Order**

Mayor Giunta called the meeting to order in Council Chambers, Franklin City Hall at 6:00PM.

**Council members in attendance:**

Mayor Giunta, Councilor Ribas, Councilor Clarenbach, Councilor Brown, Councilor Barton, Councilor Desrochers, Councilor Trudel, Councilor Moquin, Councilor Dzujna, Councilor Zink

**Others in attendance:**

City Manager Judie Milner

Salute to the flag was led by Councilor Trudel.

Mayor Giunta began the discussion asking City Manager Milner to provide an update on the City Manager's Budget. He also informed the Council that there will be a couple of motions this evening and wanted all to be aware.

City Manager Milner began with a brief update on the Pittsfield meeting that was held last week. Several Councilors, City Manager Milner, Superintendent LeGallo, and members of the school board also attended this meeting in Pittsfield. The purpose of the Pittsfield meeting was to discuss the Adequacy Education Funding and why we are back to where we were back in Claremont I. She stated that one of the original lawyers from this lawsuit now works for the State of New Hampshire so he can't be on the legal team. Another lawyer is semi-retired and wants to handle this case pro-bono but is looking for a few other volunteer lawyers to join forces. Milner asked the Council if it would be ok to invite the team to Franklin for a presentation also to include our neighboring communities. The Council was in consensus to invite the team and present out the findings and next steps. The school board is aware and in support of this presentation.

City Manager Milner next began her review of the budget. There is an Eversource pick-up situation regarding changes in values. Milner denied an abatement request from Eversource and did not see any response from the abatement denial within the 30 day window. However, they do have until September 1<sup>st</sup> to challenge this denial. Due to this, the City did not pick-up the Eversource change in value for the current year. This is estimated at approximately \$8M. She also added that Eversource depreciates on an accelerated rate. The City depreciates on a straight line method over the life of the project. Milner stated that she is extremely uncomfortable with bringing in the entire \$8M at this point. Bringing in \$4M of the \$8M of the pick-ups instead, brings us closer to where we need to be and then also be able to give the school district \$102,240.

Milner informed the Council that there was a transfer to the Capital Reserve Fund for \$54,982. This transfer was the expiring Police and Courthouse Bond. This was holding the place for a possible bridge bond for Daniel's Bridge or for some road work on Central Street. This can move over to the school as well totaling \$157,220. At this point, this is all City Manager could find for the school. Police, Fire, MSD do not have any buffers. Parks & Rec are 80% funded by other sources. There isn't any low hanging fruit to grab at this time. Certain level of services provided to the City would be lost with budget cuts to them.

Mayor Giunta mentioned the lapsing Fund Balance on the school side is \$160K. City Manager Milner stated that the Council typically lets the school district use that and appropriate it the following year. The school district did appropriate a \$50K payment associated with the Middle School roof. The City obtained a \$2M note that will close in July, the Energy project piece will be funded by the Energy savings but the Middle School roof will not be. The school put the \$50k appropriation in for this fiscal year but they will not need it because the City is closing on the note in July so that is another \$50k that the City can use to help close the shortfall of \$412K

Councilor Zink pointed out to the Council that the school has already appropriated the \$160K so we shouldn't be counting it again. City Manager Milner stated that the school had only just asked permission to utilize that \$160K and didn't expect to see it already appropriated in their presentation.

The Council reviewed numbers arriving at \$207,220 for the school.

Councilor Brown asked City Manager Milner what were her finding after analyzing a 50/50 split of the budget between the City and Schools. Milner replied that she reviewed eliminating trash pick-up but with our current absentee landlord population, this probably would not work well for the City. There would be a lot of trash along the sides of the road. This would affect investors coming to our City.

City Manager Milner continued with elimination of services with the Fire Department, there would be longer wait times for the ambulance which in turn affects survival rates. She began looking at eliminating an RSO officer and some road patrol at the Police Department and only allows officers to go out on an emergency call. City Manager Milner stated that the patrol officers deal with things that the City does not want going on here. It is very important to our City and does not recommend making cuts here either. Safety for our residents and officers is a number one priority. The Library is also important for our community. It offers a place to go for the older children, it organizes programs for the younger children, and use of the public computer for residents who don't have one are very much needed in our City. Milner stated that we could severely reduce the operating hours or close it altogether but it would be a big loss for our community. Looking at the Welfare Department, if the City eliminated the Welfare Director, Milner stated that it would be a huge mistake. Welfare was once a \$250K budget now only \$87K due to Director Ryea's resourcefulness and diligence. City Manager continued to explain that the

Assessing Administrator could take over the Planning and Zoning's Secretary position but they are extremely busy in that office so that would be very difficult. Planning and Zoning's Director, Dick Lewis, is very busy and needs help with many administrative things. Mr. Lewis is also our Grant Writer and Special Projects Coordinator. With the many new development activities kicking up, he is extremely busy leading all of that great work and eliminating support assistance for him, would make Mr. Lewis have to handle all of the secretarial duties as well. This would not be a feasible decision.

Councilor Desrochers asked why the formula that's been used for the City, up until 2014, worked reasonably well. The formula doesn't work anymore. The school is \$1M short every year and over the past couple of years, the City has given the schools approximately \$2.3M. He also asked people to think about the fact that if we have no trash pick-up, no ambulance, no SRO, no police driving around, and no library, who will want to come to live in Franklin or even want to stay living here. Desrochers asked the school to financially plan better and make adjustments in other areas. He stated that the school shouldn't just come before the board and ask for more money year after year without a justifiable reason and financial plan.

Councilor Barton stated that last year, the school planned a cost of \$13,000 per student and this year it is \$15,000 per student per year. He asked that the school go back and review their budget line by line then come back to the Council and discuss again on July 2<sup>nd</sup>.

Councilor Clarenbach stated that over the last four years, there has been a significant downshift (of the Retirement System and loss of revenues to the schools) from the state to the City. The CPI reduction of less than 1% will compound and combined with higher costs, the problem quickly worsened. The City is responsible for educating our students but by giving the school \$200K at this point likely isn't going to do much and the education here is already suffering. The state's math proficiency rating is 49% state-wide and Franklin's math proficiency rating is only 22%. This is a City-wide problem and we need to re-align the important aspects, City-wide not just the schools and not just the municipal government. He stated that the July 2<sup>nd</sup> isn't enough time to solve this problem. We need to come together and keep working this out. If we don't figure something out by July 22<sup>nd</sup>, the City Manager's budget will default.

Councilor Zink addressed Councilor Barton's comments on the per pupil cost. She stated that the school wasn't including grants in the per pupil cost where they were previously. She also agreed with Councilor Clarenbach to take the next couple of weeks and meet with the school district before passing the budget. The deadline is approaching and we are getting close to that. Councilor Zink asked City Manager Milner to look at page 180 in the Budget. With regards to the Capital Items that the City plans to fund this year, Zink asked if a few of the items were really needed.

City Manager Milner responded to the Capital items stating that page 180 shows the approved Capital items from last year, the items highlighted were funded in the FY18 Budget; they are complete. She

then turned back to page 137 and see that Milner zeroed out all the Capital items for this year already in the budget.

Mayor Giunta stated his concern for zeroing out the Capital Items for this year and asked City Manager Milner to explain the risk of doing this. City Manager Milner responded stating that every year the City zeroes out the Capital Projects and manages by utilizing possible surplus in other areas. Both the City and school have been operating this way for some time and not the most comfortable way to plan needed projects. Some projects that need to happen don't happen and it's unfortunate.

Mayor Giunta also added that over the years Franklin has been lucky sometimes with one-time pick-up and would send the money over to the school and every year the same statement is said. This is one-time money. The school budgeting process needs to be straightened out. He continued that there were even suggestions of consolidating certain areas and the school responded with an adamant no. Suggestions were not being considered.

Mayor Giunta further mentioned how Northern Pass was coming and we all planned for that but unfortunately it hasn't happened.

City Manager Milner stated that as adversarial as it seems, the City and School are working together better than they have in the past. She believes this isn't a problem that can be solved in the next six weeks and why she recommended a City-wide efficiency study which includes the school and municipal departments. Milner stressed that she truly believes that this is the time to do the independent study and have a third party help us do the analysis so we can start serving our residents better. She wants the Council to consider doing this study as it is not part of the Manager's Budget.

Councilor Clarenbach stated that there is not enough cost savings to this right now. He's not opposed to doing it but the bottom line is we need to cut services. We continue to provide services that we are not bringing enough money in to pay for. Clarenbach also believes that the City needs to send some sort of funds to the school and show good faith even if for another year.

Mayor Giunta stated that if we end up spending \$250k for a consultant to come in and do the study, there has to be some kind of MOU. Both parties have to agree to do whatever they say they are going to do. Councilor Dzujna acquiesced.

Councilor Dzujna stated that it is important to the children of Franklin to fund the schools but if we have to cut Fire and Police to do that, then we are not looking at this the right way. He added that there are people out there just waiting to find a City where there is no Police enforcement so they can move right in.

Mayor Giunta stated that this can't be solved tonight unless someone finds another \$200K in this budget. He posed a question to the school to include the replacement of the open positions and go back through their budget.

Councilor Brown referred to the School Budget that was handed out and the Financial Committee Meeting. She then asked about the Grant Writer position and that it shows they brought in \$1M of new funding. She clarified with Amanda Bergquist that it was not new funding. Amanda told Councilor Brown that \$800K was for Special Education and \$200K for Title I. Councilor Brown felt this was misleading information to state it was new grant money for \$1M. In another area the school showed Tutoring Salaries budgeted at \$45k but only used \$1,629 with a couple more months left of school. There appears to be a similar situation with the line for DCYF. Councilor Brown sees an opportunity to look closer at these items and adjust. There also appears to be a lot of Supply redundancy. Councilor Brown reviewed other areas where the school budget for prior years showed considerably higher projections to what was actually spent.

Mayor Giunta asked City Manager Milner who Councilor Brown should meet with to get answers on these questions. City Manager Milner stated that she should sit with Superintendent LeGallo.

Councilor Moquin addressed the school stating that her children are in the Franklin School System and it is very different today than 14 years ago. It's been a slow reduction in services. When one of her children was a freshman at Franklin High School, she didn't have any classes for half of the school day. During that time, Councilor Moquin used VLACS just to fill a slot or two and it wasn't a great class experience. When talking about this budget and what the school needs, consider what she described of her child's experience from two years ago. Moquin concluded that it's not just about looking at the line items; also consider the teachers and the level of expertise the children deserve.

Councilor Brown stated that she met with Superintendent LeGallo and Principal Charette last week walking through the High School, reviewing curriculum, and can see a lot of other positive things happening there. They discussed the Extended Learning Opportunities (ELO), possible adjustments to the block schedules, and controlling time off campus for Juniors/Seniors. She wanted everyone to know that she appreciates all they are trying to do to provide the best education and opportunities for our students. Her mother and grandmother taught at Franklin High School so she takes great pride in the education system here. There are definitely opportunities to make some needed improvements. A new Finance admin will be coming on board. As a start, she would like to sit with the Finance team and better understand how they make their projections.

Councilor Brown expressed great passion of ideas in coming together from both the City and School side to look at this together and figure out the priorities. Some things have to change; it can't be the same thing year after year. She agreed with Councilor Moquin that the early July deadline is not enough time to work through this. This must be a team effort.

Mayor Giunta stated that he would like Councilor Brown to sit down with the City Manager Milner and the School Finance team and go through their budget line by line. He stated that there are two areas of focus here. One is to sit down and review their budget line by line and the other is to forget about Northern Pass and find other ways to raise revenue for the City. Mayor Giunta challenged every one attending this evening to spread the word and let people know that Franklin is a great City to move to. He currently receives reinforcement from our local business owners who are looking to buy property here and speaks to many other people who love this City. If any one of us projects a negative view of this City, the right people won't come here.

Councilor Moquin stated that it is difficult to tell people the positive things when we continue to have these same growing issues year after year. When families ask what is changing, there really is no great answer and it's difficult.

Mayor Giunta responded to Councilor Moquin and offered a way of turning the conversation around by mentioning the Stevens Mill, Chinberg, and the Water Park projects planned for Franklin. There is a plan in place to help bring in revenue and that we are taking steps forward.

Councilor Zink calculated that the City needs to collect \$35.62 from each resident to help find the money that schools need. She asked what kinds of additional fees we can charge to raise some revenue.

City Manager Milner responded that we can look at certain things but it will take some time and a few things are regulated by RSA and can't be changed. This could take approximately 6-8 months and currently part of workshop discussions.

Mayor Giunta sternly stated that he will veto any attempt to override our tax cap.

Councilor Barton and City Manager Milner discussed the per pupil cost and how that is actually figured. She used Dover as an example. Their cost per pupil is \$10,000 and Bedford is \$11,000. This has nothing to do with assessed value. The reason they can provide the education for less is because of the number of students. There is a tipping point when you don't need more infrastructure, which is your biggest cost, and the more students you have can be educated for less money.

Councilor Clarenbach mentioned that eventually the cost to maintain the High School vs the number of students will dictate next steps. He suggested having three tracks of education at the high school. They would be: General, College, and Military. We can't offer all types of languages and literature based on the number of students we have. We have to look at what we are legally obligated to do. The TIF needs reinvestment but we are 6-10 years away from seeing money come from that income. We need to take action now because further delay means our students are greatly affected for years ahead.

Councilor Desrochers stated that Franklin is not the only struggling City and the state just keeps cutting and cutting. Pay as you go trash doesn't work. He further added that when looking at statistics, you need to report on the entire big picture. Instead of only saying that 64 students graduated, state how many went to college, how many went on with scholarships, how many went into the Military, and how many joined the workforce. There are positive points that can be made. He stated that we need to have another Claremont. He urged to combine the Finance Office and save \$70k right from the start.

Councilor Zink asked City Manager how she feels about considering a \$6M pick-up. City Manager Milner stated that she is not comfortable with that number and referred back to the Council.

Councilor Clarenbach stated that he would rather hold at the \$4M mark. He stated it would be better to find the money that is actually there.

Councilor Ribas stated that he was prepared this evening to make a motion to exempt all Debt Service which would get us \$609K but he first wants to see if the school will do something on their part to show good faith of looking at operating differently to save money. He stated that the Council is trying to nickel and dime their way to get to \$400K when the school really needs \$800K. The Council is in the middle of this problem since the state is shrinking the amount of assistance to the schools and we are trying to hold our end, fund our municipal budget and tell the schools to just make do with what they are going to get. If we don't level fund the schools, we won't have any moral authority to go to the state and tell them they need to increase adequate funding. If we have another Claremont suit, it can take 5 years or so but until then, we need to fund stabilization. If we are lucky, we can get the state to refund stabilization at the level they had it before. None of this covers the immediate crisis. If the school system is hollowed out, there is no way we are going to get people to move to Chinberg Properties.

Mayor Giunta stated that if the Council makes a motion to exempt Debt Service, it is essentially breaking the tax cap. Mayor Giunta stated that he will veto that as well.

Councilor Ribas stated that he mentioned Debt Service because he feels it's the right thing to do. However, the way the Charter is written, this can be called an emergency and take it from the Fund Balance with a 5/4 vote. He stated that he understands the importance of the Fund Balance and why he was thinking of proposing Debt Service rather than Fund Balance.

Councilor Brown has been discussing different types of school program options with other schools and offered to share the findings with the public. We can put a package together and send that to the state to show we are trying to help ourselves and ask for two year funding for a test program run type of approach.

Councilor Zink asked about the school roof bond and if the payment is \$50k. City Manager Milner responded that yes it is \$50K.

**Motion – Councilor Zink moved to transfer \$207,220 from the City budget to the School.**

City Manager Milner clarified that the piece that would move from the City to the School side is the \$54,982 (placeholder for the PD bond that expired that we'll need next year), the \$102,240 would be an additional pick-up that would go straight to the school. The \$50K is a savings that they already have in their budget for the roof payment but not needed next year because the City is closing on the roof after July 1<sup>st</sup>.

**Amended Motion – Councilor Zink moved to transfer \$54,982 of one-time revenue from the Municipal Budget to the School, and the \$102,240 in pick-ups totaling \$157,220.  
Seconded by Councilor Ribas.**

Councilor Clarenbach clarified that the \$50K is already in their budget for the roof payment. They don't need to use it for that payment so they can reallocate it as they want.

Mayor Giunta asked if there was any further discussion.

Councilor Barton wanted the school to go back and look at their budget first before we motion to just give them money. Mayor Giunta stated that Councilor Brown is going to meet with them to review their budget and discuss the roof payment reallocation.

Councilor Trudel is happy to know Councilor Brown will meet with the Superintendent but he proposed that the entire Council, City Manager Milner, and the Superintendent meet altogether this week or by the end of next week. This way, any questions generated can be dealt with quickly with the entire team present.

Mayor Giunta suggested that Councilor Brown do the preliminary meeting with Superintendent LeGallo and the Business Administrator first then come back together as a Council. Councilor Brown stated that she will reach out right away and schedule time with the School.

8 in Favor of Councilor Zink's Motion. 1 Abstention.

**Motion PASSED.**

**Motion – Councilor Zink moved to cancel the July 2<sup>nd</sup> Budget Meeting to allow for more time to review the budgets and reschedule this meeting to July 16<sup>th</sup> or a date that works for the Council.**

**Seconded by Councilor Ribas.**

Mayor Giunta stated that the July 2<sup>nd</sup> meeting hadn't actually been scheduled yet so we do not need this motion.



**Motion – Councilor Clarenbach moved that the Franklin City Council adopt resolution #22-18 to allow the City to expend like appropriations until the FY19 budget is adopted.**

**Seconded by Councilor Ribas.**

**Clarenbach read the Resolution**

**RESOLUTION #22-18**

**A Resolution relating to payment of necessary accounts payable and payroll in fiscal year 2019.**

In the year of our Lord, Two Thousand Eighteen,

**WHEREAS,** The City Council of the City of Franklin has not adopted a Budget for Fiscal Year 2019, which will begin July 1, 2018, and

**WHEREAS,** The City Council of the City of Franklin wishes that all necessary accounts payable and payrolls be paid during the month of July 2018, now

**THEREFORE, BE IT RESOLVED THAT,** The City Council of the City of Franklin does hereby authorize payment of like FY2018 expenditures for both accounts payable and payroll and further authorizes the City Treasurer to draw necessary drafts as approved by the City Manager/Superintendent up to the time that the 2019 Fiscal Year Budget is adopted

**By a roll call vote.**

**Roll Call:**

**Councilor Barton      yes      Councilor Desrochers      yes      Councilor Ribas      yes**

**Councilor Brown      yes      Councilor Dzujna      yes      Councilor Trudel      yes**

**Councilor Clarenbach      yes      Councilor Moquin      yes      Councilor Zink      yes**

City Manager Milner stated that she received legal opinion on this type of resolution. Because this Resolution occurs yearly and doesn't request the increasing of appropriations only expending of them or similar to a hold over, public notice is not necessary.

Councilor Clarenbach asked for clarification on Public Notice with regards to passing the budget. City Manager Milner stated that according to the Charter, it is 7 days on a Budget Hearing but our Ordinance Code says 10 days. We have always followed the 10 day rule. Milner stated that we will have time if a decision is made on July 2<sup>nd</sup> to get it in the paper. The Council needs to provide 24 hours of notice when holding a meeting.

Councilor Brown will meet with Superintendent LeGallo first then work with City Manager Milner to schedule a meeting with the Council and the School Board. The Council agreed to hold a meeting on June 28<sup>th</sup> to review the findings from Councilor Brown's meeting. All were in agreement to hold the June 28<sup>th</sup> meeting as a Council Meeting and invite the School Board to join.

City Manager explained the motion addressing the water and sewer increase. She stated that in order to get to a 2.5% increase on water and sewer, \$20K from water would go into Capital Improvements (rate of \$6.62); \$24K from sewer would go into Capital Improvements (rate of \$7.09). This mirrors what is in the Manager's budget however the resolution before the council needed to be updated to show these numbers.

**Motion – Councilor Clarenbach moved to set a Public Hearing for Monday, July 2, 2018 at 6PM in Council Chambers on Ordinance 01-19 relating to FY2019 water commodity and sewer disposal rates.**

**Seconded by Councilor Trudel.**

Councilor Ribas asked if we would be losing revenue if we don't do this on July 2<sup>nd</sup>. City Manager Milner stated that we would not be losing revenue because the 1<sup>st</sup> bill that includes July 1<sup>st</sup>, isn't mailed out until September.

Councilor Clarenbach stated that the Council should hold on the fees since we may make adjustments on the them and stay underneath the tax cap.

Mayor Giunta read the Ordinance.

## **ORDINANCE #01-19**

### **AN AMENDMENT TO THE FRANKLIN MUNICIPAL CODE:**

**In the Year of our Lord, Two Thousand Eighteen;**

Be it ordained by the City Council of the City of Franklin that the Franklin Municipal Code, Chapter 160, Fees, 160-1 Fees charged for service by the City of Franklin Water/Sewer Departments be changed as follows:

	<u>Current Fee</u>	<u>Change To</u>
Water Commodity Charge Per 100 cubic feet	\$6.45	\$6.62
Sewer Disposal Charge Per 100 cubic feet	\$6.91	\$7.09

**Fees to be effective July 1, 2018 by a roll call vote.**

**Motion to adjourn was made by Councilor Clarenbach.**

**Seconded by Councilor Desrochers.**

**Meeting adjourned at 8:01PM**

Respectfully Submitted,

Audrey Lanzillo