



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

**City Council FY19 Budget Workshop Minutes
6:00PM - Franklin Public Library Upstairs
June 28, 2018**

Call to Order

Mayor Giunta called the meeting to order in the upstairs meeting room at the Franklin Public Library 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 City Manager Milner.

The discussion began with Mayor Giunta stating the amount of the school shortfall was \$412K and at the previous meeting on June 18th, \$207K was located for the School. The conversation continued with analyzing funds on the City side hoping to locate the remaining funds to reach the \$412K need.

Councilor Brown reviewed the School Budget, met with City Manager Milner, and then Milner discussed further with Superintendent LeGallo. Milner gave a brief overview of the June 18th meeting and discussed in great detail, the unfortunate decreases in adequate funding from the state. The need for a Claremont III was also a focus of that discussion. Milner and LeGallo agreed that it would be a good idea to invite Attorneys Andru Volinsky and John Tobin, who were both the original attorneys from Claremont I and II, to do a presentation in Franklin similar to the one they did in Pittsfield. Milner stated that it's clear that property poor communities have to pay more per student than property rich communities. Councilor Brown created a spreadsheet to share with the Council for review of the school budget.

Superintendent LeGallo stated that City Manager Milner did forward the spreadsheet to him and shared his thoughts on the line by line budget items. LeGallo explained the line by line items and highlighted that the budget item for DCYF is risky to cut. He stated that a high number of young students are having issues with speech so LeGallo is paying close attention since it can be extremely costly to handle. The size of the SAU Business office is appropriate to the number of workers in that office. Superintendent LeGallo explained the what the columns meant on the spreadsheet that Councilor Brown created and noted that the money in the "cuts" column are suggested at this point.

School Board Chair Tim Dow stated that some cuts were made and he reviewed a few of those with the Council. New equipment for Math was cut over \$30k and cuts to DCYF placement were made but it's a big gamble to budget that way.

Councilor Desrochers asked Business Administrator Amanda what the yearly cost average was for DCYF over 5-10 years. Amanda didn't have the information available at the moment but stated that it's difficult to plan for.

Councilor Zink told the City Council that it's the responsibility of the City Council to assist and fund the schools but the school spends the money as they see fit. The Council cannot propose where the budget cuts are or tell the school where or how they can spend their money.

Councilor Barton stated that after review of their budget, it appears that there is over \$400K in Special Education costs, salaries, and Transportation that hasn't even been spent yet. School Board Dow stated that the money has been spent and that Councilor Barton is looking at an outdated budget spreadsheet. Superintendent LeGallo stated that the school budget was frozen at the beginning of the school year so that money that appears isn't being spent, can't actually be used.

Councilor Desrochers stated that any money left over can be rolled over in Fund Balance. Chair Dow agreed.

Councilor Brown asked Superintendent when he knew his budget was going to 1M short. Superintendent LeGallo replied that he knows right away how his budget is looking.

Councilor Clarenbach added that it's a big problem to think a one-time funding of the school budget just occurs one time when the shortfall happens year over year. The City's priorities need to be adjusted and we need to look at both the City and School and ask what is needed as an entire City; not separate the school and municipal government as islands. If our students aren't a priority, families will not come here. He stated that he wants them to get an adequate education. The City has a long way to get there. Applause was given from the audience.

School Board Chair Dow stated that it's difficult to answer some of the Councilors' questions because they are referring to an April Spreadsheet with budget numbers and it is the end of June. Even though some money appears not to have been spent, it actually has at this point. City Manager Milner responded that this is the only version the Councilors were given and why they are referring to it.

City Manager Milner focused on the original discussion tonight to find the remaining money to bridge the gap for the school. That number is \$207,222.

Councilor Clarenbach stated that he is deeply concerned that if we take the 4,2,2,2 approach and still can't provide an adequate education, then we have done nothing but kick the can down the road.

Councilor Brown gave an overview of her new Designing Franklin's Education for the 21st Century Committee. She stated that one of the first things her committee will do, is look at other communities school and administrative offices set-up. They are looking at pairing up with programs outside of college to align graduating students as not all will go to college.

Councilor Clarenbach stated that unfortunately the City is going to have to look at cutting certain services and only providing what is necessary. Do those things well instead of doing everything half funded and not so well. He also noted that Tilton and other communities don't all need to pay for their roads and bridges. Even the traffic lights in some communities are the responsibility of the state. Franklin has taken on these things over the years and we need to look at what we are legally obligated to do in all areas.

School Board Chair Dow stated that the only way this City is going to raise more tax dollars is by attracting good families to move here but unless the Council agrees that the school and educational needs here are a priority, no family will want to move here and raise their children.

Councilor Ribas added that he believes the School is undersold because even though they asked for \$400K, they really need \$800K.

Councilor Brown stated that we can't ignore the other important City services. If we cut police and the City becomes drug and criminal infested, what will the City look like then? She offered a way to save money now by combining the Financial Departments and payroll.

Superintendent LeGallo announced that Amanda was leaving the Franklin SAU office.

Motion - Councilor Barton moved that the City Manager Milner, Superintendent LeGallo, and School Chair Dow meet to discuss hiring of one Finance Director to fill both City and School needs. This could save the City approximately \$100K immediately. Explore the combination of the Finance Office.

There was no second.

Motion FAILED.

School Board Chair Dow stated that they have already hired a new Business Administrator.

Councilor Zink requested a 10 minute recess.

City Council returned to session at 7:24PM

Motion – Councilor Ribas moved that Whereas, the State of new Hampshire has failed its responsibility to fund an adequate education for the children of the state, and Whereas, the creation of and phasing out of the Stabilization Fund by the state has fomented a crisis in property poor municipalities across the state, including Franklin, and Whereas the children of Franklin deserve the same quality of education as children in any other community in the state, Therefore we, the Franklin City Council, call upon the state to redress this inequity, and We make the following adjustment to the manager’s proposed budget to partly offset the shortfall: Exempt from the tax cap:

Item 01-7-111-40980-000 Principal Debt Service in the amount of \$170,027 and

Item 01-7-112-409081-000 Interest Debt Service in the amount of \$30,261 and

Item “new line – capital leases” under Debt Service in the amount of \$99,297 and

School budget line item 5100 Debt Services in the amount of \$409,038

For a total of \$708,623 to be available for school budget item 1100 Regular Education.

Seconded by Councilor Zink.

Mayor Giunta explained that this is to Exempt Debt Service which essentially means, this falls outside of the formula for the tax cap. This is in addition to or more than what needs to be raised for taxes. This is breaking of the tax cap by approximately 4%.

Councilor Barton asked if this would only be for one year. Mayor Giunta replied that it would be built in from then on. Not for just one year.

City Manager Milner stated that this motion would increase the tax rate by \$1.28 per thousand. The current tax rate is \$25.56 which would increase. An example would be if a home is valued at \$200K, the increase in taxes for the year would be approximately \$256.00.

Councilor Clarenbach stated that we are in the middle of the perfect storm. If this doesn’t pass, the City can’t take money from anywhere else. There are bridge bonds that are tied up and roads need repair. If the City is able to collect this extra \$1.28 which will provide the school with the \$708,623, the problem is still there. This money isn’t fixing the “structural” issues of funding the schools. Clarenbach stated that he is in support of this means of funding the schools for now but at some point, the Council has to support and approve other work that the City needs to have done.

Councilor Trudel is not in support of doing this in this way. He stated that there are some things he agrees with but this problem isn’t linear and just keeps going around and round without changing anything. The problems will keep coming back. Trudel stated that this will get us out of a hole only for the time being. This is a City problem. We need to sit down and discuss what is

legally required from the City side and the School side. Look at the nice-to-haves and start rearranging things from both sides.

Councilor Zink agreed that the City needs a SWOT analysis and a 5-year plan but that this is not a knee jerk reaction since we've been talking about this for months. Zink stated that asking residents to pay a little more to get us through this difficult time is something the Council needs to support.

Councilor Dzujna asked City Manager Milner what happens to the tax rate with the home revaluations this year. Milner responded that the valuations actually will adjust the tax rate. She further explained that if the valuation goes up, the tax rate goes down. She stated that she couldn't provide the tax rate tonight because the property value must be known to figure what the rate will be.

Mayor Giunta added that one third of residents will pay less, one third will pay more and a third stay about the same.

Councilor Barton asked that if he votes for this motion tonight, is he essentially voting to raise the tax cap forever. City Manager Milner replied that no, it is the tax rate that is being raised. Barton stated that he doesn't think the City is ready for this yet. There are other things that need to be looked at by sitting down together. He stated that he is not in support of this motion at this time.

Mayor Giunta further shared to the Council that this really isn't just \$256.00 more that taxpayers will pay. We have investors looking at our City and considering spending \$20-30 million dollars here. His tax increase would be quite significant and this could be a deal breaker for this investor. Mayor Giunta also added that he has been seeking these investors for years and one of the positive selling points is that Franklin has a stable tax rate. Once this motion is passed, this once dependable statement is no longer true.

Councilor Clarenbach stated that this is a difficult situation because if we can't fund the schools, no-one will buy property here and raise their families here. To build a community, you need families who invest in the community. Invest in their schools etc... Increasing the tax rate by \$1.28 is still much less than what other communities are paying. He questioned if this could be done for only one year. Mayor Giunta stated that once this is done, it will likely always stay and not come off again. Once we go down that road, it becomes a slippery slope.

Mayor Giunta further asked that the Council look at Pittsfield or Berlin who did this same exact thing and now charge \$30-\$50 per thousand. They are in no better shape if not worse.

Councilor Moquin surmised that this seems to be more about risk taking, faith, and stewardship. She believes that the Council and School Board members will sit down and arrive at a 5-year plan.

Councilor Dzujna stated that he doesn't believe this motion can be voted to hold for only one year. The money that sent to the schools next year, will again be needed the year after. The need doesn't go away.

Councilor Clarenbach responded to Councilor Dzujna and stated that the City could do the SWOT analysis and 5-year plan stating when the money from the City and tax payers is phased out.

Mayor Giunta pointed out that not a penny of this money that would be raised goes toward roads or anywhere else except to the schools.

Councilor Clarenbach also added that this is our only chance to raise money for the City whether all of it goes to the schools or we keep some to fix roads.

Councilor Desrochers stated that if we did a SWOT analysis, who is going to enforce the findings. The City and Schools can't pick and choose what they want to do and neither can force the other to make any changes so what's the point if everyone isn't going to agree to follow through with the findings. For the past three years the school starts off the year \$1M short. Desrochers asked this question in prior meetings but gets no response; what happens when the City give the School the money, what changes. Then what? He stated this question keeps repeating with no answer. He is in support of helping the schools but then what? When will some changes occur to start solving these same issues which keep repeating?

Motion – Councilor Barton moved to amend the motion made by Councilor Ribas to add to do a SWOT analysis by December and then also approve the Exempt Debt Services for only one year.

Seconded by Councilor Clarenbach.

Councilor Brown stated that she would like to take a little more time to look at the Municipal Budget first for opportunities and work close with the School to figure this out. She is not in support of Exempting Debt Services.

City Manager Milner clarified that this Amendment means to Exempt Debt Services for one year only. Fiscal year 2020 would begin with Debt Service back in it but the Council would have to vote again to do this. It is not automatic.

Councilor Trudel recapped that this is a one-time deal for one year only. The SWOT analysis gets done and changes on both sides agree on a plan and action taken. This will work if both sides participate.

School Board Chair Dow stated that he's spoken to the Superintendent LeGallo and they have agreed that a SWOT analysis would be a good idea. He is in agreement that it's needed and the School Board will likely agree as well but it does have to get the vote of the school board.

Mayor Giunta shared some frustration over past Finance Committee meetings when a suggestion during one SWOT analysis was to consolidate and that hasn't happened. What can the Council base their decision on here tonight that shows that the School Board will work with us?

Chair Dow responded to Mayor Giunta's comments stating that a preliminary total saving of \$54,540 from 2017. Financial wages and benefits were \$41,301. These figures have now changed. From the City side, Finance wages for 2019 is \$153,294.53. From the School side, the Finance wages are \$158,112. Dow stated that the school's total savings in wages would only be \$4,818.53.

City Manager Milner responded that there would be more than \$4,818.53 through means of School Finance Payroll hard savings of approx. \$54K-\$59K per year plus soft savings of combined purchases that are unknown at this point but would exist. Milner stated that as long as we are all open to a SWOT analysis, things like this may come out of that and should to be considered. If no one is willing to consider the finding from the analysis then the City cannot move forward.

Amendment – Councilor Barton moved to Exempt Services for one year only by roll call Vote.

Roll Call:

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|-----------------------------|-------------------|-----------------------------|-------------------|-------------------------|-------------------|
| Councilor Barton | <u>Yes</u> | Councilor Desrochers | <u>No</u> | Councilor Ribas | <u>Yes</u> |
| Councilor Brown | <u>No</u> | Councilor Dzujna | <u>No</u> | Councilor Trudel | <u>Yes</u> |
| Councilor Clarenbach | <u>Yes</u> | Councilor Moquin | <u>Yes</u> | Councilor Zink | <u>Yes</u> |

6=Yes, 3=No. Amendment PASSED.

The Council further reiterated their same opinions and added that the school must be funded however changes must occur to both sides as well.

Motion – Councilor Desrochers moved to call the question.

Seconded by Councilor Ribas.

All in Favor. Motion PASSED.

Roll Call Original Motion – Councilor Ribas moved to raise \$708,623 by means of removing Exempt Services under the tax cap and move the funds to the school.

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|----------------------|------------|----------------------|------------|------------------|------------|
| Councilor Barton | <u>Yes</u> | Councilor Desrochers | <u>No</u> | Councilor Ribas | <u>Yes</u> |
| Councilor Brown | <u>No</u> | Councilor Dzujna | <u>No</u> | Councilor Trudel | <u>Yes</u> |
| Councilor Clarenbach | <u>Yes</u> | Councilor Moquin | <u>Yes</u> | Councilor Zink | <u>Yes</u> |

6=Yes, 3=No. Motion PASSED.

Mayor exercised his authority to vote – VETO the Motion. Motion FAILED.

Motion – Councilor Zink motioned to override the VETO.

Seconded by Councilor Ribas.

Roll call to override the VETO and break the tax cap.

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|----------------------|------------|----------------------|------------|------------------|------------|
| Councilor Barton | <u>Yes</u> | Councilor Desrochers | <u>No</u> | Councilor Ribas | <u>Yes</u> |
| Councilor Brown | <u>No</u> | Councilor Dzujna | <u>No</u> | Councilor Trudel | <u>Yes</u> |
| Councilor Clarenbach | <u>Yes</u> | Councilor Moquin | <u>Yes</u> | Councilor Zink | <u>Yes</u> |

School Board Chair Dow commented directly to the Council that on behalf of the School Board and the many citizens of Franklin, thank you for what you did tonight.

Mayor Giunta asked the Council if July 18th would work to hold the Public Hearing to approve the budget. City Manager Milner updated Resolution 01-19 by adding \$708,623K to the school district. This changes the local and state taxation number to \$6,042,577. The bottom line school appropriations and revenues to \$19,013,524.

Motion - Councilor Zink moved that the Franklin City Council set a Public Hearing for July 18th, 2018 at 6PM in Council Chambers on Resolution #01-19, relating to the FY2019 Budget.

Seconded by Councilor Trudel.

Mayor asked if there was any discussion. There was none.

All in Favor. Motion PASSED.

Councilor Clarenbach read Resolution #01-19

Motion – Councilor Desrochers moved to set a Public Hearing on July 18th at 6PM in Council Chambers on Ordinance #02-19, relating to Chapter 160, Fees, 160-1 Fee changes.

Seconded by Councilor Ribas.

Mayor asked if there was any discussion. There was none.

All in Favor. Motion PASSED.

Councilor Ribas read Ordinance #02-19

ORDINANCE #02-19

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 be changed as follows (bold additional language, strikethrough for deleted language):

| | <u>Current Fee</u> | <u>Change To</u> |
|--|--------------------|------------------|
| Copies, CD | \$0 | \$5 |
| Copies, Thumb Drive | \$0 | \$10 |
| Dig Permit | \$150 | \$200 |
| Fire Permit | \$5 | \$0 |
| Permit Parking (Franklin Street Parking Lot) | \$200/yr | \$0 |
| Police VIN Verification | \$0 | \$5 |
| Transfer Station: | | |
| Asphalt Shingles | \$127/ton | \$129/ton |
| Residential Construction & Demolition | \$127/ton | \$129/ton |
| Commercial Haulers & all others; | | |
| Shingles, construction, demo materials | \$127/ton | \$129/ton |
| Commercial construction & demo | | |
| Materials | \$127/ton | \$129/ton |

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

Motion to adjourn made by Councilor Desrochers.

Seconded by Councilor Moquin.

All in Favor. Motion PASSED.

Meeting adjourned at 8:32PM

Respectfully Submitted,

Audrey Lanzillo