

Approved as amended by City Council on May 9, 2016

Joint City Council and School Board Meeting
April 11, 2016

Call to Order

Mayor Merrifield called the meeting to order in the Council Chambers, Franklin City Hall at 7:02 p.m.

In Attendance

City:

Councilor Starkweather, Councilor Barton, Councilor Giunta, Councilor Desrochers, Councilor Wells, Councilor Zink, Councilor Dzujna, Finance Director Milner, City Manager Dragon and Mayor Merrifield.

School:

School Board Chair Husband, School Board Member Dow, School Board Member Brown, School Board Member Gargano, School Board Member Carter, Superintendent LeGallo, Business Administrator Bergquist and Board Clerk Viau.

Absent

Councilor Boyd, Councilor Clarenbach, School Board Member Burns, School Board Member Grimm, School Board Member Tremblay, School Board Member Hallett-Cook.

Salute to the Flag was led by School Board Chair Husband.

Director Milner presented a power point presentation. Slide one showed background of the consolidation. Slide two was about expected benefits of the consolidation. Slides three through five were about expected results in risk control, sound financial reporting and growth in service. Slide six showed process to date. Slide seven and eight were about current configurations in the City finance office and SAU. Slide nine is the proposed City Wide finance organizational chart. Slide ten, eleven and twelve shows the SAU operational organizational chart first if withdrawal happens, Hill's solution if withdrawal happens and third if withdrawal doesn't happen. Slide thirteen through nineteen is the general duties of the Finance Director, Accounting Manager, Grants Administrator, Accountant, HR Generalist, Payroll Coordinator and Accounts Payable Coordinator. Slide twenty showed employee logistics. Slide twenty-one and twenty-two showed project schedule timeline. Slide twenty-three showed some preliminary expenditure saving with and without withdrawing. Slide twenty-four and twenty-five showed budget savings now and future. Slides twenty-six through forty-six were all about responses to the SAU Board's 11/5/15 meeting concerns.

School Board Chair Husband asked about the accounting systems and how to integrate the systems as they have two different GL structures. How is the management at the school system going to be able to use the accounting system? It doesn't work well for managers at the school system to not be able to see what is going on with their accounts. You talk about transparency but the systems piece isn't transparent yet and that is a big question as that is where most of the accounting takes place. Most of your savings will come from GPOs as they are out there. He gets concerned as there is not a lot of savings and the systems piece of this is huge and it could cost more money if we need to modify things. Director Milner responded by saying our account numbers we must use are by DRA as there

are rules that state what you must use for certain items. Converting over numbers can be a pain but it can be done and will be the hardest part. All departments are not in the same building but they do all have access to see their accounts from their locations and would never have a department head without the ability to see the accounting system. Mayor Merrifield asked if the system that the City and School are currently using web based. The City has a terminal server. The Mayor stated that there would be some logistics in bringing everyone together. Director Milner stated that the school IT people would have to come into the terminal server and then they would have access to the system.

Mayor asked if Director Milner looked at the schools accounting system in detail and if she had any concerns about that working for the municipality. Business Administrator O'Neill did look at the City's and she did look at the schools and the reporting on the City's was better and the PO system on the schools was better. Again, the two systems would have to be relooked at and nothing is ever perfect about any accounting package and either way the support on either system you would still see the \$5K savings no matter which one you choose. There would be a one-time cost of bringing one to the other one. The cost would be estimated at about \$25,000-\$30,000 and would see who would incur the cost. Councilor Starkweather asked how old the City program is. Director Milner stated it is updated annually and has been here since 7/1/2007. The schools program is roughly the same age and updated annually. School Board Chair Husband stated that it is the cost of transition and what is lost and gained when you transition that should be known ahead of time.

The Mayor asked Director Milner to go through the concerns that are on the slides. School Board Chair Husband asked about the HR piece as typically doesn't report under finance they are their own entity. Director Milner stated that at this time she believes the City can't afford an HR Director so this is the way a lot of what smaller communities do is put them under finance along with the payroll person as they do a lot of the same disciplines.

School Board Member Dow asked about the savings and Director Milner stated it would be yearly. He then asked if the school had an HR person. Director Milner stated currently there is no dedicated HR person in either the City or school and that was a concern to Superintendent O'Neill and herself. School Board Chair Husband stated it is defined as a job of the Superintendent by RSA. Councilor Dzujna asked if there was someone in either the City or school that could be built up into that position. Director Milner stated that there was a person in the school district that was identified to a perfect fit and that person would report to the Finance Director. Councilor Dzujna asked if one system had more capability than the other. When they looked at it they were the same so it came down to the reporting side as to which system could give you reports based on what you wanted to get out of the system and at that time the City system was better. That's not to say we relook at it again to see if that has changed.

Councilor Barton asked that there is no real effect on students other than there is a savings that will go towards the students. Director Milner stated yes. Director Milner stated that each work with multiple union contracts so with this it would just be under one system. Both participate in NH Retirement so she was not sure what they meant a different retirement plan. A School Board Member Dow asked that it shows on your preliminary savings \$14K under wages and benefits and

you are not cutting any employees. Director Milner explained that at the time this was done there was another employee at the SAU office, who has since left, and that person has not been replaced when they brought Amanda up to Business Administrator so now all three will come over with a savings.

School Board Member Brown and stated some concerns she had with consolidation is that the school board and SAU would remain responsible for compliance. A major concern is ensuring that finance would not be violating FERPA and educational rights privacy act which prohibits disclosure of student records except to school officials without educational reason. The violation is the loss of federal funds and the school relies heavily on those federal funds as our budget is 65% federal funds and can't afford to lose those funds. The School District and SAU would be held responsible for all violations even if it was a City employee who caused the violation. Another concern is the school lunch program and the confidentiality on who receives federally funded lunches. Another concern is the management of the school grants and the school district and SAU will be held responsible for expenditures. Nothing additional had been discussed or disclosed has changed her mind consolidation, at this point, is a good idea. Another concern is the Superintendent and City Manager working together as there is no clear cut explanation as to who hires and who fires as there is no clear cut solution for departments.

City Manager Dragon states she has a legal letter from 2014 that addresses all of these points, one issue is FERPA and another piece is the grants and school lunch program. The City does already handle a number of grants so that would just be in one office and hiring and firing would still stay the same as it is now. School Board Member Brown has read the letter and those are still her concerns personally. A School Board gentlemen asked how do you think if there were different allegations would that make her change. The laws and how they are applicable to the school board are separate entity from the City. This is her personal opinion. Another School Board member female asked how would that impact the school board in this role. Another School Board member male stated that was one of his questions and the school attorney and City attorney stated it can be done as basically you are subcontracting the financial services. It is a different way of looking at it. There is nothing illegal about this as the attorneys have already ironed that out.

School Board member Dow stated we still need to look at what the financial savings is still going to be. He understands it's hard to predict what the startup costs will be but he doesn't feel we have enough information to look at this and know if there is going to be a savings and how is that savings divided or how is it comparable for our students. City Manager Dragon stated to think if we were already consolidated if there is a savings that is for both then it is split between the two but if the savings is directly impacting your budget then it goes to your budget. School Board Member Dow asked about the overall savings as the City stated it is an overall savings where does that savings go? Director Milner stated the savings going to the school board as there was no savings on the City side. He then asked about the HR person who pays for that person. Director Milner stated going forward it would be the same percentage and it is not 50/50 the City pays more. City Manager Dragon stated that when we first looked at this we had issues that we are not currently having with financial reporting that was causing the City concerns. She feels that the City and School Board have a much better relationship since then. She feels that this is an opportunity as to get the budgets in line is a

lot of work and it is only going to harder. City Manager Dragon wants us to look at the broader picture to work together and see the same picture as we all rely on the finance department and to be creative and work together. School Board Chair Husband stated he has no problem working together he just wants a better understanding of the systems functionality what it is going to be with the pluses and minuses, how are the services going to be delivered, what are the deliverables. There is a concept but until there is a definitive, this is how it is going to be done, etc.; savings is a piece of it but a better definition is needed. Mayor Merrifield agreed 100% and asked if that is what the group wants to do. School Board Chair Husband stated we can't move forward until we do that to better serve the Franklin Community. We need to define it and quantify it. School Board Member Dow stated a financial feasibility long term and short term and has to show the citizens and taxpayers where it is going to be. We need to show them the feasibility of consolidation and it is going to benefit education and the City and he doesn't see that currently.

Mayor Merrifield asked would we agree that in order to go forward we need further fact finding. City Manager Dragon stated a lot of time has been spent on this and what really is important to us is we want to feel that it is important to the School Board as this takes a lot of time. School Board Chair Husband stated that the next steps should be analyzing the systems on both sides and it has to be a joint task. Councilor Wells states it looks like fear of losing control on both sides and that starting slowly maybe with purchasing might work. Superintendent LeGallo stated that his biggest concern is that the Superintendent isn't isolated from financial services department. Mayor Merrifield stated that the Superintendent has to have access to the financial department. City Manager Dragon offered him space at City Hall. Councilor Desrochers stated that expenses are still going to increase. This is an opportunity to work together and grow and improve our schools and City at the same time. Maybe we can have money left over at the end of the year we can save. This is about having both sides that can benefit and moving the City of Franklin forward. Councilor Dzujna asked if consolidation is a baby step or is it bigger than people can imagine, it may not be a baby step. Director Milner stated if you are talking about now we have two people doing the same thing in two different offices. We are adding to rather than creating efficiencies and do this the right way.

School Board Chair Husband stated that there are pieces of the process that you can discuss and do now as that doesn't change and is open to the public. School Board female stated she was referring to utilities as using one vendor to get the best price. Councilor Starkweather asked aren't we doing that already and City Manager Dragon stated we are not.

City Manager Dragon asked is consolidation something the school board wants to do. She asked, if staff (school and city) put in the work to answer the questions about systems, services, and savings and it is favorable is this something you are willing to do. School Board Chair Husband stated he feels it's something they have to do. The city professional staff will work on deliverables (systems, services and savings) for the school board to review.

The joint meeting adjourned at 8:17pm.

The City Council stayed and met to discuss one item.

City Council to rescind motion from April 4, 2016.

Motion: *Councilor Dzujna moved that the Franklin City Council rescind the two motions from the April 4, 2016 Council Meeting regarding the Two Emergency Management Performance Grants (EMPG). Motion seconded by Councilor Giunta.*

The Department of Emergency Management had given Chief LaChapelle recommended language that needed to be used and we need to adopt that tonight.

All in favor; motion passes.

Motion: *Councilor Dzujna moved that the Franklin City Council, in a majority vote, accept the terms of the Emergency Management Performance Grant (EMPG) as presented in the amount of \$30,600 for the purchase of two (2) digital notification signs. Furthermore, the Franklin City Council acknowledges that the total cost of this project will be \$61,200 in which the City will be responsible for a 50% match (\$30,600). The City of Franklin will use the Bucket Truck/Utility Truck as the soft match in kind as the 50% match for this EMPG project. The original purchase price of the Utility was \$62,513. The Council authorizes the City Manager to sign all documents relating to the said EMPG project(s). Motion seconded by Councilor Giunta.*

Mayor Merrifield stated to readdress Councilor Wells question that there is no cash outlay for this project. City Manager Dragon stated that is correct she has it in writing from them that the soft match is our 50% match which was the purchase of the bucket/utility truck. Mayor Merrifield states that is states it is \$61,200. City Manager Dragon states but the soft match is \$30,600. She said she asked specifically and she did get in back in writing. There is no additional cash outlay.

All in favor; motion passes.

Motion: *Councilor Desrochers moved that Franklin City Council, in a majority vote, accepts the terms of the Emergency Management Performance Grant (EMPG) as presented in the amount of \$5,722 for the purchase a utility trailer to store the City's emergency signage and traffic management equipment. Furthermore, the Franklin City Council acknowledges that the total cost of this project will be \$11,444, in which the City will be responsible for a 50% match (\$5,722). The City of Franklin will use the Rescue Storage Barn as the soft match in kind as the 50% match for this EMPG project. The original purchase price of the storage barn was \$15,400. The Franklin City Council authorizes the City Manager to sign all documents relating to the said EMPG project(s). Motion seconded by Councilor Starkweather.*

Mayor Merrifield stated that there is to be absolutely no cash outlay.

All in favor; motion passes.

Motion: *Councilor Giunta moved that the Franklin City Manager is not to enter into any EMPG grants should there be any hard cash matched for either Digital Notification signs or the Utility Trailer. Motion seconded by Councilor Zink.*

All in favor; motion passes.

Councilor Dzujna thanked Director Milner and City Manager Dragon for all their hard work on this and their patience. Mayor Merrifield stated if we are able to do this doesn't it demonstrate our amazing ability to work together for the betterment of the community, the school children and the district. It will be the first consolidation of its kind. It would be a model for other communities.

Councilor Giunta pointed out that Tuesday night will be a tough night for some of them around the table and in the audience. The Withdrawal Committee has voted to withdraw. He is trying to understand if the Committee withdraws, Council withdraws and a consolidation that doesn't happen. Does the consolidation have to happen under a withdrawal or does a withdrawal have to happen with a consolidation? Is there a financial issue if they don't come together? City Manager Dragon pointed out that withdrawal and consolidation are two separate distinct issues and people often confuse them and combine them. By this happening it is making the withdrawal harder.

Consolidation came about first and was initiated about concerns over the reporting that we were receiving from the school or lack thereof. The withdrawal came about from the School Board, almost unanimously, after Hill decided to move their students to Newfound through a tuition agreement that obligates them for 10 years. The conversations here were used by finance to help offset consolidation and what that would look like combined together. She does state that the one piece that ties it together is the Hill Board members voted no to consolidation. As long as Franklin and Hill are together it is almost impossible to consolidate without the SAU reconsidering the vote as they voted no we will not consolidate and will not discuss again. If withdrawal doesn't happen then consolidation has to go back at some point to an SAU conversation with Hill members for consolidation. Councilor Desrochers stated if you wanted to quote a Hill member from two years ago "no matter what you say, no matter what you do we are not going to vote consolidation". Councilor Dzujna stated the withdrawal will help in his mind as you only have to talk with the school board and you don't have to deal with the school board and the Hill school board. Councilor Desrochers stated why would you want a town that has no school children in the district determine how you spend your school money, it makes no sense. Councilor Dzujna stated another point that there will be a loss of revenue at that meeting of the \$93,000 and they will bring that up.

Councilor Giunta asked if the City Manager and Financial Director were going to the schools withdrawal public hearing. Mayor Merrifield stated that this was the withdrawals committee's public hearing. City Manager Dragon clarified that it was the School Board that created the committee the Council selected the members. Councilor Dzujna pointed out that the School Board initiated the withdrawal process and most of them are not there. Janet, from the audience, asked that City Manager Dragon be there as no one can really present the City the way that it should be presented like she can. City Manager Dragon is happy to do what the Council would like her to do.

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Motion to adjourn made by Councilor Zink and seconded by Councilor Starkweather. All in favor; meeting adjourned at 8:35 p.m.

Respectfully Submitted,

Lauraine G. Paquin