

Approved by City Council on August 1, 2016



City Council Budget Workshop Meeting Thursday, June 30, 2016

Call to Order

Mayor Merrifield called the meeting to order downstairs conference room, Franklin City Hall at 6:00 p.m.

In Attendance

Councilor Clarenbach (arrived at 6:30 pm), Councilor Starkweather, Councilor Barton, Councilor Giunta, Councilor Desrochers, Councilor Wells, Councilor Zink, Councilor Dzujna, City Manager Dragon, Finance Director Milner and Mayor Merrifield.

Absent

Councilor Boyd.

Mayor Merrifield thought they were closer than he thought if you go with the number the school board approved back on 5/9 and 5/16 according to their minutes based on \$15,764,000. He thought given the \$464K they presented in savings at their first (1) joint meeting and the \$57K at the second (2) joint meeting and then the \$426K after their last workshop that they would be right there and he included food service. The shortfall the Mayor's sees is about \$600K. Finance Director Milner explained that if you look at what they handed out they say at the bottom how much they are off and you have to subtract food service that is the amount of the general fund. You add in the \$426K into the revenue side and then you add in the \$260K to get the \$505K and the Mayor stated that he was not sure there was a consensus of taking the \$260K from the School Board but School Board Chair Husband was talking about it. The Mayor asked if this includes the \$57K that they were speaking about. He states it is not included in this document but was brought to the table. Councilor Dzujna stated it was verbal and last minute. Finance Director Milner stated that the new budget number on the June 28 hand out includes the \$57K.

Councilor Giunta asked how the Councilors felt when they presented the \$426K and the School Boards response was that's it. Councilor Giunta felt insulted and that the School Board Chair was the one who directed us to come back here tonight. Councilor Dzujna stated the School Board has a charge to get under the tax cap per the Charter as does the City Manager. The City Manager has been coming under the cap for the last six (6) years and the School Board has not. Councilor Dzujna stated he does not want to take it from the fund balance or break the tax cap as what will happen next year.

Councilor Desrochers stated he is not going to give anything as they have done nothing at this point. We offered \$426K and all of them stared at us with no gratitude and it is the same thing

at every meeting and why is their budget \$1M more this year than last year. It is time to renegotiate the contracts with the teachers as it is supposed to be for the kids but it seems it's for the teachers. Councilor Starkweather stated that the Superintendent hasn't said a word the entire proceedings since he came in with them. Councilor Dzujna stated that all the arguments that the School Board brought up are great arguments for consolidation. Councilor Wells is in favor of the \$426K this year and no more next year.

Councilor Zink asked that if the manager's budget becomes in effect, how much does that hurt the City. Mayor Merrifield stated it leaves the City as whole as can be and the school dept takes a hit. Is there anything left in the budget to trim to give them \$122K. Mayor Merrifield stated that no there isn't a place to go to get that kind of money out of the operating budget.

City Manager Dragon stated that the school is unhappy that the City didn't cut their budget even though we found money to give them. She stated she finds it hard to cut services just to give the school more money to spend on less students. The City has had downshifting from the state and have had huge losses in revenue but have found ways to get through that by cutting staff, changing the way we do things (for example we cut hours at the transfer station). Mayor Merrifield stated that the City Manager has been creative in bringing in new revenue. Where's the school's solar project and why don't they have solar panels on the schools to bring in revenue. Why is there an alternative school in a rented building when you have an empty second floor in the junior high wing.

Councilor Giunta stated that it gives false hopes to give them the money without making them do something as it will be difficult next year. Councilor Dzujna stated that they should restructure the administration before cutting the teachers.

Councilor Dzujna asked that if we go to the 27th and the manager's budget goes in does the \$426K come off the table. Mayor Merrifield state that is correct as it is not part of her budget. Mayor Merrifield asked for a consensus about the \$260K. Councilor Clarenbach stated that is their decision. The Mayor stated that the Council can appropriate and put it in their budget. Councilor Clarenbach asked if they can use it without Council permission. The Mayor stated no the Council has to decide to give it to them. Councilor Giunta stated we shouldn't do it as School Board Member Brown was not in favor of it. The Mayor stated that strings can't be put on per the governance, the Council decides the amount of money and that is it. Councilor Clarenbach stated that if they are truly interested in a City working in unison that is where you get the buy in that they have to start showing the deliverables.

Councilor Clarenbach stated that the challenge is the City is going to get beat up for doing good work and the school is going to take the extra money for not doing good work and that is what is going to have to happen if everyone wants to work together. The Council is going to have to trust the school and that isn't there currently and that is where the first step has to come from. When the meetings start there has to be clear direction.

Councilor Zink stated that if you look at regionalization it looks like Concord is closer to what we pay as Winnisquam looks to be about \$4,000 more. Mayor Merrifield stated that to tuition out our students is a desperate move but we may get there someday. She agrees trust in the numbers has to be there but not sure how to do that. You state it is not there in the City Charter so do we look at making changes to the City Charter or how do we get there. Mayor Merrifield stated that everything is subject to change by the voters as the tax cap is in place because of the voters not because of the Council. Councilor Giunta stated that when we talk about the cap he was shocked that Franklin is still in the lower third. When the School Board was talking about building a School District to attract families to come here but if Franklin is still in the lower third of the tax bracket and you have a 10% tax increase how do you attract people.

Councilor Clarenbach stated he agrees we can't raise taxes but that the challenge is that the school has to have adequate funding so they are not at the bottom of list as presented in the State because there aren't any other children who will come to the schools other than tenants because of the shrinking families due to the housing issue with section 8's.

Councilor Giunta stated it is not the teachers fault as when you test students in 1st grade and again in 8th grade the ratio is only 1 in 5 of students who are still there from 1st grade. This shows we have a transitional population and it is difficult to get out of this cycle. Councilor Clarenbach stated how do we deal with the transient population and the housing population. Mayor Merrifield stated that Franklin can't raise the money it needs to adequately educate these kids. Councilor Dzujna asked with the amount of kids coming and going through out the school year how much do the teachers actually teach.

Councilor Zink stated that the gap in 3rd grade and we are educating the kids at Paul Smith at \$6K and at the High School at \$12K so who can we talk to get an understanding as to why and who do we talk to about a lawsuit. Mayor Merrifield stated that he hasn't heard back from Senator Hosmer. It is going to require a coalition of cities and towns and there is a letter that is expected to go out to all cities and towns. The City of Dover's lawsuit began a year ago and they were expecting to hear a decision by today from Superior Court. Councilor Zink asked should we start a process and the Mayor replied that he believes we have to. As the Mayor stated the other night, Franklin cannot survive as a community with what the State Law tells us today. City Manager Dragon stated that Dover created the problem for us in 2015. Mayor Merrifield stated their lawsuit is specifically about the cap but it has affected the stabilization aid.

Councilor Barton stated that we just offer the money to them or we go to the default. Mayor Merrifield stated we should not visit the concerns on the management of the kids. If it goes to the manager's budget it will hurt the kids.

Councilor Clarenbach suggests we leave the \$426K on the table and give them the \$260K if they want it but it just makes it harder for them next year. It needs to be clear that the fund balance

is not for a light sprinkle rainy day fund and it is truly for a dire need like the bridge going out. The fund balance needs to be clearly understood what it is by everyone so there isn't a political play next year as this is going to be a problem for the next three (3) years. The NH Retirement system will have a 30% increase next year so not sure how it is all going to fit in over the next three (3) years. Councilor Wells stated that for a very long time the solution to education was to throw money at it but that doesn't work so they have to buckle down and make it work.

Councilor Zink stated that the papers they gave us are hard to understand. Councilor Clarenbach stated that shows him that they don't have priorities of what they want. They say they are cutting 24 teachers but then they are adding 3 new teachers then they want all the teachers so they aren't prioritizing them. Councilor Clarenbach stated that one of the letters he got stated that study hall students are being put in the back of classrooms that are being actively taught in and that there is a lack of substitute teachers so they ask teachers regularly to cover two (2) classes at the same time so how is that beneficial to anyone? Some of the choices and tactics the School Board chooses are not in the best interest of the children.

Councilor Giunta asked if we offer the \$260K or wait for them to ask for it. Mayor stated it is under your control. Councilor Wells asked if they have to make a motion and the Mayor replied that is a good idea as it will give clarity as to what is being presented.

Motion: Councilor Wells moved that the Franklin City Council give the School Board \$426,014.00. Motion seconded by Councilor Giunta.

Councilor Clarenbach stated that to leave the additional \$260K open and it will be up to the School Board to request. He does believe that it needs to be with the understanding of what they intend.

All in favor; motion passes.

Councilor Zink asked that we were meeting on the 7th and the City Council meeting is on the 11th. Mayor Merrifield stated that essentially they could set the public hearing but City Manager Dragon stated the date would have to be different as it has to be ten (10) days and Finance Director Milner stated you can't include today. Councilor Clarenbach asked if they are required to set a public hearing and the Mayor stated that if the Council doesn't act the manager's budget takes effect. Councilor Clarenbach asked if they are not required to do a public hearing on the manager's budget. Mayor Merrifield stated that if they don't take action they are taking inaction and the manager's budget takes effect but this is unchartered territory so that would be something to clarify with Attorney Fitzgerald.

Councilor Wells asked that with the motion just passed adding money to their budget would that money be added to the manager's budget. Mayor Merrifield stated that you did not adopt a budget and can't adopt a budget without a public hearing. City Manager Dragon stated you

would have to make the date by July 15 to hold a public hearing otherwise it will default on July 27th.

Councilor Giunta stated that we present the package to the School Board based on the motion we made. Councilor Desrochers stated he agrees with Councilor Giunta that this is what we are offering and not to have any more meetings as we have no more to offer. Councilor Barton stated that they need to take it or leave it as their two options. Councilor Clarenbach stated the Council should send them a letter with the outcome of this meeting so when they have their meeting on the 5th they know where the Council stands so when the Council and School Board have their joint meeting on the 7th there will be an answer.

Councilor Zink asked do we need to set a public hearing on the fire truck and the water rates. She also asked do we want to meet on the 11th or do we want to move that to the 25th.

Motion: Councilor Zink moved that the Franklin City Council move the City Council meeting from July 11th to July 25th. Motion seconded by Councilor Clarenbach.

All in favor; motion passes.

Motion: Councilor Zink moved that the Franklin City Council set a public hearing on Monday, August 1, 2016 at 6:06 pm on Resolution #02-17 authorizing to borrow \$650K for a fire truck. Motion seconded by Councilor Desrochers.

All in favor; motion passes.

Motion: Councilor Zink moved that the Franklin City Council set a public hearing on Monday, August 1, 2016 at 6:07 pm on Ordinance #01-17 municipal consumption rate to \$6.06 per 100 cubic feet. Motion seconded by Councilor Dzujna.

All in favor; motion passes.

Councilor Clarenbach read Resolution #02-17:

A Resolution authorizing the City to enter into a bond/note/lease with Franklin Savings Bank to fund a new fire truck.

In the year of our Lord, Two Thousand Sixteen,

WHEREAS, the City Council recognizes engine 1 is 28 years old, in poor condition and in need of replacement, and

WHEREAS, the City Council wishes to replace engine 1 and finance this project through the Franklin Savings Bank or other potential sources of borrowing, and

WHEREAS, the City Council wishes to utilize the applicable appropriation from the recently expired trash truck & recycling program lease payment to fund the bond/note/lease payment, Now

THEREFORE, BE IT RESOLVED at the scheduled meeting of the City Council on Monday, August 1, 2016, the Franklin City Council, Franklin, New Hampshire does hereby support the replacement of engine 1, supports the use of the retired trash truck and recycling program lease monies for annual funding payments and authorizes the City Manager and/or Mayor to move forward with the application process through Franklin Savings Bank for a note not to exceed \$650,000 principal with a 10 year payback period and sign all necessary paperwork by a roll call vote.

Councilor Clarenbach read Ordinance #01-17:

AN AMENDMENT TO THE FRANKLIN MUNICIPAL CODE:

In the Year of our Lord, Two Thousand Sixteen;

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 Department be changed as follows:

	<u>Current Fee</u>	<u>Change To</u>
Water Commodity Charge Per 100 cubic feet	\$5.81	\$6.06

Fee to be effective July 1, 2016 by a roll call vote.

Motion to adjourn made by Councilor Desrochers. Seconded by Councilor Dzujna. All in favor; meeting adjourned at 7:21 p.m.

Respectfully Submitted,

Lauraine G. Paquin