



**LACONIA CITY COUNCIL MEETING
MAY 13, 2013
CITY HALL – CONFERENCE ROOM 200A
7:00 P.M.**

CALL TO ORDER:

Mayor Michael Seymour called the meeting to order at the above date and time.

SALUTE TO THE FLAG:

Councilor Ava Doyle led the Salute to the Flag.

ROLL CALL:

City Clerk Reynolds called the roll with the following Councilors present: Councilor Doyle, Lahey, Lipman, Baer, Hamel and Bolduc. Also present City Manager Scott Myers and Finance Director Donna Woodaman.

ADOPTION OF MINUTES OF PREVIOUS MEETINGS:

1. Regular and Budget Hearing of April 22, 2013

*Councilor Bolduc moved to approve the regular and budget hearing minutes of April 22, 2013. Seconded by Councilor Hamel. **Motion passed unanimously.***

2. Special Meeting of April 24, 2013

*Councilor Bolduc moved to approve the special meeting minutes of April 24, 2013. Seconded by Councilor Hamel. **Motion passed unanimously.***

CONSENT AND ACTION CALENDAR:

1. Laconia Adult Softball – May 1 through November 1, 2013 – Memorial Softball Field – Concession stand for athletic fundraising event

*Councilor Hamel moved to approve the request by Laconia Adult Softball to raise funds at Memorial Softball Field and concession stand from May 1 through November 1, 2013. Seconded by Councilor Bolduc. **Motion passed unanimously.***

2. American Legion Post 1 – May 11 through July 25, 2013 – Memorial Baseball Park – Concession stand

*Councilor Bolduc moved to approve the request by American Legion Post 1 to raise funds at Memorial Baseball Park and concession stand from May 11 through July 25, 2013. Seconded by Councilor Doyle. **Motion passed unanimously.***

3. Laconia Motorcycle Week Association – June 14, 2013 – Opechee Park – Bike Show and Swap Meet

*Councilor Bolduc moved to approve the request by Laconia Motorcycle Week Association to raise funds at Opechee Park for a Bike Show and Swap Meet on June 14, 2013. Seconded by Councilor Doyle. **Motion passed unanimously.***

4. Temporary Traffic Order 2013-07, Laconia Rotary Winni Derby

*Councilor Doyle moved to approve Temporary Traffic Order 2013-07, Laconia Rotary Winni Derby. Seconded by Councilor Hamel. **Motion passed unanimously.***

5. Temporary Traffic Order 2013-08, Laconia Main Street Farmer’s Market

*Councilor Bolduc moved to approve Temporary Traffic Order 2013-08, Laconia Main Street Farmer’s Market. Seconded by Councilor Hamel. **Motion passed unanimously.***

6. Temporary Traffic Order 2013-09, Memorial Day Parade and Ceremony

*Councilor Bolduc moved to approve Temporary Traffic Order 2013-09, Memorial Day Parade and Ceremony. Seconded by Councilor Doyle. **Motion passed unanimously.***

CITIZEN COMMENTS FOR MATTERS NOT ON THE AGENDA:

Jon Moriarty, representing the Laconia Main Street Initiative, advised the Council that it was brought to the groups attention that all of the flags displayed in Downtown were manufactured outside of the United States. The group will begin a campaign to replace all of the flags with those manufactured in the United States and the goal is to raise approximately \$13,000.

Councilor Hamel asked if the new flags will be in place by the Memorial Day parade and ceremony. Mr. Moriarty replied that he has been assured they will be. Mr. Moriarty also thanked Petal Pushers and Trustworthy Hardware for their efforts to prepare Downtown for the Memorial Day festivities.

INTERVIEWS: NONE

COMMUNICATIONS: NONE

PUBLIC HEARING: NONE

PRESENTATIONS:

1. Council Proclamation - National Police Week and Peace Officers’ Memorial Day

Mayor Seymour presented the proclamation to Police Chief Chris Adams. This proclamation affirmed May 12 through May 18 as National Police Week and May 15 as Peace Officers’ Memorial Day in the City.

Chief Adams commented that there will be the annual awards ceremony at the Police Commission meeting to recognize officers. There will also be officers attending the memorial in Concord, at which former City officer Mark Dolloff will be honored.

2. Auditor's Report – Melanson Heath

Finance Director Woodaman welcomed Frank Biron and Patrick Mohan and thanked them for their assistance and advice through the audit process.

Mr. Biron reviewed the Comprehensive Annual Financial Report (CAFR) with the Council (the CAFR may be found at www.city.laconia.nh.us or in hard copy at the City Clerk's Office or Finance Office).

Councilor Lipman asked if the reserve fund for compensated absences is netted into the liability amount listed. Mr. Biron replied that it is not and it would need to be established in an irrevocable trust fund to reduce the liability amount from an accounting stand point.

Councilor Lipman asked, in regards to the credit implications, what the practical aspect is of having enterprise funds with low debt balances. Mr. Biron replied that the reporting of the liabilities is to provide more information and the bond rating agencies compare municipalities from all over the country. The over liability of \$10 million seems like a very large amount but it is realistically insignificant when being compared to other states. Typically with a municipality of equal size the liability would be closed to \$100 million because of the funding of health care benefits through retirement. This then results in the bond rating agencies looking on the City favorably.

Councilor Lipman asked if the City reserve funds are considered unassigned values. Mr. Biron replied that they are removed from the equation. City Manager Myers added that before the reserve accounts were used everything was accounted for in one large amount and this has allowed for the information to be more transparent.

Councilor Lipman requested periodic reporting on the unassigned balances. City Manager Myers replied that this will be done.

Councilor Lipman asked if the debt, with respect to what is being carried, is acceptable. Mr. Biron replied that the \$35 million indicated is reasonable for a community of this size.

City Manager Myers commented that in addition to the debt balances carried it is also healthy to have an operating budget with a certain amount invested in capital on a cash basis as well. This indicates a healthy amount is being reinvested into the community.

Mr. Biron commented that overall the City's financial statements look very good.

Mr. Mohan reviewed the Management Letter with the Council. This document serves as a report card for the City. Each year the audit consists of questionnaires to individuals in each department; this year the questionnaire consisted of a narrative format which allowed for a more in depth understanding of each process.

With the School Department it was recommended to improve documented oversight over the journal entry and disbursement process to decrease the risk that errors and irregularities could occur. This was encouraged because it was noted that invoices were processed without formal approval by the applicable department head, vendor and payroll manifests were for formally documented as being

reviewed by the school Business Administrator prior to School Board approval, and journal entries did not include documented reviewer's approval. The School Department has changed their procedures to comply with this recommendation.

Mr. Mohan noted that it was also recommended to make efforts to segregate some of the duties in the School Department staff to ensure that access to the general ledger is limited as well as ensuring invoices are not being approved by an individual who is not directly involved with the disbursement process. The School Department business office does consist of two staff and segregation can be difficult at times.

With the Water Department, Mr. Mohan explained that although bank reconciliations are done each month they are not reviewed by another party. It is the recommendation that they be signed by the preparer and the reviewer. Additionally it was noted that the journal entries do not have a documented reviewer's approval and it was recommended that all journal entries be reviewed and formally approved by another party. The Water Department has implemented these recommendations by having Superintendent Seth Nuttelman review both documents.

Councilor Lipman asked if there are any repeat recommendations from prior years. Mr. Mohan replied that there are not.

Councilor Hamel asked if the reviewer needs to be someone on the Water Commission. Mr. Mohan replied that the Water Superintendent can take this responsibility because the goal is to have operational review. Mayor Seymour added that the corrective action indicated by the Water Department is acceptable.

Mr. Mohan explained that the only recommendation for the City Finance Department is to prepare for the 2015 implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions*. This will require the unfunded pension liability be recognized on the City's Statement of Net Assets and be inclusive of enterprise funds. This will also be encouraged for the Water and School departments as well. A majority of this information will be gathered by the State and they will be allocating down the liability for the City. There are conferences in place to discuss this and the Finance Director will be attending the 2013 NHFGOA Annual meeting where there will be presentations on GASB 67 and 68.

Councilor Lipman asked what the general assessment of the control environment is compared to other communities. Mr. Mohan replied that based on experience and comparisons to a community this size the internal controls are strong based on the testing done. The narrative style used this year enabled the audit team to become very familiar with tasks and make very good assessments. Mr. Mohan added that he would rate the City as having strong internal controls as no errors were found.

Councilor Lipman asked how the interview for potential areas of risk was conducted. Mr. Mohan explained that there is a rotation through both management and non-management staff each year and through multiple departments. Each person is asked if they are aware of anything that may be happening; this is done in a closed environment with the auditor and the staff member on a one-on-one situation so the staff member has an open chance to discuss without the feeling that someone is listening or watching. A wide range of departments are interviewed at a minimum of three staff per year.

Councilor Lipman asked if there are areas of risk the Council should be aware of. Mr. Mohan replied that the Council needs to be aware that fraud is out there and it can happen even with the strongest internal controls. While things are going very well for the City it does have the practice of decentralized receipts, meaning that different departments collect payments and remit them to the City Clerk's Office, and that is a big risk area that is predominant in municipal areas. At this time the Finance Office does do spot reviews on the departments collecting funds and this has been happening for a few years and the School Department reviews the student activity funds.

Councilor Lipman commended the audit team and Finance Director for a job well done. City Manager Myers added that there is cooperation throughout all departments to make this successful and that this review is the most important review the Council will do all year.

Councilor Hamel asked if the City liability for GASB 68 is yet to be determined. City Manager Myers replied that it is a fluctuating number. Councilor Hamel asked if it will be by the personnel in each municipality. City Manager Myers replied that this is the understanding but the exact process has not been determined at this time. Mr. Mohan added that he is working in a small group with the NH Retirement System to make sure they know what, from the audit side, they are going to be expecting. At this point the process has started but nothing definitive has been determined.

Mr. Mohan reviewed the Single Audit Report. This report is done because the City and School expended more than \$500,000 in federal funds last year. Four programs receiving federal funding were tested, all from the School Department, and there were no findings in the tests.

Mayor Seymour thanked Mr. Biron and Mr. Mohan for their presentation.

Councilor Hamel requested to have Finance Director Woodaman and City Manager Myers present the workings of the Internal Service Fund to the Council. City Manager Myers replied that they will get this for the Council.

MAYOR'S REPORT:

Mayor Seymour acknowledged the announcements that Councilor Lahey will not be seeking reappointment to the Council after 18 years of service and Superintendent Champlin will be retiring from the School District at the conclusion of the school year.

Mayor Seymour stated that Supt. Champlin is more than just the superintendent and he is a true leader for the City, including the children and families. Mayor Seymour wished Supt. Champlin well and thanked him for his years of service for the City. In the same token Mayor Seymour thanked new Supt. Terri Forsten to the position.

Councilor Lipman asked if someone has been selected to fill the vacancy of Assistant Superintendent.

CITIZEN REQUESTS TO COMMENT ON CURRENT AGENDA ITEMS: **NONE**

COMMITTEE REPORTS:

1. **FINANCE: (Lipman, Hamel, Baer)** (Report on meeting of 4/22/13 re: Sanitary Sewer Fund Rates)
 - a) WOW Trail Fund
 - b) Special Item Budget Requests Procedural Review
 - c) Huot Center

Councilor Lipman explained that the Committee met and reviewed proposed rate increases for the Sanitary Sewer Funds (SSF) as presented by Finance Director Woodaman. At that time the Committee felt the increase amounts could be spread out more evenly among three years and requested an alternative proposal. As a result the Council was furnished with two proposals; one demonstrates a 10% increase per year and the other demonstrates an 11% increase per year.

Finance Director Woodaman reviewed the 11% increase at the request of City Manager Myers (see Attachment #1). Councilor Lipman noted that although the relative position of the SSF is strong there continues to be a deficit each year and this reserve will not remain strong for long.

Councilor Lipman noted that the average bill size compared to the region is relatively low. Finance Director Woodaman commented that with the research that they have done it was discovered that many neighboring communities have realized increases in the double digit amounts by percentage.

City Manager Myers stated that the City is very competitive with the other communities within the Winnepesaukee River Basin Project (WRBP). Finance Director Woodaman added that even with the 11% increase each year the City will still be in the lower end of the scale.

Councilor Hamel asked if revenue from the SSF pays any of the cost for the WRBP. Finance Director Woodaman replied that it does. In the 2014 budget the estimated debt service for the WRBP is \$500,000. City Manager Myers advised that the City has a CIP for the internal system as well as with the WRBP.

Councilor Hamel asked if the capital improvements needed at the WRBP could result in a deficit in the SSF if an increase is not made. City Manager Myers replied that in looking at the WRBP capital improvements and the City internal needs the City tries to balance so that there are not larger items being done at the same time. The costs for the next three years are projected into the information provided.

Councilor Hamel asked if the current capital project for WRBP is in the proposed budget. Finance Director Woodaman replied that it is.

Councilor Lipman commented that the rate change history would be beneficial for the public. Finance Director Woodaman replied that an increase was done on 2011 and it was the first increase in 17 years. Councilor Lipman noted that the Council has demonstrated that they have tried to be sensitive to the rate payers but they also have a responsibility to ensure the fund is stable.

Councilor Hamel stated that he wants to make sure the increases are covering all CIP project, for the City system and the WRBP. City Manager Myers assured that it does.

*Councilor Lipman moved to schedule a public hearing for May 28, 2013 during the regular council meeting regarding an increase to Sanitary Sewer Fund rates based on an 11% increase to rates each year for three years. Seconded by Councilor Hamel. **Motion passed unanimously.***

2. PUBLIC SAFETY: (Baer, Doyle, Lahey)

- a) Fair St./Court St. traffic problems and accidents

No report on any item in committee

3. GOVERNMENT OPERATIONS & ORDINANCES: (Doyle, Bolduc, Lahey)

- a) Energy Committee
- b) Vending and Licensing Fees
- c) Chapt. 119, Building Construction regarding signed architectural plans for residential units

No report on any item in committee

4. PUBLIC WORKS: (Bolduc, Baer, Lahey)

- a) Ordinance Amending Chapter 221, Vehicles and Traffic/Parking on Sublawns
- b) Proposed ordinance regarding vehicles over 18,000 lbs. and engines idling between the hours of midnight and 6:00 a.m.
- c) Proposed ordinance regarding large vehicles parked on City streets and sidewalks
- d) Recycling Proposals

No report on any item in committee

5. LAND & BUILDINGS: (Hamel, Lipman ,Bolduc)

- a) Repair & maintenance of City Buildings

No report on any item in committee

LIAISON REPORTS: NONE

MANAGER'S REPORT:

City Manager Myers advised the Council that he has re-appointed Debbie Cotton as an alternate to the Board of Assessors. Ms. Cotton has served a few prior terms and is interested in continuing.

City Manager Myers reviewed the Project Updates (Attachment #2) and Financial & Operation Trends (Attachment #3).

With the Recycling Report (Attachment #4) City Manager Myers reviewed a memorandum from Ann Saltmarsh outlining her observations while trailing the collection. This process included leaving informational letters at addresses that did not have recycling at the curb and to those that exceeded the current allowable amount of trash for collection. Ms. Saltmarsh was also able to interact with individuals that were available and speak to them directly. This was done for informational purposes and to educate those not participating in the voluntary recycling.

In the last few weeks there have been people with questions and concerns and the City is trying to address them as efficiently as possible. With the accessibility of the four remote drop off locations and the every other week recycling collection the City is in a very unique situation because the intent of the mandatory recycling is not to penalize anyone that is using the remote locations. City Manager Myers advised the Council that he is working on a way to enhance education to the public and language will be coming forward to the Council in the near future.

Councilor Hamel asked what percentage of recyclables has been targeted as a goal. City Manager Myers replied that the proposed budget requires 25% to be successful. The tracking will now focus on a reduction in trash tonnage collected and that amount will need to be reduced by 25%. This will also take the focus off of the gray areas and will allow those using the remote sites to not be penalized for doing so.

Councilor Doyle commented that we have last summer's information to work with because we have been capturing the statistical information for over a year. City Manager Myers agreed that this will be a good measurement tool.

City Manager Myers reviewed the projected debt schedule with the Council (Attachment #5).

Councilor Lipman commented that it appears the City is in a good place in relation to debt.

Mayor Seymour stated that this is a very good tool and it gives all of the information very clearly.

Councilor Lipman added that the amortization schedule for the Laconia Middle School project was balanced out and this could allow for more flexibility. Looking at the long term it appears the City will be in very good shape.

NEW BUSINESS:

1. Request by Parks & Recreation to hold a 5-on-5 Basketball Tournament at Leavitt Park from June 20 through June 23, 2013 to Raise Funds in Memory of Lily Johnson and in Support of Allyssa Miner

*Councilor Lipman moved approve the request by Parks & Recreation to hold a 5-on-5 basketball tournament from June 20 through June 23, 2013 to raise funds in memory of Lily Johnson and in support of Allyssa Miner. Seconded by Councilor Hamel. **Motion passed unanimously.***

2. Request to Accept SAFER Grant

*Councilor Lipman moved to accept the SAFER Grant. Seconded by Councilor Doyle. **Motion passed unanimously.***

3. Lakes Region Facility Discussion

Councilor Lahey explained that the State has gone through the brokerage and listing process for the property which resulted in two inquiries and no bids on the property. This was a nationwide search. In addition to the attempt to broker a sale there has been a bill presented to the legislature that would move surplus State property back into the Long Range Planning. At this time the Council is at the point to make a decision to reoffer \$2.17 million for the property.

Councilor Hamel commented that we should be offering the reduced amount that the State was willing to sell the property to the County for. Councilor Lahey replied that the idea is to try and get the State to want to sell the property and it would not work with a lower offer.

Councilor Lahey stated that it is important to try and not have other parties control this property. In recent months there has been discussion of putting a women's prison on the property, which the talk has shifted now, but the State could do anything they wanted with the property if it were to stay in their hands.

Councilor Baer commented that in reading the report from Planning Director Shanna Saunders the Council needs to consider the cleanup cost is going to cost an estimated \$5 million. If grant funding is received for the cleanup it does have a required 20% cost share. Councilor Lahey replied that, as was

previously discussed, the property could be divided in a way to maximize the funding opportunities. City Manager Myers added that the Environmental Protection Agency (EPA) has worked with a particular site they are known to continue work with that project to get to the cleanup phase. This would not be a process that would happen quickly and would span through many years. City Manager Myers also explained that if the City were to take possession of the property there would be no need to immediately eradicate the hazardous material because it does not hold an immediate danger to public health.

Councilor Baer stated that she has never really heard the reason why the City would want to purchase this property. Mayor Seymour replied that one piece of this equation is to have a defensive posture and have control of the destiny of the property. Councilor Baer countered that this could be done through zoning regulations. Mayor Seymour replied that it could not be done to the extent the City would like.

Councilor Baer commented that the City is already in possession of millions of dollars of untaxed property and this is going to add more to it. Councilor Hamel replied that we aren't getting any tax money on it now.

Councilor Lahey pointed out that a nationwide search was done for a buyer and no one wants the property. Councilor Baer asked how long the broker had the property because a few months is not long enough to market the property. Mayor Seymour added that local developers have all commented that they wouldn't want the property either.

Councilor Bolduc commented that a lot of news and media attention was given to the property and there was still no interest. Councilor Lahey replied that there are 70 acres in close proximity to the Robbie Mills field that could be used for recreation and there is sufficient land for conservation and agricultural land.

Councilor Lipman stated that before an offer is made the entire picture needs to be looked at, which includes the long term care and maintenance of the property. Councilor Lipman added that this is a unique parcel of land that could have neutral to positive benefits to the City. Councilor Lahey encouraged the Council to look at how quickly decisions can be made at the State level and everything can change.

Councilor Hamel stated that he is in somewhat agreement with Councilor Baer but also agrees with Councilor Lipman that we should not just take the price as is without assessing the entire situation. More research needs to be done on the long term effect this could have on the City financially.

Councilor Lipman stated that he would like to know the legal requirements for time to clean up the site as well as what the maintenance and care would entail and what the cost would be. Councilor Hamel added that the future financial rewards should be considered as well because if there is potential for it to become taxable property in the future it could weigh on the decision.

Councilor Lipman commented that there are certain pieces of farm land that have a heritage value to them and recreational uses could be found on the property but there could also be economic development of an unknown amount. Councilor Lipman referenced the land that now makes up the Lakes Business Park; this property went through a 20 year process to become developed and become taxable property.

Councilor Hamel expressed concern with a time frame that may be imposed for the cleanup of the buildings on the property. City Manager Myers replied that this had been asked of the consultant in

relation to the State possibly developing a section of the property, aside from the existing buildings, and the response was that they are not required to make any cleanup efforts because there is nothing in the buildings that could deteriorate other sites or parcels. The issues are with mold, asbestos and lead paint which are all contained to the buildings they are found in. With that response, City Manager Myers stated that he does not believe the City would be required to begin any mitigation of the hazards within a specified time frame.

Councilor Doyle commented that she has received input from tax payers that say they would like to see the City control the property but she shares some of the concerns brought forward by Councilor Baer, Councilor Doyle wonders if the City can afford the property but does not want to see urban sprawl or cluster developments on the property either because it is one of the last open space properties left in the City.

Councilor Hamel asked if the buildings that are currently occupied by the 911 Dispatch Center and Lakes Region Mutual Fire Aid or Ahern Park would be included in the property. Councilor Lahey replied that the property has been subdivided and these would not be included but the property to the right containing the farm buildings would be included.

Mayor Seymour asked what the most appropriate way to move forward with this would be in regard to Council concerns. City Manager Myers replied that he can get the information as an estimate from maintenance costs provided by the State and grants could be estimated as well.

Chief Erickson advised the Council that all the only system being maintained at this time is the water system, which is supplied by the pump house and maintained by the City. No other utilities are being maintained to the vacant property.

Councilor Lahey asked if there are any other areas the Council would like feedback on because time is passing. Councilor Lipman asked if there is a timeframe for a decision to be made. Councilor Lahey replied that it was referred to committee and no decision was made in committee.

Councilor Hamel asked if it was referred to the Long Term Planning yet. Councilor Lipman replied that this would not be a good scenario for the City. Councilor Lahey added that the current legislation favors the City.

Councilor Lipman commented that there may not be a resolution from the State by the end of June and another opportunity may come forward.

Mayor Seymour asked to determine a time frame. City Manager Myers replied that he will have the information and a time frame for the Council at the next meeting.

4. Request to Schedule a Public Hearing on May 28, 2013 during the Regular Council Meeting Regarding a Proposed Ordinance Amending Sanitary Sewer Fund Rate – Councilor Lipman

Action was taken on this item under Committee Reports.

UNFINISHED BUSINESS:

1. Milfoil Treatment Funding Request
2. WOW Trail
3. Master Plan

4. EPA Update
5. Sewer & Water Master Plan
6. Single Stream Recycling/Concord Co-Op/Solid Waste Disposal Cost Reduction
7. Strategic Planning/Goal Setting

NOMINATIONS, APPOINTMENTS & ELECTIONS: NONE

COUNCIL COMMENTS: NONE

NON - PUBLIC SESSION: NONE

ADJOURNMENT:

*Councilor Lahey moved to adjourn at 8:46 p.m. Seconded by Councilor Hamel. **Motion passed unanimously.***

Respectfully Submitted:

Mary A. Reynolds
City Clerk