



**LACONIA CITY COUNCIL
BUDGET WORK SESSION
MAY 28, 2013
CITY HALL – CONFERENCE ROOM 200A
6:00 P.M.**

CALL TO ORDER:

Mayor Seymour called the budget work session to order at the above date and time.

ATTENDANCE:

The following Councilors were in attendance: Councilor Doyle, Lahey, Lipman, Baer, Hamel and Bolduc.

Also in attendance: City Manager Scott Myers and Finance Director Donna Woodaman

FINANCE

Finance Director Woodaman reviewed the budgets for Licensing (pg. 25), Employee Benefits (pg. 43), Fiscal (pg. 45), Insurance (pg. 49), Principal and Interest (pg. 51), and Welfare (pg. 123).

Councilor Lipman asked which employees are covered under the Employee Benefits budget. Finance Director Woodaman replied that the Social Security is for all City employees and the Health Insurance and Retirement is for Group 1 employees only. The Group 2 employee's costs are reflected in the department budgets.

Councilor Lipman asked if the reserve fund relative to the health insurance can be discussed. City Manager Myers advised that this is scheduled for discussion this evening during his presentation.

Councilor Hamel asked why the Sick, Vacation and Holiday lines are not showing as being funded. Finance Director Woodaman explained that all of the cost is shown in the Salaries line and as it is attributed to other areas it will be designated to the appropriate line item.

Councilor Lipman asked if the City has the option to self insure for unemployment insurance. City Manager Myers replied that some communities do but the City has not looked into this. Councilor Lipman suggested looking into this option for the 2014/2015 budget. City Manager Myers corrected that he believes workers compensation can be self insured but is not confident on unemployment insurance; this will be looked into and reported back to the Council.

Councilor Lahey asked if workers compensation insurance is based on experience or payroll information. City Manager Myers replied that workers compensation and unemployment insurance can become intermingled and he will look into this.

Finance Director Woodaman explained that the cost for workers compensation has been factored based on actual cost and does not take into consideration the Premium Holiday, which will be received as of July 1, 2013 and is anticipated to be \$140,000. Councilor Lipman asked what the plan is for the Premium Holiday. City Manager Myers replied that the budgeted increase has been adjusted to reflect a small increase to attribute for the Premium Holiday but to not inaccurately reflect a very large increase in the following year it was not put in the budget this year. This will also allow for funds to be placed in other accounts for reserve purposes.

Councilor Lipman asked how the bid results were for the school supplement bond. Finance Director Woodaman replied that they came in lower than anticipated and some savings are anticipated of about \$2,500. The lowest bid was 3.04% for 20 years.

Councilor Lahey asked where the remaining balance for each bonded item can be found. Finance Director Woodaman referred the Council to Balance Due column of the budget.

Councilor Lipman asked if the City has looked into refinancing existing bonds if interest rates are at a level that is conducive. City Manager Myers replied that his is something that is followed and the bond bank is advising the City if something comes up that makes sense.

Councilor Lipman asked how the health exchange from Medicare expansion would benefit the Welfare budget. City Manager Myers replied that the staff works with other agencies in the area and coordinate programs to help fill the voids there may be in service.

Councilor Baer asked if drug testing is conducted for this requesting Welfare assistance. Finance Director Woodaman replied that we do not. City Manager Myers added that the ability to do so would come from the State level and that has not happened. Additionally, those that are able bodied are asked to complete the Work Fare program and "pay back" their assistance by working for various departments throughout the City. There are also requirements to complete job searches.

Councilor Hamel asked if the drug testing could be adopted by a local community if they should choose. Finance Director Woodaman replied that there is not a large demand or requests for pain or narcotic information. City Manager Myers added that he is not certain if it is permissible and would need to look into it further.

Councilor Baer asked how many transients the Welfare department services. Finance Director Woodaman replied that there are many people coming in to seek housing, and many of them go to the Carey House which is within City limits and the City contributes to that housing even if they came from another community.

Councilor Bolduc asked if the other communities can be billed for the expense. Finance Director Woodaman replied that it can be done but to harbor good will among the communities, because they could turn around and bill us if they chose, it is not done. The communities all work together.

Councilor Hamel asked if there is a way of tracking people that may be using all of their benefits in one municipality and going to another and getting benefits from them. Finance Director Woodaman replied that because each situation is different it is very difficult to track down. The interview process attempts to get certain information but it is often difficult to establish a pattern.

Councilor Hamel asked if the immigrants that have come to the City are represented in the amount of people receiving benefits. Finance Director Woodaman replied that there is no majority by ethnicity that is receiving service over another; everyone is in need. Mayor Seymour commented that the City is very fortunate that there is a good refugee community established within the City and there are several agencies assisting them as they transition.

Councilor Lipman commented that drug testing is a very complicated area when dealing with Welfare issues. City Manager Myers added that there is expense associated, time for screening results and decisions on what materials to test; then there is the issue of someone being on medication that they are needing to be on and having to disclose this information which we would have no need to have.

Councilor Hamel asked how the amount of assistance requested is trending. Finance Director Woodaman replied that her inclination is that there is an increase in families and single parent households looking for assistance, mostly in the form of housing.

Councilor Hamel commented that he has heard that it is very easy to receive benefits from the City. City Manager Myers replied that the City staff is fair and firm. Councilor Lahey added that he has heard that it is tough to receive benefits. Finance Director Woodaman commented that the City Work Fare program is utilized whenever possible.

Councilor Hamel asked what percentage of those receiving assistance use the Work Fare program. Finance Director Woodaman replied that it is fairly high; the program includes a requirement to complete two job searches per day.

Councilor Baer stated that 62% of City Relief has been used as of April 30 and it would appear that we are in better shape than last year. Finance Director Woodaman replied that there is a some contingency built into the budgeted amount because the expenses are unknown at times. The City does not pay any back bills, such as rent or utilities.

City Manager Myers stated that there have been changes made to the process from concerns expressed by other agencies. Applications for assistance are now readily available to anyone that comes in and requests one and can be found online. Feedback from these agencies and other communities has been considered and adjustments have been made when needed.

Mayor Seymour commented that the interfaith community is a large supporter of the efforts to provide services to those that are in need. Recently there has been effort to work together amongst the various agencies throughout the City and it has had a positive impact.

ADMINISTRATION

City Manager Myers reviewed the budgets for Administration (pg. 7), Capital Outlay (pg. 11), Capital Outlay to be Bonded (pg. 17), Non-Departmental Requests (pg. 19), Special Items (pg. 21),

Councilor Lipman asked if there can be a time scheduled for feedback from the community regarding the need to have the Opechee Park House reconstructed. City Manager Myers replied that he can make that arrangement.

Councilor Hamel asked if equipment improvements can be expected at Wyatt Park. City Manager Myers replied that there will be funds to add some equipment for younger children.

Councilor Baer commented that there are problems with the sandstone that has been used for the walking path at Wyatt Park. The path is being used by bicycles and is being destructed because it is not packed down. There is another section where the hill wasn't leveled and it is now being used as a jump. Councilor Baer suggested looking into paving it if there are funds available.

Mayor Seymour commented that Wyatt Park is being used more and it is nice to see.

Councilor Lipman commented that there are issues with the fencing at Wyatt Park. City Manager Myers replied that the fencing is scheduled to be repaired.

Councilor Baer commented that with Endicott Rock Park Beach Engineering there is a proposed appropriation of \$40,000 but the bid came back at \$27,000 which could show savings. City Manager Myers replied that this could be adjusted or carried forward to the repairs that may need to be done.

Councilor Hamel asked if the Fire Department has a line to fund capital items, such as the four inch hoe they are requesting. City Manager Myers replied that they do not and if the Council would like to have this line funded through Motorcycle Week funds it can be changed.

Councilor Baer asked if the engineering of the bridges listed in the Capital Outlay could be put off for another year with the current funding year being 2019. City Manager Myers replied that it could but the result would be to have potential funding in 2020.

Councilor Hamel asked if the retirement costs from Motorcycle Week have always been taken from the Motorcycle Week account. City Manager Myers replied that all wages from Police, Fire and Public Works, contracted and in house, have always come from the fund because this is where they are originating. Retirement was not and it is now calculated in the account.

Councilor Lipman commented that he feels that if this is being funded with the Motorcycle Week budget then the department should see a reduction for the same amount. This reduction from the departmental budget should be placed in one of the reserve accounts. City Manager Myers replied that in order to have a true cost of the event the funding needs to come from that account. There are many soft costs that are not associated with the event and this is one that can be captured and tracked.

Councilor Lipman replied that the concern is not the tracking of the amount in the Motorcycle Week account it is the lack of seen reduction in the departmental budgets that would be expected. City Manager Myers replied that the retirement system payment is given as an estimate of payroll cost and the amount does not appear twice in the overall budget. Councilor Lipman commented that when looking at the budget for a particular department that is involved there should be a reduction. City Manager Myers explained that when looking at the departmental budget the amount is not in the Retirement line; the amount on the budget is a percentage of the wages projected which then may not necessarily reflect a decrease because the amount overall increased. Councilor Lipman replied that it appears the true cost to the department is being buried in the overall cost. City Manager Myers countered that he feels it is being more accurately reflected.

Councilor Lipman stated that it would be more helpful if there was a reduction line shown in the departmental budget.

Councilor Hamel commented that some of the hours are regular scheduled hours and they should not be charged at Motorcycle Week either. Finance Director Woodaman replied that regular scheduled hours are applied to the department budget and anything extra for the event is applied to Motorcycle Week.

City Manager Myers commented that he appreciates what Councilor Lipman would like to see but when the census of employees changes, such as a retirement or a pay change, it gets added into the percentage equation. Councilor Lipman replied that he would like to see a line item to show the reduction in the departmental budget so it can be tracked and seen more accurately. City Manager Myers replied that the numbers are tracked each year at the close of the event but when there is a change in payroll, such as step increases, the percentage of payroll is going to increase and a savings will not be seen overall.

Councilor Hamel asked why the amount for Police coming from the Motorcycle Week went from \$16,000 to \$30,000.

Mayor Seymour stated this discussion would continue into the regular Council Meeting.

Mayor Seymour closed the budget hearing at 7:00 p.m.

Respectfully Submitted:

Mary A. Reynolds
City Clerk