



**LACONIA CITY COUNCIL MEETING
JANUARY 10, 2011
CITY HALL – CONFERENCE ROOM 200A
7:30 P.M.**

CALL TO ORDER:

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

SALUTE TO THE FLAG:

Councilor Robert Hamel 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 Eileen Cabanel and Finance Director Pam Reynolds.

ADOPTION OF MINUTES OF PREVIOUS MEETINGS:

- **Regular and non-public minutes of December 27, 2010**

Councilor Bolduc moved to accept the regular meeting minutes of December 27, 2010 and defer the non-public meeting minutes. Seconded by Councilor Lahey. **Motion passed unanimously.**

CONSENT AND ACTION CALENDAR:

1. Temporary Traffic Order 2011-01/82nd Annual Sled Dog Races

Russ Armstrong explained the event to the Council. The races will not be confirmed until 10 days prior to the event.

Councilor Bolduc moved to approve Temporary Traffic Order 2011-01/82nd Annual Sled Dog Races. Seconded by Councilor Lipman. **Motion passed unanimously.**

2. Request to waive vendor fees for 82nd Annual Sled Dog Races

Councilor Bolduc moved to waive vendor fees for the 82nd Annual Sled Dog Races. Seconded by Councilor Lahey. **Motion passed unanimously.**

3. Authorization for the following boat dealers to act as agents for the City to collect boat registration fees: Paugus Bay Marina, Thurston's Marina, Channel Marine, Irwin Marine and Lakeport Landing

City Manager Cabanel referred the Council to the memo distributed by Assistant Finance Director Donna Woodaman. The City generated \$72,000 in boat fees collected by dealers in fiscal year 2010.

Councilor Hamel moved to authorize Paugus Bay Marina, Thurston's Marina, Channel Marine, Irwin Marine and Lakeport Landing to act as agents for the City to collect boat registration fees. Seconded by Councilor Bolduc. **Motion passed unanimously.**

CITIZEN COMMENTS FOR MATTERS NOT ON THE AGENDA:

Stacy Laughton (Ward 3) thanked Councilor Lipman for his prompt attention to a hazardous area of Messer Street that has caused his wife to fall; the same day the call was made the hole in the roadway was filled. Councilor Lipman in turn thanked Marie Bradley and the Department of Public Works for their responsiveness to the situation.

INTERVIEWS:

1. Michael Foote – requesting appointment as an alternate on the Zoning Board of Adjustment

Mr. Foote is a resident of 222 Rollercoaster Road. He is a lifelong resident of Weirs Beach and is a current member of the CIP Committee.

Mayor Seymour thanked Mr. Foote for his interest. The formal vote will be taken at the January 24, 2011 meeting.

COMMUNICATIONS:

1. Letter from Chief Moyer concerning the WOW Trail

City Manager Cabanel advised that the letter was given to her by Councilor Baer, and would like it read aloud for the record. Mayor Seymour did so (Attachment #1).

PRESENTATIONS:

• Department of Revenue Administration/Revaluation Process

City Manager Cabanel explained that the decision was made to have the Department of Revenue Administration (DRA) come in and review the revaluation process with the Council, and answer any questions or concerns they may have, after the sudden resignation of all full members of the Board of Assessors. The purpose of this presentation will be to give a brief performance evaluation of Vision Appraisal.

Charles Reese, Real Estate Appraiser Supervisor for the Property Appraisal Division, and David Cornell, Assistant Director for the Property Appraisal Division, addressed the Council.

Mr. Cornell began by explaining that the function of the DRA is to ensure that all municipalities are following the rules and laws associated with the revaluation process, and that the assessors for outside contractors are following procedures with sound appraisal methodology. Mr. Reese has been intensive with the review process of the work done.

Mr. Reese explained that one of the processes done when reviewing a revaluation is to randomly select sale properties for inspection. This was done in June 2010 with permission of the property owners. Any issues were reported back to Vision Appraisal, and a copy was given to Assistant Assessor Deb Derrick. For the most part, everything found out in the field was done according to expectations from a revaluation.

In early September, Mr. Reese attended some of the hearings and conducted another field review with Ms. Derrick. The focus of this review was to look at the break down of neighborhoods now in comparison to prior to the revaluation; there were significant reduction in the number of neighborhoods to simplify the use for the revaluation process and for future use by the Assessing Department.

Within the last week, the DRA has received the Uniform Standards of Professional Practice Report. Mr. Reese has done an initial review of this and reported some questions to Paul Mc Kenney, the project manager from Vision Appraisal, but noted that nothing out of the ordinary was found and the questions were in regard to additional information that would be useful. Mr. Reese continued that he did not see anything out of the ordinary with the revaluation process and the response to the hearings was typical. Generally taxpayers do come forward during the hearings to find out about the process and to get a better clarification of how the assessment was derived. In conversations with Assessor Jon Duhamel, there has been a normal turnout for abatements so far, which taxpayers have until March 1 to file.

Mr. Reese has also taken opportunities to sit down with one taxpayer who wanted assistance with his commercial properties and the understanding of them after he was not satisfied after contacting Vision Appraisal and having his hearing. Mr. Reese went through the properties and answered general questions, but did not and cannot get into specifics regarding valuations.

An equalization study is done for each community within the State, and the City can expect to receive this information from the DRA shortly. Looking at the information initially, it appears that the DRA will have a value close to the value projected by Vision Appraisal for median values and coefficient dispersion. The coefficient dispersion gives the DRA an idea if the range of evaluation was appropriate when comparing the various property types, and so far it looks like it will fall into normal range.

Councilor Lipman thanked the representatives for coming to meet with the Council, and asked for a general observation on a regional scale for the changes in values for different types of classes of properties, and how Laconia compared to those changes. Mr. Reese advised that statewide there has been a wide variation in the market, but some property types, such as water front, are not seeing a decline like other areas; in some instances these properties are still rising regardless of which community, such as those in Rye, Moultonborough, Laconia and some small pond communities. Commercial properties have been much more difficult to gage with fewer transactions. Depending on the neighborhoods, there may be an over abundance of multi-unit properties which were at a higher value five years ago and are now the most susceptible to foreclosure and have decreased in value. In most residential neighborhoods, there has been a decline in the values dependent on when the last revaluation was done. Laconia has been in the process of doing an annual update, so statistically they will not see a big decline, even though the values are coming down, because it is measured over a

smaller time. Residential non waterfront has seen the biggest decline in value of the last few years, with mobile homes being volatile for a variety of reasons, such as bank lending policies. Mr. Cornell added that for the communities that update on an annual basis will see gradual changes, while communities that haven't updated in several years are seeing a much larger drop in the assessments.

Councilor Lipman asked if the current neighborhood configuration is normative to other communities. Mr. Reese stated that statistically, the neighborhood count prior to the revaluation was high, which made it difficult for monitoring purposes. It is very difficult to manage the assessments with so many neighborhoods, causing the sales information to be skewed because there may not have been sales in a particular neighborhood. Over time, the number of neighborhoods will change again with fluctuation in the market; however, with the variety of property types in Laconia, it is not uncommon to see more than usual neighborhoods.

City Manager Cabanel asked if Vision Appraisal and the City satisfied the DRA requirements for a revaluation as required by State law. Mr. Cornell explained that State law requires a "valuation of new" every five years, and the steps have been taken have achieved that. The revaluation is graded after the revaluation based on the selling price of properties in comparison to the new assessed value; it is not expected with the current market for the selling prices to match exact. There are tests done to ensure the values are within a specific range. City Manager Cabanel asked when the DRA review will be completed so the City is aware that we are within the acceptable area. Mr. Cornell advised that the 2010 information should be available within a couple of weeks; this will include qualified sales, which excludes bank sales, foreclosures and family sales, from October 1, 2009 through September 30, 2010. City Manager Cabanel asked how the City will be notified. Mr. Reese advised the City will receive an equalization report and a final report on the revaluation, which will recap the procedures and ratios. At that time, Mr. Reese is available to come back and explain the reports to the City Manager and Council.

Councilor Hamel asked if the DRA was here during the process to oversee what Vision Appraisal was doing to make sure it was correct, or are they more interested in the valuations they come up with being in line with other communities; what is the DRA more critical on? Mr. Cornell explained that there is a sound methodology that follows the practice of a mass appraisal; as far as the values, they will be different in each community, while some aspects of the model will be universal. For example, the number of bathrooms in a house is a universal driver throughout the State, but the value of the bathrooms will be different. When the model is calibrated, the DRA is looking to make sure it is producing an accurate value.

Councilor Hamel asked if the DRA is looking for a comparison on selling price of lake front properties in other communities that have Lake Front, or are they staying within just one community. Mr. Cornell explained that typically if you have the sales the closer you are to the neighborhood, the better off you are, because the adjustments are closer to the Subject Property. There may be times when there is a unique property in a community and when valuing that property you search the neighborhoods for a similar property but cannot locate a comparison, which then forces you to look outside of the community. Adjustments will need to be made on either side, positive or negative, that may impact the value.

Councilor Hamel asked if the reduction in neighborhood count could have led to the discrepancies with taxpayers, because the neighborhood area was changed or increased. Mr. Cornell confirmed that it would be a contributing factor, but because the neighborhoods were broadened it allows for the assessors to count more sales. Councilor Hamel asked if the broadening of the neighborhoods may have pulled more homes into areas that are located with water front homes but is not necessarily water

front, therefore increasing their assessed value incorrectly. Mr. Cornell explained that a home is assessed as water front if it is actually water front, so no, this is not a factor. Properties with water access are compared differently.

Councilor Hamel asked how commercial properties are judged. Mr. Reese explained that each commercial neighborhood is given a value block, just like residential areas are done. Some factors that are considered are the parking availability and traffic flow which help determine the desirability of the area. Mr. Cornell stated that some of the more difficult aspects of commercial properties is that the number of residential sales are down, but there are more valid transactions with residential than commercial sales which allows for easier statistical data capture.

Councilor Bolduc asked if there is a difference in water front property based on what body of water they are accessed to. Mr. Cornell explained that the model is designed to mimic the market; if there is a difference in selling and market price for properties on different bodies of water, then it should be adjusted in the model. Mr. Reese stated that there have been adjustments for the market reaction to different areas of water front, even within different areas of a water front.

Councilor Lipman asked for general qualifications required for a company to be permitted to conduct mass appraisals in the State of New Hampshire. Mr. Cornell explained that anyone doing assessing work must be certified through the DRA, which has a starting point as a Measurer and Lister. To become an Appraiser you need to have a minimum of four years experience, and to become a Supervisor, or Project Supervisor, you need to have a minimum of five years experience. Councilor Lipman asked what percent of the appraisals in the State of NH are conducted by Vision Appraisal. Mr. Reese explained that they do not keep statistics on this information. Councilor Lipman further asked how many firms are certified by the DRA and do they represent smaller shares of the work load. Mr. Cornell stated they have about 12 listed; Vision Appraisal does its fair share of the work, but it fluctuates yearly.

Councilor Hamel clarified that each community needs to have a revaluation conducted every five years. Mr. Reese explained that the process itself, including the building blocks, needs to be initiated every five years. It is recommended that once during a five year cycle each property is visited and the interior assessed. Councilor Hamel commented that he understands that it is a good thing for municipalities to do this, however it is very costly to a municipality to undertake the process every five years. Mr. Cornell explained that with challenges by various municipalities after the passing of the State Property Tax, it became crucial for each municipality to have the correct and accurate information which allowed for a fair equalization amongst all of the municipalities. Prior to Court rulings, there were communities that had equalization values of less than 50%; since the passage of these rulings the assessing practices throughout the State have improved.

Councilor Hamel asked if the DRA has the ability to levy fines or penalties against a municipality that does not comply. Mr. Reese explained that their job is to ensure it is completed, but it is the Board of Land and Tax Appeals (BTLA) that would levy a fine if necessary. If it gets to this point, the BTLA could also force a revaluation by hiring a firm to complete the process and charging the municipality for the process.

With no further questions or comments, Mayor Seymour thanked Mr. Reese and Mr. Cornell for their time.

MAYOR'S REPORT:

Mayor Seymour advised of a potential event called the Cabin Fever Festival. The proposal is to set up campfire dining locations throughout the City on a walking tour. It would consist of a restaurant working at each location, and people would guide them and give information about buildings or locations along the tour. They have contacted the Fire and Police Departments for safety aspects, and they are working on narrowing down locations to get approvals for those as well. The tentative date for this would be February 18, 2011 from 5:00 p.m. to 8:00 p.m. and would include the loop of Downtown for the most part. There are a lot of details to come.

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

PUBLIC HEARING: **NONE**

COMMITTEE REPORTS:

1. FINANCE: (Lipman, Hamel, Baer)

- a) WOW Trail Fund
- b) Special Item Budget Requests Procedural Review

A joint committee meeting will be held with the School Department on Friday, January 14, 2011 at 1:00 p.m. at City Hall.

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) Amendment to Zoning ordinance re Drug Treatment Facilities

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) Oak & North Main St. Intersection
- c) Proposed ordinance regarding vehicles over 18,000 lbs. and engines idling between the hours of midnight and 6:00 a.m.
- d) Proposed ordinance regarding large vehicles parked on City streets and sidewalks
- e) Inventory of Public Works Equipment

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 Cabanel advised that she is on the second run through of the budget with Finance Director Reynolds. It is not atypical to receive budgets that are a few million dollars higher than the prior year, and the same occurred this year. After everything has been done to find funds or make cuts where ever possible, we are still about \$520,000 higher than last year. A large portion is health insurance, which increased by \$450,000. After reducing the increased amounts by the projected received revenue, the total overage is approximately \$420,000. The CPIU is looking like it will be around 1.6%. The City has been operating on an "emergency" mode for the last few years, and a decision needs to be in regards to continuing the same level of services, or taking funds out of the Fund Balance to cover the shortcomings in revenue. City Manager Cabanel would like these discussions to happen soon.

As far as projections are concerned, this has not included the State of New Hampshire returning \$600,000 in shared revenue that was promised. It is not anticipated that it will be returned.

Councilor Hamel asked if the new budget incorporates the possibility of an increase from the NH Retirement System of 5%. City Manager Cabanel did not give a definitive answer, but did explain the different employer contribution rates for the current year. There is hope that some legislative changes may occur to change these amounts.

City Manager Cabanel has conducted second interviews for a Code Enforcement Officer. The hope is to have an announcement by the end of next week.

City Manager Cabanel met with the Downtown merchants in regard to Harley Davidson leaving Downtown as their location for the Bike Week event. They would like to see Harley Davidson return, and are working on ideas to encourage their return. The Hobo Railroad has also been contacted to get information regarding having the train be an active part of the event, and it looks like it will be a large cost and impact will need to be investigated. The Hobo Railroad is not willing to take a risk with the cost with having the unknown factors, such as the possibility of it being unsuccessful or impacting the current trips they have. A way to defray some of the cost may be sponsorships, but they are still looking into this option. City Manager Cabanel will be meeting with Andy this week.

Councilor Baer and City Manager Cabanel will be attending a legislative outlook session in Concord on January 12. This is being offered by the Concord Chamber of Commerce. Following this session, there will be an opportunity to attend the hearing on the Evergreen bill, at which point they may be permitted to testify.

NEW BUSINESS:

1. Rent for boardwalk spaces for Motorcycle Week 2011

Councilor Hamel moved to rent the boardwalk vendor spaces for Motorcycle Week 2011 for \$1250. Seconded by Councilor Bolduc. **Motion passed unanimously.**

2. Internal Control Policy

Finance Director Pam Reynolds reviewed the following proposed changes:

1. The Assistant Finance Director has been added to many sections as a reviewer, signer or receiver of various reports.
2. A new section has been added for:
 - a. State Decal inventory
3. Amendments to the following sections have been made:
 - a. Abatements-added periodic review of abatements to be done by the Finance Department
 - b. Accounts Receivable-review and collection of past due accounts has been addressed including responsibility for collection and clearing uncollectible.
 - c. Cash- Deposits will be verified by another employee prior to placing the deposit in the sealed bag for delivery to the bank.
 - d. Cash Transmittals-
 - i. will be signed off by two individuals in the department before delivery to the City Clerk.
 - ii. The Assistant Finance Director will receive the log used by the City Clerk to record deposits (received from departments that are not processed immediately) and ensure these deposits are processed timely and will randomly trace revenues to the General Ledger for proper posting.
 - e. Welfare
 - i. The Purchasing Specialist will review awards over \$1,000 for the Welfare Specialist in the absence of the Welfare Director, prior to approving the voucher for the Client.
 - ii. AP vouchers will be signed off by the Purchasing Specialist in the absence of the Welfare director prior to detaching the welfare voucher from the AP voucher.
 - iii. Activity of welfare liens will be reported to the tax office as attachments or releases are sent to the registry for flagging of properties.

Councilor Lipman expressed that he would like to have section 3a. Abatements amended to reflect reviews should be done quarterly rather than a vague term of “periodically”. Finance Director Reynolds offered to make the change for this report. Continuing, Councilor Lipman asked if there was a procedure followed by the City beyond internal collection for past due amounts. Finance Director Reynolds explained that prior to the last six months, departments were responsible for their own collection; this has now been taken over by Donna Woodaman, Assistant Finance Director, and it is being monitored on a monthly basis and has been successful. Councilor Lipman asked if there is any internal control that would allow for legal avenues to be taken if necessary. Finance Director Reynolds advised that it would not be worthwhile for smaller amounts because the cost would be more than we would receive, but for larger amounts there is no formal process. Councilor Lipman asked to have this added for the next presentment.

Councilor Lipman moved to approve the presented changes to the Internal Control Policy. Seconded by Councilor Hamel. **Motion passed unanimously.**

3. Schedule special meeting of the Council on January 31, 2011 at the Belknap Mill/Report on the Feasibility Study for the Colonial Theatre

City Manager Cabanel explained that this will be a Town Hall style meeting to allow the community to ask questions and offer ideas to Duncan Webb.

City Manager Cabanel also would like to pursue hiring an individual to assess the cost of having initial work done at the Theatre to get it ready to open when the time comes. The Council was supportive, acknowledging a cost of under \$5,000.

Councilor Hamel asked when the transition will be taking place to a new owner. City Manager Cabanel explained that the market has not allowed for this to happen, and it still will not allow for it. This process is being done to put a package together involving different entities to take over the purchase and control of the Theatre. There are various grants and funding options that are being pursued, including the Community Development Finance Authority Tax Credits, which are purchased toward eligible projects by businesses that receive a percentage back on their Business Profits Tax Return. The idea would be to have the City turn this over to a non-profit organization, which would then bring in the other partners.

Councilor Baer moved to schedule a Special Meeting of the Council for January 31, 2011 at the Belknap Mill to hear a report of the Feasibility Study for the Colonial Theatre to begin at 6:00 p.m. Seconded by Councilor Bolduc. **Motion passed unanimously.**

4. Discussion of legislative concerns to be addressed at January 24, 2011 Council meeting with new Laconia State Representatives.

The Mayor, Council and City Manager discussed the importance of having the following topics presented to the State Representatives:

- Education Funding/Targeted Aid (City Manager Cabanel)
- Funding of the County Nursing Home (HB-2) (Councilor Lipman)
- NH Retirement System (Mayor Seymour)
- Milfoil Treatment (Councilor Lahey)
- Revenue Sharing (Finance Director Reynolds)
- Winnepesaukee River Basin Project (Councilor Lahey)
- State Prison property on North Main Street (Councilor Lahey)

UNFINISHED BUSINESS:

1. WOW Trail
2. Master Plan
3. EPA Update
4. Sewer & Water Master Plan
5. Single Stream Recycling/Concord Co-Op

NOMINATIONS, APPOINTMENTS & ELECTIONS: NONE

COUNCIL COMMENTS: NONE

NON - PUBLIC SESSION:

Councilor Lahey moved to enter into non-public session according to RSA 91-A:3, II: (a) The dismissal, promotion or compensation of any public employee, or the investigation of any charges against him, unless the employee affected (1) has a right to a meeting and (2) requests that the meeting be open, in which case the request shall be granted. Seconded by Councilor Hamel.

On a roll call vote of the Council they entered into non-public session at 9:48 p.m.

On motion of Councilor Bolduc and seconded by Councilor Doyle, it was voted to come out of non-public session. Councilor Bolduc moved to seal the minutes for one year, seconded by Councilor Doyle.

Motion passed unanimously.

ADJOURNMENT:

On January 10, 2011 on the motion of Councilor Bolduc, seconded by Councilor Baer, it was voted unanimously to adjourn at 10:45 p.m.

A True Record Attest:

Mary A. Reynolds
City Clerk