



**LACONIA CITY COUNCIL MEETING
JANUARY 24, 2011
CITY HALL – CONFERENCE ROOM 200A
7:30 P.M.**

CALL TO ORDER:

Mayor Seymour called the meeting to order at 7:34 p.m. on the above date.

SALUTE TO THE FLAG:

Councilor Armand Bolduc led the Salute to the Flag.

ROLL CALL:

City Clerk Reynolds called the roll with the following Councilors present: Councilor Doyle, Lahey, Lipman, Baer, Bolduc and Hamel. Also present City Manager Eileen Cabanel.

ADOPTION OF MINUTES OF PREVIOUS MEETINGS:

- **Regular and non-public minutes of January 10, 2011**

Councilor Bolduc moved to accept the regular and the non-public minutes of December 29, 2010. Seconded by Councilor Hamel. **Motion passed unanimously.**

CONSENT AND ACTION CALENDAR: NONE

CITIZEN COMMENTS FOR MATTERS NOT ON THE AGENDA: NONE

INTERVIEWS: NONE

COMMUNICATIONS: NONE

PRESENTATIONS:

- **Discussion with Laconia State Representatives regarding State budget**

The following State Representatives were present for this discussion: Alida Millham, Don Flanders, Robert Luther, Frank Tilton and Harry Accornero. Also in attendance State Senator Jim Forsythe, County Commissioner Philpot and County Administrator Debra Shackett.

Mayor Seymour began by thanking all of the State Representatives, County Officials and Senator Forsythe for their attendance. As a Council, this opportunity is being taken to discuss the challenges of

the next budget biennium and the impact they will have on the local taxpayers. It will also allow for the Council to gain some insight into the direction the Representatives are taking on certain issues, as well as the public. City Manager Cabanel provided a list of issues from the Council (see Attachment 1).

Councilor Lahey asked who was appointed as the new members of the Laconia Facility Study Committee. Senator Forsythe advised he was recently appointed as was Senator Forrester; Representative Millham has also requested reappointment. Councilor Lahey advised that a Representative from Laconia is still needed for the Committee.

Councilor Hamel asked to go down the list presented and as the Representatives to reply.

The first item reviewed was School Funding. This includes the continuation of a collar on donor Towns which would have allowed Laconia to gain \$2.5 million per year, and the Targeted Aid/Constitutional Amendment, which would allow the state to eliminate or reduce educational funding. Laconia currently receives \$6.4 million in education funding.

School Board Chair Bob Dassatti noted that the School Board respects the challenges being faced this year, and aside from the aid issues, one of the biggest points of interest is the Huot Technical Center grant program for renovations. It is seen as a benefit Laconia and the other communities in the Lakes Region who send students; renovating and expanding programs is essential to educating students to move into the work force. The other concern is the removal of the collar; if Laconia were to receive the \$2.5 million it would be put toward the Huot Technical Center project and the full \$10 million would be covered all at once. The hope is to get at least what has come in this fiscal year and have no decrease in aid; the School Board is grateful for what we have and they are appreciative.

Representative Tilton is on the Capital Project Committee, and explained that the returning members are very supportive of the Technical Schools and he has been trying to make arrangements to get them to Laconia to look at the facility. At this point they are waiting to see what is in the Governors submission, which is due February 15; in the requests sent to the Governor for inclusion were two Technical Schools of Pinkerton Academy and Laconia. Traditionally there have been two schools that make the budget, but the requested funding for Capital Projects is \$569 million and the anticipated approved funding is \$90-100 million. With the increased bonding in prior years, the bond rating will be lower for the next few years. Councilor Hamel asked if the \$569 million includes bridge and road projects. Representative Tilton stated it does; in the Finance Committee they are still trying to capture what the revenue stream will be before they can project expenditures.

Councilor Hamel asked if there is support of the collar being extended, or they want it removed. Senator Forsythe commented that on the Senate side, there is a bill to extend. There is also legislation to being prepared to rework the formula also, which would remove the collar and maintain the funding Laconia receives, but not increase it. Mayor Seymour asked if Senator Forsythe was aware of legislature being sponsored by Senator Bradley and Senator Stiles that would have significant impacts on aid as it relates to poverty levels and free and reduced lunch qualifications. It is the understanding of Mayor Seymour that Senator Stiles has a formula that would distribute aid for each child receiving free or reduced lunches, and not for other students; Senator Bradley's would freeze aid at current levels until 2015. Senator Forsythe corrected that Senator Rausch and Senator Stiles are working on the bill to change the formula, but under that change it keeps everyone around the same.

Councilor Lipman expressed that the City Manager noted on Attachment 1 that every \$1.9 million represents \$1.00 on the tax rate, which is a 5% increase or decrease in taxes. Councilor Lipman asked for

a long range perspective in relation to an Amendment or formula change, noting that prior formulas resulted in a “rollercoaster” effect in aid disbursement. Senator Forsythe stated he believes a Constitutional Amendment is likely to pass this session, which would place it on the Ballot for 2012 for passing, and then they would come up with a formula to meet the new Amendment. It looks like the majority would like to see Targeted Aid. City Manager Cabanel asked what would prevent the Legislature from changing their mind and take away aid when times get difficult. Senator Forsythe commented that the Amendment is still taking shape, and the last version he saw would not have a way of preventing that from happening, but there is wording on setting standards. City Manager Cabanel countered by asking if there is a fool proof way of preventing the Legislature from taking the aid. Senator Forsythe said he doesn’t think there is a fool proof way unless you put real numbers in the Amendment, which is frowned upon.

Councilor Lipman confirmed that Senator Forsythe is the Vice Chair of the Education Committee. Senator Forsythe confirmed. Councilor Lipman asked what the process will be to work through these issues and what the Council can expect to see this session. Senator Forsythe stated that the Senate is going to try and work with the House of Representatives and the Governor to find out what is acceptable to the people. The current plan for the current funding, as far as the Senate is concerned, is to keep the collar on so the municipalities can continue to see the same funding as last year and work toward a Constitutional Amendment that would allow Targeted Aid.

Councilor Lipman asked what types of measure will be used to determine the Target, noting that School Lunch Assistance is one. Senator Forsythe replied that they have not gotten into that much detail, and he would be interested to hear information that may be relevant to the City.

Councilor Lahey commented that the only reason we are having this discussion today about education funding is because of the Claremont case. The worst thing we could possibly do is set it aside; it really becomes a history lesson. Before the Claremont decision, we had a Targeted Aid system, called the Augenblick Formula, and it was left to the discretion of the Legislature. When it was left to there discretion, Laconia receive \$0.00. Councilor Lahey continued that he would like to know how other large population areas, such as Manchester and Nashua, could be convinced that this is a good idea. Manchester currently receives \$82 million and would receive \$0.00. Two thirds of the people would have to be convinced to go back to the prior formula, and this could be a waste of time because the voters remember what it was like and are not willing to add \$3-\$4 on the tax rate. The best thing for education right now is the Claremont decision.

Councilor Baer asked to hear from the Representatives in regard to there feelings.

Representative Accornero stated that they are in a tough situation. No one wants to see anything added to the tax burden. They are not going to spend anything they don’t have in hand, like they did in the past. The job of the Representatives is to do what’s right for the City. Councilor Baer asked how the Constitutional Amendment will be approached, as well as the collar. Representative Accornero stated that as far as the Constitutional Amendment, he would like to see that particulars before making a definitive statement, but he does not think going back to the old method is a wise decision. It does not serve the City well, and we cannot be on the losing end. City Manager Cabanel asked what Representative Accornero’s position is on the funding collar. Representative Accornero stated he does not support it.

Representative Tilton stated that there is funding of an adequate education across the board. By having the ability to Target Aid, they would have the ability to help the communities, but they are not required

to. Legislators need to be allowed to do just that, and having a judge make that decision is not adequate. This is a means to direct the money to help the people that most need it. Councilor Lipman stated that the \$2.5 million that would be lost would result in a 5% increase in the tax base; that doesn't mean that we would be any less efficient than we are today. Given what is happening today with the other imposed fees that the City has no control over, this is no savings to the local taxpayers. When you look at the community, there is a significant portion of the community that is struggling. Mayor Seymour interjected that 57% of the student population receive free or reduced lunch, which isn't even completely accurate because there is a stigma related with receiving the service. Representative Tilton stated this is another area being looked at by the Finance Committee; communities should be getting more based on their percentage, not on the baseline of 12%.

Councilor Lipman asked how the deficit would be affected by changing the formula. Representative Tilton did not have a figure. Senator Forsythe has had conversations on the topic, and if you look at where the school aid comes from (business tax, state wide property tax, etc) then one third of the funding would be affected.

Councilor Lahey stated that the Supreme Court has said that access to an adequate education is a fundamental Constitutional right. If someone suggested that the Legislature making decision regarding other Constitutional rights, such as voting and owning firearms, then the Representatives would be against that; this is no different. It is the Law of Land and should be accepted and not changed. Councilor Lahey has spoken to Governor Lynch and told him he thinks this is a horrible idea, and he will never support it.

Councilor Baer asked how many Bills are being presented to the House of Representatives, because she has heard it is 600-800. Representative Tilton confirmed 800. Councilor Baer stated that this in itself is a problem because you never get to the items that are most important. Councilor Baer asked if there is a priority system, which was confirmed. Councilor Baer also suggested changing the makeup of the Retirement Board, which has eight representatives from the Unions and one from the Municipalities, and has not allowed for any changes in the last 20 years. Representative Tilton explained that there is a special commission set up to pull together ideas on Retirement reform, because it is a high priority. He further explained that non-budget items will be held over in committee until the second year of the biennium. The focus is fiscal at this time. Senator Forsythe added that there are Bills being sponsored on the Senate side that would allow for change in the Retirement System makeup, including balancing the Board and the formula being used. The Healthcare Subsidy and municipal percentages, as well as other reforms, are being discussed as well.

Councilor Hamel asked Senator Forsythe if the pension system can be changed to more of a 401K model. Senator Forsythe explained that there is a Bill in the House pertaining to this, but the Senate looked into it and found some issues. There is an IRS mandate stating that changing it would create two pension systems, which would require bonding the unfunded liability for the existing pension system and would make it impossible to do because of current bond rating. Councilor Hamel asked if there could be a freezing of the old system and a requirement for new employees to go with a new system. Senator Forsythe explained that this would not eliminate the second system and still require bonding. Councilor Hamel discussed the 5% shift that has been sent down to the municipalities and this is an unfunded mandate. The employees have been contributing 9% for the past 20 years, and a 401K system would allow them to contribute more. Also, it was written that most employees contribute \$50,000 into the system, and pull out \$1.5-2 million; this is not something that the municipalities can afford. Senator Forsythe noted that one of the issues with the system is that when they have had a good return on the plan, they have turned it around to cover the cost of COLA's.

Councilor Lipman asked for thoughts in regard to Shared Revenue and HB-2 from 2009. Senator Forsythe stated they are trying to balance the budget without downshifting costs, without making any promises. Councilor Lipman stated that there is one more year before the cap begins preventing the County allocations and there is uncertain liabilities being set forth to the municipalities. Councilor Lipman asked what other items are being discussed to change the way things are being done. Senator Forsythe explained that Governor Lynch is asking all of the Departments to come up with a 5% decrease. Councilor Lipman asked if there is any discussion in regard to Medicaid. Senator Forsythe explained that there is a Bill being presented, but it is going to take a longer timeframe to produce a benefit. Not being on the Finance Committee, Senator Forsythe has not heard as much as some others have.

Councilor Bolduc asked why, if the lakes are the States responsibility, they are not taking money from Boat Registrations and placing it in funding for milfoil eradication. The municipalities are being forced to pay the bill and it's not right. Senator Forsythe expressed his inexperience with this issue, but agreed the fund should not be used for purposes other than those intended. Representative Luther stated that milfoil is an issue he wants to see resolved, and if it comes to the floor of the House, he will advocate for it to be funded correctly. Unfortunately, he does not see it on the horizon this year. Councilor Bolduc stated the money is coming in and it should be used for these purposes.

Councilor Hamel recalled a meeting with the NH Fish and Game, at which time it was discussed that \$2.50 from each registration was being allocated for milfoil treatment. The Council suggested increasing it to \$5.00, and it was done. The problem is that "neighbors to the south" can come here and put there vessel in the lake for a shorter time frame and not have to register the vessel; no one is policing this. It should be required for everyone to pay the registration of the boat regardless; the local people are being asked to clean it up, costing \$25,000 to clean Lake Opechee and it should be coming from the boaters. Representative Luther agreed.

Councilor Lipman asked if there is any action regarding the County Nursing Home Funding cap. Representative Millham stated that Medicaid is an important issue in the Health and Human Services Committee. With changes in Federal Law, there will be more people eligible by 2014. The State is not paying their way with Medicaid, and when something comes down the pipe in the future it will be a big hit if it is not dealt with now. Representative Tilton stated they are on the side of the Council with regard to HB-2. Councilor Lipman stated he would like to know what the Committee is looking at. Representative Millham stated they will be working with the Department of Health and Human Services (DHHS) on reformation which includes looking closely inside each division of the DHHS and seeing where savings can be found.

Councilor Baer asked if anyone has any information of the Winnepesaukee River Basin Project (WRBP). City Manager Cabanel explained that they are working with the Department of Environmental Services (DES) on preparing a Bill together and it should be ready for the next session. Councilor Lipman stated they want to make sure they are not going to have it turn it around and be thrown at the City with no warning.

Councilor Hamel noted the cuts being made to social programs, such as those pertaining to mental illness. It was asked what feelings were regarding the decrease of services for these people, because they are going to end up going through the welfare system or in jail. Representative Flanders stated that this has been addressed to a certain extent, however it has limitations. Under the current national plan, it was intended to have equal benefits for mental health assistance and traditional health. At this time, there is no predicting what the benefits will be in the future at this time. As far as the State is concerned,

they have applied for funding and tried to design a State exchange program. This is in the starting stages, and if it is awarded they will continue work on the issue. Councilor Hamel asked if the State provides resources for incarcerated individuals to get services they need for mental health issues. Representative Flanders stated the State Hospital is running on a limited basis, but the County has to take the bills for local inmates.

Councilor Hamel asked if the County has to pay the full amount for inmate care, or if the individuals may have insurances for this care. Representative Flanders stated that these people do not have insurances. They are a ward of the County and they are responsible for the bill. Councilor Hamel asked if there is some way to get restitution on this after the fact. Representative Flanders stated they could try, but it would be just as difficult because these people have nothing. Councilor Hamel asked how it is billed to the County, such as a reduced rate. Councilor Lipman stated the State governs a rate set for the services.

Councilor Baer asked if City Manager Cabanel had been given the County budget yet. City Manager Cabanel confirmed she has, and the City's percentage will be determined based on the assessed value of the City. Representative Millham advised that the committees are looking at the budget and will be looking to finalize it within the next several weeks. The budget presented by the Commissioners was presented and the Representatives do not intend to increase it.

Councilor Hamel asked where the Bill regarding the Evergreen Law was in the process. Senator Forsythe advised that it passed the Senate last week (19-5) and has been passed on to the House with the hope to have it fast tracked so it is out as soon as possible. Representative Tilton advised there is an action scheduled for next Wednesday. Senator Forsythe expects this to be passed by super majority as well.

Councilor Hamel asked if there is a Bill in the process to change the speed limits on the lakes to "what is reasonable". Senator Forsythe stated this is his most e-mailed topic; this is called SB-27 and is based on a Coast Guard law and enumerates factors such as weather and keeps the 150/50 foot rule. Councilor Hamel noted that this is being brought forward by Senator D'Alessandro, who is not even from a waterfront community and doesn't understand the issues with this. Senator Forsythe did not comment. Representative Flanders noted that some time ago there was a conversation relative to Lake Winnepesaukee being part of Coast Guard jurisdiction and it was determined it is not; this is a Coast Guard rule and is designed for the ocean and everything connected to it not Lake Winnepesaukee. The speed limit law has worked for Lake Winnepesaukee and should not be changed.

Councilor Lipman stated that it is his understanding that changes were made to the Philbrick Center, which is for institutionalized children, regarding the teachers at the facility. The solution was to have each of the communities placing students at the Center sending teachers to accommodate the needs. Councilor Lipman noted this did not save anything for the municipalities, it just shifted the cost from the State to the municipalities directly; this was not a cut. If a cut needs to be made, then make one, don't shift it from one level of Government to another.

Councilor Lahey asked if the LCHIP funding will continue at the current rate, or fluctuate up or down. Representative Tilton noted it will not be going up, with Representative Millham commenting that it will probably go down. Councilor Lahey asked if it will be funded at all. Representative Millham stated that in the economic shortfall, you have to set priorities; there are people who support and are passionate about LCHIP, but when you are discussing funding LCHIP or assisting people with mental or behavioral illness there is no comparison when it comes to choosing one over the other. Until more revenue can be generated, it is not the perception of Representative Millham that it will be funded. Representative

Tilton noted that LCHIP has only been funded 20% publicly and was an incentive, not a matching fund and was intended to attract donations.

Representative Accornero expressed his hopes to have another meeting like this in the near future, after the Governors budget has been disbursed and the Representatives and Senator Forsythe have had a chance to assess the situations. The Finance Committee has been working feverishly, and has been prioritizing, looking for duplication of services and consolidation wherever possible. We can't do the same thing and expect different results.

Representative Luther recommend adding meeting with Legislators to the agenda of the Government Operations and Ordinances Committee so they are open to meet periodically and get updates that can be brought back to the Council.

Councilor Hamel asked about Revenue Sharing. City Manager Cabanel recapped that Senator Forsythe could not make any promises, but the issue has not been brought up to be eliminated. Senator Forsythe did advise the Council that there is a Bill relating to the Rooms and Meals Tax that would make 15% of the local portion of the tax based on the origination point of the Tax. Councilor Hamel commented that Laconia is the host to Motorcycle Week, and it brings in a tremendous amount of revenue to the State. The City pays for this event; Councilor Hamel asked why the Room and Meals Tax cannot be raised for the event and distributed back to the City, as well as Gilford and Meredith, to help defray the costs associated. Senator Forsythe noted that the proposed Bill would help with this situation, with the 15% being based on origination rather than solely on population as it is currently.

Mayor Seymour thanked all of the Legislators present for their attendance and contributions. Another meeting with the Legislators has been scheduled for March 28, 2011 at 6:30 p.m.

MAYOR'S REPORT:

Mayor Seymour referenced a proposed HB-39, which calls for fewer required subject to define an adequate education, asking Chairman Dassatti what the thoughts of the School Board are on the subject.

Superintendent Champlin noted that this has not been discussed as a full School Board yet. The School District is charged with getting every student to graduate and get into a post secondary command, but the more options are taken away from the students, the harder it is to help them graduate and brings significant concern.

Mayor Seymour asked if there is more information on the specific proposal that can be shared. Superintendent Champlin explained that the idea is to get to a certain core of subject (English, Science, Social Studies, Mathematics and Physical Education) as required to define an adequate education, and these programs would be subject to State funding and leave all other programs as the responsibility of the local municipalities. Chairman Dassatti noted that subjects such as Foreign Languages would be eliminated also. These options need to be made available to help students determine where they want to be after high school.

Councilor Hamel asked Superintendent Champlin to get the cost of the potentially unfunded programs so the Council has a better idea of what the funding shortfall would look like if this Bill does have momentum.

City Manager Cabanel explained that if any school district were to take their budget and equate it out by the number of attending students, they would ultimately come up with a per student cost of an adequate education, which is at a \$10,000 average right now. With the State, when they were determining what an adequate education is they backed out several factors (transportations, special education, debt service , etc.) to get the cost down to \$3,600 per student. This would be reduced even further with the removal of the additional programs which would result in “dumbing down” the education process and what NH students can obtain.

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

No report on any item in committee.

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 reported that we have received the final report from the Department of Revenue Administration and we are at 98% equalization, which is very successful. Before the revaluation the City was at 105%.

Conversations have continued with the Hobo Railroad and Harley Davidson relative to Motorcycle Week. Both parties seem to be interested in pursuing something, and it looks like the cost may be under \$10,000 to make a joint venture possible. The interesting idea is that there are some potential plans in Lakeport to have some form of a festival happen. This would be right in line with the EPA report which indicated that it was important to link all of the villages of the City together. Although there are elements of Motorcycle Week that some people don’t want to change, it is important to maintain the elements that work well and change or add some that will make it more successful and keep people here.

City Manager Cabanel reminded everyone that next Monday is the meeting on the Colonial Theatre Feasibility Study presentation at the Belknap Mill at 6:00 p.m. There will be a visit to the Colonial Theatre by local officials to determine what needs to be done to accomplish the first phase, which is to get the Theatre open as soon as possible at minimal cost. Invitations have been sent via e-mail to everyone who made appointments to speak with Mr. Webb during his individual meetings.

NEW BUSINESS: **NONE**

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:

- 1. Michael Foote – requesting appointment as alternate to Zoning Board of Adjustment**

Councilor Hamel moved to appoint Michael Foote as an alternate member to the Zoning Board of Adjustments. Seconded by Councilor Bolduc. **Motion passed unanimously.**

COUNCIL COMMENTS:

Councilor Hamel commended and thanked the Department of Public Works for a job well done in the month of January. They had a very difficult month with storms and snow removal to contend with and did a good job.

NON - PUBLIC SESSION:

Councilor Lahey moved to enter into non-public session according to RSA 91-A:3, II: (d) Consideration of the acquisition, sale or lease of real or personal property which, if discussed in public, would likely benefit a party or parties whose interests are adverse to those of the general community;

(e) Consideration or negotiation of pending claims or litigation which has been threatened in writing or filed against the body or agency or any subdivision thereof, or against any member thereof because of his membership in such body or agency, until the claim or litigation has been fully adjudicated or otherwise settled.

Seconded by Councilor Hamel. Mayor Seymour advised there would be no further business conducted at the conclusion of the non-public session.

On a roll-call vote of the Council, it was entered into non-public session at 9:12 p.m.

On motion of Councilor Bolduc and seconded by Councilor Baer, it was voted to come out of non-public session. Councilor Bolduc moved to seal the minutes for two years, seconded by Councilor Baer. **Motion passed unanimously.**

ADJOURNMENT:

On January 24, 2011 a motion by Councilor Bolduc, seconded by Councilor Baer to adjourn at 9:30 p.m. was unanimously approved.

A True Record Attest:

Mary A. Reynolds
City Clerk