



**LACONIA CITY COUNCIL
BUDGET PRESENTATIONS
May 10, 2010
CITY HALL – CONFERENCE ROOM 200A
6:00 P.M.**

CALL TO ORDER

Mayor Michael Seymour called the meeting to order at 6:00 p.m.

Councilors Knytych, Lipman, Baer, Hamel, and Bolduc were in attendance. Also present Finance Director Pam Reynolds.

WATER WORKS

Superintendent Seth Nuttelman and Water Commission Chairman Greg Page reviewed the accomplishments of the department within the last year. These accomplishments include treatment plant upgrades, installation of a 1.3 million gallon tank, completion of electrical wiring on the office, and completing one year of use with the automatic meter reading system.

For the upcoming year, a decrease in usage is anticipated, mostly due to people be conscious and conserving. There is no planned increase in the rates, however, the budget is increasing by 3%. Within the current fiscal year, the department is 4 ½% under budget with hopes to carry this for the remainder of the year.

Councilor Hamel asked where the 3% increase is from. Superintendent Nuttelman explained there is an increase in insurances, labor, and contingencies.

Councilor Hamel encouraged holding off on a rate increase for as long as possible, given the state of the economy. It was also requested to have the department look into the labor cost increase, as all other departments in the City are being asked to do the same. Superintendent Nuttelman assured the Council that the Board has been discussing the wage increases, both COLA and steps, but no formal decision has been made.

Councilor Baer inquired into the revenues received from the Towns of Belmont and Gilford. Superintendent Nuttelman does not have the information available. Chairman Page expressed that he has the information compiled and would forward that to Councilor Baer.

Councilor Lipman echoed Councilor Hamel with regard to increases in labor costs. Councilor Lipman inquired into the number of full time employees at the Water Department. Superintendent Nuttelman responded with 16 full time employees, with no intentions to increase staff at this time.

Councilor Lipman asked if the Water Department is involved in the Impact Fee analysis, as well as what the current connection fee consists of. Superintendent Nuttelman explained that a Construction and Maintenance Assessment fee is in place at this time, and it is assessed on any new water meter issued based on the size of the meter and number of gallons that can flow through that particular meter. This is converted into a charge of \$435.00 for a standard residential meter, which is all Capital Funds and must be used toward the betterment of the entire system. Councilor Lipman asked for a system to update the fees. Superintendent Nuttelman explained that the fees are reviewed each year in August, using a formula involving the units pumped and the number of meters in the system. With a decrease in volume of gallons pumped, the fee may decrease. In relation to the Impact Fees being discussed this evening, the Water Department has not been involved.

Councilor Lipman asked what the adequacy of the reserves as far as the Water Department is concerned. Superintendent Nuttelman noted that the number of dollars that come in compared to the number of upgrades coming in to go against it, the number is low.

Councilor Hamel asked what the effect would be on the water supply if milfoil control is done with chemicals. Superintendent Nuttelman expressed that the department has great concern the method of using chemicals for milfoil control, particularly with an application submitted to the State of New Hampshire, through the Division of Pesticide Control, by Spinnaker Cove Yacht Club, which is located 1900 feet from the City water supply. This application includes three separate options to control the milfoil, and requires approval by several state agencies. Superintendent Nuttelman has gone on record as not supporting any pesticides being used near the water supply out of concern that there could be some form of error. One of three products would be chosen, which is a form of pesticide, containing EPA controls, however it is the opinion of Superintendent Nuttelman that it needs to be looked into further. Councilor Hamel confirmed that the State is aware of the pipe location, as well as the abilities of the treatment facility should some of the chemicals get into the water supply. Superintendent Nuttelman is in the process of determining if the treatment system can handle the chemicals at this time, and confirmed the knowledge of the State with regard to the pipe locations.

Discussion continued with regard to other communities and there possible use of pesticides.

SCHOOL

School Board Member Joe Cormier and Ed Emmond presented the proposed budget to the Council.

Mr. Cormier reviewed the process taken by the School Board to keep the budget from increasing for the next fiscal year. One way this was accomplished was savings in health insurance costs, which was done by searching for a less expensive plan early. The collective bargaining units were also in agreement to suspend negotiations for one year, which resulted in no increases for COLA or steps.

In the current budget, some funds were saved with Special Education costs by moving some students that were being educated out of the district, and bringing them back into the district. As is known, someone could move into the School District at anytime and require Special Education. The proposed budget has been cut to a point that may make this difficult to achieve, and at the time it does, the School Board would be prepared to come to the Council and request and increase to Special Education.

Councilor Lipman asked for an average cost for each student placed in the Special Education programs outside of the School District. Mr. Cormier explained that it is dependent on the needs of the particular student. Mr. Emmond referenced a particular student accumulating costs upward of \$150,000 in the past; it is all dependent of the needs. The School Board does work to make adjustments to accommodate the costs, and at times they may need to go to reserved funds.

Councilor Bolduc asked how many students are in the Special Education programs. That number is unknown specifically, but the estimate is around 400 students with some form of need.

Councilor Lipman asked how the cuts from the State of New Hampshire have been factored into the proposed budget. Mr. Emmond stated that the proposed budget is based on the current usage from the current budget. If the State reduces the amount, adjustments will be made.

Councilor Lipman further asked if any students from the School District have been placed with the State of New Hampshire psychiatric facilities for education. Mr. Cormier and Mr. Emmond both stated they do not recall anyone being placed at the facilities for education. Councilor Lipman explained his request for this information was in preparation of the State requiring School Districts to send teachers to the facilities to educate these students.

Mr. Cormier continued by reviewing the Green Team achievements, which included a new roof and windows at the SAU Office, contributing to a reduction on fuel costs. There have also been efforts made to lock in the kilowatt rate for electrical usage.

Councilor Baer asked Mr. Cormier to explain his reduction electricity in the proposed budget, when they have already overspent for the current budget through May 1. Mr. Emmond expressed his concern with the accuracy of the information Councilor Baer was referencing, as he was not under the same assumption for the current year. After concurring with Finance

Director Reynolds, it was decided to look into the current usage as it may be due to encumbrances being too high.

Mr. Cormier continued by explaining the increase in health insurance costs, which was offset by the decrease in Early Retirement savings in the Salary & Benefits line. Currently, the New Hampshire Retirement System is paying 30%; this coming year they will be paying 25% which is an added cost as well. There is discussion that the following year the State will drop to 20%.

Councilor Baer asked how many employees will be retiring early this year. It was stated that five will be. Councilor Baer asked if these five employees will use the entire allotment of \$200,000. Mr. Emmond explained that with the additional costs of other payments due to other retirees, the entire line will be used. Councilor Hamel asked how many retirees are in the current subsidiary pool. Mr. Emmond will need to verify how many retirees are receiving this benefit.

Councilor Lipman stated that it is important to know the number of retirees receiving this subsidiary, particularly when it does come time for negotiations for the contracts. It does not give an actuary cost is that number is not known. Mr. Emmond explained that because of the GASBY 45 process, they do know the actual number, and when they begin negotiations, it will be taken into consideration. Mr. Cormier assured the Council that the School Board is aware that this is something the Council would like looked at for future contract negotiations.

Mr. Cormier explained a 6% increase in bus transportation costs is contractual for the upcoming year. However, one bus route has been eliminated due to the change to full day kindergarten. Councilor Hamel asked if the bus transportation is bid on, or if they are committed to using this one provider. Mr. Cormier explained that it is possible, but the other bus companies are further away. Mr. Emmond advised that there are so few providers of this service that if you go out to bid it often happens that the lowest bid you receive is higher than the previously negotiated contract rate, and no savings are had. There is not enough competition for this service in the area. Councilor Bolduc expressed his concern with the number of buses being used and seeing them only at half capacity during their routes. Mr. Cormier explained that the buses may only be half full because more parents are delivering their children to school, and that is not something they can anticipate; because there is the anticipation of having the children on the route, there needs to be preparedness to pick up the child if they choose to take the bus. Mr. Emmond also explained that the bus may have been seen half full when they were in the process of picking up their route because by the time it gets to the school, it is usually close to capacity. In the spring and fall, more children will walk or ride their bikes to school, but in the winter the buses are at capacity. The current walk zone is also enforced for the children who live within it, and cannot exercise the option to take the bus because it is too full with children who don't live within the walk zone. It was explained that the current walk zone is one mile for elementary schools, one and one half mile for middle school, and two miles for high school. Superintendent Champlin noted that there are some restrictions to the walk zones, such as streets with no sidewalks and students with special needs that require door to door transportation. Currently, there are only eight buses used for transportation, and other districts

of the same size have many more. This can be contributed to the dense areas of the City as well as many parents transporting their children.

Councilor Bolduc expressed his displeasure with the buses parking in residential areas throughout the City. Contact has been made by Councilor Bolduc with the transportation provider, but has not had success; it was recommended to have a provision in further contracts that the buses cannot be parked in residential areas throughout the day while they are waiting for afternoon transportation routes to begin.

Mr. Cormier reviewed the reductions in the proposed budget. The goal number was \$717,000; a list of areas was compiled from all of the schools within the District which was used to determine where the reductions would come from. This list included reduction in two full time equivalents at the elementary level (\$110,000), one part-time secretary at the middle school level (\$16,000), one special education teacher at the high school (\$50,000), one full time secretary at the high school (\$37,000), and one full time specialist at the Huot Center (\$42,000), special education cuts (\$100,000), and health insurance savings (\$362,000). Councilor Hamel asked if the positions being reduced were people let go, and Mr. Cormier noted that some of them were retirees and the positions will not be filled for the upcoming school year.

Mr. Cormier stressed the important role the bargaining units played in achieving this year's proposed budget.

In conclusion, Mr. Cormier highlighted that there is no increase in the proposed budget, it is a budget that is supported by the staff of the School District, and they continue to seek grant funding to help supplement as well as create new programs.

Councilor Hamel mentioned an article he read recently stating that all of the schools in the District are under performing, and wanted to know how the District planned to address the situation. Superintendent Champlin explained that the School District is rated on 30 areas, and progress was made in 29 areas, which is not something the District is displeased with. A presentation was made to the School Board showing five years of data to support the progress. Some professional development is being put in place to address any problem areas, which includes

Councilor Hamel also asked what the plan was to hire an additional administrator to assist the teachers at the high school level, as was reported in the local newspaper, when there are administrators in place that should be handling that responsibility. Superintendent Champlin explained that the position is for an Academic Coordinator of Teaching and Learning, and this was done through a restructuring at the high school. With the efforts being made to have every student meet progress requirements the instructional practices have become more significant to the overall process. The dropout rate has gone down, which is at 1 ½ %, and the number of students in the high school has increased. Councilor Hamel asked what the wage level is for this position, and it was responded to be approximately \$72,000. Councilor Baer asked if this

position was replacing a science teacher at the high school. Superintendent Champlin confirmed, but explained it was part of the restructuring and Professional Development funds are being used, which can only be used for these types of positions. Councilor Baer noted that a science teacher did not make \$72,000, but Superintendent Champlin stated that the position was being supplemented with grant funds. Councilor Hamel expressed his thought that the concept of removing a science teacher, which is part of fundamental learning, and inquired into the loss in programs due to the lack of the position. Superintendent Champlin explained the additional requirements being added for all students, including a semester of mathematics and English.

Councilor Bolduc and Councilor Lipman thanked the bargaining units for their efforts to hold off on negotiations for a year.

Councilor Lipman inquired into any plans to manage telecommunication costs within the District. Mr. Emmond explained that a couple of years ago, the School District worked with the City to achieve a multiyear contract for the telecommunications. At the time the Middle School was being built it was thought to add voice override equipment, but the cost was more than anticipated and not feasible. This is being kept in discussion, but with the current restrictions it is not something planned at this time.

Councilor Hamel asked what the cost savings would be if employees switch from the higher tier to the lower tier on the health insurance plans, both for the employee and the District. Mr. Emmond reviewed the plan options for each employee, explaining that the cost savings would vary depending on which plan the employee had prior. Mr. Cormier verified that the employee will save if they were not on the HMO prior.

Councilor Hamel asked if the School District has entertained helping the City with the maintenance of the athletic fields, with the usage of the School District and private youth leagues being split in half. Mr. Cormier stated that they have had continued discussion with the Parks & Recreation Department with regard to this subject. Councilor Hamel further noted that some youth programs are currently charged for use of School District fields, and the scholastic sports do make a considerable contribution to the wear of the City fields. Mr. Cormier stated he would like to continue the discussion as it is warranted.

Councilor Knytych asked if the Middle School efforts to maintain a Green Energy plan have shown to be beneficial. Mr. Cormier noted that a full year baseline has not been established to use for comparison. The cost of the new school is higher than the old school because there is more equipment in the new school. Mr. Emmond explained that he has been looking at the energy efficiency, and the Middle School is currently averaging under the modeled kilowatts. Mr. Cormier stated that using software has given them the opportunity to pull data and look at areas of projected savings. When a full base year has been established, they will know the areas of potential savings.

Councilor Hamel asked what percentage of the budget is the stimulus package funding, and what areas of the budget are being supported primarily. Mr. Cormier replied that there are some programs that are being run with the knowledge that the stimulus funds will not be there after 2011, and they may be discontinued if the funds are not attainable, or if the program is not working as expected. Councilor Hamel expressed his concern was with the School District absorbing the costs over the long term, such as the costs of all day kindergarten. Chairman Vachon spoke stating the School Board is looking at this proposed budget, and they are aware of the challenges they may face in the coming years.

ASSESSING

Assessor Jon Duhamel reviewed the accomplishments of the revaluation that is currently in process. Mr. Duhamel explained that 61% of the properties in the City have been reviewed, and on May 5 Income and Expense reports went out to all of the commercial properties. The revaluation is projected to be completed by August.

Some changes to the proposed budget were reviewed based on request of the City Manager.

Councilor Hamel confirmed the revaluation will be done for the entire City in August.

Councilor Lipman asked if Mr. Duhamel planned a presentation to the Council after the revaluation is completed, which Mr. Duhamel will plan to do.

Councilor Bolduc asked which areas of the City are being done currently. Mr. Duhamel explained that they started on the outer edge of the City and is working their way into the center of the City. At this point they are doing exterior research to make neighborhood coding consistent, and they have done all interior property sales.

PLANNING

Planning Director Shanna Saunders recapped the accomplishments of the Planning Department of the last year, including a Kennel Ordinance, Demolition Ordinance, revising the extension request policy, a Steep Slope Ordinance, a Small Winds Energy Systems Ordinance, and the Impact Fee Ordinance. The Small Winds Energy Systems Ordinance is complete and will be moving to the Council for review.

Within the Planning Department, they are responsible for oversight of the Planning Board, the Zoning Board, the Motorcycle Week Technical Review Committee, the Conservation Commission, and the Capital Improvements Committee. In addition, the Planning Department participates in the Lakes Region Planning Board.

The proposed budget does not reflect many changes from the prior year, with the exception of Supplies and Equipment. This is due to an increase in cost from suppliers. A decrease can be seen in the Outside Services.

Councilor Knytych asked if an Ordinance will be coming forward with regard to the placement of Drug Treatment Facilities within the City. Director Saunders explained that after doing extensive research, it was found that the definition of “Drug Treatment Facility” is very broad and changes regularly. It was found to be more beneficial to change the application process and approval requirements due to the impact on the community. This change will avoid administrative approval, and would send this type of facility to the Planning Board which would then make it subject to review through Public Hearing. It was the thought of the Planning Board that this would take care of the issue better than defining the type of facility.

A True Record Attest:

Mary A. Cote
City Clerk