

The Claremont City Council held a meeting on Wednesday, October 8, 2008, in the Council Chambers of City Hall.

The meeting was called to order by Mayor Cutts at 6:32 p.m.

Mayor Cutts noted the Council met at 5:30 p.m. to tour the Fire Department. She said it is a most professional and competent fire station. The firefighters are very proud of what they do and the City is lucky to have them.

Members of the Council present were:

At-Large Councilor Thomas (Toby) Batchelder, III  
At-Large Councilor Robert Picard  
At-Large Councilor Keith Raymond  
Assistant Mayor Andrew Austin  
Mayor Deborah Cutts  
Ward II Councilor Paul LaCasse  
At-Large Councilor Kyle Messier  
Ward I Councilor Christopher Lewis  
Ward III Councilor Jeffrey Goff

Also present:

Guy Santagate, City Manager

### **MAYOR'S NOTES**

Mr. Austin talked about the Chili Cook-off. His part was the car show. He was excited the Council won first prize for an organization in the Chili Cook-off. He thanked the people who turned out for the car show.

Mayor Cutts brought in the trophy for the Council's first-place win and asked that it be displayed somewhere in the City. She noted the Council was joined in the organization category by the Fire Department and the Claremont Middle School.

Mr. Goff thanked Bill Parent and Sandy Warren for providing peppers; Sugar River Bank helped; and pots and pans were provided by Sullivan County Nutrition Services Executive Director, Brenda Burns.

Mr. Goff said the County has issued its tax bill. It is 21% higher than the previous one. It is 40% higher than in 2005. This is the largest County tax bill in 15 years. The bill to Claremont is \$2.2 million. The total amount to be raised by the City is about \$10 million. The bill is equivalent of 22% of the amount raised by the City; the County portion is not included in the amount raised by the City. We need to start paying closer attention to the County and hold it

accountable. This burden is stifling progress. County finances are disastrous. He said the City needs to take a stand to say this needs to stop.

Mr. Lewis thanked Mr. Goff for the update. Before joining the Council he said he was unaware of the County business and part of the reason was because their meetings are held during the day when people have to work. One issue he talked about before becoming a Councilor was to work with other forms of government to make sure our goals are aligned. Working together will hold them accountable. A lot of residents will have a tough time this year budgeting for fuel, etc. We heard that the County deficit was caused by prior Delegations, but those Delegations were made up of current Delegation members. In the future, he hopes to work with the County on those issues.

Mr. Austin said he went to the meeting of the School Reinvestment Committee (SRC). He said it was very interesting and asked Mr. Picard for more details. Mr. Picard said options were presented. The SRC will meet once more on October 14<sup>th</sup>. In March, people will be able to vote on the options.

Mayor Cutts said under Mayor Scott Pope, the Council had a joint meeting with the County Commissioners and she believes it is important to have more. She is distressed with the County situation. They need help and getting together with them is important. She will request a joint meeting after the election.

Mr. Goff noted that when Genesis ran the County nursing home, we had the three lowest tax rate years of the last ten years. Clearly something was working.

Mayor Cutts said in September 2008, the Governor's office introduced a social services initiative called Stay Warm NH ([www.staywarmnh.org](http://www.staywarmnh.org)). The intent of the program is to increase fuel assistance funding for low income households and to ensure everyone is safe and warm this winter. NH Office of Energy and Planning (OEP), NH Department of Health and Human Services and the NH Charitable Foundation are all participants of this program. Fuel assistance is up by \$10 million to \$37.5 million for NH. Weatherization help is available. She asked to identify people in need and to consider adopting them for the winter. The number for NH OEP is (603)271-2155.

Mr. Santagate said he is working with Senator Odell and Bill Marcello, Southwestern Community Services, to identify issues with heating. There is a meeting scheduled on October 17<sup>th</sup> in his office with county Welfare Directors, Senator Odell and Mr. Marcello. He invited Councilors and members of the public to attend. Questions to answer will be how to allocate the additional fuel coming in and how to identify needy people.

Mr. Santagate appealed to any social service agency or religious organization to get involved in helping our neighbors. He will facilitate a meeting for any organization willing to help with additional food, making contributions to the food pantry, donating split wood for heating, etc. He encouraged organizations to contact Dorée Russell, his Executive Assistant, at 542-7002.

Mayor Cutts said the United States Fire Administration/National Fire Academy has an Executive Fire Officer program. It is a four-year labor intensive educational opportunity. Graduates understand the need to go from reactive to proactive. Deputy Fire Chief Rick Bergeron completed the program and Mayor Cutts presented him with his certificate. Mr. Bergeron has been a City Firefighter since 1977. Mr. Bergeron said Claremont is a special place and he appreciated the acknowledgement from the Council.

## **REPORT OF THE SECRETARY**

**A motion was made by Mr. Goff and seconded by Mr. LaCasse to accept the minutes of the September 10 and 22, 2008, City Council meetings.**

**Roll Call Vote: Motion carried 9-0.**

## **APPOINTMENT TO BOARDS AND COMMITTEES**

### Parks and Recreation Commission

**Mr. Raymond nominated William Blewitt, Jr., for seat #1 – Ward I. Seconded by Mr. Picard.**

**Roll Call Vote: Nomination carried 9-0.**

### Tax Increment Finance District Advisory Board – River Road

**Ms. Messier nominated William Greenrose to seat # 2 (property owner). Seconded by Mr. LaCasse.**

**Roll Call Vote: Nomination carried 9-0.**

## **OLD BUSINESS**

### 2006 Audit Review from Greg Colby, Plodzik & Sanderson

Mary Walter, Finance Director, introduced Greg Colby. Mr. Colby said he would answer questions. Mr. Goff asked for a quick synopsis. Mr. Colby said his company was the auditor for the year ending 2006. The lateness of the audit report was due to turnover in the City and staff being out for surgery which delayed starting the process. On their end, they lost staff; that combined with new audit procedures and accounting standards contributed to the delay. They are no longer the City's auditors by their own request. For 2007 there are significant additional standards audits. He knew there would be significant additional cost to the City, so he suggested to Ms. Walter to go out to bid for new auditors. The 2006 audit report is a 55 page document. Financial statements are in accordance with GASB (Governmental Accounting Standards Board) with one exception: the historical cost records of the City's capital assets (i.e. City Hall, Opera House, fire station). It is a large undertaking. Items for improvement had to do with the turn

over of key financial personnel. This is nothing to be concerned about. With experience those will correct themselves.

Mr. Goff asked about the large number of CDBG (Community Development) grants and if it is unique to a city our size. Mr. Colby said the number is unusual. Mr. Goff said the number requires additional layers of accounting monitoring.

Mayor Cutts asked how our deficiencies compare with other communities. Mr. Colby said there are very few which would not receive comments and recommendations.

Mr. LaCasse was concerned about some of the findings. Mr. Colby said the standards say that government cannot rely on the auditors as part of its internal control. The City relied on the auditors to put the numbers together and the City may not have the expertise to catch an omission. That is not unusual. To solve this situation, would mean hiring a CPA (Certified Public Accountant) and send them to school or hire an outside consultant before auditors come in which adds another layer of control.

Mr. Picard asked what percentage of the books was audited. Mr. Colby said 100% of the books are audited, but not every transaction is looked at. They do tests and procedures where they think there are weaknesses.

Bernie Folta, Ward 3, questioned why the City changed auditors. This is October 2008 and the 2006 audit is just being presented. He asked when the 2007 audit will be out.

Ms. Walter said the 2006 audit came to the City in June. She gave an update to the Council in April or May explaining the delay. She said Mr. Colby had asked the City to go out for bid for a new auditor. Our contract term was up anyway. It is in the contract for the new auditing firm to have the audit done by September 30<sup>th</sup>. They did not start until June, because they had to get the numbers from 2006. Mr. Santagate said typically the books close on December 31<sup>st</sup>, then the auditors come in three months later and the audit is finished by September/October. Mr. Santagate said we can expect more audit exceptions in the future. An audit is adversarial; they pick out problems. It is a benefit to the City, so we know what to watch for. He talked about a document sent out by Vickie Stiger from Primex that listed amounts of money that had been stolen from 24 NH communities. We want the auditors to watch for these things. Ms. Walter said as fraud comes to light (i.e. Enron, Tyco), the auditing firms get "raked over the coals," so their standards are getting tougher. Mr. Santagate said on GASB, we must inventory our infrastructure such as water pipes and sewer pipes, depreciate them to present value and put the values in the books. It is expensive so we wanted to do it over time. When we came to the Council four to five years ago, Council agreed to waive it, but that exception will be in the report until it is done. We are working on it. It doesn't hurt us on the audit report yet because other cities and towns do not do it.

Mayor Cutts asked about the County's audit schedule. Ms. Walter said they are audited every year.

Mr. Picard asked what percentage is completed. Mr. Santagate we are not close to being completed. If Council wants to allocate the money, we can make it a priority. Ms. Walter said we are about 60% done. It requires a lot of research into the original cost and life expectancy. Mr. Santagate said he would like to do it because he believes it will show a great number of assets.

Mr. LaCasse asked about checks and balances to identify fraud. Mr. Santagate said we do things we are supposed to do. The auditors come in on schedule. We hire good people. In Central Collections, we won't allow only one person to collect the money; there are at least two people in there. There are on-the-spot inspections of petty cash. Finance takes reasonable steps. Life would be easier without the CDBG grants, but we've brought in \$14-\$15 million in the last 5-6 years. A person has been hired half-time in Finance and half-time in Legal and will work on the grants. PVE (Pleasant Valley Estates), part of the Brown Block, part of the dental initiative and part of the Mills have all been done with those funds. We will implement any suggestions that the auditors have. Ms. Walter said it becomes a process where duties are split; the person who makes the check does not sign it and a different person reconciles the bank statement. She approves the invoices after the directors do. One weakness is always cash, so each person in Central Collections has a separate cash drawer. Mr. LaCasse asked if there are checks and balances to stop double billing or double paying. Ms. Walter said invoices with the same numbers are flagged. She reviews invoices during each check run.

Mr. Picard asked why the City does not accept debit or credit cards. Mr. Santagate said it costs money. The merchant has to pay a certain percentage. Also, Mr. Santagate said he doesn't like corporate credit cards for the City because of the potential for fraud. There is no way to control it. Ms. Walter said there is a computer stand in Central Collections. For credit cards, we are not allowed to pass through the fees to the citizens; that will be paid by the City. We are hoping to be able to accept debit cards by the first of the year. There are risks and fees involved with having a credit card machine.

Donation of 4 ATV Tires from Sullivan ATV Club Value: \$250

Dianne Raymond, Trail Administrator, Sullivan County ATV Club, said the Police talked to their safety class in July and while there, it was noted the tires on the Police's ATV were worn. So, Bill Souzer asked to donate the tires to the Police.

Chief Scott said the ATV Club is a great partner, and they help with the patrol enforcement program. This organization does trail maintenance and maintains a safe trail system. He thanked them for being a great ally.

**A motion was made by Mr. Batchelder and seconded by Mr. LaCasse to accept the donation of 4 ATV tires from the Sullivan County ATV Club with a value of \$250.**

Ms. Raymond also thanked the Police Department for working with the ATV Club on enforcement.

**Roll Call Vote: Motion carried 9-0.**

Acceptance of \$1,000 Intraosseous Infusion Kit from VRH and NH EMS Grant

Fire Chief Peter Chase said Valley Regional Hospital (VRH) provided this kit for paramedics (in the field) to be able to inject drugs into bone when an IV can't be given. This is something the Fire Department won't buy, but it is nice to have. The hospital will maintain it.

Chief Chase said the Fire Department works under protocol from the hospital. This allows them to provide better life saving services in the field.

**A motion was made by Mr. LaCasse and seconded by Mr. Picard to accept the \$1,000 Intraosseous Infusion Kit from Valley Regional Hospital and NH Emergency Medical Services grant.**

**Roll Call Vote: Motion carried 9-0.**

**CITIZEN'S FORUM**

Bill Gray has moved to a new house on Turner Avenue. He introduced his aid, Judy. There will be a Halloween party for the people at rec aid with lot of favors. He will send out invitations.

Chris Vinci, running for State Representative, is running on a platform of fiscal responsibility and better management of money. Current Representatives plan to borrow \$90 million to balance the State budget. Even though the County's taxes are increasing 25%, they could not find \$160,000 for the air conditioning at the County nursing home. It is time to elect new Representatives. Mayor Cutts asked him what he would do to improve fiscal responsibility. Mr. Vinci said better budgeting. In 2004, the State had a balanced budget. Over the last two years and with the increases, the roads and sidewalks still need repair. He has a business background.

Bernie Folta, Ward 3, talked about the Council packet. The Eagle Times gets a free copy. He said he was told when mail is sent to the Council as a whole it does not get into packet. He presumes it would be subject to the right-to-know law. He thinks there should be a correspondence section on the agenda.

Ordinance 501 Outdoor Wood Boilers – Second Reading – Public Hearing

There was no additional input.

Mayor Cutts opened the public hearing. No one spoke. She closed it.

**A motion was made by Mr. Austin and seconded by Mr. Raymond to adopt Ordinance 501 Outdoor Wood Boilers on Second Reading.**

Mr. Goff thanked the Eagle for its coverage of this subject. He hasn't heard any feedback regarding this issue.

Mr. Picard talked about the Eagle editorial. Because of the cost of heating, he will vote no on this ordinance.

Mayor Cutts thanked the Fire Chief. Heating fuel is expensive. She appreciates the information about safety. She will vote yes.

Mayor Cutts read the explanation of proposed action.

**Roll Call Vote: Motion carried 7-2 with Messrs. Picard and LaCasse voting no.**

Ordinance 502 Update to Sewer Use – Second Reading – Public Hearing

Bruce Temple, Public Works Director, said the ordinance upgrades the City Code to come into compliance with State and Federal rules. It is housekeeping; no tax dollars are involved. A lot has to do with definitions.

**A motion was made by Mr. Raymond and seconded by Mr. Picard to adopt Ordinance 502 Update to Sewer Use on Second Reading.**

Mayor Cutts opened the public hearing. No one spoke. She closed it.

Mr. Raymond read the explanation of proposed action.

**Roll Call Vote: Motion carried 9-0.**

**NEW BUSINESS**

Ordinance 503 One Way Street-Water & Meadow Streets – First Reading

Postponed.

**CITY MANAGER REPORT**

Mr. Santagate said the Mill Project is on schedule. One challenge is to preserve the "saw teeth" of the Sawtooth building. It is running into big dollars. He asked the Planning Department to make a report to the Council next month on the cost of the historic preservation. He favors historic preservation.

Mr. Santagate said of the audit report, he is satisfied we are on target. Since 2001 there has not been one hint of fraud or money missing. We'll add to checks and balances going forward as needed. He is proud of the City employees. If we see a problem, we'll jump on it.

Mr. Austin asked how much over budget we will be for the Mills. Mr. Santagate did not know, but he had asked Kurt Beek to prepare a report for November's meeting.

Mayor Cutts asked if tours of the Mills are available for private citizens. Mr. Santagate said to contact the City Manager's office, 542-7002. We can take 8-10 people (any more and it would be hard to hear) and we can try to schedule a one-hour tour.

Mr. Austin asked if the City has been affected by the federal economic crisis. Mr. Santagate said that Claremont is part of the national economy. This affects the government and the private sector. We're not immune, but we are in better shape than other communities in NH. 2009 will be a different budget year for us. We face increased fuel prices; the State voted to increase pension contributions to employees (City's portion, not the State's or employee's). Our ability to handle that will be a challenge. The schools can override the wishes of the voters with a default budget. We have no official role with the schools. The City sends out the bills and then the City pays the schools and county their portions. Every dollar we bill out, we keep less than 35 cents. We have that lack of control and then we have a hidden enemy which is inflation or stagflation (no growth and increases in cost of living). The only segment that is doing well is exports. In Claremont, we are trying to keep our head above water.

Mayor Cutts noted every month the Council receives the City's financial reports. To speak of the strength of Claremont, at the end of September, *Business New Hampshire Magazine* put out their "NH's Top 100 Private Companies" list and 2 of the top 20 were in Claremont (APC Paper and Red River Computer). Also, she noted in the packet is Claremont's Trust Fund report.

Mr. Goff comes from the financial sector and he said he is starting to see signs of the crisis hitting bottom. He is concerned about our portfolio mix (corporate bonds). He thinks it would be appropriate at the next meeting to have a representative of the Trust Funds give a report. He would like a breakdown of what our investment is and a strategy to diversify.

Mr. Picard asked for the number of properties going into arrears and the dollar values for the budget season.

Mr. Santagate said some communities carry those as assets and they sell those assets to get cash. He doesn't like to use those tactics. Those are options the Council can use. He offered to bring a report on that back to the Council.

Mr. LaCasse asked about a hiring freeze. Mr. Santagate said he is considering that. If someone leaves, we might not fill the position for a while to see if we can get by. Mr. LaCasse asked if that was the same thing with spending. Mr. Santagate said the challenge is we don't have a lot of areas with big sums of money. The biggest is Public Works (PW). Of every dollar we spend, 40 cents is PW. We have targeted to stay within a 3% increase and to take any new construction into income. Last year we had a zero percent increase. That was a bad precedent to continue. It's okay from time to time. He doesn't want to do it at the expense of not making necessary and smart investments in the City.

Mayor Cutts said the budget hearings have been done in two different ways. One, at the budget hearings the department heads will talk to the Council and then engage with appreciative inquiry. The Council does not have line item approval. The other way is to be presented with the budget, ask the City Manager questions and then vote. She said the first process worked well; it would mean four meetings in November.

Messrs. Picard and LaCasse asked for clarification of the 3% increase. Mayor Cutts asked if Mr. Santagate was prepared to answer the question and if there were any objections from the Council. Mr. Santagate said he would answer the question. There were no objections from the Council.

Mr. Picard asked if the 3% increase is with or without new growth. Mr. Santagate said the goal is a 3%. If there is new growth, he would like to take that into income for things that were cut out of the budget.

Bernie Folta said when a tax delinquency reaches a point of being a tax lien, it is submitted to the Registry of Deeds and is attached to the deed. All the deed information is available electronically off the Sullivan County website. He suggested that reading the Claremont tax liens is some interesting material. He said he suspects even delinquencies are public information.

## **FUTURE AGENDA ITEMS AND DIRECTIVES**

Mayor Cutts noted there was a ribbon cutting at the Four Pines Quilting Shop. In addition to sales, they also offer classes.

Mr. Batchelder asked for a tour of the Police Department before the next monthly meeting which is November 12<sup>th</sup>. The tour will start at 5:30 p.m.

## **COMMITTEE REPORTS**

### Master Plan Committee

Mayor Cutts said their work has begun. She is looking for good work to come from them. She is on the Historic District Commission and they will be participating.

### School Reinvestment Committee

Mr. Picard asked to have this item removed from the agenda as the last meeting of the committee will be October 14<sup>th</sup>.

Mayor Cutts said at a recent Planning Board meeting, a property owner had been looking for approval for parking for apartments. Parking in the downtown area is difficult. She asked if the Planning Board could get an inventory of city-owned spaces and the status of what they are used for. Mr. Santagate said we have committed to creating 400 parking spaces: 247 in the Sawtooth

parking garage and 100 + at the Visitors Center. Having a parking problem is good news. One of the issues is to create parking across the river to get people off the downtown streets. How spaces are used and who can use them is an issue as well as how to plow those areas. The City Attorney and the Planning office are looking at it. Mayor Cutts asked for this to be done in a timely manner because the Planning Board has at least one application in front of it with an issue of parking.

Mr. Austin asked about Arrowhead getting water from the City for snowmaking. Mr. Santagate is not familiar with them getting water from the City. Mr. Santagate met with Arrowhead recently and the issue is the water supply to make snow. If they go to the Sugar River for the water, it is not metered, but that connection is too expensive. So, Bruce Temple, Public Works Director, is looking at the engineering that would be necessary to draw the water from the City to fill a tank and that would be metered. Filling a tank would be more acceptable to the Fire Chief and Mr. Temple for pressure purposes. Mr. Austin said they are concerned about the rate and whether they could pay the bill and still make a profit. Mr. Santagate said he has no authority to waive their bill. Mr. Goff said last year could be an indication of the usage of Arrowhead when there is more snow. Mr. Santagate said the snowmaking ability could make the season more predictable. Mr. Austin said with all the snow, they showed a profit last year and with the snowmaking ability, they may be able to repeat that. This is an economic tool for the City. When people use Arrowhead, they also spend money to eat and those factors should be taken into consideration. Mr. Picard said it will take a lot of meals to pay back the money that has already been given to Arrowhead.

Mr. Goff said at the Chili Cook-off approximately 512 people were served. The Council got a lot of feedback from people. There were no negative comments.

Mr. Batchelder said the overview of the budget presentation last year was good and he hoped to have that again. Mr. Santagate said he will do it again.

#### **CONSULTATION WITH LEGAL COUNSEL**

None

#### **ADJOURNMENT**

**At 9:00 p.m., a motion was made by Mr. Goff and seconded by Mr. LaCasse to adjourn.**

**Motion carried 9-0.**

Respectfully Submitted,

Dorée M. Russell  
Clerk to the Council