

The Claremont City Council held a meeting on Wednesday, December 17, 2014, in the Council Chambers of City Hall.

The meeting was called to order by Mayor Neilsen at 6:30 p.m.

Members of the Council present were:

At-Large Councilor Keith Raymond
Ward III Councilor Nicholas Koloski
Assistant Mayor Victor Bergeron
Mayor James Neilsen, IV
At-Large Councilor James Reed
Ward II Councilor Charlene Lovett
At-Large Councilor Kyle Messier
At-Large Councilor John Simonds

Absent:

Ward I Councilor Carolyn Towle

Also present were:

Mary Walter, Acting City Manager
Jane Taylor, City Solicitor

Mr. Reed said that he had talked to Councilor Towle; she is doing well and will be back after the holidays.

Ms. Messier shared community news from local newspapers: More insurance options available for area residents (5 options) which is good for economic development as Valley Regional Hospital employs many people in this community. Stevens High School will host its first swim meet at the Claremont Savings Bank Community Center. City has completed downtown parking audit which is part of the City Center Project.

CITIZEN'S FORUM

Mayor Neilsen invited citizens to speak on any agenda or non-agenda topic.

No one spoke.

OLD BUSINESS

Auditor – Exit Conference

Frank Biron, President of Melanson Heath CPAs, said this audit was for January 1, 2013, through June 30, 2014. This is the independent auditors' report. This is a clean opinion. There are no exceptions.

Mr. Biron highlighted some parts of the audit. Statement of Net Position (Accrual Basis): next year in accordance with GASB 68, the City's share of NH retirement, unfunded liability, will be added to this page. Balance Sheet Cash increased \$2.2 million from the previous year. Numbers have improved since the previous year and a lot is due to the change in the fiscal year. Advance to other funds = amount due from Mill District TIFD fund. Mill District TIFD fund does not have money to repay so \$1,264,621 must be reserved. Fund Balance Nonspendable: \$1,311,862, majority is for the receivable from the Mill District TIFD fund. There is \$1.8 million surplus in the River Road TIFD and there has been discussion about using that to pay off the mill district receivable.

Mr. Biron said \$318,093 is Unassigned Fund Balance. Liability Due to School no longer appears here because the City and school are on the same fiscal year. The City's Fund Balance policy is that balance (as adjusted) on a DRA basis should be between 5% and 15% of the General Fund Budget (as adjusted) and according to DRA (Department of Revenue Administration) the uncollected levies (tax bills) of \$2.6 million gets added for an Unassigned Fund Balance of \$2.972 million which is equal to 7.3% of the budget.

Change in Fund Balance \$2,908,814 is a very positive thing. Excess of revenues and other sources over expenditures and other uses \$1,886,503. Statement of Net Position Water & Sewer, Cash Balance: Water \$3.1 million & Sewer \$3.1 million. Both have very strong/healthy balances.

The bottom line is the City's conversion to a fiscal year was very successful; it improved the City's financial condition. The City now has an Unassigned Fund Balance that falls within the threshold of 5 to 15% (7%). There is no Management Letter (recommendation for improvements). Only about 10% of companies do not have a Management Letter. The City did a very good job.

Mayor Neilsen commended the staff and management of the City for the City being in such a strong financial position.

Mr. Biron said the only negative is the downtown mill district.

Bernie Folta, Ward 3, asked about the funds that the Trustees of Trust Funds are responsible for.

Mr. Biron said there are three: General Fund Restricted Cash is Capital Reserve Funds of \$692,368; Non-major Permanent Funds of \$778,614 & \$12,547,115 are for purposes that benefit the City; and Private Purpose Trust Funds are for scholarships, etc.

Review of CSB Community Center Fees

Mark Brislin, Parks and Recreation Director, showed a PowerPoint presentation: The Claremont Savings Bank Community Center – Analysis of Fees, Rates and Budgets.

- Parks & Recreation Mission Statement: The City of Claremont Parks & Recreation Department is dedicated to providing quality recreation facilities, programs, and services to enhance the quality of life for the residents of Claremont and the surrounding region.
- Community Center Cost Recovery History
 - 2004-2012 80% subsidized by taxpayers
 - 2013 54% subsidized by taxpayers
 - 2014-2015 48% subsidized by taxpayers
- When we bonded for the new community center, City Council was told that the impact on the tax rate for operations would be no more than what it was prior to building the CSBCC, which was previously almost \$500,000
 - Currently budgeted expenses are \$546,126 more than anticipated revenues, which is \$46,126 more than the targeted amount
- What does your membership give you access to
 - Walking track
 - Cardio-fitness room
 - 2 pools
 - Central area with ping pong
 - Lockers/changing areas
 - A discount on any classes offered as well as a discount on room rentals
- Cost Recovery and Net Cost Models
 - Staff Recommended: Presented to Council in 2012 (limited hours and staff)
 - Cost recovery 84%
 - Ballard and King Model Corrected
 - Cost Recovery 58%
 - Low Revenue Achievement (this is the model we are currently using)
 - Cost Recovery 46%
 - GCC Operations
 - Cost Recovery 23%
- As of December 16, 2014
 - Revenue: \$439,160.86, 73% of budgeted revenue has been collected
 - Expenses: \$502,350.43, 49% of budgeted revenue has been spent
- Combined by Group
 - Largest groups are family and seniors
 - Ms. Walter said that renewals are key
- Current Rates
- Projected Rates
 - Proposed changes will be:
 - Resident Family \$300 to \$350
 - Resident Senior 3 Month \$45 to \$50
 - Resident Senior Annual \$120 to \$140

- Resident Youth 3 Month \$45 to \$50
 - Resident Youth Annual \$120 to \$130
 - Non-Resident 3 Month Adult \$187.50 to \$200
 - Non-Resident Annual Adult \$312.50 to \$330
 - Non-Resident Family \$375 to \$475
 - Non-Resident Senior 3 Month \$56.25 to \$65
 - Non-Resident Senior Annual \$150 to \$185
 - Non-Resident Youth 3 Month \$56.25 to \$65
 - Non-Resident Youth Annual \$150 to \$170
 - Total Resident & Non-Resident \$442,133.75 to \$520,020
- The CSBCC currently offers 29 fitness classes including both land and water-based classes.
 - Currently 17 are free to members
 - Going forward there will be a fee for most classes with a discount for active members
 - Slides and History
 - In September 2012, it was presented to the Council that the City would go with the low cost recovery model and the goal was to raise no more on the tax rate for operating expenses which was \$498,000 and the Administration rounded that to \$500,000
 - Cost Recovery for the GCC
 - Cost Recovery 23%
 - Revenues \$146,000
 - Expenses \$644,000
 - Net Cost \$498,000
 - Proposed Cost Recovery
 - Cost Recovery 52%
 - Revenues \$500,000
 - Expenses \$969,018
 - Net Cost \$469,018

There was a discussion the reduced cost of the family membership versus paying individually.

Increases were looked at to balance the expenses, but not lose renewals.

Senior rate starts at 55 years old.

There was a discussion about looking into other revenue sources such as babysitting. Mr. Brislin said that is being looked at.

Ms. Lovett said she didn't understand why we're not using the Ballard & King model when we paid for their services. She said we are coming to the end of the second year and revenues will start to flatten out.

Mr. Bergeron said the \$500,000 was a starting point, but if we could reduce that, we would. The Ballard & King model was looked at, but it was too high to start with.

Mr. Raymond said the Council at the time discussed the Ballard & King model, but felt it was not realistic for the market.

There was a discussion about the cost recovery percentage and Mr. Bergeron said a goal had been set, but we have gone below that and we need to recover that.

Ms. Messier said the cost recovery ratio can change. She thinks it's important that we recognize the community center and its programs are services that we provide to the community. The cost recovery for the Library is zero; it is a service to the community. She doesn't think the community center needs to be self-sufficient because it is a service just as the fire department, roads, etc., are.

Mr. Koloski said the Transfer Station is a huge expense and no one is up in arms about it.

During the discussion, the bond was mentioned; \$5.3 million was for the CSB Community Center and the rest went to the North & Main and Drapers Corner projects which were infrastructure projects.

There was a discussion about programming and fees. Mr. Koloski said he believes that all programs should be paid for in addition to the membership fee.

Mayor Neilsen suggested reviewing the Ballard & King report annually to see what can be implemented. He said there should be two measuring sticks as guides, both cost recovery percentage and dollar amount supported by tax rate, but if the targets are not hit exactly, it does not mean failure.

Mr. Raymond said he would like to see a list of classes and how many people attend.

Mr. Koloski asked about the reserve fund. Ms. Walter said it was established last year. Every year up to \$30,000 goes in for building maintenance and up to \$60,000 goes in for equipment (which needs to be replaced an estimated every three years). The proposed fee changes will bring in about \$100,000 a year.

Mr. Koloski commended Mr. Brislin for all that he has taken on (GCC and JSL) and he thanked the CSBCC staff.

There was a discussion about setting an amount for cost recovery percentage and dollar amount.

Ms. Walter said the budget is set at \$1.146 million and we expect \$600,000 revenue for a cost recovery of 52%. Ms. Lovett said she believes the discussion was for a cost recovery of 62%. Ms. Walter said with the proposed changes, the expected cost recovery will be 61%.

A motion was made by Mr. Bergeron and seconded by Ms. Lovett that the Claremont Savings Bank Community Center will try to maintain at least 60% cost recovery on an annual basis and that they cannot go above \$500,000 on the tax rate without Council approval.

Peg Hall, Ward 1, asked for the expenses and revenues for the last 12 months. Ms. Lovett will get the numbers for Ms. Hall.

Jeff Barrette, Ward 1, asked if, at the six month point, we have received 73% of the projected revenues and we have spent only 49% of the expenses, why are we projecting a shortfall. Mayor Neilsen said the rates are being raised to increase the cost recovery. Mr. Barrette talked about the amount that taxpayers will pay and renewals. Ms. Walter said the majority of the renewals come in March, so a large part of the difference is deferred revenue.

Ms. Lovett said \$500,000 for the CSBCC is 72 cents on the taxrate.

Mayor Neilsen said for a \$150,000 home, taxpayers are paying \$107 a year for the CSB Community Center.

Roll call vote: motion carried 8-0.

Discussion of the CSB Community Center Budget

Ms. Walter showed a PowerPoint presentation on the Budget (Development, Implementation, Oversight).

- Capital Improvements Plan (CIP)
 - The budget for the upcoming year starts with the CIP
 - The Planning Board will review and provide feedback before adopting the plan
 - Council makes the final decision on the 1st year of the CIP by voting to approve the budget
- Budget Process
 - Departments submit their budget requests to the City Manager
 - City Manager reviews and then submits his proposed budget to the Council 30 days prior to the end of the fiscal year
 - Public hearings are held and then the Council votes on the budget
 - Once the budget is approved, a printed copy is provided to the Council and Department Heads
 - Not all line items are paid monthly. Some are paid annually (i.e. insurance, leases, fire hydrant charges)
- Budget Monitoring
 - Department Heads are responsible for their budgets
 - Finance Director monitors revenues and expenses on an ongoing basis and provides periodic reports to the Council
 - If there are significant changes in either anticipated revenues or expenses, the City Manager has the right and responsibility to make changes to ensure that the bottom line of the budget is not exceeded without Council approval
 - Council has further assurance in that the City Manager cannot transfer money from one department to another without Council approval

Mr. Bergeron asked for a budget status. Ms. Walter said in her last report that we are under in Expenses and we are a little over in Revenues. We are doing well except for the Downtown TIFD (Tax Increment Finance District); those bond payments have already been paid for the year.

FUTURE AGENDA ITEMS AND DIRECTIVES

Ms. Messier said in reference to a previous request to establish a finance committee that she is not in agreement with that and would like to have a discussion about that. She said finances are the Council's responsibility.

Ms. Lovett asked about Council's authority to establish a standing finance committee. Ms. Taylor said the Mayor and City Manager have the authority to establish ad hoc committees, but they are not permanent committees. Ms. Taylor said section 2-27 of the Code states the Council does have the authority to appoint an advisory committee. Mayor Neilsen said to create a standing committee would require a Charter amendment. If Council wants to make an amendment to the Charter, there needs to be a dialogue about that. Mr. Bergeron asked to have a workshop meeting with nothing else on the agenda except to discuss adoption of standing committees.

Mayor Neilsen asked what was on the schedule for the workshop meeting in January. Ms. Walter said that Planning and Development Director Nancy Merrill wanted to update the Council on the City Center Committee in January and the Department Update is Welfare, but we can move that.

Mayor Neilsen asked, and Council agreed, to discuss adoption of standing committees at the second meeting in January.

ADJOURNMENT

At 8:51 p.m., a motion was made by Mr. Bergeron and seconded by Mr. Simonds to adjourn.

Voice vote: motion carried 8-0.

Respectfully Submitted,

Dorée M. Russell
Clerk to the Council