

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
March 24, 2004**

A Special meeting of the Municipal Budget Committee was called to order at 6:30 p.m. in the Meeting Room of Conway Village Fire Station with the following present: Chairman, Dan Jones; Selectmen's Rep., Karen Umberger; School Board Rep., Pat Swett; Doug Swett, Randy Davison, Russ Seybold, Betty Boucher, Liz Carleton, Ted Sares, Melissa Stacey, Janine Bean.

Chairman Jones noted that press member, Jeff Flint, has finished taping Valley Vision programs dealing with Project Succeed and the Police Contract and has inquired as to whether anyone from the Budget Committee would like to come in to tape the counter side. Mr. Davison said he felt the town has heard enough about it from Budget Committee meetings and we should just let the voters vote as they will; that this Committee has put forth its arguments for or against and it would be a waste of time to discuss it further. Mr. Sares said the problem may be if Mr. Flint says he has asked people on the Budget Committee to respond, and they do not want to talk about it. He likened it to inviting someone to a debate and they do not show up.

After short debate it was agreed that response to Mr. Flint would be advised that the Budget Committee feels it has made its recommendation, the issue has been thoroughly discussed and we feel it should now go to the voters. Mr. Davison commented that a lot of people have expressed to him (after suggestion from some on the Budget Committee that Project Succeed should become a non profit) that they thought it was already a non profit.

Birch Hill Water District: Kirk Smith, Chairman of the Birch Hill Water District Commission, introduced members of the Commission, Tim Mead, Dave Jenson, and Clerk, Dick Vitale. Dan Jones noted that the Budget Committee has already approved the warrant article for Birch Hill Water District; however, there have been some revisions and they have gone to DRA for direction. He then turned the meeting over to Birch Hill Water Commissioner, Kirk Smith. Ms. Boucher questioned whether there has to be a vote for reconsideration and was advised that would not be necessary since the warrant has not yet been posted.

Mr. Smith explained that the Commissioners want to add a second article which would authorize the funding, through a bond of \$350,000, for the purchase of the existing water system from Consolidated Water. BHWD has contacted Consolidated Water who indicated by letter that the price they would sell the system for is \$350,000. The BHWD Commissioners are asking for authorization, subject to approval at the annual meeting, to go ahead with this, exploring to see what the system is truly worth. It was noted that Consolidated Water is not willing to share information with the Birch Hill people at this time.

Mr. Sares asked how much it will cost to assume responsibility for the water facility operations, stating he assumes it is \$350,000. Mr. Smith stated that would get them the water system and would operate as it is now. Commissioner Jenson commented that they felt it important to put something in that gave a starting point, but that they have no intention of paying \$350,000. BHWD Clerk, Dick Vitale, noted the wording is "the procurement, maintenance, and upgrade of the Birch Hill Water System" – there is no number in there to buy it. He noted also in

the budget summary there is \$15,000 under other general government which would cover engineering studies – the numbers are built on what they think they will need. Mr. Vitale stated they are pursuing grants and are talking to the bond bank, noting they went to local bank which agreed to give them the money, but would first need their financials – it is a Catch 22 situation.

Mr. Sares asked for a rough estimate of financial impact on an average use and how it will compare. Mr. Vitale said it will be higher, they are looking at metering; however, this is information that will have to be gleaned from the engineers.

Mr. Sares questioned whether there are any residents against the plan. Mr. Smith said they do not know. Mr. Jenson said he had heard from some who said their water was fine and they do not think anybody needs to do anything.

Mr. Seybold questioned whether there is any estimate that can be given to the residents as to how much of the \$350,000 is actually going to be spent to acquire the system and what will be left over to fix whatever needs fixing in one year's time? Mr. Jenson stated they want to explore what may be available through grants; they have meetings with both banks and with H.E. Bergeron Engineers. They are seeking approval at the annual meeting so they will not be in a position where there are people whose water is "going south" and they are not ready to even begin the process. Mr. Mead said once the budget passes that will provide funds for engineering study to see what the system is worth. Mr. Seybold noted "it is a big dark hole" and they have seasonal residents who may not look favorably upon it. Mr. Jones pointed out that for the most part those people do not have a vote.

Ms. Stacey questioned whether they have considered hiring a professional negotiator. Mr. Mead said they had not discussed that as yet, that may come into the legal end once they hire a lawyer. Mr. Jones noted they are also leaving the door open for eminent domain. Mr. Vitale said if the negotiations fail, they then go to PUC who determines the value of the property and has the say. Mr. Jenson gave a scenario whereby if BHWD went through some engineer who said it was worth \$5,000, the water company is asking \$350,000, if BHWD felt there was the probability that the PUC would agree with the \$5,000 figure, they would be interested in going the eminent domain route.

As to the question of number of voters, it was noted there are 214 hook ups within the district. Ms. Umberger wished to know the actual number of voters. Mr. Jones said there are between 100 & 120 residents who own property in Birch Hill. Mr. Vitale pointed out that that portion to the left upon entering Birch Hill is under another water district. Ms. Umberger stated the Selectmen set up the boundaries of the Birch Hill Water District and approved those boundaries, the number is decided by those people who are hooked up to the system owned by Consolidated Water.

Mr. Davison said Birch Hill wants to purchase the water district and will assess taxes through the town to pay this amount, later on you plan to have meters; will you have to hire someone to go out and read the meters? Mr. Smith stated they would have to hire someone to run the system. Mr. Jenson said the reason we got to this point is that the current owner is doing very little to provide water to the people who live there. The PUC is going to fine him if he does not do the work they have ruled must be done, which includes installation of a meter for every house. He commented that one of the issues that needs to be resolved is that no one knows how

much water is being produced and how much is being lost between the houses. Ms. Bean noted that PUC has said the meters have to go on, they are included in the \$350,000.

Ms. Stacey asked how many people lost water last summer. Mr. Smith said about 12, a larger number has minimal water or situations where their dishwasher will not work; also there have been bans placed on water use. Ms. Stacey questioned whether the maintenance would include going through and bringing the system up to standards, and was told yes. Mr. Sares noted it is like setting up a mini water precinct, probably beginning with one employee. Mr. Vitale advised that North Conway Water Precinct personnel had told him that they could, as an example, get Bill Jones to study a book and get a license; also if the system breaks then there would have to be a company on contingency and they would come out and fix it – it would be one man making sure the electric runs, and back up for repairs. He stated the RSA has “a thing called a water fund” to maintain the system. The impact on taxes will be minimal.

Mr. Sares asked whether there is any possibility that once it is up and running they would go after other customers, for instance, if Blueberry Lane owners wanted to hook on? Mr. Smith felt they would entertain that. Mr. Sares asked whether there is any cost to the Town of Conway taxpayers and was told no. Upon question of whether there was a line of credit, the answer was no. Mr. Vitale stated the Treasurer will hold the money and collect the taxes.

Mr. Seybold questioned whether they have talked to the other two areas, or representatives of those water companies, with respect to doing anything together? Ms. Umberger explained when Selectmen set up the water district it was set up because the PUC has problems with Consolidated Water and it has gotten to the point where they are not providing water. She stated Selectmen did this to ensure the public health and safety of the people living in Birch Hill. There was some talk about including the other areas, but they were not interested in joining the users of Consolidated Water so they did not pursue that. She said if in the future Birch Hill wants to ask for expansion of boundaries, the Selectmen at that time will make a decision. Mr. Jones noted it was Paul DegliAngeli’s recommendation not to do that at this time. Ms. Umberger reported the people from Birch Hill came to the Selectmen with a request to have them let Mr. DegliAngeli be their agent for negotiating with the PUC and to ask if we [the Selectmen] would establish a water district for them. Based on response of the public and the information Mr. DegliAngeli brought back from PUC, they agreed to establish a water district. Mr. Sares asked whether the Selectmen can come in and request that the district be expanded and was told no. Ms. Umberger said the people in the outlying district would have to come and ask the Selectmen.

At 7:00 p.m. the regular meeting was recessed in order to conduct the public hearing on the Birch Hill Water District budget.

Upon return to the Budget Committee meeting **Motion was made by Ms. Bean, seconded by Mr. Sares, that the Minutes for the following meetings be approved as presented: February 4, 7, 11 & 12, and the Feb. 11th Public Hearings for both Municipal and School budgets. Carried with 9 votes in the affirmative and an abstention by Ms. Swett.**

Issue of Creation of New Position by School Board: Ms. Stacey pointed out that the School Board has created a new job and she would like the chance to discuss it with them. Mr. Sares said they have created a new job by changing the Assistant Principal position to Principal for the Middle School – they created a newly titled job. He noted the current Principal has agreed to reduce his salary by an amount to cover the new position and he wished to know what happens if Mr. Loynd leaves. He said the issue should be do we need a full time Principal, but will have a net increase in cost.

It was Mr. Sares' contention that when dealing with the school budget it was bare bones, this is not reflective of that. Ms. Boucher wished to know whether the Budget Committee could ask Dr. Nelson to come and talk with us on that subject? Ms. Bean stated what the School Board does within the parameters of deciding what they need to run the school does not come before the Budget Committee; if any taxpayer has a concern about it, they need to go to the School Board with it. Mr. Sares agreed, but said his concern is affordability and being straight on back and forth exchanges. He said he thinks we deserve a little bit of straighter exchanges on affordability because they are putting in added cost for the future. Ms. Bean said she agrees with that, but as taxpayers we need to address that to the School Board. She said she also does not like what they did, it is underhanded, but it does not come before this Committee. Ms. Stacey felt the procedure is that any monetary sums of money are supposed to come to the Budget Committee. Ms. Bean said no, they are not on a line item budget.

Ms. Swett said she does not believe this is going to be a cost impact. The School Board did not approve this position for Dr. Loynd, but for no matter who comes in as Principal. They have reduced the number of days based on a study from the administrators that they can work this way.

Mr. Davison said he attended that meeting, it is within the School Board's parameter as to what they did. He questioned if that person left, whether they could hire someone to fulfill that role in the same capacity? He feels that might change down the road, stating they just shifted the money that we put forth in the budget. Mr. Davison said he feels a Principal for the Middle School is necessary; down the road it could be an impact. Ms. Bean pointed out it will be an impact anyway because we will have two separate schools. Mr. Sares claimed it is deficit spending because Dr. Loynd is funding this new position by taking a cut; when he leaves his replacement will not take that job at Dr. Loynd's salary.

Mr. Davison said his question at the meeting was whether the person in that capacity could do that job in 214 days, noting the average is 240 calendar days. Mr. Sares said with the reduced days it will come out even. Ms. Swett stated that unless a future School Board increases the Principal's days again, it would not revert back to what Dr. Loynd is getting right now - his reduction in pay is because of the reduction in the number of days that he works.

At 7:40 p.m. Motion was made by Ms. Bean, seconded Mr. Swett and carried, that the meeting be adjourned.

Respectfully submitted,

Gail T. Currier
Recording Secretary