

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
June 7, 2004**

A meeting of the Municipal Budget Committee was called to order at 6:30 p.m. in the Meeting Room of Conway Town Hall with the following present: Janine Bean, Doug Swett, Ted Sares, Melissa Stacey, Betty Boucher, Phil Dighello, Bill Jones, Russ Seybold, Bob Barriault, Randy Davison, Selectmen's Rep., Karen Umberger, School Board Rep., Deb Deschenes; East Conway Fire District Rep., Joe Marotta.

1. Review/Approve Minutes (5/11/04): Motion was made by Mr. Jones, seconded by Mr. Barriault, to approve the Minutes of the May 11th meeting as circulated. The motion carried with 9 votes in the affirmative; Ms. Boucher, Ms. Stacey and Mr. Sares voting in the negative, and Mr. Marotta abstaining as he had not been present at that meeting.

2. Policy on Ethics for Elected Officials: A copy of the policy had been E-mailed to members for review. Mr. Sares read the following statement for the record: "I have no intentions of having anybody's sense of political correctness, pretext of righteous indignation, or possible hidden agenda inhibit my right to speak as an elected member of the Conway Municipal Budget Committee. My responsibility is to represent the taxpayers regarding issues of affordability and budgetary education. I expect all Committee members (including myself) to behave in an appropriate manner as defined by what a reasonable person would deem appropriate. T.R. Sares 06/07." It was Mr. Sares contention that the Budget Committee is not obligated to follow the policy on ethics. He stated he does not remember anytime on this Committee that anyone has ever used a fowl word. He said he feels the ethics policy is flawed.

Mr. Seybold commented that Town officials and employees are instructed to follow this particular Code of Ethics, he finds nothing offensive in it and, as an official of the Town, it makes sense to endorse, adopt and agree with it as a code of conduct of our meetings, and puts the Chair in the position of knowing exactly what the rules are – it makes it clear.

Ms. Bean stated the copy was provided for information only, that by its being a policy of the Selectmen, it is a guideline for the Budget Committee and that is what she is using it for. She said we all know how we are supposed to act, the policy just reinforces that and she does not see a need to adopt it as policy. Ms. Beans said she will try to be cognizant of people raising their hands and would request that everybody direct their comments through the Chair.

3. Nomination to Fill Vacancy: Ms. Bean had received one letter of interest, that being from Rick Paquette (who was in attendance). Also present was Mitch Manseau who had just become aware of the vacancy. It was noted that the ad in the paper requested submission of a letter of interest by June 1st. Mr. Manseau had only seen the ad today. Mr. Manseau provided his background: 20 yrs. with the Air Force in administration and management; employed with International Business in Boston, working with \$20 million budgets; for the last five years he has been working in municipal government. Mr. Manseau formerly lived in Londonderry and presently lives off Artist Falls Road in North Conway. Ms. Bean read aloud Mr. Paquette's letter of interest.

There was some discussion as to whether the Committee should consider both candidates. It was Mr. Sares contention that if we are going to establish guidelines like time limits, we should live up to them. He said we discussed the process by which we would do this and agreed by motion to put an ad in the paper, including a time line by which a candidate should apply. He felt that by acknowledging that the time limit is not cast in concrete, we are making the process defective.

Mr. Seybold felt both gentlemen have shown an interest and both should be considered. He said it has been our past practice to put ads in the paper and if no response to consider a name at our next meeting, which was brought forth by a member of the Committee. In this case we have two gentlemen who have come forward and he does not see the process as flawed. Mr. Barriault agreed that if you set a standard you should try to adhere to it, but noted that during the discussion at the last meeting we said we would entertain any suggestions made by members of the Board and, if no one had come forward, we would be bringing up some names. He suggested that is not much of a deviation from the previous process.

Mr. Marotta questioned each candidate as to what he does now for employment. Mr. Paquette has been retired since 1995. Mr. Manseau is not working now and said he “may be retired.” Mr. Swett noted that both men have been in town a short time, one longer than the other, and he would be in favor of nominating whomever has been in town the longest, leaving the door open for the other to run for the position in the spring.

Motion was made by Mr. Seybold that we vote on the two candidates that are before us. Seconded by Mr. Jones.

Mr. Sares asked that the record show that he feels the process is defective, pointing out that we had a statement in the ad stipulating no later than June 1, also the Minutes reflect that we would be only running the ad once for two days, and that deadline would be included. Ms. Umberger said it is wonderful that we have two people who have stepped forward and asked to join the Budget Committee. She felt both are well qualified; she was not aware that anyone had applied, but noted that decisions have to be made and because Mr. Paquette submitted his application and appears to be well qualified, she would support him, adding that this is not taking anything away from Mr. Manseau.

Mr. Jones said he agrees with Mr. Swett’s theory as to the length of time in town, we have one applicant who submitted a letter of interest as requested, and maybe in the spring there will be another opportunity for the other gentleman to join. He offered an invitation to him to attend the meetings. Ms. Boucher thanked both candidates for trying, and recommended that the one who does not get nominated join in the spring.

Voting proceeded on the two candidates with the following result: Rick Paquette – 12 votes. Mr. Manseau 11 votes, with Mr. Davison abstaining. Mr. Paquette was invited to join the other members, but was advised he would not have a vote until after he is sworn in.

4. Funding of overexpenditure on Budget Committee Budget: Ms. Bean felt, after reviewing the number of meetings held, that an additional \$800, plus \$224 for current overrun,

would be needed based on four meetings during the remainder of the current budget year. Mr. Barriault's figures included five meetings costing \$810, plus \$224 for the current overrun, and \$100 for incidentals, for a total of \$1134. Ms. Stacey commented that last year we did not have the numbers on time and asked for them earlier to allow time for consideration, thus may want to budget a little extra time for that reason. Mr. Jones noted we got started late because we got information late; it is difficult to absorb it all, especially the school budget, and we need to emphasize that they need to go to work sooner on the budgets.

Motion was made by Mr. Jones, seconded by Mr. Swett, to add \$1100 to the budget.

Mr. Barriault noted if we are going to ask for information earlier we will have to up that figure, but have to be cautious if we are going to do that as we would want to see if the school could come forth sooner. He said the town is still operating on the 2004 budget, still has a full quarter with no expenditures on it. Ms. Boucher pointed out that the RSA states the Budget Committee says when we get the budget. Mr. Davison said he was under the assumption the school and town were rotating; he agrees the school would be in a better position to present their budget first since their books close at the end of the school year.

Mr. Swett felt the Selectmen should watch what's happening and just put the money into the account. Ms. Bean advised that, as the Budget Committee, we have to give them an idea of where they will move the money from. Ms. Umberger said all the town is looking for is an approximate amount of what is going to be needed, then Selectmen and the Town Manager will figure out where it will come from.

Ms. Bean stated in the interest of cutting time involved in preparing Minutes, by law the Recording Secretary could take only summary notes and Motions made and passed; we have chosen to have detailed Minutes which require more time. Mr. Sares objected, stating that legal advice is that the most important document we have is the written record – it is extremely important and the more extensive the better. Mr. Swett agreed we should not cut this corner. Mr. Barriault pointed out that this year there were eleven meetings in just the first quarter, last year there were seven in that time period. Ms. Umberger said we have scheduled three meetings that are not included, if we go with five that only leaves two meetings in Dec.

Ms. Bean reported in 2002 there were eight meetings, in 2003 there were nine, and in 2004 there were thirteen plus the one tonight, and one scheduled for Sept. Mr. Sares stated 2002 would show the true base because the school bond [which required extra meetings] is not going to happen again. There was \$1342 spent in 2002. It was noted we will be reviewing the budget in Sept. and need to cover the overexpenditure of \$224, plus the May and June 2004 meetings.

Mr. Jones suggested changing the amount of the motion to \$1,000. Mr. Swett did not feel that would be enough. Ms. Umberger agreed. Mr. Seybold, noting the average meeting in 2002 cost \$183, felt \$1000 is in the right range. The figure Mr. Barriault had come up with per meeting was \$162 average over the 3-year period. After some discussion as to expenditures, Mr. Swett withdrew his second, Mr. Jones withdrew his motion. **Motion was then made by Mr. Jones to add \$1200 to the budget. Seconded by Mr. Dighello.**

Mr. Barriault said if we vote for the \$1200 it should be identified that that is based on the assumption that it will cover "x" number of meetings, and should define how we arrived at that

number (five meetings). **Mr. Jones' motion carried with 9 votes in the affirmative and Messrs. Sares and Marotta and Ms. Boucher and Ms. Stacey voting in the negative.**

5. Review Budgets: Ms. Umberger noted \$23,154,675, the figure shown for the school budget in the big budget book, included federal grants; however, the budget provided for this meeting shows \$21,170,388, thus we are not accounting for the \$2 million in federal aid. She commented also that it shows as of the end of May that the school had \$432,578 total left in the budget and questioned whether that is sufficient to cover the payroll for the month of June. Mr. Sares stated he is not concerned about that, his concerns are: (1) how are we doing year to date; (2) are there any spikes that we need to be aware of; (3) any early warnings.?

Mr. Barriault stated that, not including the federal funds, the total budget is \$21,170,388. \$21,803,363 was appropriated, the difference is the amount of the line item for food service - he said he does not find that in the line item. Mr. Sares questioned whether it could be a part of the unencumbered balance. Mr. Barriault said he would question that with only one month remaining in this cycle.

Mr. Sares said he feels it important for Dr. Nelson or a finance person to be here to answer questions, for instance, where the grants are, and question of delta between actual budget and food service. Ms. Boucher reported she had been informed that Ms. Umberger would answer questions for the town budget and Ms. Deschenes for the school. It was agreed we would need written responses to questions.

Ms. Deschenes explained when they project grant money or apply for it, they can apply, for instance, for \$2 million in grants and may only get \$1.7 million - they budgeted for the \$2 million. Ms. Umberger said when the budget is passed it is based on the fact that you are going to receive money; if not, then you show a shortage on the revenue side. Mr. Barriault said the grant total should equal the amount of the approved budget; also we should be looking for major deviations. He said one that stood out was Improvement of Instruction – it is 31% under budget with one month to go; however, the proposal for 2004-05 is the same as for the 2003-04 budget. He said he does not understand why operation and maintenance under the high school budget was \$1 million (line #2620 and #2630) and that is over by 17% (\$169,000). The budget that was approved for the coming year is 9% less than the current year. He said the reason given was they were not going to be doing some of the maintenance because of the new school, which may be the explanation.

Mr. Barriault noted there was some question regarding Special Education. Ms. Deschenes said they have to project how many Special Ed kids they have in the district or new ones moving in. Not all stay in the district so that budget will fluctuate all the time. Ms. Umberger felt it was a very eye opening report and it will be good for the Committee to look at it at different times during the year; for instance, the high school was under budget by \$454,000 and it is the high school that is making up for all of the shortfalls, which tends to concern her. She said it bothers her that we are not spending the money that we should on the academics.

Mr. Davison said in the education field they can get paid by lump sum at the end of the year and there is a big payroll that will need to be paid. Ms. Deschenes suggested in order to get accurate explanations all these questions should be sent to Becky Jefferson. Mr. Barriault questioned the distinction between Unit 2 for the same functions listed in different areas. Ms.

Deschenes explained that there may be a child at Pine Tree who needs assistance at Conway El, that will come out of Pine Tree's budget and go into Conway El for that function. Ms. Umberger noted Unit 2 is considered over all and covers the speech therapists that go from school to school. Evaluations – it was explained that this is shared for all three elementary schools and budgeted as a separate entity.

Mr. Jones asked for update of Handbook II, noting the one we have is effective 1999-00. Ms. Bean stated the levels and the codes there do not change.

Motion was made by Mr. Sares that the Budget Committee submit their questions, as posed, to the School Board for written answers. Seconded by Ms. Stacey. Mr. Seybold suggested an amendment to include “with a formal request that someone from the school and/or town be available to answer questions.”, noting we are making a request that when we have these reviews we get this material ahead of time and the people who put the numbers in will be requested to attend our meetings. He stressed that we are just trying to find out where the red flags should go up and need them to help us through that. Mr. Sares and Ms. Stacey agreed to the amendment. Motion carried as amended by unanimous vote.

Town – Mr. Sares questioned Ms. Umberger as to whether there are any areas of concern with the town budget. Ms. Umberger told him no, that the town is in pretty good shape, but pointed out that this is different from the school in that we are only five months into it whereas the school is eleven months in. Mr. Sares questioned the Current Use tax, where the money goes, and under what authority, particularly the amount that goes to Conservation Commission. He said he also questions under what authority the Conservation Commission exists. Mr. Barriault noted recommendation has been made by the bypass consultant that if land is taken out of Current Use, the revenue from the penalty go to Conservation to purchase land. Upon request by Mr. Marotta for clarification of current use tax, it was reported that it is property tax, but is an abated amount because the property is held as unmanaged land, etc. – the lesser taxable amount gets paid to the general fund. It was Mr. Sares' supposition that that money gets turned over to the Conservation Commission.

Mr. Sares questioned status of the Police Dept. Ms. Umberger said it is O.K. right now - the Selectmen and Police Commission are communicating more, making sure they are doing a better job of managing the budget this year, and Mr. Sires has attended Commissioners' meetings to discuss appropriations and revenues. The agreement between the Police Commission and the Selectmen dated 1992 discusses who does what and is being looked at, which included agreement that the Police Commission would bring their budget before the Selectmen for approval; however, they do not have to do that.

Mr. Barriault commented that in looking at the overall budget, if you take the working budget and equally distribute it throughout the 12 months, it looks pretty good. He noted the Ambulance was up somewhat (46% had been expended) and this could be attributed to timing of payments made. Government buildings - 48% had been spent which could also be a matter of timing. Ms. Umberger noted it will spike over the summer because of summertime projects.

6. Discuss Insurance for Elected Officials: Mr. Sares said it looks like we are insured for about \$500,000 for protection of Board members. He offered to call Pam Fecteau for

verification and E-mail results to members. Ms. Umberger requested that we have a hard copy of the answer for the Minutes.

7. Other Business: Duties and obligations – It was noted that all precincts have received a letter advising they are required to have a representative on the Budget Committee who would have all the same duties, obligations, attendance, and rights to vote as a regular full voting member. Ms. Umberger felt the Budget Committee should request from each of the precincts a follow up on their budgets as we have the same responsibility as regards their budget as for the town and school.

At 8:30 p.m. **Motion was made by Ms. Stacey, seconded Ms. Boucher and carried, that the meeting be adjourned.** Ted Sares offered to do a one hour seminar on collective bargaining at the Sept. meeting.

Respectfully submitted,

Gail T. Currier
Recording Secretary