

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
October 20, 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, Russ Seybold, Doug Swett, Ted Sares, Melissa Stacey, Betty Boucher, Phil Dighello, Bill Jones, Randy Davison, Michael DiGregorio, Rick Paquette, Selectmen's Rep., Karen Umberger; School Board Rep., Pat Swett Also present was SAU Supt., Dr. Carl Nelson.

DRA Response to Police Overexpenditure: [Request for overexpenditure denied]

Ms. Umberger reported the Selectmen have requested that the Police Commission come back with a plan as to how they will manage the traffic control people for the rest of the year, and what they anticipate the cost will be. They will then look at both budgets to see whether they can handle the police details. Mr. Seybold noted that when the contractor pays for the police detail now, the money is received by the town and goes into the general fund. Ms. Umberger said the DRA is recommending that as *one* way to handle it. She said her understanding is that legislation will be proposed this year to set up a revolving fund for this type of activity paid for by someone else. Mr. Sares said then there will not be any spike in the budget and we will have nothing to do with this. He noted that normal budget practice is to look to the past to determine what is needed in the future, and questioned why that would not be a suggestion. Ms. Umberger said part of that is that it becomes an increase to the overall gross budget line.

Mr. Jones said there was a question as to whether the \$45 charged to the contractor is sufficient to pay the town so we do not lose any money, there was never any consideration as to the benefits which the officers avail themselves of, and he wants to know whether the \$45 is enough. Ms. Bean said the town's answer to that was their benefits are paid anyway through their contract; the construction fee money goes into the retirement which comes out of the officers' pay - there is a \$5.00 administrative fee so it is all covered. Mr. Jones requested that it be clarified that the amount charged is sufficient to cover the expenses.

Mr. Davison questioned why this is not being outsourced and was told that is up to the Police Commissioners. Mr. Davison wished to know how the town got involved in this situation in the first place. Ms. Bean pointed out this does not cost the taxpayer any money because the contractor is paying the entire bill. Mr. DiGregorio noted the dollar figure is actually \$35.00. He stated it is done this way everywhere for safety purposes, noting that when a uniformed officer is on the job people tend to slow down more than for regular flaggers.

Other Business:

Ms. Umberger distributed third quarter financials for the town, calling attention to the projected tax rate for 2004 at \$3.90 for the town's portion.

Ms. Umberger provided copies of legislation passed last year which was applicable to the Budget Committee. Ms. Bean made reference to RSA 40:14,B published in Oct. *Town and City* regarding the default budget, noting there is new legislation defining the default budget as "*the*

amount of the same appropriations as contained in the operating budget authorized for the previous year, reduced and increased as the case may be by debt service, contracts and other obligations previously incurred or managed by law, and reduced by one-time expenditures contained in the operating budget.” The Statute defines one-time expenditures as “appropriations not likely to recur in the succeeding budget as determined by the governing body unless the voters delegate calculation of the default budget to the Budget Committee. If so, the Budget Committee determines one-time expenditures.”

Mr. Sares commented that that applies to the school as well. He questioned extraordinary expenditure during budget year, and would that be something like an unanticipated surplus that was spent that would, therefore, decrease the default budget, like the \$500,000? He felt we need to look at whether that was an extraordinary expenditure and, therefore, could be used to deplete the default budget, so we do not have a situation like last year where the default budget ended up being higher than the proposed budget. Ms. Bean pointed out that also one of the requirements is that the default budget form must be filled out and disclosed at the public hearing.

Dates for Upcoming Events:

Mon., March 7 - Town deliberative meeting

Wed., March 9 - School deliberative meeting

Sat., Feb. 5, 9:00 a.m. - Conway Police Station – Review of Non Profit budgets

Tues., Feb. 8 – Last day to accept petitioned articles

Wed., Feb. 9 - 6:30 p.m., Conway El – Budget Hearing

Fri., Feb. 18 – Last day to post Warrant

Tues., April 12 – Voting

Budget Committee meetings to be held on Mondays and Wednesdays with the exception of the 2nd and 4th Mondays of the month.

1. Review/Approve Minutes (9/13/04): The following correction was noted by Mr. DiGregorio: Pg. 5, 3rd full para., should indicate \$300,000 (not \$200,000) for future athletic fields. **Motion was made by Mr. Jones, seconded by Mr. Dighello, that the Minutes of the Sept. 13th meeting be approved as amended. Motion carried with 9 votes in the affirmative, 3 votes in the negative (Mr. Sares, Ms. Boucher and Ms. Stacey) and Ms. Swett abstaining as she had not been present at that meeting.** Mr. Seybold noted he was not here either, but read the Minutes and agrees with the correction that was noted and accepted them, and questioned whether he must abstain. The Chair ruled it was not necessary that he abstain.

Ms. Umberger questioned why anyone would vote against the Minutes, stating that if a person has an objection that would make him/her vote no, then he/she should express that so the Committee can agree to change them or not. Mr. Sares contended that is academic, that the negative vote is three so it is not going to carry, so Ms. Umberger did not need to know. Mr. Jones said if there is a question about the Minutes or someone does not agree with them, there is an opportunity to express that and request a change; if there was a disagreement with approval of the Minutes it should be satisfied when voting.

2. Nomination to Fill Vacancy: Ms. Bean made note that there were no letters of interest received; one person contacted her. Mr. Dighello nominated Maureen Seavey, noting she has served on the Budget Committee previously, she knows her stuff, is active as a member of NCWP budget committee, and he feels she would be a great asset to our committee. Mr. Sares said there being no others, he would approve of Maureen Seavey based on the fact that she is the only person, not based on her credentials. It was his opinion that if appointing someone we should not get into credentials, should not be qualifying people. Ms. Boucher asked Ms. Seavey whether her being on the NCWP budget committee will conflict with our meetings. Ms. Seavey stated the NWCP meetings are held once a month on Tuesday. **Motion was made by Mr. Sares, seconded by Mr. Dighello, to accept Maureen Seavey as the appointed member of this Budget Committee to serve out the term vacated by Bob Barriault. Carried by unanimous vote.**

3. Discuss School Bond: Ms. Stacey said she was under the impression the Budget Committee had set the date for the school budget to be done by November 22nd. Ms. Bean stated we discussed a date that we would like to have the school budget available. Dr. Nelson provided budget meeting schedule for SAU 9 (noting that they hope to be ready to adopt the budget on Dec. 13th) along with a memorandum dealing with budget preparation, and revised meeting schedule for the Building Steering Committee.

Mr. Sares commented that last year when we had our final meeting to vote as a Budget Committee on the bond proposal we were told by Peter Malia that if we were to change, substantially, anything in Appendix B the School Board could be in breach of contract with the sending towns, so we backed off. He noted he gave at that time some examples of changes he did not think were substantial, now any similarity between the original Appendix B and what they are playing with is pure fantasy and it raises serious questions on credibility of those who wanted to rush it through. Dr. Nelson disagreed, stating there have not been substantial changes, all sites and programs are in place. He said the shape of the building changed to be more economical; we still have all the programs in place the way they were and have conformed to what our budget requirements are. Mr. Sares noted we talked about a one-story building. Dr. Nelson said it was always two stories, but they have now decided it would be more economical for academic wings to be three. He does not feel that is a dramatic change; Mr. Sares felt it is. Dr. Nelson said we have taken the same program and rearranged it in a way that is more educationally sound, taking into account adjacency, space next to space, the most economical way to use the building in terms of education, construction costs and traffic flow. He said this is a much more completely designed building than we were looking at before; we have not displaced any of the programs. Mr. Sares requested a comparative analysis be provided for next meeting, showing where we were when this committee voted as compared to the design today. Dr. Nelson offered to provide the old Appendix B and the new floor plan.

Mr. DiGregorio said when the donation money was discussed at the hearings it was earmarked \$1 million for the road, \$700,000 for acquisition of land, \$300,000 for future athletic fields, and questioned whether any of that is being spent elsewhere. Dr. Nelson told him no except there is now the availability to use the \$300,000 on current athletic fields if we wish – that is the donor's stipulation. It was Mr. DiGregorio's contention that we voted for the spending on those fields the way it was proposed. Dr. Nelson pointed out the School Board accepted the donation, not the town.

Mr. DiGregorio questioned why the people who originally said they could build this for a certain amount were so far off; for instance, one concern is the hallways are smaller. Dr. Nelson felt they were not so far off, that they actually widened some hallways where there is high traffic. He cautioned also not to draw conclusions that we are getting rid of athletic fields. Mr. DiGregorio said we did vote on the bond, people wanted it delivered to us the way we asked for it – we want everything in it that you thought of, all the programs and all the classrooms, etc. Dr. Nelson said regarding the building itself, everything we said programically would be there, will be there. He stated they are looking at \$120 per s.f. construction cost, which is still a really good number, and when they bid they will bid it with all the things they said we were going to have.

With regard to Appendix B, Mr. Dighello questioned whether the athletic fields were included. Dr. Nelson stated there were 8 fields and 3 tennis courts; we are right now fitting those into what the site plan has to be. Mr. Dighello noted of the total budget they have about \$25,400,000 to spend on a high school, early Sept. they had spent \$186,000, now just to complete site work is about \$1.9 million, now over \$2 million has already been expended on the site. Dr. Nelson told him that is not correct, that is a judgment that people have made; we have to comply with certain things and have given our engineer certain direction to do that. Mr. Dighello said he would not want to see our new school with gravel sidewalks. He added that on top of the \$1.9 million, adding in the original requests came to about \$4 million just for the site work and the athletic fields, subtracting that from the \$25 million, you are getting down and down. Dr. Nelson offered to provide a more definitive answer after Thursday's meeting.

Mr. Jones said he finds some fault with the changes that have been made based on the first image we were given, and he would greatly fault the architect for having allowed his presentation to be presented as a plan. He would like to see Appendix B compared to what we have today. He questioned how far we are from going out to bid. Dr. Nelson said about Feb. or Mar., expecting to start on the school itself in the spring with bids in by May or June. Mr. Jones said he would hate to sit here next June and see some of these figures come in “blowing us out of the water.” He said he feels the architect lead them astray and should be brought to task for that. Mr. Jones questioned whether the architect fees have been paid and if there is there any penalty if he does not achieve the stated goal within budget? Dr. Nelson said there is no penalty as such. He explained they did not bring an educational planner in until after the bond issue was passed because the School Board did not have the money to bring those people in ahead of time. After the withdrawal of the AREA and the aftermath, plans had to be made, the people who worked on that made assumptions based on the programs already developed at the high school. Out of those studies came the first concept presented. He stated as we moved forward and got our consultants on board, we saw better ways of doing things, and to build a more efficient building, to be more economical and more educational, so rather than stick to the old plan we migrated to the new design we are looking at today. Mr. Jones suggested the architect must have been given parameters to work with, such as what we need to educate our children based on guidelines; he agreed we were given a conceptual drawing, but now we see many changes and felt it was vastly underestimated up front. Dr. Nelson offered to bring in new floor plans.

Mr. Sares said you are saying the programs drive the design and educational consultants drive the programs. Dr. Nelson explained the program does drive the design, but the educational programs come from input from our staff, and then we work with consultants to consider uses and adjacency. Mr. Sares then questioned the need for educational consultants if we are getting

program information from staff. Dr. Nelson said they throw out a lot of ideas that one does not necessarily think about.

Mr. Sares suggested keeping the integrity of the middle school intact, but scaling back in the renovation and applying that saving to the high school, and questioned whether it is cast in legal concrete that that saving cannot be used for the high school. Dr. Nelson contended that would then be breaching what they said to the Conway voters. Ms. Swett said we made a promise to the town that we would stay within the three budgets. Mr. Sares said he is not saying to break any promises, but felt they can do it without breaking any. Dr. Nelson said it is premature to anticipate that we are going to be over or under budget. Mr. DiGregorio stated it is cast in concrete because they gave their word, but he would hope the School Board will not say “we can never change it,” for instance, if there is a surplus in the junior high, that they would bring it to the voters to decide on that.

Ms. Stacey, referring to the \$500,000 surplus, questioned when they knew there would be a surplus in the budget. Dr. Nelson told her not until the end of the year (June). Ms. Stacey questioned whether, if there is one this coming June, they can apply that. Dr. Nelson said no, only what the voters have approved.

Mr. Davison said a lot of people on the Budget Committee voted differently because of legal council from the school and how it was presented. He questioned whether we have the same architect under contract now. Dr. Nelson stated yes. Mr. Davison felt if the architect was that far off with what they were presenting that is interesting, and then bringing an educational planner in after the fact, was also interesting, but he said he thinks it would be wrong to take money that has been put forth for the middle school – it is not the same group of towns paying for that as with the high school. Ms. Umberger reminded people we have two separate tuition agreements – one with 7 other towns, and one with 4 other towns and they each have an Appendix B explaining what is being paid for. Dr. Nelson said at the next meeting he will have copies of the floor plans and a model, if available; also the floor plans will be on the website.

Ms. Boucher noted when the architect was here she asked about every corner on the building and he said “you need a building that is aesthetically pleasing.” She said she would rather be able to pay for the programs we want for our children and have a building we can pay for than to have a high class building to suit them, adding that our kids need the schooling. Dr. Nelson said our goal is to build the most efficient building we can, but also make it as pleasing as we can from an architectural point of view.

Mr. Dighello noted that when the bond was originally presented they were asking for \$23,400,000 for the high school portion; one reason he voted against it after doing analysis, is he felt there was no way they could build the school that was being presented, along with the site work, for that amount of money. He noted after the bond was approved there was an extra \$2 million added in, they still do not have enough money to build the school that was presented to us. Dr. Nelson suggested he was premature in his thinking.

Ms. Bean questioned what the \$1.8 million that was deleted from the bond on the floor was for. Dr. Nelson said that was for the middle school - \$700,000 was the tunnel and some site work, and the rest a reduction in building reconstruction costs, reducing the middle school renovation to \$11,064,000. Mr. DiGregorio said one reason he supported the bond was because

when the architect was asked how many of those buildings he had built his answer was 40, and that he never went over budget. He said he would hope that if we are asking him for prices in the future we would take him to task about giving us the correct numbers.

Mr. Sares, making reference to the Minutes of the Sept. 9, 2003 meeting, provided an excerpt: “Mr. Malia made reference to a letter from the school’s attorney which advised the Committee has an obligation to act in good faith, and if it were to recommend an amount substantially less than \$46 million and force the School Board to override and the article is defeated, then the potential exists for the sending towns to file law suit against the Town of Conway because the Committee forced the School Board to override an amount less than \$46 million. Mr. Sares said he is bothered by this based on the ‘veiled threat.’ He stated that early on we were under the assumption that we could amend, then were told we could not.” From the 9/3/03 Minutes of public hearing Mr. Sares read: “...Mr. Sares commented that with regard to Upton, they not only said this is the way to go in so far as the process, but made reference to the diminished role as the Budget Committee, and then told us we should vote yes.”

Mr. Jones asked how close to budget we are running on the other two facilities. Dr. Nelson said on the vocational center it came in well according to cost anticipation. Mr. Jones noted that governmental agencies are renowned for saying “we saved you money, but we spent it.” He said he does not want that to happen in any of these situations - if there can be a savings then there should be. Dr. Nelson said the School Board also watches those numbers and they want to deliver a savings if there is one, that we also have to take into account maintenance costs down the road. Ms. Stacey questioned whether they are keeping in mind that some day we may have to expand. Dr. Nelson stated yes, on the academic wing if there is a need to expand they could take faculty rooms, stack them, and construct a hallway which would allow them to construct additional classrooms. He will provide copies of floor plans.

Mr. Davison said he is glad the structure is changing back to looking like a school, and that he concurs with Ms. Boucher that it is not the building that teaches kids, it is the people within. Ms. Boucher added “we need sufficient space, but do not need 72 corners that cost extra money that we could be using elsewhere.” Ms. Bean commented that we also still need an efficient building, and do not want to have a shoddy building in which to educate our kids. It was Mr. Swett’s contention that if Lee Kennedy could have come on board earlier, it would have helped immensely. However, Ms. Bean pointed out they did not have the money in the budget to have the consultant come on earlier.

Ms. Bean questioned of the \$2.8 million that has been spent through mid Sept., what portion is real construction-type money vs. soft costs? Dr. Nelson said the boiler, etc. are already there, and the road costs. Ms. Bean said you are saying of the \$2.8 million more than half is probably construction related? Dr. Nelson agreed. Ms. Boucher noted they are cutting wood and questioned whether the school should be getting money from that. Dr. Nelson said part of the contract with the road company is they would get the wood and it would reduce the price.

At 7:55 p.m. Motion was made by Mr. Jones, seconded Mr. Sares and carried, that the meeting be adjourned.

Respectfully submitted,

Gail T. Currier, Recording Secretary

