

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
February 2, 2005**

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, Bill Jones, Russ Seybold, Ted Sares, Melissa Stacey, Betty Boucher, Phil Dighello, Randy Davison, Michael DiGregorio, Rick Paquette, Doug Swett, Maureen Seavey, Selectmen's Rep., Karen Umberger; School Board Rep., Deb Deschenes. Also present was Town Manager, Earl Sires.

Approval of Minutes: Ms. Umberger noted that the reference to Nashua on Pg. 3 under Highway should read *Keene*. **Motion was made by Mr. Sares, seconded by Mr. Jones, that the Minutes for the January 24th meeting be accepted as amended. Carried by a vote of 13-0-1 with Ms. Deschenes abstaining as she had not been present.**

Note was made by Ms. Stacey that the Jan. 26th meeting was held at Conway Police Station, not the Town Hall as reported. **Motion was made by Mr. Sares, seconded by Ms. Stacey, that the Minutes of the January 26th meeting be accepted as amended. Carried by a vote of 13-0-1 with Mr. Swett abstaining as he had not been present.**

Prepared Statement by Ted Sares: "I submit that Valley Vision's decision not to come before the Budget Committee denied us the opportunity to review its budget in terms of how it equates to the number of hours Valley Vision might be granted by the Board of Selectmen, and to factor in the possible pull out by Madison and Bartlett. In so doing, VV has decided that despite the warrant article overwhelmingly passed last year to give us this opportunity, it apparently feels it knows best what it is doing from a fiscal perspective. Given its fiscal track record, I, for one, disagree.

I further submit that Selectman Umberger and Town Manager Sires are not the Selectman's representative to Valley Vision; that job belongs to Bob Barriault. If anyone should come before this Committee, it is him.

I recognize VV is in a fund raising mode, but all the more reason to be open and transparent with its budget and to subject it to our scrutiny.

Once again, the will of the people seems to have been ignored."

Town Budget: Mr. Sires provided copies of Memorandum of Agreement between the town and Valley Vision. He noted the FCC allows communities to franchise cable service; a franchise fee charged is for the use of the town's rights of way. The agreement provides also for the use of PEG (Public/Education/Government) channel. The law does not stipulate how those fees must be used, this town has chosen to support the PEG channel. A relationship has been established between the town and a private not profit organization (Valley Vision). Mr. Sires noted that 2 or 3 years ago some issues were raised with how the monies were transferred each year. The voters approved an expendable trust fund designating the Selectmen as the entity that manages those dollars. Those trust funds can only be used for the operation and equipment of the PEG channel. This year the town received the 2004 franchise fee from Adelphia for just under \$93,000. Selectmen have not determined how much they will propose to put into the trust

fund this year. In the past three years they have created a contract between Valley Vision and the town to produce programming for the PEG channel, the Selectmen this year have proposed \$69,000 for Valley Vision services for the year.

Mr. Sires stated in the PEG trust account, once we pay our obligations to Valley Vision for this operating year (March), we will have about \$8,000, and about \$24,000 above and beyond what is currently proposed by Valley Vision - if we put the entire amount received for 2004 into that account there will be a \$32,000 balance in that trust fund - the current discussion is that there is a concern of accumulated funds in that account for contingencies. Mr. Sares noted that previously it was \$75,000 which would yield 345 hours, last year, 360 hours. Last year cost per hour was \$229 or \$239, the cost per hour is down to \$200 this year. He commented that last year Valley Vision did not have the specter of Bartlett or Madison pulling out. Mr. Sires stated his observation is that the funding from Bartlett has been in this over the last several years. Mr. Sares said the issue of holding money back and putting in into a contingency fund is good; the issue of Bartlett and Madison pulling out this year is a real possibility. He questioned if they pull out how that will impact the money we have given to Valley Vision? Mr. Sires said it has no impact as concerns Conway. They have requested \$80,000 from the town, we are proposing \$11,000 less, and Bartlett and Madison would be a decrease of about \$40,000. Mr. Sares stated he read that the President of Valley Vision says that without Bartlett and Madison things will be difficult (he does not think fundraising will do it for them). He said he feels as a taxpayer and Budget Committee member, and a franchise fee payer, we are throwing good money after bad. Mr. Sires said if they are not able to perform for other communities that is not our problem, our primary concern is quality, variety, and the number of hours. He said one of the provisions of the agreement is that they create a more active community access program. Mr. Sares said there seems to be a detachment between the Selectmen handing over the money, Valley Vision taking over, and no quality control. Ms. Umberger noted there is a Selectmen's representative to the Valley Vision Board, and because he is the point person, if anyone has complaints about quality, etc. that is the mechanism that we have set up to deal with that. Mr. Sares contended that Bob Barriault is in a conflicting position because he is also a member of the Board of Valley Vision, as well as the Selectmen's representative.

Mr. Seybold said Mr. Sares raises the question about building a budget based somewhat on contribution or voluntary funds raised from the community. This is a 501©3 organization and he [Mr. Seybold] does not know that we pass the same judgment on other 501©3 groups, offering cautions that their fundraising may make them a "house of cards."

Ms. Stacey questioned Sec. 8 which says the contractor shall provide quarterly reports and financial statements. Mr. Sires stated we do get those reports and the public has a right to review them, as well as any reports of complaints.

Selectmen's Response to Budget Committee Recommendations:

(1) Selectmen agreed to reduce the budget for the Conservation Commission to the recommended \$16,260, by a vote of 3-1-0.

(2) Monies/Budget Process for Valley Vision – Ms. Umberger said she is still unsure exactly what the Budget Committee was driving at in relation to what the Budget Committee wanted to see. The Selectmen asked for some additional thoughts from the Committee as to where and what they are looking for in that.

Mr. Sares said he wanted the Budget Committee to have the opportunity to review the amount that is going from the Selectmen to Valley Vision before it goes, because he feels it could stand some scrutiny. He wants to know the amount of money and the formula used, as, if we have enough money in a contingency fund and there is a default, we then can shift that money over to another service. Mr. Jones wished to know, based on the fact that there are monthly payments, if there was a problem with Valley Vision and they failed to supply the contract hours, what would happen to that money? Mr. Sires said he will be looking into whether we have gotten the hours that we have contracted for; if we have not, then he would advise the Selectmen, and if it were found we have not, the money would stay in the PEG Trust Fund account and can only be used for public/education/government services, and we would have to come up with an alternative. Mr. Sires stated we are currently trying to determine the feasibility of creating a Conway specific channel; one of the major concerns is we are providing the service that everyone else in the valley gets to enjoy - there is a clause in the agreement that it is strictly to serve the Town of Conway. Mr. Jones questioned whether the \$200 per hour is per production hour. Mr. Sires said it is original programming hours.

Mr. Seybold said it is evident that the Selectmen in Conway have done an excellent job and the feeling is the public wants to see what our Boards and Committees are doing. He noted in other towns there may be a concern as to whether they want open government or not, and we do. He would urge support for Valley Vision. Mr. Sares suggested Bob Barriault could be directed by the Selectmen to come up with a yardstick so that there is a point of comparison. He said he feels \$200 is obscenely high. Ms. Boucher said she would like to see Bob Barriault come to our meeting so we could ask questions directly. Mr. Sires advised he could be sent an invitation.

(3) Selectmen voted 4-0-0 to reduce the legal budget to \$40,000.

(4) Recommendation for withdrawal of warrant article for safety equipment for the Public Works Dept. – Ms. Umberger explained the town does not have a manhole box and we do not want our workers working in manholes or trenches without one. Selectmen voted 4-0-0 to reduce this article by \$2400, leaving in \$10,000 for the manhole box. Mr. Sires pointed out that a lot of the catch basins and drainage ditches are getting to the point where they need to be rebuilt and we cannot send people into trenches without this. He noted that also needed are signs for safety where they are working, along with other things it was felt are important, but they will try to handle that through the regular budget. Ms. Deschenes questioned what they have been using if we did not have this box. Mr. Sires explained they are just starting to do a lot more of that kind of work. Mr. DiGregorio questioned why it was not included in the regular budget. Mr. Sires said typically, large, one-time expenses are placed in a warrant article.

(5) Recommendation for withdrawal of the warrant article for 9-1-1 street signs - Ms. Umberger said Selectmen felt they could not withdraw that because both fire departments and ambulance services have expressed the need for those street signs for emergency response. Mr. Sires said for the past five years we have been working on the 9-1-1 project, eliminating

duplication of names, creating maps and numbering, primarily for emergency response. He pointed out that some communities hire consultants to do that costing them thousands of dollars, we have done it in-house and now we have a lot of mapped streets that do not have signs. This is only for streets which do not have signs now.

(6) Warrant Article for Vehicle Registration Equipment – Selectmen voted 4-0-0 to reduce this to \$4800 to cover just the cost of software needed for the Town Clerk's Office.

(7)/(8) Compensation for Supervisors of the Checklist and Police Commission – Ms. Umberger reported the Board decided to leave those two articles on the warrant and let the voters decide whether they wanted to increase those salaries or not.

(9) Presentation of Valley Vision's budget to the Budget Committee – Mr. Sires stated the Selectmen understand the Committee's position.

Police Holidays – Mr. Sares said we were under the impression that with 11 holidays they were in line with the 10.8 average, but is disappointed now to find it is actually 13. He said he is disappointed the cost of the contract was not made available – he predicts it will be over 6%. Mr. Davison said in looking at last year's contract he found that not one of the 30 towns has 13 holidays, the highest is 11. Mr. Sares said it may have been they got something in return, but he would like them to show us the value for value. Mr. Seybold said he agrees with a lot of what's being said, that in the private sector it is taken all together in looking over any of these contracts – we need to find the common denominator and where they fit – it should be done in the public sector as well.

Ms. Bean asked if there are any recommendations the Budget Committee wants to send to the police department. Mr. Davison stated it cannot happen this year, but he believes the town's matrix should mirror the police matrix. Mr. Sares said an 87.5% will not get it for the police – the police are different than the town. Mr. Dighello said they can have a different matrix, can have a different percentage, the problem is occurring because they calculate their wage differently than the town does - they used current year rather than the last year like the town does.

Mr. Dighello said in scrutinizing the town budget, Selectmen made some cuts; however, it is not going to change the tax rate a lot. If they took all of the cuts we recommended, we would save about \$.03 on the tax rate, or about \$5.50 on the average home in Conway. It is his hope that we can scrutinize the school budget the same way. He noted in 2001 the school budget was \$19 million, this year it is \$27.5 million – a 45% increase in five years, compared to the town for the same period (from a \$7.2 million budget to an \$8.5 million budget this year, an 18% increase). If everything passes, the town's projected tax rate would be \$3.89, almost 1% less than last year. The average evaluation for a single family home is now about \$185,000; their tax bill from the town would be about \$720. The school projected tax rate would be \$11.43 (if we receive the same funding from the State as last year), so the average homeowner will get a bill from the school for \$2114. He said this year the school wants \$27.5 million, plus special articles, last year we got a "bare bones" budget from the school, but still had an \$800,000 surplus. He noted that in June there was a spending frenzy, all of that money should have been refunded to the taxpayer - the \$800,000 surplus should have come off the default budget. He noted Bartlett trimmed its school budget and their tax rate will drop by 4.6%, while Jackson is

looking at a small increase and Madison is trying to make cuts also. Conway is asking for an extra \$1.1 million in spending with a projected tax increase of 6.5%.

Mr. Dighello suggested areas to look at: We are losing two elementary teachers, but they are adding three positions to the high school, that will amount to about \$120,000. Last year enrollment was 44 less in junior and senior high, we got a big spike in our tax rate with the bond last year. In 2007 we will be running two campuses, with extra electricity, heat and plowing, etc. to pay for. Mr. Sares said he would like to translate the three teachers to dollars, and make that a recommendation to reduce the school budget. Ms. Deschenes expressed concern with taking the three teachers as she is not sure what level they would be at, whether they would be entry level, and questioned how that figure would be arrived at. Mr. Dighello stated the salaries are in the itemized section, we just need to add the benefits.

Mr. Davison said he feels where the budget is really out of control is at the middle school, there are 357 kids going, we are paying \$2400 over the State average at the middle school. Next year they will have 332 at the middle school. He said at the high school and elementary on average we spend \$1200 over the State average. Enrollment is going down, but the budget keeps going up. He stated the School Board has the responsibility to look at the numbers. We do not see drastic increases in scores in this district. There is a State regulation that specifies we can have 30 kids in a classroom in grades 3-12, Dr. Loynd had stated two sessions have more than 30 students in them, so they need to add three teachers. They moved two positions to the elementary school; however, they do not have high enrollments. They are actually down 17 kids. It was Mr. Davison's recommendation that they eliminate the three new teaching positions and that the Administration and School Board look at the middle school. Mr. Davison said he would recommend lopping off the three new positions and cutting \$500,000 off the budget. Mr. Swett said we can take money off this budget, but cannot affect what they do with it. Ms. Bean said if we are going to recommend they take money off, we have to tell them where we recommend they do that. Mr. Davison said his recommendation is to support a budget of \$20,460,142 for the operating budget, a reduction of \$496,580. Mr. Sares called attention to 2002 when the town proposed a \$2,641,000 budget, the Budget Committee did not recommend it, the town voted it down and adopted a default budget – the difference was \$276,000.

Ms. Umberger expressed concern that of the money they are showing that they are saving in this year's school budget, \$460,000 came out of Special Education. She said she finds it distressing that that is the area that all of the savings came from and the problem is Special Ed is such a variable. It was Ms. Umberger's contention that what we voted on at the annual meeting was not the figure they are showing as the adopted 2004 budget – we voted on \$27,013,448 in 2004, they are showing it as \$27,065,189. Ms. Deschenes commented that was a question posed to Dr. Nelson, we have his response in writing. Ms. Bean pointed out the number they are using for the default budget is \$27,013,448.

Ms. Umberger noted changes over the course of the year last year at the junior and senior high, they came to us with \$5.9 million, they are showing \$5.6 million; last year the Academy had \$128,000 in the budget and Career Tech \$890,000, and is showing here \$780,000. She said she does not have a problem with shuffling around, but does have a problem with the bottom line.

Ms. Bean noted in the Object Summary, as an example, they have listed figures for school buses as zero for the proposed budget and \$65,000 for last year, and using it for a 100% decrease, they have a warrant article for \$132,000. Also on the Contingency/Performance line (function #840) they are making it look good, but it is not a 90% decrease – they have to go back and put those articles back into it because that really is what they spent. Mr. Dighello commented that with a budget of this size there are probably 700 to 800 line items, it takes only a little bit of increase in each line and we will have a huge surplus.

Ms. Stacey noted she is finding in several places where they have budgeted for furniture (a total of \$109,336) and she does not understand why they are buying furniture when we are building a new school we are going to furnish.

Mr. Sares noted they said they would have a level budget, that means that what they have proposed should equal what they had last year - it does not, so it is not level.

Ms. Umberger said if you take their proposed budget of \$27.4 million and the salaries they are asking for, \$400,000, what we are looking at for next year just on that is \$27,926,000. We are not really looking at a budget of \$27.4 million, including warrant articles, but there is an overall cost next year for the school of \$27.9 million. Mr. Sares stated that is only \$.5 million which is not all that bad in his mind. Mr. Dighello said they took all the new wages and put them in a warrant article, plus about \$700,000 they did not spend – they have to look at what was spent last year against what they want this year.

Ms. Stacey noted that what is in the default budget is things we have to have, so whatever was proposed on the obligated items would be the cost of the default budget. She noted that according to the proposed budget the heating fuel is at \$95,000, but in the default budget it is \$103,000. Ms. Deschenes said that was because last year they predicted it at much lower than it was, this year they went the other way.

Motion was made by Mr. Davison, seconded by Ms. Umberger, to recommend to the School Board an operating budget of \$20,460,142, which would be a reduction from the operating budget of \$496,580, which would put us more in line toward a flat line budget.

Mr. Sares questioned why we had a surplus. Ms. Deschenes stated the \$800,000 was in the surplus, but the School Board voted to expend about \$142,000 of that \$800,000. Ms. Umberger contended that money was out of the 2003-04 budget. Mr. Dighello said taking last year's budget and adding the warrant articles, it came to \$27.2 million, taking this year's, plus warrant articles, it is \$28.2 million, about a \$1 million difference in total spending.

Ms. Bean said she took last year's budget of \$27.2 million, took off the surplus and warrant articles, took off fuel, then added back in warrant articles, and came up with a total operating budget of \$26,560,689. Ms. Stacey noted with regard to the utilities, in one budget they put water and energy in, the next they put fuel and electricity, and she questions, if they are contract items, how can they change? Mr. Sares noted last year's budget plus warrant articles is \$27,065,189, the difference is \$1 million. He said the budget has increased in numbers that we have been given by 1.3%, Dr. Nelson says it increased by 1.5%. Noting it is less than a level budget, Mr. Sares suggested the Committee then should concentrate on the warrant articles - warrant articles last year totaled \$219,193, this year \$602,148, a difference of \$382,955. Ms.

Bean pointed out that last year there was no teacher contract article, the operating budget last year included the teacher's contract.

There was a great deal of discussion around a number of different figures and scenarios as to operating budgets, Special Ed costs, warrant articles, etc. Mr. Dighello said in looking at the staffing there are 17 less employees this year (mostly for aides), that for any business that you run if you let 17 employees go you would have a cost reduction, where this budget is going up. Mr. Seybold said there are certain expenses that you have to have to support the facility and staff which are pretty well locked in at a certain level, i.e. if you have an enrollment reduction from one year to the next you may not be able to cut expenses that support that staff and facility.

Mr. Davison's motion carried with 11 votes in the affirmative, Messrs. Seybold and Sares voting in the negative, and Ms. Deschenes abstaining.

Motion was made by Ms. Stacey, seconded by Ms. Boucher, to recommend that the operating budget be reduced under School Board services by \$10,173.

Discussion: Mr. Paquette said when Dr. Nelson came to us he asked us to come up with a line item. There was a call for the question. **Ms. Stacey's motion carried with 12 votes in the affirmative, Mr. Seybold voting in the negative, and Ms. Deschenes abstaining.**

Motion by Mr. Sares, second by Ms. Stacey, to recommend that the School Board go back and refigure their default budget. Discussion: It was noted that the 2004-05 budget was \$27,232,641, taking out \$800,000 surplus from last year, taking out the articles of \$706,536, taking out heat and utilities of \$133,296, and adding back in the debt service of \$967,780, retirement, health, dental, property insurance, and school lunch, results in a default budget of \$26,560,689. Ms. Bean stated the rationale is the heat – they are the only ones that have increased the heat to that extent. **The motion carried with 10 votes in the affirmative, Mr. Seybold and Mr. Sares voting in the negative, and Ms. Deschenes and Ms. Boucher abstaining.**

Mr. Seybold said he has a conflict in his mind, in a budget of this size we need to be looking at the macro. He likes asking them to come up with last year's numbers as opposed to moving things around; also has a problem choosing specific line items when we do not have them here to answer questions. He said he would like to work from the base budget and see what is reasonable to expect. Mr. Sares said we have already voted on this. Mr. Jones said because they are not scheduled to meet before we vote we need to also put a time limit in there.

Motion was made by Mr. Seybold, seconded by Ms. Umberger, to question what was the accepted budget figure for 2004-05, they can go through their formula and find out where we are and what the decrease is. Ms. Umberger stated Dr. Nelson said there was a 2.6% reduction; our discussion is that that indication was really an increase of 1.04%, so the Budget Committee's bottom line is that rather than a 2.6% decrease we really have a 1.04% increase. We were trying to look at the same thing as opposed to "apples and kiwi." **Motion carried 13-0-1, with Ms. Deschenes abstaining.**

School Bus Warrant Article – Ms. Umberger said they use the newest buses for the daily routes, the others they use for out of town activities, they currently have 8 buses. Her concern is

how many times 8 buses are actually needed for activities. She noted they are only estimating the mileage on the activities bus to be 96,000 at the end of 2006. She is suggesting if we cannot afford to do things, we can't; maybe we need to think about only buying one bus this year. Ms. Bean stated if we do that we will be asked in another year to buy three. Ms. Umberger stated then they should take it out of the budget – she cannot support this when we are trying to cover all the other things as well.

Motion was made by Ms. Umberger, seconded by Mr. Davison, to recommend that they look at going to only purchasing one school bus this year.

Ms. Stacey questioned if enrollment is going down why we need two buses. Ms. Bean said we have to provide transportation to the school for the children whether they ride the buses or not. Ms. Deschenes noted also they are not all coming from the same bus stop. Mr. Sares said there is a schedule, and by our trying to superimpose we are entering into questions that we should not be. Mr. Seybold suggested taking that argument to a School Board meeting. Mr. Jones stated we are looking to build a new school, will be needing new buses. **The motion was defeated 2-9-3, with Mr. Davison and Ms. Umberger voting in the affirmative, and Ms. Stacey, Ms. Boucher and Ms. Deschenes abstaining.**

Project SUCCEED: Ms. Boucher said it bothers her that the figures have stayed the same over the years and the School cannot give an answer as to whether they have gotten more grants. **Motion was made by Ms. Boucher, seconded by Ms. Stacey, to recommend that the School Board withdraw the article for Project SUCCEED.** Ms. Umberger said she is not in favor of withdrawing this article, she thinks the reason the dollars have stayed the same is this is only for the schools that are not totally grant funded. They have maintained that constant dollar figure. Their anticipated revenue is from the kids paying on the sliding scale. Ms. Stacey said part of the issue is the fact that they have not given figures on enrollment, how many of those are children working under an IEP - we need more information and we are not getting it. Ms. Umberger said that would be justification for voting no when it comes time for voting for Budget Committee recommendations. **The motion was defeated with three votes in the affirmative (Swett, Boucher and Stacey), 9 negative votes, and Mr. Davison and Ms. Deschenes abstaining.**

Capital Reserve Fund for MWV Career and Technical Center - **Motion was made by Ms. Stacey, seconded by Ms. Boucher, that the School Board zero this out this year because they have \$12,500 in reserve.** Discussion: Ms. Deschenes said about two years ago it was \$5,000 and we backed it down to \$2500. It is for replacement of very expensive career tech equipment. If something breaks and it costs more than \$12,000 we will have to find the money somewhere else. Ms. Umberger stated they have \$1.7 million in the new career tech center for new equipment. Mr. Seybold said he would rarely vote to knock out an article because he feels it should go to the public and let the public decide. **The motion carried with 8 votes in the affirmative, Messrs. Seybold, Jones, DiGregorio, and Ms. Bean and Ms. Seavey voting in the negative, and Ms. Deschenes abstaining.**

Tuition Trust Fund – Ms. Umberger observed that what the school wants to put in there is the money from the State that is supposed to go to the Career Tech, and questioned why it is being called a Tuition Trust Fund when it has nothing to do with tuition? **Motion was made by Ms. Umberger, seconded by Mr. Jones, that the School Board be asked to clarify the**

wording of the article as it relates to “Tuition Trust Fund.” The motion carried 13-0-1 (Ms. Deschenes abstained).

Motion was made by Ms. Boucher, seconded by Mr. Dighello and carried, that the meeting be adjourned at 9:50 p.m.

Respectfully submitted,

Gail T. Currier, Recording Secretary