

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
February 16, 2005**

A meeting of the Municipal Budget Committee was called to order at 6:31 p.m. in the Meeting Room of Conway Town Hall with the following present: Janine Bean, Ted Sares, Melissa Stacey, Betty Boucher, Phil Dighello, Randy Davison, Michael DiGregorio, Rick Paquette, Doug Swett, Maureen Seavey, Russ Seybold, Selectmen's Rep., Karen Umberger; School Board Rep., Deb Deschenes. Also present were Police Commissioners Whetton, Dougherty and Porter and Asst. Supt. Martha Cray.

Approval of Minutes - Motion was made by Mr. Sares, seconded by Ms. Boucher, that the Minutes of the January 31st and the February 2nd meetings be approved as written. Carried by unanimous vote.

Given the fact that the Selectmen at their Feb. 15th meeting voted to reconsider their vote on the Police Contract (Article 13) and recommended it 3-1-0, the Chair questioned whether the Budget Committee wished to reconsider its vote as well. Mr. Sares issued a point of order stating it sets a dangerous precedent, that if we allow this there is nothing to stop us from reconsidering all warrant articles. He said we have had the public hearing, no one said anything, we voted, it is a closed deal. Mr. Sares stated he is in support of the police contract and will make that argument at the Deliberative Meeting. Ms. Bean said she does not see a problem with it being a precedent issue because the prevailing side would have to make the motion.

Motion was made by Ms. Umberger, seconded by Mr. DiGregorio, that the Budget Committee revisit Article 13.

Mr. Sares said the Selectmen waffled, then reconsidered, changing from a 2-2 vote to 3-1, the townspeople will not have an opportunity to come in on a hearing forum. Ms. Umberger explained the Police Commissioners presented the same information they had given before, but the information that seemed to convince Selectman Webster to change his mind was the additional long term benefits.

Point of order was called by Mr. DiGregorio, noting a motion has been made to revisit Article 13. Mr. Sares said if the situation is that when Ms. Umberger first voted she voted against it and then the Selectmen changed their vote and now technically she has to come back and vote to represent the Selectmen's vote, he is not quite as worried about the precedent; however, if we get into an argument around the circumstances of it, it is opening up a Pandora's Box. Ms. Bean stated the Selectmen said they would like to have their vote of 3-1 recorded on the warrant – a positive vote, not negative.

It was Mr. DiGregorio's opinion that they did not do a good job of expressing themselves as to why they wanted certain things and he would like to hear that again. Mr. Seybold said at a point in time we make a decision with everybody, and the process moves along. He said it bothers him a little, he was not here for the vote, and if there is a reconsideration he gets to vote, but from the standpoint of procedure, it bothers him that we would go back and revisit it. He said if Ms. Umberger needs to go back and change her vote, that is something to take up with DRA, but for us to reconsider the whole subject is beyond the cut off point. Ms. Bean stated two

years ago we did do that with North Conway Day Care Center, or we can vote this motion down. Mr. Sares stated the NCDCC situation was different circumstances without the sequence of the public hearing involved; under this premise he would ask the Selectmen to look at the Red Cross again then. There was a request to move the question to reconsider. **Ms. Umberger's motion was defeated 5-7-1, with Ms. Umberger, Ms. Bean, Ms. Seavey, Ms. Deschenes and Mr. DiGregorio voting in the affirmative and Mr. Seybold abstaining since he was not at the public hearing.**

Ms. Umberger asked if the Budget Committee would allow the “not recommended” vote on the warrant to reflect a vote of 5-7-1 instead of the 4-8-0 recorded on 2/9/05. Ms. Bean stated she would contact Meg Baker at DRA for a ruling on this, as long as all are in favor of her doing that. **Motion was made by Mr. Seybold, seconded by Mr. Sares, to allow Karen Umberger to change her vote to a positive vote representing the Board of Selectmen (5-7-1 instead of the 4-8-0 previously recorded). The motion carried 12-0-1 with Mr. Davison abstaining.** Mr. Sares said even though he was strong in this argument, he is equally strong in supporting the police contract based on the fact that the police are in a different competitive pool than our other employees in town. Ms. Bean stated she also is in favor of the contract and will support it.

Ms. Umberger reported that Police Commissioner's have asked that the warrant article asking for their salary increase be withdrawn.

School Budget – \$27,468,250 - Mr. Sares said we are limited to two options – (1) turn it down, (2) accept it, or (3) to recommend another amount, suggesting we may be able to recommend it under protest. Ms. Umberger said the Budget Committee has the option of submitting any number to the warrant, the Budget Committee is the one who actually sets the budget. Ms. Boucher noted that we have to have an idea of where we are going to take those figures out of. Ms. Deschenes said there had been recommendation that they reduce the School Board portion by \$7500 and only one member did not want to do that.

Motion was made by Mr. Sares, seconded by Ms. Stacey, that the Budget Committee amend the proposed budget of \$27,468,250 to reduce it by \$160,000 which is approximately equal to three positions based on their average salaries and benefit load, for a total of \$27,308,250.

There was a great deal of discussion centered around the enrollment issue and the addition of three teaching positions. Ms. Umberger offered a chart with graphs showing total appropriations since 1998, enrollment figures, three major areas the money to fund the budget comes from, break out of what we pay in local taxes, and cost of regular education versus the cost the other areas required for support of the school. She noted from 1998 to 2005 the enrollment has remained steady across the spectrum, the only place it has changed is at the high school level which went up 122. The decrease has been at the junior high level. Over the next four years we will also see decreased enrollment at the high school for the kids in 5th, 6th, 7th & 8th grades to catch up. Ms. Umberger said she personally supports a greater reduction than the three teachers at the high school.

Mr. Paquette questioned school budget surplus from last year. Mr. Sares said it was significant because of an anomaly around Special Ed. There is no money left in that – it goes

back to the town. Ms. Umberger advised it actually stays in the school. Ms. Stacey pointed out it was not just Special Ed, but also from other areas of the school.

Mr. Dighello said the total for surplus was \$870,218 (\$177,805 unencumbered revenue, unencumbered expenses \$629,603) and asked Ms. Deschenes whether that is money they did not spend in the last budget year? She replied in the affirmative. Mr. Dighello said if you subtracted it from the default and the adopted budget it would be back to about \$26.6 million – compared with \$27.5 million this year, is about a \$900,000 difference. He noted that adding the articles to it, it is up well over \$1 million.

Ms. Bean had compiled a comparison by function, from 2001 through the proposed 2005-06 budget year, showing the operating budget has increased every year. She did the same for enrollment. It was noted that from 2001 to proposed 2006 there was a 30.75% increase in our budget, but we have had a total decrease of students by 2.44%. She took the \$460,000 figure, then used the \$500,000 in our request based on the surplus that they had that year of \$692,000, money they did not spend out of the budget. Ms. Bean stated we cannot afford to keep doing this to our taxpayers – if we are not going to expend it, do not raise it. Ms. Bean explained the formula she used to arrive at an actual increase of 5.41%.

Mr. Davison questioned again the enrollment, noting that last year they said it was 2186, what was provided to us this year with the 2005 enrollment was a total of 2088 as of Dec. 31, not 2186. Ms. Bean said in 2006 the projected is 2086 – they are off by 100. Mr. Dighello made reference to the default calculation noting that this year if we turn down the budget it goes to default so the voters have no choice. They took last year's \$27,013,448, added on warrant articles, for a total of \$27,232,641, the adopted budget with this year's warrant articles added would be \$28,163,459. If you subtract that for this year's starting point it would be \$930,000 difference. Next year again we will have no choice.

Mr. Seybold said he had a hard time with the default budget, he is confused in looking at last year's default, the deductions and add-ins – some match up and some do not, for instance, last year utilities was listed as water and energy, this year it was listed as electricity and fuel. He is troubled that we get to the end of the year and some money that was appropriated was not spent. He said to some extent he has to trust their numbers and see that they know what's supposed to come out and what is supposed to go in, but is uneasy with this.

Mr. Davison noted they previously did not separate middle school and high school, this year they have broken it down. Mr. Sares said it is his understanding their projections are off annually by 100, 100 is enough for him to justify three positions. It was noted Dr. Nelson had agreed that they are off by 100 and that is not good.

Mr. Sares' motion was defeated 3-10-0, with Messrs. Swett and Sares and Ms. Stacey voting in the affirmative.

Motion was made by Mr. Seybold, seconded by Ms. Deschenes, that the Budget Committee accept the budget as proposed by the School Board. The motion was defeated 2-11-0, with Mr. Seybold and Ms. Deschenes voting in the affirmative.

Motion was made by Mr. Davison, seconded by Ms. Stacey, that the Budget Committee recommend a school budget of \$26,979,170, a reduction of \$496,580.

Discussion: Ms. Deschenes said in the past five years the School Board has been good about returning money and not spending it all; if we do not appropriate that money and a child does come in with severe handicaps we have to have that money. She said she would rather see it in there and not spend it. Mr. Sares said he thinks the School Board has been nothing but horrible about returning money to the taxpayers, noting that last summer they went on a spending spree, created a budget within a budget, and prioritized new items and spent that money, and he has no trust in this School Board returning money.

Mr. Davison said he wants to see a message sent to the School committee, suggested that the middle school is overstaffed, noting if you have 391 kids in 2003, down to 331 next year, it is their position to move people around to adequately serve their population. Once the grant money runs out, those two positions will have to be funded. He stated class sizes at the elementary are adequate. He stressed this budget should be going down because of the reduction of 17 personnel last year. Ms. Deschenes said we have heard we went on a spending frenzy – out of the \$800,000 we spent \$150,000, mostly on ventilation for the high school, and \$5,000 was spent on a fence because it was promised by the School Board to protect neighboring property. She noted the \$870,000 that we did not spend is a lot of money. Mr. Sares said the fact that Ms. Deschenes is saying that the School Board has been good about giving money back to us is all the more reason to cut the budget.

Mr. Paquette said it is important that this Committee not say the \$496,000 is going to rest upon the two or three teacher positions solely, also 17 positions (some of them part time) were eliminated from last year's budget – that has to come right off the top. He noted also the difference still has to do with budget surplus – he would rather let the taxpayer keep his/her money in order to be able to use it, rather than have the school continue building large budget surpluses.

Ms. Umberger said it bothers her that in 2000 we were spending approximately \$1 million more on regular education than on other “fluffy stuff,” and as we have progressed through to 2004 we have transitioned from spending money on education to spending money on all kinds of other things - the enrollment is going down and the costs skyrocketing. She pointed out we have been giving 2.5% to 6.5% merit pay increases and she has no problem with that. The cost of living has risen in the last five years 3% a year, and in the school we have been seeing a 5% increase averaged out over that time. People who are paying have been paying at a 3% increase, and the school has been spending at a 5% increase.

Mr. Dighello said regarding returning surplus to the taxpayer, he went to the meetings last June – if we were not at those meetings more of that money would have been spent. Some of the money that was spent came out of Special Ed money. Every year we have been told we cannot do anything about Special Ed - if we had a surplus in Special Ed, that money should all have gone back to the taxpayers. Ms. Deschenes said she does not believe the \$150,000 that was spent came out of Special Ed money. Dr. Cray acknowledged that some did, however, since then the School Board has made a policy not to do that again. Mr. Dighello stated any Special Ed money should go back.

Ms. Stacey withdrew her second, Mr. Davison withdrew his motion.

Motion was made by Mr. Davison, seconded by Mr. Sares, that the Budget Committee recommend a budget of \$26,986,670, representing a reduction of \$496,580. The motion carried 10-3-0, with Messrs. Sares and Seybold and Ms. Deschenes voting in the negative.

Letter to the School Board – It was noted that in the letter sent to the School Board with recommendations for budget cuts, the recommendation that they revisit the default budget had inadvertently been left out. Ms. Bean stated we can still send another letter with the recommendation to be considered by the School Board between now and the Deliberative Session, the default budget can be considered by the School Board up until the final posting in March. **Motion was made by Mr. Sares, seconded by Ms. Boucher and carried by unanimous vote, that the Budget Committee forward a letter to the School Board requesting that they revisit the default budget.**

Mr. DiGregorio questioned whether the public can amend the default budget at the Deliberative Session. Ms. Bean said no, which is the reason the petitioned article on the default budget was submitted - the School Board will come up with it, and then the Budget Committee will have an opportunity to have a say on it.

Warrant Articles –

Article 2 – Budget [\$26,986,670] – Recommended 10-3-0.

Article 3 - \$35,546 for the AFSCME Contract. **Motion by Ms. Umberger, second by Mr. Sares, that the Budget Committee support Article 3 as written. Carried 12-0-1, with Ms. Bean abstaining.**

Article 4 - \$49,957 for CESP Contract. **Motion by Ms. Stacey, second by Ms. Boucher, to recommend Article 4 as written. Carried 13-0-0.**

Article 5 - \$365,703 for CEA Contract. **Motion by Ms. Stacey, second by Mr. Dighello, to recommend Article 5 as written.** Discussion: Ms. Umberger stated we need to make sure we understand that we are not only agreeing to salary increases, but the contract as well. **Motion carried 11-1-1, with Mr. Swett voting in the negative and Mr. Davison abstaining.**

Article 6 - \$55,850 to be added to the Expendable General Trust Fund (School Buildings Maintenance Fund). **Motion by Mr. Seybold, second by Mr. DiGregorio, to recommend Article 6 as written. Motion carried 10-3-0, with Mr. Sares, Ms. Stacey and Ms. Boucher voting in the negative.**

Article 7 - \$132,340 to purchase two 77 passenger school buses. **Motion by Ms. Deschenes, second by Ms. Seavey, to recommend Article 7 as written. Motion carried 12-1-0, with Ms. Umberger voting in the negative.**

Article 8 - \$71,952 to supplement the funding of the Kennett Middle/Senior High School and Pine Tree School Project SUCCEED Programs. **Motion by Ms. Stacey, second by Mr. Sares, to recommend Article 8 as written.** Discussion: Mr. Sares said he has been against this for years, this year he is supporting it because he has examined their success factors and indicators – they have a matrix which shows how the kids have improved, they do a wonderful job at the elementary schools. He agrees with Dick O'Brien when he said it is better to get them now, rather than wait before it's too late.

Ms. Boucher said she does not like seeing an article come back repetitive with the same figures when we all know they might get more or less money in grants. Mr. Davison said considering the taxes that are going up, the people that are taking advantage of that service are utilizing it so they can get to work. He had felt it was more like a babysitting service, but feels for the people who need a hand it is helping. Mr. Davison said he is still not totally in support of it because he does not see a lot of scores escalating as a result of it.

Ms. Stacey said all these concerns were brought to Christine Thompson last year and she made an effort to make improvements. We now have people around our children who actually care, we need to give her a hand for what she accomplished in a year. Mr. DiGregorio said when it first started it was homework club without a lot of it getting done; however, Ms. Thompson has taken over and has done a great job – he will support it this year. Mr. Davison said there is grant money tied into this, then if they do not secure grants he does not believe it is up to the community to pay for that service.

Ms. Deschenes said she was the School Board member who voted against this because they did not obtain the grant they expected to obtain, and she felt that was pushed forward. However, tonight she has to vote the vote of the School Board. **The motion carried 11-2-0, with Ms. Umberger and Mr. Swett voting in the negative.**

Article 9 - \$2,500 to be added to the Capital Reserve Fund (Mt. Washington Valley Career and Technical Center). **Motion by Ms. Stacey, second by Ms. Boucher, to zero out Article 9.** Discussion: Ms. Umberger said we can only recommend or not recommend at this meeting. Ms. Deschenes said the reason it was not reduced to zero is that in the application for vocational aid it is desirable to show a Capital Reserve Fund for vocational equipment and it would not be appropriate to zero out the article. The School Board did agree to put on a cap of \$20,000. Ms. Umberger noted the fund will continue whether we put any money into it or not this year. Mr. Sares said if the article was \$500 that would be enough. Ms. Deschenes stated it very well may be.

Mr. DiGregorio said they were asked last year to reduce it from \$5,000 to \$2,500 and they did that; now we are asking them to zero it, there was an issue of how much they would get back if they spent a certain amount. Ms. Umberger said you have to have a capital reserve program, and we have one. We are not talking about getting money back from the state, if you spend money for other things in terms of the Career Tech, you do get money back for that. If they make improvements to the building or equipment, there is some return on that. Mr. Seybold said he is always in favor of warrant articles and trust funds that are set aside for specific purposes because if we were to cut the budget, maintenance is one of the first things that go. He felt it is appropriate to have some money going into these funds, we have cut the number already, and are putting a little more into that account to keep it going.

Ms. Stacey said we asked to have this cut, we are facing a lot of money this year, they do not need that money this year. She said next year she would support it. Mr. Sares agreed. Mr. Seybold said you have a savings account and you keep putting a little into it because you never know when something is going to go. Mr. Sares asked Ms. Deschenes if something happens whether they could they get the money from somewhere else? Ms. Deschenes said probably, but that is not the reason this account was set up. If it becomes zero and the state looks back at it, we do not have this any more. **Ms. Boucher withdrew her second, Ms. Stacey withdrew her motion.**

Motion was made by Mr. DiGregorio, seconded by Mr. Seybold, to recommend Article 9 as written. The motion was defeated 6-7-0 with Messrs. Paquette, Dighello, Sares, Davison, Ms. Stacey, Ms. Boucher, and Ms. Umberger voting in the negative.

Article 10 - \$600,000 for renovating the SAU #9 Offices. **Motion was made by Mr. Sares, seconded by Ms. Stacey, to recommend Article 10 as written.** Discussion: Mr. Sares said we need to discuss this as a group at the school meeting, we have to be united on this, we have to approve it to get money back. Mr. Seybold said we did get backed into a corner, but agrees we have to support it to get the reimbursement. Ms. Umberger said she, personally, did not think at the budget hearing there was a particularly good presentation of this article. She urged whoever will present it at the Deliberative Session to have a better script than what was presented at the budget hearing.

Mr. Swett stated “this was not shoved down your throat.” All options were looked into – dollar for dollar this was the cheapest way to go. He noted \$75,000 has already been spent on the building for sprinkler system, etc. Mr. Sares said Mr. Swett is right – they had a committee to go and see the building, it was a mess, they came back and agreed something had to be done. He stated what irked them was misrepresentation at the SAU meeting. It was Mr. Davison’s contention that that money could have been well spent in placing the SAU in vacant space at the middle school. Mr. DiGregorio said he also does not like it that we are going to renovate this building, the square footage cost is outrageous, but we will have to support it. Ms. Stacey said whether we support it or not, that building is off the tax rolls – we have a lease for ten years. Ms. Deschenes stated at the end of the ten years it will belong 100% to the School District.

Ms. Bean said she does not enjoy having to support something she absolutely disagrees with. The School Board did not listen to us when we said we do not want to do that; they had the power not to do it. Ms. Boucher questioned whether we have to put the \$150,000 into the building and was told that money will be returned to the taxpayers over a period of five years. Ms. Seavey agreed we have to vote in favor of this in order to get the building aid, but that the School Board has to start listening to us and they are not.

Ms. Deschenes stated the vote for the renovation of the SAU was not a unanimous vote; however, she has to support it. Mr. Swett said the figure to come back is \$235,322, Conway’s share is about \$150,000. He urged moving the question. **The motion carried 13-0-0.**

Ms. Umberger reported the law has changed so that if anything changes after the Deliberative Session we can call a meeting to agree or disagree with the changes made at the Deliberative Session. Mr. Seybold said once something has gone through the deliberative meeting he would have a hard time trying to change anything unless he felt it would be putting the town or the school in jeopardy.

Motion was made by Ms. Umberger, seconded by Ms. Stacey and carried, that the meeting be adjourned at 8:45 p.m.

Respectfully submitted,

Gail T. Currier, Recording Secretary