

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
September 21, 2005**

A meeting of the Municipal Budget Committee was called to order at 6:31 p.m. in the meeting room of the Conway Town Hall with the following members present: Chairperson Melissa Stacey, Rick Paquette, Maureen Seavey, Phil Dighello, Bill Jones, Randy Davison, Bob Drinkhall, Bill Aughton, Betty Boucher and Karen Umberger. Also present were: Lucy Philbrick (joined at 6:34) and Earl Sires (joined at 6:40).

Chairperson Stacey noted that the following members of the committee were not in attendance: Debra Deschenes, Russ Seybold, Kirk Smith and Carl Rosenthal. There is no one from the Police Commission in attendance, nor is there a representative from the school. Chairperson Stacey noted that Deb thought Carl (Nelson) would be in attendance and Carl thought Deb would be here. She noted that members could write down their questions for the Police Department and the school and get them to her.

Bill Jones would like to know what happened. Chairperson Stacey noted that as far as attendance from the School, Carl had a meeting at Jackson but Deb was supposed to be here. Deb's well caved in (Lucy Philbrick joins) and she has to deal with that. Martha Cray might have been able to substitute but she isn't here so that didn't happen either. Regarding the Police Commission, this committee questioned where the funds for the package for our resigning Chief came from and the Commissioners responded that the money came out of the Regular Officers line but any other information is privileged. Bill Jones disputes that statement - it is not privileged information. Chairperson Stacey had made the same statement to the Police Commissioners and received several pages of law as a response. She will get a copy of this to the Board. Basically it refers to RSA 91:A. Maureen Seavey would like to know what the Committee is going to be able to accomplish tonight and Chairperson Stacey noted we'd be working on the Town Budget tonight.

Rick Paquette noted that the gist of this is that although the police are public servants and the taxpayers are entitled to sunlight on this issue, on this piece the taxpayer has no right to know where the funds came from or where they are going. Chairperson Stacey reiterated that the funds came from the Regular Officers line. Rick wants it on the record that the Commission is saying that the taxpayer is not allowed to have this information. Chairperson Stacey noted that Chief Wagner and the Commissioners were to be in attendance but they are out of town tonight. They noted that they would provide anything else that they can legally provide. Karen Umberger noted that the Commissioners did provide the information this Committee requested. They gave us the information regarding the pay out amount and then they told us it came from the Regular Officers salary line. They are not saying the public can't have that information. What they are saying is that how they came to that decision is not public. As far as the money, all of that is public. There has been a recent change to the RSA but we need to read this document for what it is. Phil Dighello would still like to know how they decided that this amount of money was appropriate. There is a certain amount that is a payoff but we don't know how much or why. Karen noted that some was earned benefits. Phil countered that we know that. Chairperson Stacey read from the minutes of the Committee's last meeting what this Committee asked of the Commissioners - to tell us how the figure was negotiated. The answer would be either "here it is" or "no you can't have that information". (Earl Sires joins). Chairperson Stacey gave them this question and this is the response.

Bill Jones noted that the determination to fund this payment was negotiated and he wants to know how this will affect the police. They say it's not public and Bill challenges that. He also has questions regarding the construction details. How much does the town make from this when we are using a police cruiser? Chairperson Stacey noted we will tell them we want the Commissioners to attend. We do get a certain amount per hour. Earl Sires noted that they did that calculation last year. Once we ran the FICA and retirement, the amount wasn't as much as they'd thought. He believes they have raised the charge. Bill Jones noted it seemed like it was a wash last year. Randy Davison noted that from the Budget Committee perspective, the person who received the money is part of a bargaining unit that negotiated this payment. Rick Paquette stated he isn't sure the Chief is part of the bargaining unit. Karen believes the Chief, the lieutenant and the Chief's secretary are not part of the bargaining unit. Chairperson Stacey noted that it sounds like we are all in agreement that we are going to ask the Commissioners and the Chief to be here.

Chairperson Stacey noted that we had one response to our ad and that was from Robert Fishman.... Bill Jones noted that we needed to approve the minutes first. Chairperson Stacey noted that she is still just trying to set the agenda. Karen noted that she believes that we need to make sure that Chairperson Stacey receives a copy of anything sent to Carl (Nelson) and in fact, all correspondence should go to her rather than all of the members sending separate messages.

APPROVAL OF MINUTES

Bill Jones moved, seconded by Maureen Seavey, to approve the minutes of June 8, 2005 as amended (added). Chairperson Stacey asked for corrections and Maureen Seavey noted that she'd prefer not to be Chairperson as reflected in the minutes (second paragraph following the motion to approve the minutes). There were no further corrections (the motion was changed to include the amending of the minutes). **The motion carried unanimously.**

APPOINTMENT TO FILL VACANCY

Chairperson Stacey noted that we ran the ad regarding the vacancy and Robert Fishman is the only one who expressed an interest. She has a copy of his resume. Bill Jones would like to know if Mr. Fishman had been invited to attend and Karen noted that he was aware that we were meeting tonight and that she had even asked Earl to bring paperwork to swear him in. **Bill Jones moved, seconded by Rick Paquette, to put a hold on the vacancy.** There was no discussion. **The motion carried unanimously.** Chairperson Stacey noted that folks should get any names for the vacancy to her.

TOWN BUDGET REVIEW

Earl Sires had mailed out copies of the budget to the Committee. He handed out the most current copy tonight. He noted that typically what we do is look at where we are right now and compare to the time we have left in the year. Right now we have just over 28% of the budget and 29% of the year left. Usually that would be good. Given what has happened with the fuel market, he did some analysis and we are going to have a challenge making the end of the year under budget. We are looking at an increase of about \$72,000 in fuel costs over budget. Bill Jones asked if that includes fuel and heating products and Earl noted this is primarily in the diesel fuel area. In the spring and fall we use more and we provide it to the school as well. This is our best estimate we can't predict what is going to happen. It could be worse it could be better. He is bringing this information to the Committee and saying, "We have a challenge". He is concerned. The Committee had asked about the police budget.

Most of the items there are things that the selectmen have some control over. The police are struggling with their budget. We are in a survival mode.

Randy Davison noted that he was under the assumption that when you put the fuel out to bid, it was locked in. Earl noted that we do put fuel out to bid and we pay from eight to ten cents less than the going rate. Randy noted that since we buy more we should be able to get a better price. Earl noted that this price represents wholesale plus delivery, not locking in at the retail price but he can look into this. Bob Drinkhall would like to know what our price is and Earl noted that as of a week ago it was \$2.23/\$2.24. Randy questions why he as a homeowner can get that rate, he paid \$2.21, why isn't the town's price lower? Bob commented that he paid \$1.73. Earl noted that we are not purchasing in a larger volume than the homeowner, as our tanks hold 275 gallons. Gas is at \$1.87 and \$1.60 for propane. Randy countered that we maintain a number of buildings and when you use a large amount of product that is locked in then you won't have fluctuating costs. The school did it and put the money towards lowering the impact of insurance increases. Karen noted that we do fuel as a town, which includes the school. The school does the entire price negotiating on behalf of the town. When the contract is set up, with local people, the only thing we can negotiate is what is added onto the depot price. These are the costs that anyone would be paying. If wholesale goes up, so does our cost. Randy challenges this and Chairperson Stacey asked him to wait until we have Jim Hill, who negotiates the contract, here to answer. Randy noted that the contract needed to be looked at, as it is not the best use of funds. Earl noted this is what we have right now there is nothing we can do. Randy understands this but it needs to be looked at. If he, as a consumer, can get a set rate that doesn't fluctuate, then the town ought to be able to as well. Bill Jones agrees with Randy but we are being advised that there is a possible overage. He noted that he gets a locked in rate too but it has to be prepaid. Bob noted that he could go out and purchase fuel today for fifty cents a gallon less than the town. He would like to know if we have to stay with the contract we have? Earl noted that about two thirds of the purchases are diesel fuel with only 10% being home heating fuel. Earl agrees it's a good idea to look into it but the majority is diesel and gasoline, not oil. Betty Boucher would like to know if the town has a written contract with the school to negotiate fuel purchases. Earl noted he would know more about this tomorrow afternoon. Randy would like to know if the town could take over the negotiation, as they seem to be more fiscally responsible. Earl noted that he could only present what he has right now.

The budget has been put together with every dollar assigned with an occasional few dollars left over. In looking at the report some items have been deferred – oiling of bridges, the crosswalks won't be redone, no more signage now that we've met 911 requirements, etc. Betty noted that we had equipment that burned at the Solid Waste facility and she'd like to know if insurance covered that. Earl noted we insure for the current value of the vehicle, not for replacement value – and they are reconsidering that. We have about \$27,000 from insurance to work with. We are working with a leasing company and we think we can get a loader at terms that would get us to the point when we can get into the capital funds to pay for this. It is a little squirrely, as we won't have the funds approved until April. We don't like a lot of the items on the budget, and neither did the selectmen. Earl noted it doesn't give him comfort to say, "If this all works we might break even". There is the possibility of going to the DRA to ask for the authority to spend up to \$72,000 for fuel. Bill Jones is listening to this list and having been around construction and maintenance, he believes eliminating these items now is going to increase the cost of them later. The preventative items shouldn't be cut back. We should approach the DRA. This is a different situation than we've dealt with before. After the hurricane, and facing another one, he just put \$72 in his gas tank and it

didn't fill his truck. The world has changed and it is going to affect us, we have to look at this. The federal government overspends all the time.

Earl noted that we can't spend any more than the voters have approved. In other states or in private business, if you are bringing in more money, you can spend it. That is not the case here. Some of the fuel for the school we'll get reimbursed for so the real projection is closer to \$40,000 but we have to pay it out first to get reimbursed. Betty noted that there are projects that the town would like to see done and she'd rather we go to the DRA than take the funds needed for fuel out of these projects. Earl noted that we could face a double whammy if the winter starts early and we have a lot of storms. Bob noted that to put off preventative maintenance only saves a little amount of money and it would cost more next year. He believes we should go to the DRA. Randy agrees but he'd rather we not ask for more than we need, like we know that \$1500 was saved on the Town Report so we don't need to ask for an additional \$1500. He added everything up and comes up with \$28,200 of excess money. Karen is not comfortable with what Randy is discussing. She believes we should ask for the authority to spend \$72,000 and if we don't need to spend it then we don't. Earl noted his goal is not to use the authority to spend it. Phil noted that he thought we'd be doing this later in the fall, when we know what the shortfall is. Earl noted it has to go to the Selectmen first and he is asking the Budget Committee to give the town a safety net for fuel. Bill Jones thinks we should delay approaching the DRA. Earl noted that we know we have a problem and we should take steps now to get prior approval. We have not gone over our budget in the past five years and it would be personally disappointing to Earl if we go over this year. Bill asked what the question is to this Committee and it was noted that the Budget Committee needed to approve the town going to the DRA. Bill would like to be able to approve that it can only be used for fuel. Chairperson Stacey asked about the computers and Earl noted this is part of the regular rotation. She asked if by putting off purchasing four computers this year, wouldn't we just end up buying eight next year? Earl noted either that or we just keep using older computers. Randy noted that we have a list of projected costs of which more than \$28,000 is not being spent. You have a projected overage of \$72,000 but you know you have \$28,000 to put against that. Earl noted that we are hoping we have \$28,000 to the good, which isn't a good thing. His goal is to not spend the money. He believes they should go for the \$72,000 and he will pledge to do everything he can do not to spend it. Betty would like to know if we have to have an emergency before we can go to the DRA, and she was informed that we do not have to wait for the shortfall to ask for the authority to overspend. Earl noted that he and Lucy are tracking the amounts of fuel we have left and we believe we can squeak by. Earl noted he was hesitant to say that we need to raise the budget at the town meeting but he should have. In the future he believes we should look at the volatility of the market. We have to estimate the fuel costs in November for a budget in April. Bill Jones noted that with the information submitted the town is at 28.4% (with 29% of the year remaining) and the police say they are at 30%. He'd like to know if there is any indication that what happened last year (with the payment to our former Chief) is going to happen again. Earl noted he hasn't heard anything like that is going to happen. The police have said they are struggling with their budget. He has the information for the committee but believes the police commissioners should answer these questions. We increased their budget last year because they asked for more.

Chairperson Stacey asked how the Committee's budget is doing and was informed they have about \$500 left. You are starting to look at the budget the week of December 12th so the Committee should have enough funds through the year-end. Phil would like to know if the shortfall on the police budget is due to fuel. Earl noted that there were some personnel issues

involved so he is deferring to the Commissioners on that. Bill Jones noted that the budget doesn't include the long-term debt accounts.

Bill Jones moved, seconded by Betty Boucher, to support the request to the DRA up to \$72,000 and that any money would be used for fuel only. Chairperson Stacey opened the motion for discussion and Randy noted that we know that we have \$28,000 that we don't have to spend. Karen asked if the motion could be adjusted as they are looking for budget authority. Lucy noted she is looking for the Committee's support in going to the DRA, which this motion does. **The motion passed unanimously.**

SCHOOL BUDGET REVIEW

Chairperson Stacey noted that the next agenda item is the School Budget and it was strongly requested that Carl Nelson be in attendance. Bob asked if there was not a request for an explanation from the School, not just a list of numbers. He wanted to have a list of grants, expenditures and information on where we stand with the bond and the school project. We didn't receive any of that information. Randy noted that the school's books are closed and he would like to know what is not being spent. It was noted that last year all of the funds were returned to offset taxes.

DRA LETTER

The DRA has come back to the Municipal Budget Committee, as we didn't fill in the report regarding village districts with the correct numbers. If we do that again next year, Redstone will have a budget of exactly zero. We don't want that to happen and we want to give Lucy Philbrick the authority to fill in the numbers appropriately. **Betty Boucher moved, seconded by Bill Jones, to authorize Lucy Philbrick to fill in the numbers [amended to add] at the direction of the Chair of the Municipal Budget Committee.** There was no discussion. **The motion passed unanimously.**

Randy Davison would like to have some more discussion regarding the School. Chairperson Stacey asked if anyone had any further questions for Earl or Lucy. There were none. (Earl and Lucy leave the meeting at 7:47 p.m.). Randy noted that he doesn't believe the budget information submitted by the school is accurate. The budget closed on July 1st and he wants a more updated version before we meet with the school. By the time we have our next meeting we should have the information for the first quarter – July, August and September as well as last year's figures. Chairperson Stacey noted she would request this information.

OTHER BUSINESS

Chairperson Stacey noted that we needed to schedule our next meeting and look at the schedule for the budgeting season. According to our minutes, we set the date of December 12th this year. Rick noted that the town goes first this year. This was affirmed and the town will be ready by the twelfth according to Earl. The school board meets on December 12th so we could look at Wednesday the 14th to meet. Chairperson Stacey reminded all that we can make a motion for whatever date we want. She asked if we wanted to do that or did we need to set another meeting for the school to review its budget. She asked if the Committee wants a separate meeting or if they would prefer to submit a list of questions and have Carl respond? Randy noted that we are well aware that the cuts we asked for were legitimate and the school board has done a great job not spending the surplus. Randy believes that it is about \$800,000 that is going back to reduce taxes. Karen supports a separate meeting so that we don't mix old and new at the same meeting. Rick supports this and would like to move to set up a meeting with the superintendent and the police. Chairperson Stacey reminded all

that our normal nights have been Monday or Wednesday and if we go with the second Monday then we have a problem, as Deb Deschenes would be unable to attend, as would Carl Nelson and our Recording Secretary. Bob noted that would still leave us with the first and third Monday to try to set up a meeting. **Rick Paquette moved, seconded by Karen Umberger, to have Chairperson Stacey set up the meeting with the superintendent and the police.** Chairperson Stacey assured all she would try to keep us on our regular schedule of Mondays and Wednesdays. There was no further discussion. **The motion passed unanimously.**

Chairperson Stacey noted that Project SUCCEED has passed on an open invitation to the Budget Committee. They are having a review through CIPAS (Continuous Improvement Program/After School) and the folks from CIPAS will be observing the program on November 1st and 2nd. They have asked for input and there is also a community luncheon planned at the North Conway Grand Hotel. They want to interview members of the Committee. Folks were asked to join for lunch even if they can't be interviewed. Karen would like to know if the invitation is to the whole budget committee. Chairperson Stacey noted it is an open invitation. Karen suggested that only one person attend as a representative of the Budget Committee or that two people attend, one that was for Project SUCCEED and another who was against it. She believes we need to represent what was discussed and cussed. Chairperson Stacey noted she would be unable to attend. Betty would like to make sure this really was an open invitation to everyone on the committee and Chairperson Stacey read the letter. She will get a copy to members of the committee. We all have busy schedules and she noted that she is passing this on, if you can go, go, if not, then don't. Bill Jones noted that he will go but he'd like for someone on the other side to attend as well. He noted that he would ask the four members of the committee who are not in attendance tonight if they are interested in going.

The last item on the agenda is that the new members asked Chairperson Stacey to provide them with information on the budgeting process. She is distributing the Basic Law of Town, Village and School District Budgeting.

ADJOURN

Bill Jones moved, seconded by Bob Drinkhall, to adjourn the meeting at 8:05 p.m. The motion to adjourn carried unanimously.

Respectfully submitted by:

Martha D. Tobin
Recording Secretary