

**MINUTES OF PUBLIC HEARING
CONWAY MUNICIPAL BUDGET
MUNICIPAL BUDGET COMMITTEE
February 9, 2005**

A public hearing on the Municipal budget convened at 6:30 p.m. in the Gymnasium of Conway Elementary School with the following present: Janine Bean, 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. There were approximately 40 members of town & school staff and general public present.

The Chair announced the total recommended operating budget is \$8,480,202, (not including warrant articles) with approximately \$4.5 million to be raised by taxes; with a default budget of \$8,318,938, \$161,264 less than the proposed operating budget. Budget increases are due in part to Police labor and benefits, including \$101,685 in commercial duty (which is fully reimbursed), and materials and fuel costs within the Public Works, Gov't Bldgs., and Solid Waste Depts.

Town Manager, Earl Sires, reported a change in the budget dealing with the ambulance contract, resulting in the addition of \$15,000. He stated the town has nearly finalized the ambulance contract for this year.

Mr. Sires stated the percentage increase on the budget is 3.6%, with the assumption that the Police commercial duty is just over \$100,000. He explained \$100,000 was added, but all of that money is reimbursed to the town from private projects, and has no tax impact to the town.

Mark Hounsell questioned solid waste, noting the proposed budget represents an increase of 6.4%; however, significant decreases are noted on the landfill materials line because we do not need to purchase landfill cover material as was the case in 2004. Mr. Hounsell stated talk around town is that since we have no commercial activity at the transfer station, a lot of what is being covered at the landfill is the dirt from the previous day. Mr. DegliAngeli explained that the daily cover which we use on trash we get free of charge in exchange with companies we do business with - some from by-products of construction recycling. He stated we only place cover on the days we place trash; this line item has to do with plastic - once we reach completion of Phase I, after 10 or 12 years, that plastic has to be replaced.

Mr. Hounsell questioned an 8.5% increase for Fire & Rescue for the non precinct areas. Mr. Sires said the town has a contract with North Conway Fire Dept. and Conway Village Fire District to provide service to non precinct areas of town. Each year the amount is calculated based on a formula worked out several years ago. Mr. Hounsell questioned the zeroing out of the fire equipment line. Mr. Sires said for the last few years there have been no requests from the fire departments for any equipment.

Mr. Sares questioned what the town anticipates the surplus to be this year – 2005. Mr. Sires said our estimate is \$1.7 million, plus whatever the contribution is from surplus for the year ending 2005.

Special Articles:

Collective Bargaining Agreement – Public Works Dept. - \$945 increase in benefits. Mr. Sares asked how these contracts are represented as a percentage increase. Mr. Sires said it is required by law that the article show the cost impact to 2004-05. We are providing for some standby time for our acting foreman, an estimated \$945. The impact is less than one tenth of a percent.

Collective Bargaining Agreement – Police Dept. – Mark Hounsell asked why the Selectmen did not recommend this? Ms. Umberger said they did not discuss rationale; they received a cost sheet from the Police Dept. showing that they were saving \$5,262 in medical insurance costs, but increased the cost of the contract by \$6,685, so even though the warrant article only shows \$1,423, there was really an opportunity for them not to have an increase in the cost of the contract. Also they added holiday costs, education incentive increases, and uniform cleaning increases. This is basically why the vote was 2 for, 2 against.

Mr. Hounsell questioned whether it is a correct thinking process to say that it would be added to some line item in the operating budget? Mr. Sires said yes. Mr. Hounsell said the Police said they saved \$5,000 on insurance, would that not be reflected in the operating budget and added to the operating budget? Ms. Umberger said what is in the budget is the current health care which gets carried in the budget until such time as the contract passes, once it passes, then the medical insurance changes, but if it does not pass, it stays as it is. Mr. Hounsell asked if this were to pass and, if the town saved \$5,000 in insurance because everything is working right, is it necessary that the town spend the \$5,000? Ms. Umberger said it saved \$5,000, but we are paying \$6,000. Although we are appropriating \$6400, if there is not a need to expend the \$5,000, then we should not. Ms. Bean said the actual impact to the taxes will be \$1,423. Even though they saved \$5,000 from the insurance, the actual cost to the other benefits they are giving cost \$1,423 more than the \$5,000 they are saving.

Raise Annual Compensation for Supervisors of the Checklist – Mark Hounsell asked for a breakdown of which Selectmen voted which way and whether the Selectmen's representative's vote will reflect the Selectmen's vote at this meeting? It was reported that Selectmen Webster, Weathers and Martin voted in the affirmative, Selectman Umberger voted in the negative, and Ms. Umberger will be voting to reflect the Selectmen's vote.

David Sullivan questioned the increase in compensation for the Supervisors of the Checklist. Ms. Umberger said the rationale is based on the number of hours they put in and the number of activities that they have to perform, also they have to be in attendance at every election, have to have sign up hours for every election, every ten years they have to purge the checklist, and have to check and review all petitions. Mr. Sares noted people put a value on the hours they work and, because of the long hours, they feel they should get more money based on the value that they put on the public service they perform.

Raise in Compensation for Police Commission – Mr. Hounsell wished to know who abstained and was told it was Selectman Martin.

Maintenance of Town Buildings and Facilities Capital Reserve Fund - \$125,000 – Mark Hounsell questioned whether it is the same figure used as last year and was told it is. Ms.

Kovalik questioned how much is currently in that fund. Mr. Sires responded \$34,000 – they have a variety of different items each year. The plan is to put in \$125,000 each year, and at the end of the five years would have enough accumulated to build a much needed new service garage.

Wildland Fire Expendable Trust Fund - \$5580 – Mr. Sires said there are no property tax funds raised to support this warrant article. Mr. Sullivan asked for an explanation of the purpose. Mr. Sires explained when the Black Cap fire happened it showed us that we did not have a way to manage our reimbursements that might occur on wildland in town; we ended up with a settlement. When the town was reimbursed by the State it solved the problem of reimbursing particular responding towns (we had not previously had the budget to reimburse them) – it made sense to use this money coming back to the town to establish that fund and can only be used for this purpose. Mr. Sullivan questioned whether there is a projected balance that will be carried in this fund? Mr. Sires said the idea is to start the fund with this amount, giving us something to work with. The funds will be managed like all town funds.

Conway Public Library - \$91,000 – This is funds raised from private donations and will have no impact on the tax rate. Mr. Hounsell said the language, raise and appropriate, is confusing – it states the only way we can do this is through the taxpayers, then it says through private donations. Ms. Bean explained this is only to make it possible for the Library to accept the money and spend the money.

PEG Expendable Trust Fund - \$92,972 – Mr. Sullivan said it was his understanding last year that the Budget Committee was going to review the Valley Vision budget; did that happen this year, and did the Committee get direct input about their budget? Ms. Bean stated we were given the budget for 2005 and the expenses for 2004 by the Selectmen. When Valley Vision was invited to meet with the Budget Committee they chose not to, which is their right to do under State law.

Mark Hounsell asked for an explanation of the difference between the PEG station and Valley Vision as a production company. Mr. Sires explained a PEG station is a general description of broadcasting services with a variety of ways to deliver the service. Valley Vision is a private non profit. Mr. Hounsell said if we were so caught up in the idea that we wanted to look at the budget of the production company, but wanted to have a PEG station, wouldn't it be required for the town to explain to the Budget Committee the use of any money raised for the PEG station? Mr. Sires stated the town has provided the Budget Committee with a lot of information about the relationship of the contract between the town and Valley Vision. Mr. Hounsell said if we put \$92,000 into a PEG station this year, would it not be expected they would have to explain what they did with that \$92,000? Mr. Sires said this question asks the voters to put money into a trust fund that can only be used for PEG TV services; they have chosen to use some of that money to contract with a private company for PEG services. The amount of the Valley Vision contract is \$69,000. \$92,000 is going into the PEG Fund. We have provided information about our contract and the relationship with Valley Vision.

Mr. Sares said the first transaction is when the people pay the franchise fees to Adelphia; second is when they take those franchise fees and give them to the Selectmen under a Memorandum of Agreement, and they are the Trustees of the money; third is when the Selectmen as trustees give a certain amount of money based on a formula, usually equated with

hours, to Valley Vision. Four people make that decision without anybody else scrutinizing it. We do not want to see money not being spent wisely.

Mr. Hounsell said if this money is put into the trust account and nothing is done with it, will there be an accounting to what the town does with it? By not knowing what goes on with the vendor that question is lost to us. Ms. Bean stated when this was presented to the Budget Committee through the Memorandum of Agreement, the proposal was that we pay Valley Vision \$200 per hour for production and one showing – we are buying production time with that money. This article is only authorizing the money that we get from Adelpia to go into the expendable trust. The Memorandum of Agreement is how this gets spent, and that is where the accountability comes into play.

Mr. Sares said it is also the only article that deals with our ability to ask questions – there is no other opportunity. Mr. Hounsell said last year there was an article that said that the town would like to have the Budget Committee review the budget; technically you have reviewed it because you have it on paper, you cannot instruct a non profit to present anything. For them to not show, it says you are going to have to guess.

Ms. Stacey pointed out the Committee as a whole made a motion to let the Selectmen know we were very upset that Valley Vision did not appear. It passed 14-1. Mr. Sares said he disagreed, in the sense that no other non profit or other entity has ever done it this way, they were the only ones to give us a piece of paper and not come before us. Mr. Sullivan pointed out that in previous years the Budget Committee has not recommended certain requests and he hopes they make that same determination this time.

Mr. Hounsell said we are talking about business, and the people's money, and he does not understand why we cannot have a better understanding. Ms. Umberger said the Selectmen pay Valley Vision each month and that payment starts in April. We do not give them a lump sum of money. If someone has other recommendations for number of hours, or whatever, they are more than welcome to come and tell us. Mr. Sares said with regard to Ms. Umberger's point about other alternatives, he went to the Selectmen's meeting and recommended fewer hours, and was not even acknowledged. Mr. Davison said it is 345 hours at \$200 per hour which is a lot of money. Mr. Sires said the amount that is proposed to be paid to Valley Vision is \$69,000; that leaves about \$24,000 in the account for future planning and future needs if we pay them the entire \$69,000. Mr. Sares said the Selectmen did not factor in the high probability that Bartlett and Madison may pull out. Mr. Hounsell said if this article failed we would still get the check for \$92,000 from Adelpia, and questioned whether that money might go to purchase some seats in the new high school.

Safety Equipment for the Public Works Department - \$10,000 – Mr. DegliAngeli stated the cost of a manhole box is roughly \$8850, they will purchase it for the best price they can get and buy “Men Working” signs with the balance. They also are in need of highway cones and safety vests. Mr. Hounsell questioned why that was not in the operating budget. Mr. Sires said it is because of the fundamental principal used in NH for large, one-time expenditures.

Safety Equipment for the Town “Adopt A Highway” Program - \$1,000 – Mr. Sires stated this was originally included with Safety Equipment for Public Works. The Budget

Committee had concerns about mixing that, so the Selectmen decided to break it out separately so voters could say whether they want to support it or not.

Street Signs for the 911 Emergency Response Program - \$8,750 – Ms. Kovalik questioned the type of signs. Mr. Sires said this is street signs needed as a result of our 9-1-1 program so that emergency people can find us.

Office Management Software - \$4,800 – This is a request for funding to replace office management software in the Town Clerk's Office. Mr. Sires explained that our provider can no longer service our old software. Ms. Kovalik questioned whether it includes cost to maintain it over time. Mr. Sires said we have an annual maintenance agreement to cover that.

North Conway Community Center - \$70,000 – Deryl Fleming, representing NCCC, encouraged support of this request stating they spent considerable time and effort to raise over \$90,000; the Town of Conway is getting \$160,000 for a contribution of \$70,000. Ms. Fleming reported she serves on a committee to study the needs for recreation of the Town of Conway, and Tom Deans, a member of that committee, said they felt that a collaborative spirit between Conway Recreation Dept. and North Conway Community Center is a positive thing and they want to see that continue. They do not want to jeopardize any existing programs. A full report from that Committee is yet to be presented.

John Balkin spoke in support of NCCC, noting his children use it; the taxpayers appropriated last year \$70,000, that shows good sense because we could not otherwise provide all the programs they put on for that \$70,000. He noted they do a lot of activities, including such things as Mud Bowl which brings a great deal of commerce to the valley. He urged recommending this article.

Ms. Boucher said she had a question of both NCCC and CRC as to how many programs both are involved in together like the Selectmen have asked for over the years and how many are not included? Steve LaRusso, a Board member of NCCC, said they have a day camp for children of parents that are working; also support many of the other Conways as well. They provide a chance to get the kids intermingling, go on field trips, and have the park and water playground provided and maintained for the town. Ms. Fleming added that they participate in most major sports together, as well as the Easter Egg Hunt and Halloween parties. Programs run out of the NCCC building are open to any Conway resident.

Barbara Harmon questioned whether everyone on the Budget Committee understands why there is a North Conway Community Center separate from Conway Recreation Center, noting it was established through a warrant article by the voters of Conway to be separate.

Ms. Kovalik commented that we still have to go through the deliberative session of town meeting which is also another opportunity for people to express their support. Pat Kittle asked if the Budget Committee does not recommend the \$70,000, how they are going to supply the services that are now being given by the NCCC without those funds? Ms. Bean said the Budget Committee recommends or does not recommend, they do not supply the services. Mr. Sares noted that the Budget Committee will have a session later tonight to vote on these articles and there will be a discussion at that point.

North Conway Day Care Center - \$5,000 – Upon question of which Selectman abstained, Ms. Umberger said she did as she is on the Board of Directors of NCDCC.

Gibson Center for Senior Services, Inc. - \$32,000 – There were no questions.

Tri-County Community Action - \$12,000 – Ms. Boucher questioned why Selectmen voted they way they did (0-4-0), noting a lot of these people are people who are down on their luck and elderly in need. She questioned if we vote no, will they be on our welfare program? Ms. Umberger stated that money is for administrative services only, it does not affect fuel assistance, and ends up as part of their budget. Ms. Bean said if the Selectmen believe that the money is there to fund the fuel assistance program and it is for administrative only, how do they figure the funds are going to be administered? Ms. Umberger said the Selectmen did not discuss that, they listened to the presentations on Feb. 5th, looked at the budget numbers they provided, and made their decision.

Vaughan Community Service, Inc. - \$3,000 – Upon inquiry of Selectmen's vote (3-0-1), Ms. Umberger stated she abstained as she is on the Board of Directors for VCS.

Eastern Slope Airport Authority - \$12,000 – no questions.

Family Support Program of the Center of Hope, Inc. - \$3,765 – Ms. Stacey questioned why Selectmen voted against this (0-4-0). Ms. Umberger said several were asked if the town did not support their organization, would their programs still go on? They indicated those programs would still go on.

Children Unlimited, Inc. - \$7,500 – no questions.

Mt. Washington Valley Chapter of the American Red Cross - \$7,298 – Mr. Sares questioned why Selectmen voted the way they did (1-3-0). (Ms. Umberger said she thinks Selectman Weathers is the one who voted in favor of it.) The primary reason was they had a surplus last year of \$5,000 and they were upping their budget this year. Mr. Sares said the Board commented that the town supplies the building in which they house their office and they receive a tax benefit by being in a public building. Mr. Sares questioned whether Selectmen took into account that it was the Red Cross who volunteered three years ago to assist the town with the swimming program. Mr. Sares could not answer. Ms. Boucher asked on all these organizations, do Selectmen take into account that some get tax breaks? Ms. Stacey asked whether Selectmen discuss the fact that the Red Cross helps the military with the townspeople that have to communicate with them. Mr. Sares questioned whether it was pointed out that this year it appears that the Red Cross will not get as many funds because of the efforts toward the tsunami. Ms. Umberger said that was not brought up.

Starting Point - \$2,600 – It was reported that of the Selectmen's 3-0-1 vote, Selectmen Martin was the one who abstained. Mr. Davison said he brought up the fact that they stated the requested the \$2,600 was to secure a grant for federal funds. He noted they are getting a tax abatement of \$3,200, and questioned whether that could be used to secure the bond so they would not have to make the request? Mr. Sares said he will bring it up with them to see. Assessor, Tom Holmes, explained how that process works, stating they do not get an abatement

in that they do not get a check - they get an exemption, it is not money that is made available to them.

Conway Village Area Chamber of Commerce - \$2,400 – Mr. Sares questioned whether it was determined what their surplus would be? Ms. Stacey stated they were asked whether they used all their funds – they answered yes.

White Mountain Community Health Center - \$35,565 – Selectmen’s vote was 1-3-0. Ms. Umberger stated she voted in favor of this. Ms. Boucher questioned whether Selectmen gave reasons why they voted against it. Ms. Umberger said the main reason given was that the labor costs seemed to be out of line.

Carroll County Mental Health Service - \$7,500 – Selectmen’s vote: 0-4-0. Ms. Umberger said she believes overall this was because of personnel and employee benefit costs in relation to the total budget. Burke Hounsell said he cannot understand why the Selectmen would not support something like this. There are people here who have no health insurance whatsoever, and it is appalling that our Selectmen do not support this; with the cost of health care skyrocketing, if some poor individual can get healed it is ridiculous that the Selectmen are not supporting this. He said we need to think about someone besides those who have insurance coverage.

Mr. Davison said if you were to look at this budget it would need a lot of explaining. He could not understand their budget, the amount of money they are getting from federal and state was astronomical. Mr. Hounsell questioned whether numbers were given on how many people they treated, how they would be affected without it? Ms. Bean said 31,071 hours were provided last year; of all clients serviced, 341 were Conway residents, or 30% of their clients.

Loon Preservation Committee - \$500 – Ms. Stacey commented that the Loon Preservation Committee does not help anybody in Conway. Ms. Bean stated their work encompasses Conway Lake and Pea Porridge Pond, tracking the loon population or lack thereof. Ms. Kovalik questioned what percentage of their overall budget this represents. Ms. Umberger said their budget was \$450,000. Ms. Kovalik said, being such a small amount of money, she is curious what motivated them to put in a warrant article. Mr. Sares said he felt it is an awareness issue. Ms. Boucher said Ms. Stacey’s question was “does it help any people in town?” - the answer is “it helps the pond and lake,” but not any people. Mr. Davison stated they have made the same request of many towns this year.

Municipal Operating Budget - David Sullivan noted a small increase in Election and Registrations - \$7,000 increased to \$10,075. Mr. Sires said it is mainly postage involved in a new program the Town Clerk started last year to mail out motor vehicle registrations.

Mr. Sullivan noted the new ambulance service contract went up. Mr. Sires said there is the ability to roll over the final year to continue to have an ongoing service. Selectmen have elected to not have a roll over. It is a one year contract this year. The original contract was a 5-year deal and each year the contractors could have a roll over, so it added another year onto it.

Mr. Sullivan questioned the Highway Dept. increases in labor and sick leave incentive. Mr. Sires said actually it is a decrease of about \$8500 because they have had some retirees and

brought in new people at lower rates. Mr. Sullivan questioned outside contractors. Mr. Sires stated it is more work, same number of contractors.

There being no further public comment, the Chair declared the public hearing on the town budget closed at 8:20 p.m.

Respectfully submitted,

Gail T. Currier
Recording Secretary