

**MINUTES OF MEETING  
MUNICIPAL BUDGET COMMITTEE  
February 15, 2006**

A meeting of the Municipal Budget Committee was called to order at 6:00 PM in the Gym at the Conway Elementary School with the following members present: Chairperson Melissa Stacey, Phil Dighello, Randy Davison, Russ Seybold, Rick Paquette, Maureen Seavey, Karen Umberger, Deb Deschenes, Bill Aughton, Carl Rosenthal, Bob Drinkhall and Kirk Smith.

PUBLIC HEARINGS

Birch Hill Water Precinct: Kirk Smith presented the proposed budget to the Committee. He stated the proposed budget is identical to the budget submitted in 2005. There are no anticipated changes during 2006. There may be changes to the system if purchased. The decision is in front of the Public Utilities Commission; no decision yet. Karen Umberger asked for the total budget amount proposed and Mr. Smith replied \$4,726. There being no further discussion, Chairman Stacey closed the public hearing.

Center Conway Fire Precinct: Nancy Leavitt presented the proposed budget to the Committee of \$127,125, \$17,000 for a special article. Karen Umberger asked what the special article was for and Mrs. Leavitt responded a rescue boat. There being no further discussion, Chairman Stacey closed the public hearing.

East Conway Fire Precinct: Michael Valladares presented the proposed budget to the Committee of \$40,600. Russ Seybold thanked Mr. Valladares for supplying the new numbers; however, he was confused by 9/04 - 9/05 and 1/05 to 9/05, and asked for an explanation. Mr. Valladares stated that they needed to follow with everyone else. It is a transition stage. It doesn't go by year end on this. Russ further asked if the books for 2005 have been closed and Mr. Valladares stated "yes". Russ further asked if the Budget Committee could get a fiscal year report once the books are closed and Mr. Valladares stated "yes", but not for awhile. Russ asked that Mr. Valladares get the figures to the Committee as soon as he could. There being no further discussion, Chairman Stacey closed the public hearing.

Redstone Fire Precinct: David Pandora presented the proposed budget to the Committee of \$42,000. There being no discussion, Chairman Stacey closed the public hearing.

The public hearing on the precincts was adjourned at 6:10 PM.

Town of Conway: Chairman Stacey opened the public hearing at 6:30 PM. Earl Sires presented the proposed budget to the Committee. Mr. Sires gave handouts with an explanation about changes in the budget. He gave a brief description of what is happening in each department and stated that there is a Summary on Page 10 and detailed budget together with

the Default Budget calculation, how approached and predicted tax rate. Many of the Warrant Articles have been approved by the Selectmen; some have not. Basically the bottom line is \$8,709,232, increase of \$229,000 or 2.7%. Default Budget approved is \$8,583,373, which is \$126,000 less than proposed. Recreation Department included adding two summer counselors. This year there were increases in fuel and materials. Increases balanced by some decreases in the budget having to do with the Capital Reserve Funds. Revolving funds new this year, allowed by State law; these funds can be set up for services operating on specific functions. This year these funds removed from the Operating Budget. Took Capital Reserve Fund and set up for land fill expansion, aggressive recycling has extended the life of the landfill by about 15 years. We can reduce that fund by \$40,000. Employee benefits up 7.2%; fire budget up \$33,000 based on existing contract; ambulance increase of \$16,000 based on present contract; Solid Waste increase due to labor, fuel and materials; Library has a \$29,000 increase; a 2.7% budget increase. Removed about \$250,000 from the budget which offsets other increases.

Ted Sares asked about the Conservation Committee increase. Chairman Stacey stated \$21,850. Mr. Sares requested an explanation of the increase. Chairman Stacey stated that the Conservation Committee had been living off cash reserves. Earl Sires stated funds were used to close out the account; amount budgeted about \$16,000, actual expenses within \$25.00. Mr. Sares stated budgeted \$16,000 and spent \$14,000. Last year you took a hard line with them, why the change? Russ Seybold stated they came in and gave a good explanation for amount requested. He felt it was a good presentation. Mr. Sares stated he needed to know numbers. Mr. Sares stated he was somewhat surprised; took such a hit one year and next year don't, surprising.

Mr. Sares stated he noticed the Committee hasn't voted yet. Chairman Stacey stated that only the Selectmen have voted. Randy Davison stated last year he looked at hard figures. The presentation was excellent. The Conservation Committee actually requested \$29,950.00. We didn't go with that. When presented, their numbers were together. They budgeted \$16,262, spent \$14,835. Mr. Sares stated that if they spent \$14,000, asked for \$29,000 because there was that capital reserve of \$15,000. Earl Sires stated there wasn't a Capital Reserve Fund, it was basically a savings account. In 2005 complied with request and are now back at being like other departments. Mr. Sares stated they requested \$29,000, getting \$21,850, something doesn't sound right. Rick Paquette stated that the Budget Committee has not approved any number yet.

Mr. Sares stated he was trying to understand; 100% for entire Town Budget, all for it. Would prefer taking the person at the Transfer Station and increasing her hours rather than Conservation Committee getting more. Karen Umberger stated she just wanted to make sure everyone understood that \$1,400 is encumbered because of a project not completed and they are allowed to do that. Mr. Sares asked for an explanation of encumbrances for the voters. Karen Umberger asked Paul Pinkham to come forward and respond to Mr. Sares.

Mr. Pinkham stated they did some trail work, stabilized the trail, work needs to be done that they were unable to get accomplished, money already budgeted. They encumbered the \$1,400 and are holding the funds until Spring for seeding and stabilization. Karen Umberger stated so that everyone understands what encumbered means, anytime you have a project that is not completed in a fiscal year and have expended money for that project but not completed, the Selectmen have the authority to encumber the funds or set aside for the following year.

Carl Rosenthal asked how much the gross increase which included Warrant Articles and non-profit percentage increase in projected tax rate. Earl Sires stated projected in municipal tax rate and again, calculation is based on assumptions, predicted tax rate to be \$3.89 for 2006, current is \$3.88, essentially level. Mr. Sires stated on Warrant Articles and non-profits didn't perform that calculation. Non-profits the same or very close to last year, suspect not any more than last year.

Mr. Sares inquired about comparisons. Earl Sires stated difference this year is the establishment of the revolving funds instead of general fund separate articles. Mr. Sares stated actually saving us money. Have any Warrant Articles been integrated as line items? Chairman Stacey stated the Airport has been added. Earl Sires stated they changed from a discussion at the non-profit hearing. It is not a non-profit, Selectmen decided to put forward as a Selectmen's Article. Mr. Sares questioned that this is a Selectmen's Article and not a petitioned Article.

Randy Davison stated the Airport has been a concern historically. Concern is that if that does pass, it will become part of the Operating Budget of the Town. That is what is planned to happen if it does pass. Mr. Sares stated he wanted to play that back; 100% prefer to see as a Warrant Article and stand as a Warrant Article that is then integrated into the budget, that is a different kettle of fish. I guess if it is in the budget still spending same amount of money. Warrant Article gives you a chance to look at each year. If it goes into the budget, it is not there in perpetuity and I think we need to look at it that way. I would like to see it as a line item.

Russ Seybold stated that Earl Sires should share the background and monies requested. Mr. Sires stated that the discussion held at the non-profit hearing had to do with fact that the Eastern Slope Airport Authority is not a non-profit, but is an Authority. Could be called Eastern Slope Municipal Airport. The thought was since part of government, responsible to have as an operating article. History as I understand it from previous notes up until early 1990's airport included in the budget of the Town. Early in 1990's Town put as a separate article. I actually think there is some confusion. It is actually part of our municipal organization. If this passes, it would be incorporated into the Operating Budget for future; if not approved, the Selectmen will need to decide our future involvement. This was created by the various towns. Mr. Sares asked what the Selectmen's vote was and Chairman Stacey replied it was 5-0. Mr. Sares further asked if any Selectmen were on the Board. Karen Umberger responded

Gary Webster and Earl Sires were on the Board. Mr. Sares further stated full disclosure. I have a real problem with this. Once in budget, becomes line items, might be able to play around with numbers. Being a line item, want to see as a special Warrant Article so we can look at it every year and dissect it.

Mark Hounsell stated the Selectmen can decide to place as a Warrant Article; doesn't necessarily go into the Operating Budget. Selectmen could place into Operating Budget whether it passes or not. Clearly not a non-profit. This is a more appropriate means to get it before the people; rather than have them compete with the non-profits.

Mr. Sares asked how many non-profit now supported or how many for profit does the Town support. Mr. Sires stated we don't have disbursements without an arrangement. Mr. Sares asked if there was anything else that would be named like that. Karen Umberger stated the ambulance service. Karen further stated the money that is going towards the Airport is \$12,000. The Airport Board uses this money to obtain federal grants. 5% from local community, 95% from federal government. This is for the operation of Eastern Slope Airport. There is no benefit at all that goes to the operators of the Airport; their money comes from fees they charge. Mr. Sares stated he disagreed with this.

Randy Davison stated he has concern over this Article. If it becomes part of the budget, difficult getting it to go away. Need to keep budget under control, it is our position to show where funding can be eliminated. The Budget Committee shouldn't be scrutinized for doing a great job.

Russ Seybold wanted to return back to the Airport Article. There are other towns that did support: Bartlett, Brownfield, Chatham, Denmark, Eaton, Jackson, Lovell. Some did not support; however, funds were leveraged to reinforce ability to leverage funds from towns to improve. Spent last year in support, this year because I don't want to see it as line item, don't know. Don't want to see profits as line item.

Chairman Stacey proceeded to read through the proposed Operating Budget Summary and asked for any questions on proposed budget. She then proceeded to read the Warrant. On Article 5 - Collective Bargaining. Mr. Sares questioned if an agreement had come about with the Police Department and Chairman Stacey stated they did not reach one. Mr. Sares asked if the police were being paid. Chairman Stacey stated under contract from three years ago. Mr. Sares stated working without a contract, receiving benefits, haven't reached a collective bargaining agreement. Something is not right; three years is too long. Need a contract with the police, don't know what the issues are. Must be a compelling tough issue; must be money. Karen Umberger stated the voters voted down the contract two years in a row. Mr. Sares stated he hoped they are in fact finding. Chief Wagner stated for the past two years they did come to an agreement, not ratified by the town. This year there is not going to be one. Mr. Sares stated I think we need to be careful, I want to see a contract; very much pro-police.

Chairman Stacey continued to read the Warrant up to Article 17 - North Conway Community Center. Deryl Flemming, president of the North Conway Community Center stated that after discussion the amount to be requested will be \$70,000. Earl Sires stated that once a Petition has been submitted, can be amended only at Town meeting. Mark Hounsell stated if the figure is \$70,000 then what we have in front of us is a misprint. You can not change except at deliberative meeting. Chairman Stacey stated submitted as \$70,000.

Chairman Stacey proceeded to read the Warrant up to Article 23 - Mount Washington Valley Chapter - American Red Cross. Greg Garrick stated to the Committee that he wanted to give an explanation of what the National Assessment is for. National Assessment does provide on-going training, materials, fibulators; covers workers compensation and insurance for volunteers and for loss of building. Formula based on number of people in the area; our experience rating. Asked all Towns (8 of them) to donate; Conway is the largest request from the 8 towns served. Should not be confused with the National Assessment. Money we request stays in the Valley. Since January, trained 68 people in CPR and First Aid. In a few months, will be training life guards. Mr. Sares stated you become rated on a certain basis. A lot of this is predicated on the local Chapter taking calls. This is not a slam dunk. Karen Umberger stated we have not voted on the non-profits.

Mark Hounsell stated to him a lot about process initiated at and in the public hearing. I would like to clarify that the Board of Selectmen have taken no position on the non-profits at this time. No official position. Karen Umberger stated the Selectmen will hold a meeting at 5:30 PM to vote on the non-profits.

Chairman Stacey proceeded to read the Warrant up to Article 27 - White Mountain Community Health Center. Mr. Sares stated he was not in support of same; amount the same every year. That alarms me; like an entitlement which I don't believe it to be. That is a suspicious figure. Would like the history of that figure. I would like to see that come down a little bit, or going down, but to see that same number every year we need to understand the history and tract them. Randy Davison stated he appreciated Ted's participation; important to note that figure consistently comes forward. White Mountain Community Health Center was very close last year. Selectmen did not support; Budget Committee did support and it barely passed. Be aware of the facts, don't know why they voted no.

Chairman Stacey proceeded to read the Warrant to its end. Randy Davison stated that on Article 17, North Conway Community Center, he needed clarification as wording was off. Was the time frame met on that Warrant Article. Karen Umberger stated I went back and asked; filed on Monday. The did get new signatures for the \$70,000 on Monday. Earl Sires further clarified only submitted for \$70,000.00.

Randy Davison stated his concern with the Police Contract, confused with the process; negotiated, but breaking down. Maybe Commissioners can get together. Mr. Sares stated can't go on without the contract,

process in an impasse eventually can seek fact finding or seek private citizen to mediate. To go to fact finding without mediation is crazy. I would suspect that a mediator going from party to party, a decision could be made. Whatever our Police Department does, do not do what North Conway Water did to have people from out of state come in. Chief Wagner stated contract is from 2003 working off of; in 2004 and 2005 agreed to a contract and not ratified. If we were on step raises or longevity raises could advise Union not going on any further.

Russ Seybold stated on the White Mountain Community Health Center, increase of 11%. Managed level funding. Chairman Stacey advised the Committee that the Loon Preservation has been lost this year. There being no further discussion, Chairman Stacey closed the public hearing.

School: Chairman Stacey opened the public hearing at 8 PM. Deb Deschenes read a letter from the School Board to the Budget Committee acknowledging the concerns of the Committee and stating that they would be looking into them. Randy Davison stated he was not happy with this letter. Cuts should be made this year; budget up 21% this year. The School Board has a responsibility to adequately fund the programs. I believe you should have been looking at a cut; 4 teams of teachers firmly believe funding those cuts should be made now.

Dr. Carl Nelson proceeded by advising the Committee had been provided with updated numbers as asked for by Bob Drinkhall.

Dr. Nelson addressed Chairman Stacey asking if he should go through the Warrant Articles. Mr. Sares stated this is a budget hearing, not a presentation by the Superintendent. I don't want anyone making presentations, that is not what tonight is about. Chairman Stacey stated have to read the Warrant and Mr. Sares stated if it was necessary.

Dr. Nelson began reading the Warrant up to Article 2. Karen Umberger stated she would like an explanation about the \$60,000. Dr. Nelson replied we will pay that up front; sending towns by contract have already been billed. We will recoup that in 2007/08.

Dr. Nelson proceeded reading the Warrant up to Article 4. Karen Umberger stated that she did not understand; it was her understanding that the \$1.3M is what is currently in the bank. Dr. Nelson stated that is correct and will continue until June 30<sup>th</sup>. Karen asked about money earned after June 30<sup>th</sup>. Dr. Nelson stated two separate fiscal years.

On Article 5, Ted Sares asked if the Default Budget contained utilities and Dr. Nelson responded yes. Mr. Sares followed up by asking why does the Town default not contain utilities. Dr. Nelson stated the Budget Committee always places utilities in their Default Budget and it has occurred both ways. Mr. Sares stated shouldn't be placed on basis of contracts. Dr. Nelson responded they have contract with towns to maintain lights, heat; must do all things in the contract. Mr. Sares stated he disagreed with that; it is not a

contract; contract with the towns is a stretch. I would suggest when you have to pay a utility bill that is not a contract but a transaction. To say it is a contract is poppycock.

Dr. Nelson proceeded with the green sheet handed out, itemized Warrant Articles under bond article needed to add all together as one for \$2.5M bond. \$28.9M Conway responsible for; \$13.6M is generated from sending towns in the form of tuition.

Randy Davison stated from the information presented to the Budget Committee, to present a 20% budget; nothing has changed with the numbers. I can't imagine rubber stamping this as if all is well and good. I think the School Committee needs to look over with help from administration.

Dr. Nelson proceeded to read the Warrant up to Article 7. Mr. Sares asked where the AFSCME agreement was. Dr. Nelson stated that the AFSCME is at impasse; no agreement at this point. Yesterday was the last day for collective bargaining to be able to put on Warrant.

Dr. Nelson proceeded to read the Warrant to the end.

Bob Drinkhall stated \$120 per square foot; now \$131.28 per square foot. Looking to raise another \$4.5M. What is the difference. Dr. Nelson stated we provided you with a list of items passed to the Budget Committee. Bob further stated are things new items or an actual increase. Dr. Nelson stated these items are items removed from the original plans with the exception of the furniture that was in the original bond. Dr. Nelson stated the custodian contracts about \$25,000 plus benefits; now \$34,000. Bob further asked if it included all needs of the school and Dr. Nelson replied snowplowing estimate is in there; these are estimates until parking lot is constructed. Bob further asked what is the tax rate impact to Conway citizens. Dr. Nelson responded that his rough guess would be about ½ taxes.

Mr. Sares stated budget up 21%; what part of the increase reflective of discretionary funding versus not discretionary. Dr. Nelson stated two answers: we have basic fundamental Operating Budget about 5% to 10% discretionary; some items are discretionary for programs, \$270,00 to \$280,000. Mr. Sares asked how much of the increase is in that discretionary piece. Dr. Nelson stated they have two teachers in there with benefits about \$84,000; part-time position in there at \$65,000; \$3,000 for the accreditation; looking about \$93,000 and \$95,000.

Mr. Sares stated he would like to see the discretionary piece of the budget. So far High School and John Fuller request had been in favor of that. All others had to take a more concentrated look because that is where you can reduce this budget. As for fixed costs, look how you buy fuel. There is a number of ways to do it.

Mr. Sares questioned the School To Career percentage increase. Dr. Nelson stated the School To Career is about 30%. Mr. Sares stated a 30% increase; School To Career is non-profit. Dr. Nelson replied yes

it is. Mr. Sares continued to state line item got into non-profit climbing into the budget, expenditures climbing into the budget.

Randy Davison stated he would like to see the School Board repair the buildings. You have to look at comparisons, our High School is doing an incredible job. You went from 403 to 297 without a reduction in force. You can't disregard it. You have to do something about this; asking for more money each year. Up \$1,300 in Middle School; \$2,500 in Elementary School. I think it is their job to do something about this.

Mark Hounsell stated that he was standing here tonight as a citizen. He had to address what Randy Davison has said over and over. The way some are acting tonight, based on body language, this is a public hearing where the public wants to be heard. Over and over again at this public hearing, listen to Randy Davison act as if he is talking on behalf of the Budget Committee. Acting in good faith, the School Board sent a letter stating they will look at these things. Rome not built in a day. Have you ever taken an official vote. Chairman Stacey stated the Committee has not taken a vote on anything until we have heard from the public. Mr. Hounsell continued stating he would submit the School Board response has demonstrated extremely good faith and to listen that the School Board not being responsible. Russ Seybold stated he understood this is a public hearing and most have wanted to hear questions from the public. There are concerns; we all have different concerns. Mark Hounsell continued that he understood that they would be asking questions. I know I am walking a thin line and I have spoken with Mr. Davison. He has valid points. I am sure he will listen to you, but I would like to have this meeting be where the public can enjoy and be welcomed with open arms to this meeting.

Bill Aughton stated as a public forum I have listened, have heard figures are missing to the people watching. Real figures are \$400 and \$500 per house that is my concern. Mark Hounsell stated that is a valid concern, but this again is a hearing for the public to show themselves. Those that are here want to be heard. If you want to make sure no one shows make this a presentation instead of a public hearing.

Mr. Sares stated \$4.4M this time; \$4.5M; ask for \$48.5M then you add up impact on houses; what is the impact on a house. I am not comfortable supporting the school; have a problem with the budget. How can I comment when I don't know what it is. Based on Default Budget, no address of discretionary funds, I suggest vote against it.

Bob Drinkhall stated he was trying to calculate figures given tonight and his projection for a house with an assessed value at \$316,700 would be \$3,167; for 2006 up to \$3,807; by 2007 \$5,067.

Bob Drinkhall stated same increase for past 25 years; added spending of the interest bond proposed and new maintenance costs to 2007 about \$15.99 for school. Mr. Sares asked how much is all of this going to be to me as a taxpayer; \$316,700 for \$3,167 to \$5,067. Mr. Sares further asked about the \$347,00 difference.

Mark Hounsell stated to Bob Drinkhall on the projected tax rate, did you make allowances for any increase in valuation. Bob stated no, he did not. Mark Hounsell asked would it not be maybe worth the effort, might have increased valuation. Karen Umberger stated her question is dealing with cost per square foot currently is \$131.28, add any interest, add in the bond, include 2,600 square feet for band room and the cost is now \$155. Get concerned when using \$131 figure; that is only if nothing happens. Dr. Nelson stated that would be true.

Mr. Sares stated he thought that is why the tax would be from what it is now to \$5,000.

Cheryl Kovalik stated that she is speaking as a parent, while she fully respects cost per student has gone up, not comfortable making willy nilly cuts without understanding how it will effect the students and how programs will be considered. The set up now is working very well. While I understand how you look at it, would like extremely thorough and involved process.

Russ Seybold stated he was satisfied with what had been provided. I don't believe making cuts right across the board without knowing what is going on. Same situation about mechanical, uneasy with because not enough information. Mr. Sares stated Janine Bean raised a point when she determined what total expenditures went to administration, what percentage to education costs. When you have a fix on that, provide checks and balances, what percentage administration, what percentage is education that would provide whether things are being cut willy nilly. Dr. Nelson stated Conway - 38.9%; State - 42.8%; Special Education for Conway is 58.3%, State is 18%. Two areas of administration: Conway 3.6%, State is 3.7%. General Administration is principals: Conway is 4.7%, State is 5.4%.

Randy Davison stated any citizen can go on line to New Hampshire Department of Education and get the facts. Past 10 years people have been upset with facts on Elementary and Middle School. Look to your numbers, you don't wait. I look at Elementary Schools, have to reduce staff, sorry but that is the name of the game. Big numbers are at the High School. To wait is all well and good. I can take the comments, but the job contracts will be out by July 1<sup>st</sup>. We bring it to your attention. I don't rubber stamp.

Mr. Sares stated the need to dispel myth. It can be painful only to the not necessary; not fill any opening; moving someone from another department; go all the way down the line. It doesn't have to be as painful; it can be done. Not recommending it, but it can be done. All management have to do it.

Mark Hounsell stated to Randy Davison the purpose is for you to hear from the public. We all get to say our piece at this meeting. This is not the deliberative meeting. At this meeting is where the public asks the questions. No call to lecture. There is a time and place for everything, this is not the time or place.

Mr. Sares stated that his final comment was to apologize if he asked too many questions; have done a lot of it for others. I don't think you have gotten beat up. I think you were pretty calm.

There being no further discussion, Chairman Stacey closed the public hearing at 9:08 PM.

OTHER BUSINESS

**Motion by Chairman Stacey, seconded by Rick Paquette, to not vote on anything tonight; vote on the 22<sup>nd</sup>. In favor: 10 - Chairman Stacey, Phil Dighello, Randy Davison, Russ Seybold, Rick Paquette, Maureen Seavey, Karen Umberger, Bill Aughton, Carl Rosenthal and Bob Drinkhall; Opposed: 1 - Kirk Smith; Abstained: 1 - Deb Deschenes.**

**Motion made by Rick Paquette, seconded by Phil Dighello, to adjourn the meeting at 9:18 PM. Motion carried unanimously.**

Respectfully Submitted,

Iris A. Bowden, Recording Secretary