

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
May 3, 2006**

A meeting of the Municipal Budget Committee was called to order at 6:40 PM in the Meeting Room at the Conway Town Hall with the following members present: Chairperson Melissa Stacey, Phil Dighello, Randy Davison, Robert Drinkhall, Betty Boucher, Rick Paquette, Maureen Seavey, Karen Umberger, Deb Deschenes, Bill Aughton, Doug Swett, Pat Swett and Pat Libby. Also present were Earl Sires, Lucy Philbrick, Martha Cray, Jim Hill, Curtis Phinney, Bob Porter, Dave Doherty, Chief Ed Wagner, Rebecca Hill and Janine Bean.

Chairman Stacey began the meeting by welcoming the new Committee members and welcoming back the previous Committee members. The first order of business was the nominations for Chairman and Vice-Chairman.

Karen Umberger moved, seconded by Deb Deschenes, that Melissa Stacey be Chairman. Pat Swett moved that nominations cease. Motion passed unanimously. Melissa Stacey was approved as the Chairman.

Bob Drinkhall moved, seconded by Deb Deschenes, that Betty Boucher be Vice-Chairman. Motion passed unanimously. Betty Boucher was approved as the Vice-Chairman.

INSURANCE

Chairman Stacey turned the meeting over to Phil Dighello to begin the discussion on insurance. Phil stated that there were concerns about the health insurance; \$4.5 million budgeted, with the average taxpayer paying approximately \$550.00 per month. Phil further stated the concern that premiums are going up. Town about \$16,000 per year for family plan, School about \$18,000 per year for family plan. There are two ways to reduce the costs: 1) employees pay more and/or 2) change to plans that have lower costs, higher deductibles and co-pays. Phil discussed what different towns are doing throughout the state who are facing the same concerns with insurance. Plans with no deductibles tend to be over used. Phil suggested that agencies who deal with health insurance be contacted to show the different plans.

Phil Dighello asked Jim Hill if NH Trust was doing anything to change the way things are now. Jim Hill stated that they have a variety of plans available, but the Collective Bargaining Agreements had to be considered.

Earl Sires stated that they did have a training session through the Municipal Association Health Trust and that there are a number of different things that are worked on. They will come up if asked.

Jim Hill stated that a couple of years ago an Ad Hoc Committee had been formed and they set up some goals for the future - that entity had presentations by school care, health trust and Harvard Pilgrim. Jim thought process worked well.

Karen Umberger stated that the Town and School went to an HMO at 80%. Over the past two years school is up about 30%, Town is up about 18%; we are seeing a pretty drastic increase in the cost of health care. Karen thought that this was a focus because of what each homeowner is paying towards medical and dental insurance for Town, Police and School employees. Significant bite when many homeowners do not have medical insurance or if they do, they have deductibles of \$3,000, \$5,000 or whatever. Karen further stated that none of us (Budget Committee) is interested in eliminating health care, but interested in coming to grips with how to manage where it is going. Health care costs are going to double within 6 years, and that is why the Budget Committee has become concerned about the health care. That is the kind of balancing act trying to come to grip with. We all recognize the Collective Bargaining Agreements; 5 Unions have to be negotiated with. Need to focus on insurance now and plan for it now so that we can get it into the Bargaining Units and come to some sort of agreement. None of us want to get in a boxing match, but are trying to come to grips.

Pat Swett stated she was on the negotiating team for the School for a number of years. Insurance always a problem, but the time has come when you need to go into negotiations where there will be a deductible or a flat fee. Something has to be done. It is out of hand.

Jim Hill stated that a meeting had been scheduled, Carl had sent a Memo and for some reason it fell through. There is a variety of what is out there; get those people in to do a presentation. Chairman Stacey advised that the meeting fell through because of the bond issue.

Randy Davison asked if the Town and School have the same carriers; they do. Randy further asked whether the insurance had ever been put out to bid. Earl Sires stated that they had looked at self-insurance. Never done a bid out in the past. Jim Hill stated that the Town is rated as part of a group under 100 employees; School is in a group of over 100 employees.

Phil Dighello stated that most plans that have deductibles also have preventive maintenance coverage. Today, \$500.00 is not a big deductible; most going \$1,000, \$2,000 or so forth. When you have premiums for a family at \$18,000 a year and take on another \$1,000 for dental, we need to look at getting together and go from there. Cafeteria Plans are unique; employees choose each year; has everything in it. Need to start by getting people together and give us alternatives.

Dave Doherty stated that it is difficult to get anybody enthusiastic about insurance. A lot of things need to be resolved. He is not being negative, but it is going to take a lot of work from everyone.

Karen Umberger asked if the Police were in Mediation; response was "no". Rick Paquette asked why. Chief Wagner advised that this is the first year with no negotiated contract. In 2004/05, negotiated a contract that was not endorsed.

Earl Sires stated that the last time we did the process, it was a straight forward process; made recommendations. There was cooperation from all sides.

Chairman Stacey asked what if we find something that gives better coverage, but higher deductible. Earl Sires responded he was not sure. Important that all representatives from a number of bodies set some goals and focus on the goals.

Jim Hill wanted to clarify what Phil was talking about: \$18,000 a year for insurance; employees are paying 20% of that. So when rates go up 19% for District, it also goes up 19% for employees. Everybody has an equal vested interest to get the very best value that we can.

Deb Deschenes stated that as part of the negotiations the people agreed to 80/20 and to share in increases. Keep in mind, we want to attract teachers; our base pay is quite low, if you don't have a good benefit package, you can't keep the teachers. Contracts were extended in hope that we could find some ground for health insurance. This year have agreed to 80/20.

Randy Davison stated that the window of opportunity is minimal to change people's perspectives a year in advance. To get anything going takes time. A beginning teacher coming out of school needs a place to live, has living expenses with a low salary in addition to health insurance premiums. Family plans are very expensive; that should be looked at. Would like to see Kennett not used as a training ground.

Pat Swett stated in hearing Conway teachers are under paid, Administration should be asked for figures on the benefits, and you will find they are getting paid pretty well.

Chief Wagner stated he would like to make a few comments. Negotiated in good faith with the Union and, as Karen said, need to get something in return. Offered another day off and an additional holiday. Budget Committee didn't like that. Negotiated in good faith for two years; where do you want us to go?

Rebecca Hill stated that a very good point had been made in that they (School) need to look at the whole package. All of the benefits were brought in this year because it was important to look at the big picture, but at \$26,900 base salary still below state average.

Randy Davison stated when Conway went to merit pay it was good if at the top. Fryeburg starts at \$27,000 and the Governor has pushed it to \$30,000 next year. Conway is very expensive to live in.

Pat Swett stated Point of Order: need to get back to why we are here.

Karen Umberger stated she didn't think we could go into this with our heads focused on a straight and narrow line; need to look at the entire package. Health insurance has gone up, but so has dental; difference between insuring single person and family. That is all stuff that needs

to be on the table. If it is additional wages, time off or whatever, the same needs to be presented to all of the Unions. It becomes difficult when each Union has a different plan. That is where we need to focus.

Chairman Stacey stated that the problem is not going to be solved tonight. No one alone can fix it. We are all involved.

Earl Sires stated he would volunteer to go through his notes from two years ago and work to put the committee back together. **Motion by Deb Deschenes, seconded by Betty Boucher, that the Ad Hoc Committee be put back together. In favor: 12; Opposed: 1 - Rick Paquette.**

Betty Boucher asked Rick Paquette why he voted against forming a committee. Rick responded that he has talked to the taxpayers. Forming yet another committee; what has school board been doing between then and now? Why is the Budget Committee agreeing to this? Some of his friends don't have health insurance and instead of looking in the rear view mirror, we should looking out the windshield. Forming another committee is not what the taxpayer wants to hear. We need to talk about letting people go; need to control the budgets.

Karen Umberger stated she understood where Rick was coming from, but felt Budget Committee over the course of the last cycle wanted to focus on the insurance. Selectmen want to get a little bit more of a sense of where this group is coming from. Karen didn't expect this process to take but a couple of meetings with recommendations by the first of July. Should not be a long drawn out process.

Phil Dighello stated the committee of about 2 or 3 years ago did discuss issues and changes were made. It was productive to both employees and taxpayers.

Rebecca Hill stated that in negotiations, different plans have been discussed with the School Board; have told the Board they want to work on this issue.

Doug Swett stated there is a variety of people who know about insurance; Phil worked 35 years in the industry as well as others.

OTHER BUSINESS

Chairman Stacey stated review meetings needed to be set up and asked when the School will be closing the books. Jim Hill stated generally get an idea by the end of May. Chairman Stacey asked when the School Board would know. Deb Deschenes stated that probably by the first of June. Chairman Stacey asked if that was the time the School Board goes through the list and Deb Deschenes stated at least the next two meetings. Chairman Stacey stated probably the end of May we will have our review. Phil Dighello suggested that if there is any surplus, it should be returned to the taxpayer. He didn't think it should be spent. Betty Boucher stated that she was in agreement with Phil. Betty further stated she would like to see the list.

Karen Umberger stated we (Town) won't have our 6 month figures until mid-July.

Jim Hill stated that generally any surplus has been maintenance items; replacement items. There are major renovations at the Middle School. This is not going to be a wish list. Betty Boucher stated she wants to see the surplus and any list before breaking it down.

Randy Davison stated that his concern was the reconfiguration of staffing at the Middle School. Being in this field, you can transfer people into other positions and other capacities. There should be a reduction in force before September.

Karen Umberger asked whether a committee had been set up for class size. Martha Cray responded that has occurred; there have been a series of meetings.

Chairman Stacey requested that any surplus numbers be available as soon as possible. Karen Umberger stated that if we review in June, the May figures will not be ready. We will be working with the April figures. Deb Deschenes stated that the School Board will meet this coming Monday and on June 12th. She asked that the Budget Committee give the School Board until after June 12th.

Discussion followed on the materials that Earl Sires finds concerning the previous Ad Hoc Committee and having the material either e-mailed or mailed to the Budget Committee. Karen Umberger stated that the Budget Committee needed to identify the representatives from this body who are going to be on the Ad Hoc Committee, then proceed with the materials from Earl. Chairman Stacey asked how many members from the Budget Committee should be appointed to the Ad Hoc Committee. Jim Hill stated that the meetings were not a formal thing; Phil Dighello agreed that the meetings were very informal. Jim Hill stated that anyone who is interested should come to the meetings. Karen Umberger stated that the Board appointed people to the Committee and that she would like to suggest or recommend that we have two people available during the day to attend the meetings.

Motion by Bob Drinkhall, seconded by Betty Boucher, that Phil Dighello be appointed to the Ad Hoc Committee. In Favor: 12; Abstain: 1. Motion by Maureen Seavey, seconded by Deb Deschenes, that Pat Swett be appointed to the Ad Hoc Committee. In Favor: 11; Abstain: 2.

Pat Libby stated that she would like to have everyone's e-mail addresses. Karen Umberger suggested that Pat should contact Karen Hallowell and give Karen her address and e-mail. Chairman Stacey a list should be available at the next meeting.

Motion made by Deb Deschenes, seconded by Bill Aughton, to adjourn the meeting at 7:50 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary