

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
December 18, 2006**

A meeting of the Municipal Budget Committee was called to order at 6:28 PM in the Meeting Room at the Conway Town Hall with the following members present: Chairperson Melissa Stacey, Robert Drinkhall, Betty Boucher, Maureen Seavey, Pat Libby, Phil Dighello, Doug Swett, Rick Paquette, Kirk Smith, Crow Dickinson, Bill Jones, James LeFebvre, Deb Deschenes and Karen Umberger. Also present were Earl Sires, Lucy Philbrick, Mark Hounsell and Dena Libner.

Chairman Stacey advised the members of changes in the Agenda for tonight's meeting: no approval of Minutes as Karen Hallowell couldn't retrieve same from her e-mail; Minutes for the December 4th meeting will be approved on Wednesday night. On the Agenda for Wednesday night, Rec Center is to be added; John Eastman will be present to answer all questions that any member may have. Chairman Stacey reminded the members that the meeting on Wednesday night was at the Conway Library at 6:00 PM. Chairman Stacey asked the members how many wanted to obtain a copy of *Knowing The Territory* on disk: 7, hard copy: 2; and asked how many needed to obtain a copy of the *Budget Law*: 10. Chairman Stacey asked Earl Sires to relate to Karen Hallowell what was needed.

Bill Jones advised the Committee that he went to the SAU Office to pick up his book and was told that a message had been given to the Chairman that the books weren't available. Chairman Stacey stated that Carl Nelson had called her advising that the numbers were not ready. The School Board was meeting Tuesday night. Dr. Nelson advised the Chairman that if the books are ready by Christmas, they were doing good. Deb Deschenes stated that the School Board is holding up the books and that she would explain more later in the meeting.

Chairman Stacey stated that she had received no threatening phone calls about the new members and, in fact, both precincts had sent letters of approval, they are totally happy with it.

TOWN BUDGET PRESENTATION

Earl Sires stated that he would give a brief overview of the process. Town staff prepare their requested budget and submit it to the Town Manager; Town Manager comes up with a recommended budget for the Selectmen; and Selectmen work with staff to come up with a recommendation for the Budget Committee. Once there is a consensus, that single number is taken to the public hearing; then taken to Town Meeting and then on the Warrant. This year, Selectmen wanted a budget at or below the cost of living, not including health insurance. The Committee's books are organized with the first section being the Budget Narrative which is a brief synopsis of each budget and a Summary for every department showing what is being asked. The Summary shows a budget of \$8,739,187.00, about \$30,000.00 over the adopted budget for 2006, or about .3% of 1%. This is the net result of increases and decreases, significant decreases.

Increases in areas of employee benefits - \$111,000.00, based on a 13% increase in health insurance; Police - \$73,000.00, increase of 3.4%; Fire, increase of \$18,000.00. Decreases include \$188,000.00 in Debt Principal, having paid off the Landfill Closure Bond; Selectmen changed the Ambulance Contract that is up for renewal from \$203,000.00 to \$154,000.00 for the year. In addition, \$51,000.00 will be included in the Operating Budget to fund the first four months of the calendar year; rest of the funding will be approved in the Warrant. Net increase with adjustments is about 3.7%; Cost of Living is 4.1% right now. Rick Paquette stated to Earl that if he was understanding the explanation there was \$330,000.00 no longer going out. Earl responded \$188,000.00 is a debt that the Town no longer has and \$154,000.00 from the Ambulance.

Chairman Stacey asked Earl if all department heads were going to be present Wednesday night or just the ones the Committee had questions for. Earl replied that it was up to the Committee. Earl felt that he and Lucy Philbrick should be able to answer any questions. Karen Umberger stated that if nobody has a specific question, she didn't see the need to have that person come in. Karen further stated that between Earl, Lucy and herself, they could answer any questions.

Earl began by stating Executive was up 2.2% due to employee compensation for materials and supplies and that type of stuff.

Election and Registration decreased by 6.3% due to having only one election this coming year.

Lucy's department (Finance) increased by 2.5% which is basically staff costs and the information technology line. The information technology line is based on maintenance contracts replacing computers every year. Chairman Stacey asked the status of the software to link up with DMV for Rhoda. Lucy Philbrick stated that the software is purchased, but training not yet scheduled. Karen Umberger stated that Rhoda had told her the training was scheduled for early January, wanted to wait until the new year to actually start the new process. Rick Paquette asked how many total computers. Earl replied 20; 3 to 4 year life cycle is pushing it for the computers. Bill Jones asked about the leadership training. Earl replied Lucy was enrolled in leadership class, 12 classes over 2 years, covers management to ethics, internal control, training. Karen Umberger stated that one of Earl's goals for this year was to increase the training that staff gets; to improve the quality of staff members. Betty Boucher stated that she hoped the software would be in place first. People have been stopped for their vehicle not being registered when it had been registered.

Earl proceeded with Assessing having an increase of 5.2% due to staff costs, mapping and software lines.

Legal was talked about earlier; last year budgeted \$35,000.00. It was discussed about not always using the total amount. A number of things happened this year, now at \$56,000.00; prediction is that some of this is going to be adjusted out for funds coming from Home Depot for the round-about project and the North-South Road project. Budget will probably be

between \$45,000.00 and \$50,000.00; asking for \$50,000.00 for the coming year. There were a number of land use cases where Planning Board or Board of Adjustment made a decision and it was challenged by someone in the community. There are costs to defend these cases, but the Town hasn't lost one of these cases. The Town Attorney recommends between \$10,000.00 to \$15,000.00 for these cases.

Earl continued with Employee Benefits increasing 19%. Town, School and Community reviewed health insurance several years ago and came up with the recommendation to move everybody to the same plan. For a variety of reasons, the Town is staying with the pool of municipalities in the state. Earl stated that Phil Dighello had brought alternate plans to the insurance meeting. Earl thought that there was a meeting of the Insurance Committee on 12/19 at 11:00 AM, but was advised by Phil that he was not aware of a meeting. Earl then advised that the Insurance Committee would be meeting again soon. Phil stated that he did have a breakdown which he would send to the members. Phil did both Town and School as a \$500.00 annual deductible with a small co-pay which would save about \$123,000.00 in premiums per year: Taxpayer \$100,000 and employees \$23,000. If the Town combined with the School, there would be a savings of \$557,000.00 just by going to a \$500 deductible; \$450,000.00 taxpayer savings. James LeFebvre asked what the premium for a husband and wife would be and Phil responded the premium would be \$1,800.00 less; would save \$1,400.00, employee \$350.00; surgery was covered 100%; \$15.00 co-pay instead of \$5.00. Phil further stated that in his opinion the insurance company was getting rich. Crow Dickinson suggested that Phil contact Dave Sorenson, County Commissioner as he has negotiated insurance. Bill Jones asked if the 13% was fixed and Earl stated no, cost of premium increased by 13%. Bill further asked what the other 6% increase was. Earl stated increases in retirement, unemployment and social security; retirement up by 20%. There are apparently significant issues with the State Retirement people; increasing our share from 6.8% to 9.6%. James LeFebvre asked if there was any projection over the next several years on the retirement funding. Earl responded that he didn't think there was any way to know ahead of time; the retirement is basically under-funded. Betty Boucher asked Earl for more information on the cost of living increase. Earl responded that the Selectmen had set a goal for themselves to budget at or below the cost of living, not including health insurance. 4.1% is the cost of living increase. Betty further asked if cost of living is 4.1%, why did Social Security only give a 3.3% increase. Karen Umberger responded that the 4.1% cost of living is the New England CPI. Pat Libby questioned the non-union, merit pay increase. Lucy Philbrick responded that the \$4,042.00 was adjustments for merit raises people received during the year and that the money had already been taken out.

In Planning & Zoning, Earl stated there was a 3.8% increase due to staff compensation and some minor adjustments. Earl noted that the salary level for the Project Manager includes over-time money as well, not just salary.

Government Buildings increased 5% due to fuel and utility costs. Looking at the last few years, hard to predict.

Cemeteries going steady at \$1.00, just in case some work needs to be done.

Insurance is basically level.

As for the Police Department, that will be presented Wednesday night.

Ambulance has taken a lot of time and effort. Selectmen recommend a decrease in funding to \$154,000.00 based on \$77,000.00 to each of the two ambulance providers. In Fire and Rescue, a good amount of time was spent. Contract agreement with North Conway Water precinct and Conway Village Fire District to provide service to all areas of the Town not covered by a precinct. Selectmen will probably deal with this Contract on January 9th. This could change with the non-precinct Emergency Management services.

Inspections are up by 8% basically due to salaries and minor increases in other areas. Betty Boucher asked about the request for \$15,000.00 for an Assistant Building Inspector, but nothing budgeted. Earl stated that David Pandora requested the \$15,000.00 if it is mandated and when one may be needed. This could be handled on a contract basis by passing to the project owner. Betty further asked that in 2005, Inspection Books was actually \$1,414.00; budgeted in 2006 \$600.00 and spent nothing; for 2007 back up to \$1,600.00. Lucy Philbrick responded that the National Fire Protection Association Book on disk comes out every other year; not this year, but next year. Phil Dighello stated Inspection Receptionist for 2006 was \$9,374.00 revised for 2007 shows a 19% increase, are benefits included. Earl responded in part it is; did hire a new person, but in order to get somebody we had to pay at a higher rate.

Highway increased by 1.9% due primarily to labor cost and minor material costs. Paul will be here on Wednesday to give more detail. Fuel is a tough one to determine. We decided to do what we have always done. With no significant storms for November and December budget will come in considerably under.

In Solid Waste, 3.9% increase due to wages and some other things that effects this budget. Solid Waste carries all of the expenses of employees in that budget; health insurance portion effects this budget. Bob Drinkhall stated the Solid Waste Administration was up 8%, was this due to a raise or a new person. Earl responded \$45,500.00 to \$49,000.00; we carry one-half of all Public Works Department and front desk staff person that does a lot of their administrative work. Betty Boucher asked whether drug testing was being done. Lucy Philbrick replied random testing; they tell us who. Betty asked what was actually spent and Lucy replied nothing was spent. Betty further questioned the Solid Waste District Expenses and Lucy stated nothing was spent. Betty questioned the Solid Waste Equipment Lease and Lucy stated nothing was spent. Betty further stated that she had been approached by several people, including employees that are concerned about the waste being left on the side of the road; getting more debris on the side of the road; where is the Town going with that. Earl responded that no one had contacted the Town about trash on the side of the road. Trucks come in uncovered to the landfill; things blow out of

the back; any number of reasons out there. Earl stated that the Town was looking at electronics needing to be recycled and not being in the landfill; getting ready to institute a fee for electronics; trying to become more fee based and take what we can from the landfill. By doing this, the life of the landfill will be extended. Karen Umberger stated that at the Selectmen's next public hearing on the 9th, 12th or 16th they are going to be talking about the fees on electronics. Selectmen had a public hearing on this and nobody came other than those on the Solid Waste District Committee. Anyone with comments about what is going to be charged, they should talk to the Selectmen. Bill Jones asked what equipment did the Solid Waste Department have. Earl replied heavy equipment, computer, loader, skid, scale. Bill questioned the Special Waste going from \$70,000.00 to \$10,000.00. Earl replied that last year a revolving fund was created. Special Waste is construction waste charged to contractors and the Town pays to have it taken away. James LeFebvre asked about the legal budget, why only \$1,000.00 for this and not rolled into over-all budget. Earl responded that it probably should be left in there because it is a district of Albany, Conway and Eaton. Rick Paquette stated whenever he hears fees, he worries about the poor in the community. When we go to fee based and Grandma has an old television to get rid of, they may chuck it somewhere else. Karen Umberger stated that fees on electronics is staff recommended; fees have not been raised since initiated 4 or 5 years ago. Karen further stated that she was sure if someone spoke to Earl or staff something could be worked out and Earl agreed. Betty Boucher stated if we are a property owner already paying taxes for dumping, why charge fees; isn't that double dipping. Earl responded there is a cost to run the landfill and it needs to be funded somehow; disposable trash is funded by taxes.

Health is up by \$265.00 mainly due to a new agreement with the Kennel. Town is now working with Conway Humane, not Hussey's. Karen Umberger stated that the Town took in more than it paid out in kennel fees.

In Welfare, Earl stated there was a decrease of 7%, from \$30,000.00 to \$25,000.00, based on what has been experienced the past few years. By law, the Town is mandated to provide assistance if they meet the financial needs test. It doesn't mean someone is not in need if they don't meet the test, have had donations from Rotary for those in the gray area; cooperating with Vaughn Center and other non-profits; check to find other agencies that can help. Betty Boucher questioned "help with housing, medical, residents and non-residents alike". Are we duplicating with non-profits helping with medical needs? Why are we helping with that and assisting non-residents? Earl stated by state law the Town has to help non-residents. If someone shows up, the Town must help. There are times other towns are not able or willing to fulfill their responsibility. Bill Jones asked about repayment; are records kept. Earl responded the Town does keep records and occasionally people will come and pay back. Town can place liens if they have property, most don't. There was one case when the property sold, we collected the liens. Bill further asked if the Welfare Officer was tracking these people; some people get accustomed to a freebie life. Earl responded the Town was not tracking people. When you have a full-time person being around awhile, they know who has received assistance, so you don't get repeaters.

Chairman Stacey requested a clarification on Reimbursements of \$2,700.00 more than last year and Earl stated he would get a tally on that.

In Parks and Recreation, Earl stated that Paul would be available Wednesday night to discuss the increase. There is an increase largely because of the increase in summer counselors. The risk management insurer said the Town had to have a ratio of 1 to 7 for numbers in the 60 to 70 range; actual range was 80 to 90 kids. Need 4 more counselors included in the budget because of that program and other expanded programs. Parks and Recreation asked for additional administrative time. Basically, the Selectmen forwarded the Budget as presented to increase to 4 summer counselors. Chairman Stacey advised Earl that the Committee had the numbers; she had asked John (Eastman) to provide the information. James LeFebvre asked about summer program fees. Karen Umberger stated the Selectmen made a decision not to charge fees. James LeFebvre asked what the rationale was as to why and Karen responded that the rationale behind the decision was the Selectmen didn't feel it was appropriate to charge fees for about the same reason as Rick Paquette's on fees. James stated because of the poorer members of the community. Chairman Stacey stated could charge fees and scholarship the poorer members. Karen stated the scholarship money was provided by Friends of Recreation, not the Town. The Selectmen felt overall it was not appropriate to charge a fee for the Town recreation program on a regular basis where specific talents are not required. There are fees charged when children go to StoryLand, Whales Tale, Clarke's. Chairman Stacey stated there is a trip for kids ages 6 to 9 and a trip for kids ages 10 to 12 each week. James stated those fees are paid by the respective parent and Chairman agreed. Earl stated John will go over his budget on Wednesday. Betty Boucher wanted to know if all of the Selectmen voted not to charge fees and Karen stated that the Selectmen vote was 3 to 2. Karen further stated that she didn't happen to be in the majority, but that was how the Selectmen voted. Betty wanted to know how the other Selectmen felt. Mark Hounsell stated that the position he had was stated in the process. He thought that was appropriate discussion at the Selectmen's level. Once the vote was taken, no one Selectman has any other position than what the Board, as a single entity, has decided. He reserves the right as a citizen, not to state what he is going to do in the confines of a voting booth. He fully supported the Selectmen's recommendation. Rick Paquette asked if he was interpreting that the Selectmen are not accountable. Mark responded that if he gave that impression than he was sorry; discussions are very open. He has given his recommendation to this Committee; waiting for this Committee to make a recommendation at this point. Betty asked if the Minutes were typed up yet for that meeting and when they were available, she would like a copy. Bill Jones stated Point of Order. Rick Paquette asked if the Minutes would be available before Wednesday. Chairman Stacey stated she would check tomorrow morning.

Library had an increase of 8% due to proposed changes in staffing.

Patriotic Purposes increase is for the fireworks. Chairman Stacey asked if Patriotic Purposes would be combined with Parks and Recreation and Earl replied it could be combined, but have been carrying separate; hadn't planned to move it.

Conservation Committee has a decrease of 18.5%. Chairman Stacey asked about money in reserve. Earl replied there must be about \$80,000.00 to \$90,000.00, but will let the Committee know at the next meeting. James LeFebvre asked what the acquisition account was for. Earl replied by statute, monies for Land Use.

Earl moved on to Debt Principal which decreases by 26% because the Landfill Bond is paid off. Earl stated there were still various bonds still outstanding. Garage will be paid in 2008; Police Station/Courthouse will be paid in 2009; will start seeing decreases in that amount.

Capital Reserve Funds are accounts with monies placed in each year for future expenses and year to year. Landfill Closure - that is state mandated; Landfill Expansion - reserve fund for future expansion of landfill, reduced by \$45,000 last year; Highway Equipment - this is equipment replacement for the Solid Waste and Public Works vehicles; Building Reserve Funds funded each year by a Warrant article. Chairman Stacey asked how many completed on time and Earl replied this is an updated sheet.

Earl ended the presentation by stating that the total proposed Operating Budget is \$8,739,187.00. Chairman Stacey asked if there were any further questions, comments or concerns for Earl. Chairman Stacey asked Earl when Valley Vision would be coming in and Earl replied that it is still to come to the front burner.

Chairman Stacey reminded everyone that the next meeting was on Wednesday at 6:00 PM at the Conway Library.

Maureen Seavey stated that in the Recreation Department she would like to know how many hours for the Administrative Assistant. Karen Umberger stated presently at 32 weeks/20 hours; asking for 24 hours at 52 weeks. Maureen thought that was just for the summer season. Bill Jones stated that particular items should be asked when John is present. If there is going to be an increase, he wants to know why and from what. Maureen asked how much was spent last year and Karen advised all of it; 32 weeks paid from last year. Maureen further stated that she would like to know the total wages and asked Chairman Stacey to give the question to John (Eastman).

Crow Dickinson asked when the Committee can expect a new list of members and the Chairman advised that Karen Hallowell was on vacation last week and that she would get it out as soon as she could.

Deb Deschenes stated she knew it was requested that the school books be available today. They (School Board) are looking at a different budget now, a program-based budget. They had the Administrators break out what is mandated. School Board went through, but not ready to vote. Deb apologized for the books not being ready. The numbers would be inaccurate. Recommended changes, if all pass excluding specials, 7.49% increase as it stands right now. Bill Jones stated that in prior years this Committee gets bombarded; they don't have enough time to review

properly; would appreciate an effort by the School Board; \$.69 of his dollar goes to the school. Bill was anxious to get his hands on the budget. Deb replied that she understands the concern, but this budget is different; whole new operating cost. Chairman Stacey stated it was already specified to Carl Nelson to have the Principals present again. Deb stated she knew the Committee must have the budget, but it is a big budget. Bill stated he appreciated Deb's comments, but had serious concerns with the budget and opening the new school and would appreciate the effort. Phil Dighello asked, in ballpark figures, with the new High School, how it changed the budget. Deb replied in the bond; about \$2.3 million; trying to get down to a more realistic figure.

At this point in time, Kirk Smith left the meeting.

Chairman Stacey asked for a rough estimate. Deb replied she couldn't tell; the vote could occur tomorrow night if all goes well; expect about 7.49% increase and that would be about an \$18.00 tax rate increase or about a 1.65% increase.

Chairman Stacey stated the meeting on January 3rd is for the School which is less than week before we get the books. Deb replied she was sure the books would come out as soon as possible. Karen Umberger stated that she assumed that whatever happens Tuesday night Deb will bring an update to the meeting on Wednesday. Deb stated she might have a better idea after tomorrow's meeting. Betty Boucher stated to Deb that she had nothing against her, but every year this Committee hears "not ready". This Committee has the right to recommend when they want the books by. Betty further stated she has been on this Board for 15-1/2 years and every year the School does this. Betty suggested that maybe the School budget committee start earlier in order to get the books to this Committee. Deb stated the School year ends on June 30th and maybe it is unrealistic after 15 years. Crow Dickinson stated if your year ends June 30th, we are talking 5 months, that is a long time. Chairman Stacey advised the Committee members that Deb is not the one at fault here; there are 7 meetings before the public hearing. Deb stated there is a lot of budget and the School Board is going as quickly as possible to put forward the most accurate budget.

Chairman Stacey stated March 5th and 7th are the deliberative portion; Town first; public hearing on February 14th at 6:00 PM at Conway Elementary. Chairman proceeded with non-profits on February 3rd at 9:00 AM at Town Hall. Bill Jones asked if there was a written schedule from the last meeting and Chairman Stacey stated she will have Karen prepare one as soon as Karen gets a chance.

Bill Jones moved, seconded by Phil Dighello, to adjourn the meeting at 8:28 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary