

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
January 3, 2007**

A meeting of the Municipal Budget Committee was called to order at 6:30 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, Crow Dickinson, Bill Jones, James LeFebvre, Deb Deschenes, Karen Umberger and Etienne Vallee. Also present were Dr. Carl Nelson, Jim Hill, Pat Swett, Randy Davison, Lloyd Jones, Becky Jefferson, Mike DiGregario, Martha Cray and Betty Loynd.

Chairman Stacey welcomed the Committee members back, wished all a Happy New Year and stated there were a couple of housekeeping items that needed to be taken care of before turning the meeting to the School Budget Presentation. Chairman Stacey passed out the Agenda for the meeting, a new phone tree of all Committee members, the Minutes for the December 18, 2006 meeting, the Minutes for the December 20, 2006 meeting and *The Basic Law of Budgeting*. Chairman Stacey advised that obviously there would be no voting on the Minutes tonight.

Motion by Bill Jones, seconded by Betty Boucher, to accept the resignation of Charlotte Waterman. Motion carried unanimously. Chairman Stacey advised that she had received a letter of resignation from Charlotte Waterman and proceeded to read same to the Committee members. Bill requested that a letter of appreciation for service be sent to Charlotte and Chairman Stacey stated that she would see that it was taken care of.

Motion by Bill Jones, seconded by Betty Boucher, that James LeFebvre be appointed to replace Charlotte Waterman. Motion carried unanimously. Chairman Stacey asked for any suggestions for filling the vacancy. She further stated that her thought was since Jim was not a resident of Redstone, move Jim into Charlotte's seat, no back lash; whereas Crow lives in Center Conway. She had concerns on searching for a new member since the season had already started. Karen Umberger asked if a letter would be sent to Redstone. Chairman Stacey stated she would most likely talk with David directly. Karen asked about Joe Marada and Chairman Stacey responded that she hadn't been able to get in touch with Mike Valladares.

Chairman Stacey advised tonight was the overview presentation; next Wednesday was going to be Elementary; Wednesday after Middle School, High School and Technical Center; last will be Maintenance.

SCHOOL BUDGET PRESENTATION

Bill Jones asked if the principals were going to defend their budgets and Dr. Nelson replied he would have principals present. Pat Libby asked if

all meetings were at the Town Hall and Chairman Stacey stated all but one, the 24th is ZBA night, that meeting will probably be at the Library. Bob Drinkhall asked if the schedule would be printed out and Chairman Stacey stated it would be. Karen Umberger asked if having the Middle School, the High School and the Technical Center in one night was too much. Betty Boucher stated that since the Middle School and the High School have split, something might have to be moved. Karen stated she just didn't want the Career/Technical guy to have to wait, may be he should go first. Chairman Stacey agreed that Neil could go first and if we have to move to next Wednesday to continue, we will.

Dr. Nelson stated that there is the 31st also. Chairman Stacey stated that every Wednesday this month is the School, do have some time. Karen Umberger stated some Mondays were available. Chairman Stacey stated she was not foreseeing the Town taking up all their nights. If we have to, we can probably go to a Monday.

Dr. Nelson began by stating Happy New Year to everyone. He also advised there was going to be a tour on the 26th of January at 2 PM and all members were welcome to participate. If unable to make this one, there will be others. Rick Paquette asked where to meet and Dr. Nelson advised right at the construction site.

Dr. Nelson stated this year's budget was similar to what was done last year. He further advised he did get a series of questions from Karen Umberger this morning, but haven't completed. It is helpful to e-mail or fax questions in advance. He will answer the general questions and get back with the rest next week; specific topics will be answered by the principals.

Dr. Nelson started off by asking the members to turn to Tab A in the book. This year is a program based budget; assumed basic fundamental budget, our starting point was the State Standards and local policies. Anything beyond that the principals had to defend enhancements. The first page is a summary of the total budget by units. See ups and downs; for instance, Unit 2 went down 24% or \$370,000.00; Unit 3 up by 14% or \$1 million; Middle School has its increases. Bottom line is \$30 million, 7.4% increase in budget. Grants are on the last page of the book so you can have the breakdown in your mind. The next page is a breakdown of bond payments. Conway's share \$787,000.00 out of \$1,995,000.00. The rest is from revenue from the sending towns. The third page is a summary of what the School Board went through; items that were cut and what the Board did, \$358,000.00 removed by the Board.

Dr. Nelson requested the members turn to Tab G in the book. The right-hand side is estimated revenue. Tuition line actually broken out into Elementary, Middle School and High School and bond payments. There is also a Maintenance Trust Fund. From tuition, every district has to contribute; \$54,000.00 will be a starting point. Karen Umberger asked for an explanation on how they came up with that number. Dr. Nelson replied 3% of the proposed construction costs divided by 20 years; that is going to change every year; right now estimating at highest point. Karen questioned if construction costs were lower than estimated what then? Dr.

Nelson stated this is an estimate at this point in time; we will correct, adjust it out.

Crow Dickinson asked about the District Assessment and Dr. Nelson replied the actual assessment \$10,700,000.00 State tax is \$3.3 million paid to the State of New Hampshire; \$2.4 million is an estimate since the Department of Education hasn't determined it yet, that could go up or could go down. Crow further stated if it was the State of New Hampshire statewide property tax, this doesn't leave town; never leaves town, like a voodoo tax. Dr. Nelson stated it has to be accounted for that way. Becky Jefferson stated the DRA has it reported that way.

Betty Boucher stated on Unencumbered Funds expended more than took in. Dr. Nelson replied they anticipated Unencumbered Revenues, didn't anticipate money not spent in this year's budget. Not including any Warrant Articles, bottom line will be a \$.16 increase in the tax rate or 1.48% increase in the tax rate without Warrant Articles.

Dr. Nelson stated that they needed help with the next item - default budget, Tab C. Last year Conway passed that the Budget Committee will set the default budget. Bill Jones stated last year's budget plus mandated increases and Dr. Nelson replied minus one-time expenses. Phil Dighello stated that last year the Town submitted a default budget; Committee checked over, discussed and it prevailed. Bob Drinkhall stated if we look at a default budget, how is maintenance of the new school handled. Dr. Nelson stated they have estimated the cost of maintenance. Default budget will include all contract obligations. Crow Dickinson stated the he agreed with Phil to have Dr. Nelson submit a draft to look at. Bill Jones asked if the Committee would have the draft by the 17th and Dr. Nelson replied he would make sure the Committee had it in time.

Dr. Nelson proceeded with Warrant Articles at Tab B. Article 3 is to create the Maintenance Trust Fund for the High School. Article 4 is to set up the Maintenance Trust Fund for the Middle School. Article 5 is to set up the Maintenance Trust Fund for the Elementary schools. Chairman Stacey questioned if it included the \$60,000.00 that floats and Dr. Nelson stated "no".

Dr. Nelson proceeded with Article 6 - CES. There is a tentative agreement for a 2 year contract. Deb Deschenes stated it was a one year contract and Dr. Nelson stated Deb was right.

Dr. Nelson proceed with Article 7 - CEA is for 2 years. The School Board will be acting on that Monday night and will be able to bring it in next week. James LeFebvre asked if it was a 2 year contract and Dr. Nelson replied "yes".

Dr. Nelson proceeded with Article 8 - ASCME Contract. Operating on previous contract, not through with negotiations at this time. Warrant Article 9 is to maintain the Expendable General Trust to complete the roof replacement at Pine Tree. Chairman Stacey stated that the school has been completed in sections over the last few years.

Betty Boucher questioned Article 10, bus replacement. Jim Hill stated that the green bus is a maintenance bus, that will be sold and the oldest handicapped bus will become green and the new bus will be put in the regular fleet.

Betty Boucher questioned Article 11, maintenance van. Jim Hill stated the van would replace the blue van. Bill Jones asked what was done with the maintenance van. Jim replied everything; they hold tables from one facility to another, move boxes for all kinds of stuff and distribute cleaning supplies.

Dr. Nelson proceeded with Article 12 - no dollars on that yet, the School Board reviewing on Monday night. Article 13 was for a security system and upgrades for Pine Tree and John Fuller to bring both places up with Conway Elementary; i.e. electronic swipe cards to reduce traffic. Betty Boucher stated she thought that had already been done and Dr. Nelson replied it was defeated last year.

Dr. Nelson proceeded with Article 14 and that the SAU Board was going to move its offices to the Kennett Middle School. Karen Umberger asked if there was \$550,000.00 in the bank and Becky Jefferson stated there was actually \$520,000.00. Karen further asked about raising more than what they have and Dr. Nelson replied it will be offset by revenue. Becky Jefferson stated the offset will be \$550,000.00 with the net result being zero.

Bill Jones stated on the security system if both had to be done. Jim Hill replied last year had Warrant Article for security and phone combined. This year phone and security stand alone. Mike DiGregario stated he had no interest to wait two more years; felt it was important for security of the kids. Bill stated can only afford what we can afford; there may be a better system in a few years. Mike responded he didn't think about that. Chairman Stacey stated she had a concern paying for security when doors are propped open by janitors. Jim stated he wanted to point out that right now CES has it, the Middle School has it, the new High School will have it but more enhanced. Every school will have this system if this passes.

Doug Swett asked where the portable was and Dr. Nelson replied in the SAU budget. Doug further asked about the contracts and Dr. Nelson stated he would defer any questions until next time; can answer more clearly then.

Bill Jones asked Jim Hill how the new High School was more enhanced. Jim stated the High School will have some security cameras.

Bob Drinkhall stated in Article 14, on the \$550,000.00 would Conway get the 40%. Dr. Nelson stated no, it is split.

Dr. Nelson proceeded with Article 15 - Expendable Trust Fund (Tuition Trust Fund). Karen Umberger stated she thought that had already been done. Dr. Nelson stated that was expending it; this is creating it. Now we need to put the money in. Karen further stated she had no clue what this Article was talking about. Dr. Nelson stated they had a much more

extensive writing and the DRA wanted it skimmed down; was much more extensive, asked to shorten it. Etienne Vallee asked about Conway's share and Dr. Nelson replied all of it. Crow Dickinson stated he agreed with Karen, make more explicit. If that is the wording on the Warrant, no one will vote for it. Crow asked if at this point could it be changed. Dr. Nelson replied Article sent to DRA, they say would like you to change this and change that. Dr. Nelson asked for any suggestions. Karen suggested the possibility of adding "No impact on taxes". Rick Paquette suggested "stabilize taxes". Bill Jones stated "No impact on the taxes." Dr. Nelson stated he would take another run at it; run it by the Budget Committee and DRA.

Crow Dickinson asked if we need to use "raise and appropriate" and Dr. Nelson stated yes. Crow asked why set up as a Trust Fund, don't know about that.

Doug Swett asked the difference in special and separate. Dr. Nelson replied special is a one year deal; separate can go into budget.

Crow Dickinson asked on Article 7, that it was for two years and Dr. Nelson stated that is a contractual agreement. Chairman Stacey stated when the contracts are not signed, Carl can't discuss them. Hold your questions until next week when the contract is signed and approved by the School Board. Until then, he can't do it. Those are our laws.

Chairman Stacey stated to Crow Dickinson to answer your questions, RSA 32:3 reads: "Appropriate means to set apart from the public revenue of a municipality a certain sum of money for a specified purpose and to authorize the expenditure of that sum for that purpose."

Rick Paquette asked if anything was cleaned. Dr. Nelson stated pay for custodian uniforms; sent weekly. Jim Hill stated blue shirt and pants. Bill Jones asked how many sets and Jim stated 11 sets per person: 1 on back, 5 on hangars and 5 at Laundromat. Bill further asked if there were any other allowances and Jim stated bus drivers get a clothing allowance of \$125.00 a year; footwear allowance of \$125.00 per year. Betty Boucher asked if the funds for the cleaning of the uniforms were given to the wives and Jim stated uniforms are actually rented not owned by School District and no money is given to somebody's relative. Bill asked if it was every week all year and Jim replied year-round employees. Bill questioned the allowance for the bus drivers and Jim advised that is the total for the year.

Randy Davison stated he was big on watching enrollment and wanted to bring enrollment to the Committee's attention. Enrollment is almost right on; projected 1,016 for 06, actually 930 for a loss of 86 kids. 958 students projected and that is right where it should be. Rick Paquette stated in 2007 number going from 930 to 958, an increase of 28 students. Randy stated last year projected 1,016, actually 930. Rick questioned the teacher increase. Dr. Nelson stated total staff: 347, last year 322, that would include 6 teachers additional, 10 teacher aides additional, 1 administrative assistant, 6 custodians and 2 additional maintenance people. Rick stated 6 teachers at High School overall and Dr. Nelson

stated overall number. Rick further stated increasing teachers at the High School somewhere over 5 with only 28 extra students at High School; he didn't understand how that works. Dr. Nelson stated that was a good question to ask Jack on the 17th, alot has to do with class size, School Board looked at not exceeding 25. Rick further stated increasing represents a big dollars figure; \$50,000 with benefits and salary with a good portion in the High School; understand extra custodians certainly; adding 5.5 teachers, 5+ aides and basically same number of kids is a big increase in one year and is astounding. Dr. Nelson stated Jack will advise you. Phil Dighello stated it was close to adding about 19 positions in the High School and Dr. Nelson stated Jack should be asked that. Rick asked how does an increase of 28 students require 19 more staff members. Dr. Nelson stated staff members when you have teacher aides for specific purposes, most connected with IEP Program have a child with a particular need; one was a Librarian to stay in compliance with State; 5 teaching members are needed in order to follow the Guidelines for no more than 25 in the classroom. Randy Davison stated he was in support of the High School, the High School has been under-funded for the last 10 to 15 years for what is paid for each student. He felt and still feels the Middle School was and is over-staffed and there should have been transfers because of class size. High School is under-staffed, pay \$4,000 over state average. Randy further stated he thought it was because of space; could look at other avenues. Bill Jones stated if it is 25, split into two and Dr. Nelson stated 25 accepted, 26 split.

James LeFebvre requested a clarification of Guidelines and Mandates.

Phil Dighello stated he agreed with Randy on the Middle School; looking at number of students of 299 with 35 teachers, divide and you have an 8.7 teacher to student ratio. Dr. Nelson stated there was a considerable amount of time spent talking about it; decision was to currently leave in place as is. Kevin will talk to you on the 17th; will give his philosophy. Phil stated looking at the Report Card - Conway \$12,000.00, State \$8,700.00; spend a lot more in Elementary than State; High School a little better than state average; he agreed with Randy. Dr. Nelson stated the Board has looked at a number of different things and support this philosophy. Karen Umberger stated State mandates 30 children from Grade 7 to 12; School Board Guidelines has set up students at 25, 25 is a School Board decision. State is 30; 25 is School Board which could be changed tomorrow. Deb Deschenes stated not necessarily a School Board decision; a committee that met together recommended that number. Rick Paquette stated School Board has not voted on and Deb replied no, it's a policy and Dr. Nelson stated Guideline, not voted on by anybody, based on certain Guidelines. Rick stated School Board (Randy Davison) personally in favor, representative saying not, made a decision, School Board there is a decision. Deb stated a Committee of School Board members. Rick stated unless vote, only recommendation. Dr. Nelson stated set Guideline, not policy. Bill Jones stated it is a Guideline that is committee recommended to the School Board, but not enacted and Dr. Nelson stated no policy decision. Bill stated you are telling us one thing, only recommendation, not acted on by the School Board.

Chairman Stacey quieted the meeting and asked that everyone be respectful.

Rick Paquette stated looking at a lot of money for taxpayers; asking the School Board to look, search, do something with number of personnel. Chairman Stacey asked if a parent comes to the School Board wanting their child in that class, there is no ruling, no way to back up 25 is the minimum. School Board has to defend themselves. Randy Davison read the recommendation: Board maintain target, 20 K through 12, max 25, 26 or more only with recommendations from Administrators; max 1 & 2: 25 and 30 for higher grades. Martha Cray stated 20 for early K-2 is approved; target of 25 max of 30; Committee recommendation was for 25 for K-12. Higher in the little grades, below in the High School. James LeFebvre asked if it was administrative discretion to move it up to 26. Martha replied as an example, there is a different number for different departments; 16 to 18 cap for Career/Vocational, different set of standards. James asked if it was the Administrators decision and Martha stated going to English yes, Automotive no.

Phil Dighello asked for a rate of all class students now. Dr. Nelson asked if Phil wanted now or what the budget was built on. Phil replied both, as it stands today. Dr. Nelson stated he thought the information had been sent earlier in November. He will produce again and the Guidelines. Phil stated he wanted all of the schools to look at class sizes. Randy Davison stated that personally he didn't like the Middle School enrollment; reduce staff or transfer.

Bill Jones asked if there was some specific reason not voted on by the Board. Martha Cray stated there isn't a district in the State; it backs you into such a corner, required to split classes and no one to teach them. Our Board is going to stay with 25 across the Board; that was the guideline given to the principals, target 20 with little ones. When you get to High School, there are certification issues and a great many sign up for the College Prep level. Karen Umberger asked Martha to explain the certification process at the High School. Martha stated because of *No Child Left Behind*, certified people are assigned from appropriate certifications from the State. A Science teacher can't pick up a Math class; staff assignment is tricky. Betty Boucher asked how does a mentor help them get certification. Martha stated they can take college courses and send to the State; another way is to work through standards, State sends, you sit with person and figure how they will meet the plan; plan goes to State and they have a mentor in their field to help. Betty asked how many right now are not certified and Martha replied maybe 4 or 5; once plan is accepted, considered qualified. Karen asked if certified meant having a degree and Martha stated at least a BA or additional and they have to pass two exams.

Chairman Stacey asked Jim Hill what he locked fuel in at and Jim replied locked in this spring, at your suggestion, at \$2.25 - 1/10 of cent less than what is in budget. Karen Umberger stated Town did not do that. Chairman stated more like 8 recommendations from the Budget Committee. Jim further stated he went with Co-op, that is what Jim did and it cost us money; \$1,500 for every penny. Bob Drinkhall asked Jim if he was going

to bring up what they had discussed and Jim stated he would save for maintenance night. Bob asked that copies be provided for everyone.

Karen Umberger asked Jim Hill to talk about the Water and Sewer Budget. Jim Hill asked if Karen wanted High School consumption or rates. Karen stated consumption. Jim will have on maintenance night. Bob Drinkhall stated back in January it was proposed, which included all of what is discussed right now, roughly \$839,000.00; February up to \$1,091,000.00. Bob asked Jim to update it and Jim stated he knew exactly what was wanted.

Betty Boucher questioned who was watching over those students that don't come to school, drop out, not in school and Dr. Nelson replied different people with each school; combination of Assistance Principal, Guidance Counselors. Betty asked for the drop out number and Dr. Nelson stated he didn't have it, but would get it. Karen Umberger stated one of the goals was to reduce the drop out rate; how was that going. Dr. Nelson stated there was a Report Card with that information in the book.

Bill Jones stated he sees a group of High School students eating breakfast, what are they doing? Dr. Nelson stated it was probably the Expeditions Program or the Trails Program.

Deb Deschenes requested Point of Order; discuss budget tonight. She would like to focus on the budget.

Chairman Stacey asked for any specific things wanted for Wednesday night. Karen Umberger stated she had provided hers. Rick Paquette stated he wanted the classroom student ratio.

Jim Hill stated he was open to building tours; members will be very proud of how the Elementary Schools are looking.

Betty Boucher requested Point of Order; the Chairman had said any questions we may have, he (Bill Jones) has a legal right, would like him to finish. Bill Jones stated he would hold for a few minutes.

In response to Bill Jones' previous comment about students eating breakfast, Chairman Stacey stated the Expeditions class and Dr. Nelson stated he would get the information. Bill stated he wanted to know who is paying the bill.

Chairman Stacey asked if there was anything else. Karen Umberger stated her question would probably open up a whole new set of questions, but she thought the Academy was re-named. Dr. Nelson explained Expeditions is part of the High School program and there is a program in the Middle School. Karen further stated she needed an explanation of what those programs are since she thought they were replacements for the Academy. Doug Swett asked how many involved in the Academy and Dr. Nelson explained the Academy is no more. Betty Boucher asked what about the Outing Club and Dr. Nelson stated that was a co-curricular activity.

Karen Umberger asked if Alternative Education was a separate code and Dr. Nelson said no, part of the High School. Becky Jefferson stated the Code was 133.

Bill Jones moved, seconded by Jim LeFebvre, to adjourn the meeting at 8:32 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary