

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
February 15, 2007**

A meeting of the Municipal Budget Committee was called to order at 6:05 PM in the Gymnasium at the Conway Elementary School with the following members present: Chairman Melissa Stacey, Robert Drinkhall, Maureen Seavey, Pat Libby, Phil Dighello, Doug Swett, Crow Dickinson, Rick Paquette, Bill Jones, Betty Boucher, Deb Deschenes, Bill Aughton, James LeFebvre, Karen Umberger, Kirk Smith and Etienne Vallee.

PUBLIC HEARING - PRECINCTS

East Conway Fire Precinct

Chairman Stacey stated there was no one present from East Conway Fire Precinct. There being no questions, comments or concerns the hearing closed with the proposed budget of \$43,050.00.

Center Conway Fire Precinct

Chairman Stacey stated the total budget proposed is \$207,875.00; increased over last year by about \$75,00.00. Ray Leavitt, representative and Assistant Chief, stated he oversees EMS function, emergency rescue missions as part of training. Last fall at monthly department training, the largest training of about 50 people, had a mock accident near the trestle. During training we rely on volunteers to bring in snowmobiles for emergency issues. It took almost two hours, with 5 patients, using home style 4-wheelers, not effective. Fryeburg has a 6-wheeler that can transport; works pretty good. Problem: there is only one and that is too long. We began looking at ways in which we could handle those types of emergencies. The 6-wheeler we are asking for has a trailer hitch to pull a sled and also has a forestry pump, 70 gallon water tank. Initially put in for \$20,000.00, the cost of the 6-wheeler and component, a little high; have found we can get for roughly around \$12,000.00 and then insert is \$3,900.00. We had to have a figure at the time; Commissioners stated they weren't comfortable with increasing the budget; more comfortable if presented to the voters. Chairman stated the original amount you had was \$20,000.00 and Mr. Leavitt stated in reality it is closer to \$18,000.00.

Betty Boucher asked if insurance covers any damage, whether to body or property and Mr. Leavitt stated like any Fire Department they have an umbrella policy that covers everything from medical malpractice to running over a mailbox.

There being no further questions, comments or concerns the hearing was closed with the proposed budget of \$207,875.00.

Redstone Fire Precinct

Chairman Stacey stated the total proposed budget is \$51,950.00, a difference of almost \$10,000.00. There being no questions, comments or concerns the hearing was closed with the proposed budget of \$51,950.00.

Birch Hill

Chairman Stacey stated the total proposed budget is \$4,726.00, level funded. There being no questions, comments or concerns the hearing was closed with the proposed budget of \$4,726.00.

TOWN BUDGET

Chairman Stacey stated the total proposed budget is \$8,710,265.00, essentially level from the previous year which was \$8,709,232.00. The proposed Default Budget is \$8,672,916.00 which is \$37,349.00 less than the proposed budget. Chairman further stated that all those present have the *Budget Narrative* showing the Increases and Decreases.

Chairman Stacey proceeded with the Warrant Articles:

Article 6 - Operating Budget of \$8,710,265.00; if defeated would be \$8,672,916.00. No questions, comments or concerns.

Article concerning the Collective Bargaining Agreement For the Calendar Year 2007 Between the Town of Conway and AFSCME #93, Local 859, Department of Public Works. Karen Umberger stated there is no cost associated with this Article. Bob Barriault asked when will a copy be available to the public and Chairman stated it is in the packets handed out.

Article concerning Two-Year Collective Bargaining Agreement Reached Between the Town of Conway Police Commission and AFSCME Local 3657, Police Department; increase of \$2,468.00 for the year 2007 and increase of \$2,468.00 for the year 2008. No questions, comments or concerns.

Article concerning the Emergency Ambulance Service for \$66,780.00. Bob Barriault asked that the total appropriation be explained. Karen Umberger stated that is to cover ambulance from January 1st to May 1st. The Warrant Article is the \$103,300.00 which will be used from May 1st until December 31st and that last year she believed contract was \$203,000.00. When they worked out the negotiation with the two ambulance carriers, they came to an agreement; \$150,000.00 split between them is what is acceptable. Less than last year, no change in service.

Article concerning the Maintenance of Town Buildings and Facilities Capital Reserve Fund in amount \$125,000.00. No questions, comments or concerns.

Article concerning the PEG Expendable Trust Fund in amount \$104,437.00. No questions, comments or concerns.

Article concerning the Capital Reserve Fund For Police Vehicles in amount \$38,000.00. No questions, comments or concerns.

Article concerning the Recreation Revolving Fund. Bob Barriault stated he was totally in support and certainly hoped it would be approved.

Article concerning the Swift River Covered Bridge Capital Reserve Fund. Karen Umberger stated she wanted to point out there is no money involved, just to do away with it.

Article concerning the 911 Recording Equipment For the Police Department in amount \$10,100.00. Bob Barriault asked if covered by grants or all taxpayers. Chairman stated all required from taxpayers.

Article concerning the Terms of Compensation for the Elected Town Clerk/Tax Collector. No questions, comments or concerns.

Article concerning the Non-Precinct Fire and Rescue Protection Agreement. Ray Leavitt stated he was not in favor of this Article, ought to do something to correct. At the time when first declared, they didn't realize could tax just non-precinct areas. For years non-precinct was getting service at no real cost; although Town had agreement with all Fire Departments; would charge all \$250.00 for every piece of equipment; \$200.00 for tanks; \$25.00 for every man. Back in the early 1990's had a couple of major incidents and they decided they had to come up with a better way. Mr. Leavitt, Chiefs and Jim Sommerville came up with a plan that gave all Fire Departments a share of the money. Somewhere that was cut and then there was this back door arrangement. This agreement between North Conway and Conway excludes equality for all departments. It costs us money to attend a fire. There is no recoup for smaller departments; affects East Conway more; felt agreement with all departments so there was some equality. He is going to stand up at Town meeting and argue against this Article. In fact, speaking for himself, not sure if getting value for dollar; arbitrary figure - took budget, divided by value and came up with this figure. Does North Conway have special equipment, basically not. Not in favor of this, not an equality thing.

Karen Umberger stated this is a Selectmen's Article approving the contract. Anytime extend more than one year, have to have voter's approval. Mr. Barriault stated he was involved in trying to come up with a formula on how to charge. Looked at a number of things and felt at the time there were only three Fire Departments equipped sufficiently to cover the area involved. To determine what tax rate will be is actually taking the total budget incorporated by all Fire Precincts, what is required by each Precinct; think if Center Conway has a problem, they deal with the two precincts contracted for this service.

Crow Dickinson stated this contract is only between North Conway and Conway. Mr. Barriault stated only one identified responsible for fire protection; he didn't know what kind of arrangement they have. Crow stated how can anyone realistically expect anyone from the other Precincts to support and Mr. Barriault stated it is not material to them; cost only charged to non-precinct areas. Crow stated he would like to hear from Ray Leavitt about this. Center Conway Fire Department has a considerable amount of equipment. But if in fact took total value of equipment and divided up as previously discussed, why did we get shoved aside with mutual aid agreement reimbursement.

Ray Leavitt stated as an example, last Spring the Redstone District was sent out; they looked at 302 and East Conway Road going 300 yards off the

road, basically beyond the 300 yard parameter, had a brush fire on 302 and Redstone was called because no one was going to measure if on 302. Redstone called out and once Chief from Redstone got there, it was further into the woods and he then had Conway called. Now a non-precinct thing; got fire out; when came back, questioned how reimbursed and were told not Mutual Aid. Voters from Center Conway coughed up money and got nothing in return. It is a case that there should have been some equality. Crow Dickinson stated no benefit to the taxpayers in Center Conway or Redstone or East Conway. Mr. Leavitt stated speaking for himself, not in representing Center Conway, he agreed.

Earl Sires offered a few comments on the issue of Mutual Aid. Part of the tax bill, \$.71 of our tax bill goes to fund the contract revenue. Crow Dickinson asked why isn't that revenue shared with other precincts. Earl stated argument of Mutual Aid not applying, should apply. There are existing agreements in other states; it's a different point of view. Selectmen have asked Precinct Commissioners to have a separate agreement. Crow stated it bothered him; why are we ignored; why pushed aside. Earl stated we have a large geographical area; it all boils down to why pay less for fire service than to the guy who plows your driveway. Crow stated wouldn't it be a realistic solution to have the whole town as one precinct, so there was no non-precinct; why not include everything in one fire precinct. Earl stated that would be political. Crow stated he was surprised this was not thought about.

Mark Hounsell stated he thought there is a need to understand what is being done. To make sure getting adequate fire service charged, at that time, taxpayer and non-fire being charged \$1.21 per thousand. We came up with a new agreement, voters approved; has been going on since 2000-01; right now \$.71. Formula is not really complicated, covers everything. The Town has to provide town-wide fire; we live in a town with more precincts than any in New Hampshire; we like our neighborhoods. The two entities providing service has been North Conway and Conway Departments; expanding that is up to them. The Selectmen need to be very careful about micro-managing. Mr. Hounsell agreed with Ray that they should be reimbursed; if Mutual Aid doesn't work, should be negotiations between those departments. What we are saying to the voters is that this doesn't effect their taxes; by doing it this way not micro-managing.

Article concerning the transfer of ownership of land owned by the Town of Conway to the North Conway Water Precinct. No questions, comments or concerns.

Article concerning the Conway Public Library in amount \$7,600.00. No questions, comments or concerns.

Article concerning the Tri-County Community Action in amount \$12,000.00. No questions, comments or concerns.

Article concerning The Gibson Center For Senior Services, Inc. in amount \$32,000.00. No questions, comments or concerns.

Article concerning the Center Conway Cemetery in amount \$2,000.00. No questions, comments or concerns. This request is new this year.

Article concerning Vaughan Community Service, Inc. in amount \$3,000.00. No questions, comments or concerns.

Article concerning North Conway Day Care in amount \$5,000.00. No questions, comments or concerns.

Article concerning Starting Point in amount \$2,886.00. This is the same amount as last year.

Article concerning the Mount Washington Valley Chapter of the American Red Cross in amount \$7,298.00. Bob Barriault stated he did receive a copy of Ted Sares' e-mail; brought up questions with regard to the salary for the Director of the Red Cross; is there anything to what he says. Chairman Stacey stated there are salary increases. Mr. Barriault stated questioned the amount getting for that position and Chairman stated Executive Director - \$42,400.00; Office Administrator - \$27,800.00 with \$2,400.00 for both being in benefits. Mr. Barriault stated the total Operating Budget and Chairman stated \$121,147.00. Mr. Barriault stated that doesn't leave much. Chairman stated have budget disaster relief fund of \$4,058.00.

Mr. Barriault stated he realizes the law has changed in that the Board doesn't take a position until after the public hearing. Personally, he found it not helpful to the audience; much easier to respond when one knows what your position is on this. He didn't see any reason why there can't be some kind of measure on what the general consensus is. It is very difficult to look at this 10 minutes before the meeting to make any intelligent decision. Chairman stated she agreed; unfortunately the point of the meeting here is to get the public's input. Mr. Barriault stated there didn't have to be an official vote, hands raised at least, and that would give the audience some indication as a Board where you stand. Doug Swett stated he agreed with Bob 100%; RSA needs to be changed. Mr. Barriault stated as long as you don't take an official vote; used to do all the time to get a general indication of the consensus of the Board. Earl Sires stated the vote could be a set of recommendations as talked about the other night. Maureen Seavey stated she didn't want to make my decision tonight; hasn't been discussed. Mr. Barriault stated the Committee actually has more information than he has, and they are one leg up. He thought this is worthless.

Pat Libby stated regarding the Red Cross, she found it interesting in the presentation provided 3,000 services; however, most were health and safety classes. Specifically disaster relief 5 times last year, the rest of 3,000 on education programs.

Article concerning White Mountain Community Health Center in amount \$38,635.70. Judith Towne stated there was a discrepancy; the request was for \$35,565.00 and not the amount of \$38,635.70; it is level funded. Karen Umberger stated as a reminder we can not change the dollar figure tonight; that has to be done at the deliberative session.

Article concerning North Conway Community Center in amount \$70,000.00, level funded. Steven LaRusso, a member of the Board and parent, wanted to

thank all for their time; the monies requested are for the children in Conway; provide Day Care in the summer; this is a necessity.

Article concerning Eastern Slope Airport Authority in amount \$12,000.00. Liz Carlton stated last year wanted the same but if approved becomes part of the budget. Chairman Stacey stated not that she was aware of. Karen Umberger stated Betty asked me to read comments from Mr. Sares: "I believe the will of the people is clear on this, given the voting record of the past several years. Yet I am told the Budget Committee may be 'embracing' the Airport's request this year. I hope this is wrong. I believe this request should be rejected based on the will of the people as evidenced by the string of past rejections."

Article concerning the Conway Village Area Chamber of Commerce in amount \$2,600.00. Bob Barriault stated same thing said for the last 8 years, he does not feel tax dollars should be used. It is primarily serving members. He knows they do a lot of good work; but they have the benefit of their members; really doesn't feel tax dollars should be used. Liz Carlton stated she echoed Mr. Barriault's statement and that although they do a great deal, it is an option to be a member or not, not a choice of the Town per se. Funded by membership, not by town.

Article concerning Children Unlimited, Inc. in amount \$10,000.00. No questions, comments or concerns.

Karen Umberger stated that she had a couple of questions to ask: "What was the surplus last year in Town Budget" and Lucy Philbrick stated it would be less than \$600,000.00 to offset tax rates and \$400,000.00 in unexpended revenues. Karen proceeded with another question from Ted Sares: "Has the Budget Committee reviewed budget of Valley Vision. A Warrant Article was passed a few years ago which gave the Budget Committee this charge. Based on what I have read in the paper, Valley Vision is in big trouble. They could use the advice of the Budget Committee. That's why I spearheaded passage of this warrant article." Chairman Stacey stated the Budget Committee has reviewed and she believes there was no recommendation as of yet. She was sure a recommendation would be discussed on the 19th or possibly tonight.

Karen Umberger stated Mr. Sares' next question: "The Collective Bargaining Agreements, we have been promised short term agreements forever, but they never happen. The insurance costs continue out of control. It's time for professional negotiators."

Chairman Stacey closed out the Town portion of the Public Hearing at 7:35 PM.

SCHOOL BUDGET

Chairman Stacey proceeded with the Warrant Articles:

Article 1: Election of all necessary officers.

Article 2: Operating Budget of \$31,045,851.00 being recommended; default budget being recommended is \$30,736,782.00. Bob Barriault stated he was

having a problem; unfortunately he was just getting this with two minutes to look at, but he just feels the amount is excessive. He apologized for not getting to watch all of the meetings, but the few he did, he found it disturbing that the School Board was looking at each school as a separate entity and not really spending the appropriate time looking at the entire budget and its impact. Jack Loynd made some very good comments in defense of his budget, good points; doesn't dispute them. With no data, he is in a better position to determine his needs, but to make the statement that Conway is spending less than the State average; failed to look at the District as a whole. He believes the real problem is resources are not distributed properly; look at cost 26% above State average, Middle School 18% or something but as a District, spending above State average. Somebody on that School Board made recommendations to really look at the Middle School and he felt they should take a look at the Elementary Schools as well. School Board should explore distributing resources, to re-examine whether or not focusing on the right areas.

Randy Davison stated his suggestions fell on deaf ears. To him that seemed like a real logical thing to be doing. Budget Committee has requested any contracts to be one year to afford opportunity to induce improvements in health insurance and what do they do, from what he understands, two years. To him that was, from his point of view, a lack of responsiveness to the public and the people who voted them on that Board.

Deb Deschenes stated first the School Board has looked into how the Middle School is operated, not ready to interrupt. Second point, the health insurance, saved over \$365,000.00 and the CEA has a zip clause, language is meant to re-negotiate the health insurance; we met last Wednesday, the Union and School Board.

Mr. Barriault stated he was somewhat cynical when it comes to Unions; have contract ratified and approved, need incentives to re-open. The information that Phil Dighello presented was in the paper, he looked at and compared to what he has. His insurance deductible, co-pay \$15/\$25/\$100.00. They have insurance with no deductible, totally unfair, getting sick and tired. He knows many tried to be objective when looking at the budget, but is finding it more and more difficult to do. Deb Deschenes stated she recognized affordability in health insurance, she personally had no insurance but this is a topic of discussion every year. Everybody is very concerned about health insurance. She thought it was a win/win for both parties.

Mr. Barriault stated the time has come to play hardball. He thinks everyone should realize we are not going to see any relief from the federal government, so it is up to the local communities to address the problem. It is time for the employees to share in some of the additional costs. His insurance provides whatever increase is absorbed by the employees; this is what is being done in the private sector. Reach point where adjustments have to be made; can't approve the contract; go back and re-negotiate. Deb Deschenes stated that most School's are paying 100%, we are 80/20; some Districts in New Hampshire still pay 100% of benefits.

Mark Hounsell stated the cost of separating schools is expensive, but at the same time he didn't believe this line of thinking was good with a new facility ready to open. As far as the Middle School, please wait until that facility is completed. One of the things he observed is that it is not natural to have a Middle School in the same building with a High School, not natural to have 7th graders with 12th graders. Programming and curriculum are not on the table; it is important that we not use the budget process to address these types of things. With regard to the insurance issue, he has been following the insurance problem over the past year and noted a few things, his understanding that \$200,000.00 a year in 10 years is \$2 Million; address problems to save money and the question remains of whether or not the Union will follow. Very sorry Deb Deschenes doesn't have insurance. Unfortunately, it is a national problem left for communities to deal with. School Board can address certain parts. One problem he does have is with the Default Budget; having the School Board set the default budget is alarming and he reserved the right to be convinced the ruling is accurate. Look into some of the claims, but at the very least no harm to put on the ballot again. He had a problem with the timing and a problem with saying this is the way it is going to be. Deb Deschenes stated she wanted to assure everyone that nobody knew, it was announced to us (School Board) Monday night. On Tuesday, we went over the Default Budget. Mark Hounsell stated he believed that the process to maintain public trust, the School Board should put on the ballot again.

Liz Carlton asked if they had ever considered having Phil Dighello sit in on negotiations given he is a specialist in insurance and Deb Deschenes stated "no", but he has forwarded the information, have reviewed it and plan on using some of the information. Ms. Carlton stated why not let him sit in, then he would have the opportunity to answer questions. Deb stated she was not sure if he could legally sit in on negotiations. Ms. Carlton stated as a consultant he should be able to.

Phil Dighello stated first of all he was not a negotiator; he was happy to provide the information; should have a professional negotiator. Phil found it hard that a group as big as the teachers doesn't have a professional negotiator. There seems to be an unwritten rule that public employees have to have the best. He didn't see why everybody has to look at coverage individually. Phil recently read an article that stated the State of New Hampshire pays the highest cost than anybody in the country; closest state was Vermont. Ms. Carlton stated comparing one District to another really is unrealistic; income levels are different.

Sheryl Kovalik stated when they had the meeting, asked if a Budget Committee member wanted to join and was told would be looking at the contract; he would be participating; contract extended for two years nothing in it for them, they don't have to open.

Bill Marvel asked how the per pupil cost was arrived at; the SAU 9 Report Card that came home with the kids stated the cost for students is \$12,000.00 per kid, with State \$9,400.00, 27% increase and the so-called Middle School, 16% above, High School 9% lower. When figures were calculated, were bonds distributed equally or per school. Becky Jefferson

stated calculated; State controls cost. Mr. Marvel stated paying less per student at High School.

Rebecca Hill stated she was the chief negotiator for the CEA and the new language allows them to now have flexibility; working with School Board on health insurance and are actively looking at Phil's stuff.

Bob Barriault stated he would like to get back to the Default Budget. One of the Budget Committee representatives went over default budget figures and stated no changes made. In the newspaper there is a large discrepancy. Chairman Stacey stated the Budget Committee had just presented an idea. They did not recommend any number, just a figure; never voted, just brought up and discussed; never something we recommended. Conway Daily Sun is supposed to print a retraction.

Mr. Barriault stated more the reason for knowing where you stand at this meeting. Again, looking at the contents unless the law changed, personally feel taking an extremely liberal interpretation on what can be included; explain the addition of \$38,000.00 for the Debt Service. Becky Jefferson stated Debt Service is the new bond approved by the April vote. Mr. Barriault stated he has looked at Debt Service for 06, anticipated for 07, two bonds that still exist and the High School bond, there should be a reduction of \$168,000.00. Then if you look at \$2.5 Million, the most recent bond, the first payment of \$60,000.00 and anticipated cost for 07 was \$300,000.00; should be able to deduct \$60,000.00. Already have this reduction and Debt Service cost and additional cost for the \$2.5 Million bond; \$92,000.00, not \$381,000.00. Becky Jefferson stated the \$381,000.00 is the net difference, new bond principal is \$486,000.00, principal payment and interest on that is \$123,000.00; \$60,000.00 in the last year; total bond is \$515,980.00, includes \$540,971.00 net increase.

Chairman Stacey stated the Default Budget is \$30,736,782.00. Mr. Barriault stated he would like explanation of the Default Budget; \$647,000.00 additional for maintenance; look at 2006 for the High School and Middle School nearly made a 60% increase; he finds that exorbitant. Jim Hill stated looking at transfer of a groundskeeper, looking at contract service of approximately \$88,000.00, \$20,000.00 for plowing, \$30,000.00 for plowing the parking lot, \$30,000.00 in maintenance equipment; don't have the exact break down but it adds up pretty quickly. Fuel oil and electricity are big numbers. Mr. Barriault stated he was amazed at the inflation with the new school; compared figures; initial impact for taxes. He was very supportive of the bond issue and he realizes that time has passed and there are changes. He was frankly disturbed by what seemed a cavalier attitude of the School Board for stating it is only going to have a small impact. What about other formula change. He thought that was wrong; somebody has to pay it. School quoted as saying when people voted in bond they didn't want status quo, wanted the best. Deb Deschenes stated the Conway School Board reduced maintenance staff, looked at two or three times. That is what is happening, population has grown; neighborhood school is more expensive. Each area has their own Elementary School. We did cut where necessary specific line items. Mr. Barriault stated in all fairness, he just received the information. He thought that the School Board was on a slippery slope with these kinds of increases.

Mark Hounsell stated as far as he was concerned the decision was made with eyes open, knew it was going to cost. With all due respect, the other communities looked every which way to not come to Conway. They are tuitioned and treated the same. The agreement is the agreement; our first obligation is to the Conway taxpayer. Look down the road; lose certification, lose accreditation and we give the sending towns a way out. We have always been aware of the obligation to watch out for them, but give them a reason to leave and they will grab it. He would like to see curriculum development; that is a significant problem. Other thing on the issue of the Elementary Schools, about 150 years ago there were 28 schools in Conway.

Crow Dickinson stated with respect to the Default Budget, the maintenance section strikes me as having a lot of operating costs included in the default; how do you feel about that. Mark Hounsell stated pretty much decided to leave it alone, but he didn't think such things as fuel and utilities were contracts and they do not belong in the Default Budget. Taking advantage of a provision, not giving the voters a choice. Only a \$300,000.00 spread is not much of a choice.

Randy Davison stated he was the lone School Board member who voted no; concerned with the budget going into next year. Look at enrollment last year: 1,016 kids; October: 930, next year: 958. Even though he feels the High School is short changed, the High School was under funded for the last 8 years. State is going to be coming out with statistics with other districts and the numbers might be staggering. The High School is looked at for the drop out rate. If adequate programming is not working, need to change it.

Bill Marvel stated since you are talking philosophy, concept of a neighborhood school smaller is better, closer is better. May be too late to say this, but everyone is concerned about the cost. If other towns back out, not so sure a bad thing.

Bob Barriault stated he understood the Librarian, but would like an explanation on the Reading Specialists. Deb Deschenes stated she believed those are State Standards that say you will have a Reading Specialist in all Elementary Schools. Martha Cray stated approved Standards; two Elementary Schools do not have. In order for all schools to have approval, need to have them. Mr. Barriault asked if mandated and Ms. Cray stated if you want this school to be approved, the program needs a Reading Teacher; don't have one, will not have approval. Won't close the school, simply say you don't have an approved school. Our contract says must be approved.

Etienne Vallee stated Ed 306.37 says "...shall require that an English/language arts and reading program in each Elementary School provides...", no where does it say Reading Specialist. Martha Cray stated looking at wrong Standards, look at staffing.

Karen Umberger stated once again, a Ted Sares question: "1) The use of discretionary funds to pay for added head count that is manifestly disproportionate to its need is fiscally irresponsible. This seems to me

to be the key to turning down the School Budget. If it turned down, the world will not come to an end and that is the real key to the difference between discretionary and non-discretionary. Dr. Loynd's comments about the kind of school he wants are fine, but are not compelling. In short, we don't need added head count just because he wants an exceptional High School. Robert King from Madison has provided some valuable information on the School Budget that should be looked at as well. 2) What are the surpluses in both the Town Budget and School Budget? How have these amounts figured in your discussion? Can they be used to reduce certain line items." Becky Jefferson stated look at Revenue top in the center, \$520,000.00.

Karen Umberger continued with questions from Ted Sares. Pat Swett stated Point of Order, if we all sent our questions, no need to be here. Chairman Stacey stated Mr. Sares has been sick and is unable to leave his house. Karen proceeded with question: "3) Has anyone looked into some of the promotional increases at the school. I am told (and it's public information) that some people have received large increases in pay to assume "newly created" positions. Salaries of the mid-\$50K have been mentioned. I think the Budget Committee should look into this (if it has not already done so) and find out what the mathematical delta has been on such increases and how they are being justified based on compensation fundamentals. I'm not saying anything inappropriate has been done (far from it); it's just that these things require transparency so that you have a full picture of how compensation costs escalate." Deb Deschenes stated somebody from this Board asked the same question; there is nobody at the High School that got a substantial raise, rumor.

Karen Umberger continued with questions from Ted Sares: "4) The head of the School Board has been quoted in the local paper as saying the Board has a mandate. Huh? The second bond vote won by a razor thin margin and the vote on the first bond was extremely close. That is not 'mandate'. An example of a mandate is how the voters in Conway feel about giving money to the Fryeburg Airport...they feel overwhelmingly negative about it." George Fredette stated he didn't understand the question and had nothing to say other than he is not saying mandate; both bonds passed by more than 60%.

Karen Umberger continued with questions from Ted Sares: "5) By the way, I hope someone is thinking about sending a letter to the Editor of the Sun about the spin that is being put on some of the School Budget related articles. I know what's going on, but lot's of others who read that paper believe what they read and need to be given a fair and balanced picture. To this end, I salute Bill Aughton for his Tel-Talk piece." Bob Barriault asked if, as a Board, will you be making any recommendation to the School Board. Frankly he has a problem and hoping that you, as my representative, will look at this. Chairman Stacey stated according to the Municipal Association, as of right now we do not set and we will have many things to say on Monday. Mark Hounsell stated Point of Order: the Municipal Association doesn't rule, gives advice; ruling is from DRA. Chairman Stacey stated School Board has had their attorneys consulted and Mr. Hounsell stated and others will too. Mr. Barriault asked if an individual can challenge a default budget and Mr. Hounsell stated sure.

Deb Deschenes stated they sat down with representatives and would ask if anyone there would like to comment; we did review and explain it; thought we had reached some form of understanding. Crow Dickinson stated he would be happy to say a few things. Betty Boucher stated Point of Order. Crow stated he was not designated to be the spokesman; had this meeting and good things came out of it. However, when you look at Maintenance, some of these are operating costs. Betty Boucher stated she would like the audience to know Budget Committee no longer going to do the default budget; nevertheless, had a meeting: 3 representatives from the School Board and 3 representatives from our Board. We have not heard from our 3 yet, haven't heard any of it.

Bill Jones stated Point of Order: where did 3 on 3 come from; this is astounding. Chairman Stacey stated they went to the School Board meeting and the School Board requested. Bill stated bring it up at our next meeting.

Mark Hounsell stated with all due respect to the efforts of both the School Board and the Budget Committee to remedy this, the decision is made by the legislative body of the people. You don't have the authority to take it away. If that was the case, then must state 3/5 requirement; serious mistake. Question to ask DRA is have there been any communities or school districts adopting setting the Default Budget required to have 3/5 vote. If there is a precedent that would prove not only untimely, but was a serious, serious legal error and we are looking into that.

Article 3: To create an expendable trust fund known as the New Kennett High School Facilities Maintenance Fund in amount \$54,443.00. Bob Barriault stated \$54,000.00 based on using the equalized valuation of Conway funds. If this is not approved, what would you do for money. George Fredette stated don't have a firm answer on that question. Deb Deschenes stated 3, 4 and 5 are all Facilities Maintenance Funds for three different schools.

Article 4: To create an expendable trust fund known as the A. Crosby Kennett Middle School Facilities Maintenance Fund in amount \$17,086.00. Bob Barriault stated same thing as other one and George Fredette stated all based on assessed value.

Article 5: To create an expendable trust fund known as the Elementary Schools Facilities Maintenance Fund in amount \$9,900.00. No questions, comments or concerns.

Article 6: To appropriate \$57,576.00 to fund all cost items relating to employee salaries and benefits for the Conway Educational Support Personnel for the 2007-08 school year. Bob Barriault asked one year contract and Deb Deschenes stated one year contract.

Article 7: To approve the cost items included in the collective bargaining agreement reached between the Conway School Board and the Conway Education Association in amount \$446,090 for 2007-08 and \$466,364.00 for 2008-09. No questions, comments or concerns.

Article 8: To approve the cost items included in the collective bargaining agreement reached between the Conway School Board and the American Federation of State, County and Municipal Employees in amount \$44,782.00 for 2007-08 and \$47,351.00 for 2008-09. Bob Barriault stated is there any description for content of the contract, have you seen it. Chairman Stacey stated have gone through them; went through changes. George Fredette stated last page has a summary of increases on the yellow sheet.

Article 9: To raise and appropriate \$111,100.00 to be added to the Expendable General Trust Fund (School Maintenance Fund). Bob Barriault asked if this is somewhat redundant. George Fredette stated this is the last piece of the Pine Tree roof replacement. Mr. Barriault stated why is it in specifically. Jim Hill stated this will remain for future projects combined with the new. Mr. Barriault stated you should make motion to specify what it is for. Chairman Stacey stated doesn't appear until roof is done; this fund has to be specific. Mr. Barriault stated original have all repairs; Jim stated no, not specified before. Jim Hill stated not set up just for roofs; maybe a year from now will be eliminated. Chairman Stacey stated this is the last year for Pine Tree roof, completely redone over the past 5 years.

Article 10: To raise and appropriate \$60,000.00 to purchase one 14 passenger handicapped bus. No questions, comments or concerns.

Article 11: To raise and appropriate \$38,000.00 to replace equipment (a maintenance vehicle). Bob Barriault asked if that is for maintenance of fields at High School. Jim Hill says this is for the District utility vehicle. Mr. Barriault asked if that was not some other Warrant and Chairman Stacey stated no, it is in the budget. Mr. Barriault asked why and Chairman stated one of our recommendations. Deb Deschenes stated vehicles not in Warrant Articles, groundskeeper positions approved by the School Board. If not a Warrant Article and fails, would have no equipment. Mr. Barriault stated he understood that, but by doing this, depriving the legislative body. Deb stated they were asked to provide a list of those reduced and have provided it to the Municipal Budget Committee.

Article 12: To raise and appropriate \$99,618.00 to supplement the funding of the John H. Fuller School, Conway Elementary School and Pine Tree School Project SUCCEED Programs. Bob Barriault stated how much appropriated last year and Karen Umberger stated \$77,000.00 and Randy Davison stated \$74,110.00. Mr. Barriault stated he would like an explanation on the substantial increase. Martha Cray stated Grant proposal submitted, not awarded yet; don't have in pocket yet, therefore can't count.

Article 13: To raise and appropriate \$29,902.00 to supplement the funding of the A. Crosby Kennett Middle School Project SUCCEED Program. Bob Barriault asked how is this different and Chairman Stacey stated Article 12 is for the Elementary Schools. Mr. Barriault stated going from \$77,000 last year, talking about \$128,000.00. Deb Deschenes stated the reason looking at two different Articles, lost Grant funding and put forward two different Warrant Articles: one for the Elementary Schools and additional

monies needed for the Middle School; has been supported at \$75,000.00 level.

Article 14: To raise and appropriate \$60,000.00 to install/upgrade security systems at the Elementary Schools (\$30,000.00 for John Fuller and \$30,000.00 for Pine Tree). Bob Barriault asked mandated requirement and Chairman Stacey stated no.

Article 15: To raise and appropriate \$50,000.00 to replace phone systems at two elementary school (Replace existing phones at John Fuller and Pine Tree, \$25,000.00 each.) Bob Barriault stated why couldn't funds from special fund be used for this purpose. Jim Hill stated only about \$40,00.00 if that is what he is talking about. Chairman Stacey stated cost is \$111,000.00 to do roof. Jim Hill stated that is the estimate for doing that roof.

Article 16: To raise and appropriate the sum of \$550,000.00 for the purpose of renovating the SAU #9 offices at 176 Main Street (current Kennett High School), Conway, NH, owned by the District, such sum to be offset by revenue from the SAU #9 facilities fund, state building aid, and other existing revenue. No questions, comments or concerns.

Article 17: To raise and appropriate up to \$1,700,000.00 to be added to the Expendable Trust Fund (Tuition Trust Fund) established for that purpose in 2005, with such amount to be funded from the year end undesignated fund balance available on July 1, 2007. Bob Barriault asked that someone explain this Article. George Fredette stated the initial bond, the way it is being reimbursed, was a front loaded bond, interest payments on bond higher. Since that time, the DOE now does on a percentage basis. We are getting a huge chunk of money; asking for this money in Debt Service, apply to Debt Service in order to avoid a steep drop this year. This will spread out reimbursement in a similar manner.

Article 18: Shall we adopt the provisions of RSA 40:14-b to delegate the determination of the default budget to the Municipal Budget Committee which has been adopted under RSA 32:14. Deb Deschenes stated the School Board vote just took place this afternoon. They had a special School Board meeting, concerned with timing of the vote, vote today 2-3-0. Bill Jones stated Point of Order: what is the question. Karen Umberger stated the whole thing is a question. Betty Boucher stated this doesn't state we need 3/5 on this one either. Karen stated the law reads very specific and if you violate what the petition says then DRA will disallow. It is the responsibility of the petitioners to tell the voters it requires 3/5 in order to pass. Petitioners need to be sure to get information out. Mr. Barriault stated he didn't disagree. Hope you as a Board will go forward with what Mark Hounsell said before the next meeting. Chairman Stacey stated she had called DRA, didn't return her call. Pat Swett stated this is not our article, it is yours. Mr. Barriault stated he strongly recommended proceeding. George Fredette stated just following what the law says; that is the way it is.

Article 19: To act upon any other business that may legally come before said meeting. No questions, comments or concerns.

Chairman Stacey closed out the School portion of the Public Hearing at 9:50 PM.

OTHER BUSINESS

Bill Jones stated let's hear about this private 3 on 3 meeting that happened with Jim, Bob and Crow. Chairman Stacey stated 6 or 7 Board members went to the School Board meeting and had a discussion about the RSA that said we no longer have default budget. Talked to School Board, request made by Deb Deschenes to have a joint conversation.

James LeFebvre stated they went over some detail; went over everything on the Default Budget; every item was discussed. It was our impression a good session, a lot of constructive discussion, a positive step; also discussed health insurance issue. School Board fully understands how to make that issue going way.

Crow Dickinson stated discussed deadline for the budget. Jim LeFebvre stated in the future will work with us to have on or about November 1st. Deb Deschenes stated that the Committee should remember it may not be very accurate. Bob Drinkhall stated we agreed to that. Karen Umberger stated Sheryl Kovalik is up for election; Sheryl's word is worth nothing, Deb is the one that needs to make the commitment. Deb Deschenes stated she did. Crow stated the School year ends the end of June, no reason can't have by the first of November.

Bob Drinkhall stated we reiterated need one-time expense list. Jim LeFebvre stated page #7 of the pink sheets, those again would be out of next year's operating budget; basically did discuss other things. Crow Dickinson stated it was a very good process; it never has happened before; seems to be a long standing animosity between the School Board and the Budget Committee. No need to see them as spendthrift; they see us with horns on. Jim stated at least one member of the Board stated they didn't trust the School Board; that is something that needs to stop. Deb Deschenes stated statements made in public by Vice Chair. Crow stated all have said things that we shouldn't.

Karen Umberger stated she just wanted to reiterate one thing there will always be animosity between the Budget Committee and whomever; you have to recognize it is always going to be there. We have a different perspective on the budget. She looks at it and she realizes that she is the Selectmen's representative, feels zero animosity.

Phil Dighello stated last year was the first year we set the Town Default Budget. Earl gave it to us, we looked over and next meeting he said his interpretation of the law, discussed and talked out, nice discussion. It bothered him to be notified at 3:00 PM Monday; they met and with no discussion approved; wrong way to do it. They take out one-time expenditures not likely to concur with what should be taken out. Karen did that, took out one-time items.

Rick Paquette asked if a private citizen can sue the Town and Karen Umberger stated no, not for the school. Phil Dighello stated look at

second page and tell me if it confirms bypassing the law; absolutely using the tuition contract.

Bill Aughton stated he didn't want to see taxes going up and up. Last year talked about budget, part of our job is to deal with what they are going to be paying. Last year prior to vote in March talked about effect of that new bond. Would really like to work closely with the School Board.

Chairman Stacey stated she could honestly say the Selectmen have worked with us; with the School, make recommendations and they are basically thrown out the window; not Deb's fault. When at deliberative, principals are made to take attendance. Deb Deschenes stated first of all, whoever goes, goes of their own free will; School Board has nothing to do with it. Any information or suggestions from the Budget Committee she has passed on; 3 years she has brought back whether agreed with or not, but have brought back at all times. Crow Dickinson stated that Deb made the motion to meet at the School Board meeting on Monday night. It just occurred to him that it may not be the School Board, it may be the SAU.

Bill Jones stated did we not last year recognize that they add "x" amount of dollars; if not the money would be spent, that is distrust. They couldn't fulfill wish list that suddenly appeared; think that has been part of the problem; don't have same belief as the School Board because things happen like this week.

Betty Boucher asked when were you given the Agenda and Deb Deschenes stated usually get on Thursday or Friday for meeting on Monday. Betty Boucher stated if George found out at 9:00 AM, why did our Chairman not find out until 3:00 PM. Deb stated she found out at 6:05 PM; doesn't know chain of command. They had received the default budget previously.

Rick Paquette moved, seconded by Bill Jones, to have the Budget Committee formally request the Town Attorney to give us his legal opinion on appropriate RSA as they apply to the Budget Committee setting the default budget. In favor: 12; Opposed: 0; Abstain: 3 - Karen Umberger, Pat Libby and Deb Deschenes. Crow Dickinson stated Mark Hounsell made a good point on the DRA. Chairman Stacey stated she had talked with them. Crow stated if they said yes you can set budget default, set by Municipal Budget Committee without having a 3/5, that is really a significant thing. Bill Jones stated the petition printed and voted on last year didn't specify and Chairman stated it doesn't have to. Betty Boucher stated George Fredette brought up to Deb whether it is legal for Karen to vote and legal for Deb to vote; this should not be happening. Chairman stated if Karen votes, she has to vote the way the Selectmen vote. Deb Deschenes asked if the Selectmen look at the School items and if recommendation was from the Selectmen or from Karen Umberger. Betty Boucher stated he does these things, makes statements. Deb stated for the past three years she can't help what statements he makes, but to hold it against other members, you have a choice. Please don't hold it against the entire Board. Betty stated she was not. James LeFebvre stated on Karen's default budget he believed that there was a consensus of our Board.

Crow Dickinson stated it was the general understanding that Karen's draft of the Default Budget drove them to this; they were shocked. It wasn't our budget, it was Karen's draft. Karen Umberger stated if she was not mistaken, she said it was food for thought, for you to take a look at. Maureen Seavey stated she couldn't understand how they thought it was our budget. Chairman Stacey stated it was handed out in a packet of paperwork given to School Board members to review. Deb Deschenes stated Karen's paper handed out; it was not brought to the School Board by anybody; handed out to the audience; she never once brought it back to the School Board; she never gave it to them; don't know how it got there. Bill Jones stated Point of Order.

Bill Jones moved, seconded by Betty Boucher, to adjourn the meeting at 10:25 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary