

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
September 19, 2007**

A meeting of the Municipal Budget Committee was called to order at 6:30 PM at the Mineral Springs Café, Kennett High School with the following members present: Chairperson Melissa Stacey, Robert Drinkhall, Pat Libby, Phil Dighello, Crow Dickinson, Betty Boucher, Bill Aughton, Karen Umberger, James LeFebvre, Rick Paquette, George Fredette and Bill Jones. Also present were Earl Sires, Dr. Carl Nelson, Dick Klement and Sheryl Kovalik.

Chairman Stacey advised that there were no Minutes to approve. Chairman further advised that the dates for the non-profits have been set: January 11th was the last day for submission, applications are on the website and no letter was being sent this year; have been reminding people if asked. The meeting with the non-profits is February 2nd at 9:00 AM at the Town Hall and will have the next Saturday in case of snow.

Chairman Stacey advised that there are still regular vacancies on the Committee, two seats. Chairman stated the position was advertised with no response. Birch Hill's representative is Pat Libby; East Conway, Center Conway and Redstone don't have a representative.

Next meeting date is October 29th at 6:30 PM at the Town Hall. Crow Dickinson asked what the rationale was for that meeting day. George Fredette stated the School Budget was not going to be ready and it was ludicrous to think it would be. Chairman Stacey stated there was an agreement made with the prior Budget Committee and School Board that the Budget would be ready to go over numbers by November 1st; that was the deal.

Chairman Stacey asked if there was a date for the health insurance. Sheryl Kovalik stated they were waiting for the actual quotes on plans that were focused on; once they get the actual bids, they will discuss same.

TOWN REVIEW

Earl Sires presented the documentation for the Town Review. The reports to be looked at tonight are the General Fund and the Revolving Funds. They have started discussions in house about priorities; department heads are starting to get together and in mid-October will start meetings with the Selectmen. The plan is to have everything done and available by December 10th.

Earl Sires proceeded with the Summary of Departmental Budgets and totals; long term debts have been removed. Presently, with 30% of the year left, have 37% of budget left. Earl advised that Legal is still running ahead at 67%, this was upped this year due to the prior year. Police Department is running ahead but that may change due to the Salary and Compensation.

Welfare is under, 50% of that left; contribute this to management of that Department and making sure those that need it get it. Parks and Recreation has a number of things to be adjusted and paid into the General Fund. It will be lower once the adjustments are made.

Earl Sires proceeded with Revenues: Land Use Budget based on prior years. Conversion of land for construction, big swing in land being converted. Building Permits dropped down. State Revenue Sharing Grant and Rooms & Meals Tax Grant have not been received yet, close to \$500,000.00; still have 41% of revenue to collect. Projecting income of \$30,000.00 based on a planned tax sale for the end of the year.

Earl Sires proceeded to review the Revolving Funds: Police, Recreation, Solid Waste. Police have almost \$20,000.00 remaining. Lucy and the Chief are looking at the amount charged and how it was disbursed. Rick Paquette asked if there was an excess because of pension liability incurred by extra duty. Earl stated that there was nothing wrong with accumulating a balance. Rick stated he would guess health care costs were not going down. Karen Umberger stated health care does not come out of this, only salaries, taxes and retirement. Rick asked about pension liability. Earl re-stated that the Chief and Lucy were looking into it. Rick stated the money comes from somewhere and Karen stated this money is the 9% or 10% paid into retirement based on hours worked. Rick stated the general tax payer is going to be hit with this and if we can do anything we should. Earl stated Lucy has talked with the auditors and the State about the way it is being done; adjustments have not been made yet. Lucy is on vacation; she will be at the next meeting and can go over in detail.

Earl Sires moved on to the Solid Waste Revolving Fund. Rick Paquette asked how it was going with the disposing of e-waste. Earl stated volume is considerable. It is successful; he suspects there may be some adjustment in fees in order to cover costs.

Earl Sires proceeded to the Recreation Revolving Fund. Selectmen have advised they are not to do anything with the funds until they decide what to do. Basically covering operating expenses out of fees. One opinion is to keep monies in fund for future capital; have not made any disbursements. Lucy broke down source of fees. Summer registrations about \$11,000.00; estimated between \$10,000.00 and \$12,000.00. Scholarships were provided for 22 kids; nobody was turned away. Attendance on a daily basis was up; don't believe there were any complaints. Chairman Stacey stated 250 kids attended for the week of the 4th of July. Earl stated staff did a great job. Rick Paquette stated he was trying to remember the intent of this committee; didn't recall saying let's grow or create new opportunities with this fund; discussed minimizing cost to the general tax payer; thought that was the intent. Karen Umberger questioned the reason the Selectmen were messing around with it. Rick stated the discussion before this Committee with the Selectmen representative was to support this because we supported this in an effort to reduce taxes to the general tax payer; the Selectmen expressed no other position; now behind closed doors it's a different story. Crow Dickinson stated that the Selectmen have not changed their perspective with this whole thing; he would be very surprised if Selectmen changed their perspective at all.

Earl stated the adjustments haven't been made public; did discuss a couple of alternatives, but it hasn't been done yet. Adult softball generates \$13,000.00 and we also tracked special events money going into the Revolving Fund. There was \$52,000.00 generated, estimated \$40,000.00. There will be another discussion in relation to this fund and the General Fund.

Chairman Stacey asked if December 10th was okay for the Town Budget. Rick Paquette stated that apparently there was some confusion last year. He was asked a couple of times why the Budget Committee doesn't ask questions most of the time. One reason is that handouts come to the Budget Committee 4 or 5 minutes before they are presented and we don't have a chance to digest it. If the Budget Committee has any questions on the handouts, they are usually asked in subsequent meetings. We are doing the best we can; sometimes it is hard to put together.

Karen Umberger stated that as it looks right now we are at 37% for the rest of the year; it probably shouldn't be quite that high even without the transfer from the Recreation Department; probably will only go up to 40%; there are still some expenses. Earl Sires stated there may be some things running under like Legal because it was upped after last year. Earl stated that we would probably end up 2% to 3% or less under.

Crow Dickinson stated that it was true we do not make a practice of spending surplus. Earl Sires stated it was the practice to re-apply any surplus. Karen Umberger stated if you look at income side, money from the State hasn't arrived yet and normally doesn't arrive until November. Revenues are going to be close enough to have a significant impact. Earl stated they were keeping an eye on it.

Chairman Stacey asked Earl Sires if there were any red flags. Earl stated nothing yet. Crow Dickinson asked Earl to discuss the upcoming tax sale. Earl stated that the plan is to have a tax sale either late November or early December. Selectmen need to approve. Rick Paquette asked for an explanation of what a tax sale is. Earl stated a tax sale is the re-sale of properties to the public that the Town owns due to tax liens and the Town taking for non-payment of taxes. They will be selling properties the Town levied in 2004. There are no properties with structures; building lots or small parcels of land; for the most part non-developable, although some can be developed. State law says any monies received above and beyond the tax lien goes to the original owner.

Rick Paquette stated that several of his friends have visited North Conway and commented on how great the town looks, the roads, and the walkways. Earl Sires stated he has been guaranteed the crosswalks will be there in the Spring, they are a little raised but have been told will hold up.

Rick Paquette questioned what taxes, if any, are assessed to school property. Earl stated schools are exempt, like churches. Rick asked when property is transferred to the School, who owns that property. Earl stated he was not sure. Dr. Nelson stated the School District owns the property.

Chairman Stacey thanked Earl for his presentation.

SCHOOL REVIEW

Dr. Nelson stated that he only had a few things to present. First, the handout on health insurance rates for the past 6 years as requested by Betty Boucher. As indicated, over the course of time the insurance rates have gone up 165%. Of course, there were changes in health plans. Secondly, the handout entitled Summary of Expenses and Receipts for 2006-07 as requested by Phil Dighello which breaks it down by Unit. Thirdly, proposed budget meetings. Dr. Nelson further stated that he did not expect the Committee to digest everything tonight.

Chairman Stacey stated that the laws are changing for Special Education and questioned if the budget will change with more services to provide. Dr. Nelson stated they will have to budget for that; if an IEP calls for certain services, they will have to get the costs involved.

Dr. Nelson further stated that the proposed budget presentations was a draft. A number of years ago the Budget Committee members attended the presentations to get first hand information and could question everything right then. Dr. Nelson recommended that the Budget Committee should attend the presentations. They try to get the presentations out to the School Board a couple of days ahead of time and if the Budget Committee was going to be involved, they can get copies out to the Committee at the same time; it would make life easier for everybody. Bill Jones stated he would prefer to get handouts ahead of time; very hard to read, comprehend and analyze at the meeting. Sheryl Kovalik stated it would be very helpful for the School Board if this Committee were there, it wouldn't have to be done twice and it would be more productive. Phil Dighello stated if this Committee could get documents before meetings, it would save time. Chairman Stacey stated she had been at almost all of the meetings for the School Board. Dr. Nelson stated the Chairman could assign members to attend certain School Board meetings; the School Board does that from time to time. George Fredette stated the more people who show up, the more informative this Committee will be.

Dr. Nelson advised that the registration for the Adult Education Program was tonight and had been told that registration is greater than what it had been in the past.

Dr. Nelson advised that the Task Force Committee for successful students has met and formulated a final report with recommendations. Sheryl Kovalik will do a presentation or summary. There are many recommendations: some short term, some long term; some will be accomplished within the budget we have and some will not. There are long term budget implications such as Early Intervention, considering full-time Kindergarten - that will be an implication.

Karen Umberger asked Dr. Nelson if he had received the questions she had forwarded to the Chairman on August 27th. Dr. Nelson was unsure what

questions Karen was referring to. Chairman Stacey stated that she had forwarded same on September 10th.

Karen Umberger asked if the student cost for the use of John Fuller paid for coverage of teachers and did it have an impact on the budget. Dr. Nelson stated he didn't have that yet.

Karen Umberger asked what the status plan was for the alternative education. Dr. Nelson stated Eagle Academy was in place. Karen asked if it was a larger extension or only alternative. Dr. Nelson stated Eagle Academy is an alternative means, another is the GED. Eagle Academy has a big sign up. He should get the numbers by the end of the week. Sheryl Kovalik stated it also included independent studies and that there were many different facets to it. Karen asked if there would be a new line for that and Dr. Nelson stated there was a new accounting line for the Eagle Academy.

Karen Umberger questioned how children at 16 who wanted to drop out were going to be treated this year. Dr. Nelson stated there are mechanics in place for that. Karen further asked if someone comes in this year what happens and Dr. Nelson stated there has to be a plan. Karen stated then we are just letting them go and Dr. Nelson stated this year we are under the old rules, after that they must be 18 unless there are special circumstances; this year we will let them go.

Karen Umberger questioned how costs were going to be tracked. As an example, this meeting tonight is costing tax payers money. Dr. Nelson stated that it will take some time to get the costs, but the Eagle Academy is using the building at night, so some of the costs we would have anyway; it will be looked at.

OTHER BUSINESS

Rick Paquette stated he wanted to publicly say "thank you" to Deb Deschenes for her work on this Committee; she came many years representing the School Board and she could take a bullet. Dr. Nelson stated that she did do a great job.

Rick Paquette asked if the tax payer buys the property, who owns it. George Fredette stated the School District owns it; we own the property. Sheryl Kovalik stated nothing can be done with the property. Dr. Nelson stated the School Board oversees. Rick stated he had recently read there was discussion of selling the SAU building near one of the schools to MWV Arts. George stated the discussion was what are we going to do with that building when the SAU moves. Rick asked if the property is sold, will the revenue go back to the taxpayer. George stated that is an option; obviously we need to be careful about who goes in there. Mike DiGregario and Dick Klement are looking into this and will come back with recommendations. Betty Boucher asked if the School Board had been approached for that building and Dr. Nelson stated there had been a number of inquiries.

Crow Dickinson stated on unfunded mandates, there are two more days to file legislation. The Municipal Association is very conscious about unfunded mandates. It might be worth your while to look into. George Fredette stated we can chat after the meeting. Crow stated someone should call Gene Chandler and tell him to file. George stated they will do whatever they can. Karen Umberger stated all he needs is a place holder and Crow stated he needs to have the subject matter and something to get started with. Chairman Stacey recommended that Crow and George speak after the meeting. Crow stated that it had to be in by tomorrow or Friday.

Rick Paquette stated in the July 23rd edition of the paper there were several discussions with the School Board concerning the numbers in the Middle School. Some of the numbers seem to be off the mark. As an example, the price of 4 teachers plus 1 plus aide was \$165,000.00; seems the number did not include benefits. George Fredette stated it was discussed last year about cutting 4 teams down to 3 teams would eliminate 4 teachers and that the savings could be about \$165,000.00. Dr. Nelson stated it did include benefits; everything includes benefits.

Dr. Nelson stated awhile ago there was a discussion on the numbers in the Elementary Schools; just curious if this is going to be decided before the budget season or are we going to handle the budget season with no questions. George Fredette stated he was sure it will be part of the budget discussion; it is a work in progress.

Karen Umberger asked about the discussion on dropping one of the Elementary Schools; if the numbers work out, will it make sense to drop the number of elementary schools. Rick Paquette asked about the projected and actual enrollment numbers. Dr. Nelson stated he would get actual numbers, but believes Middle School is 302; High School is 945; Pine Tree is 250; Conway Elementary just under 300 and John Fuller has 270-272. Dr. Nelson stated he would get the actually numbers, November 1st is the official date used. Dick Klement stated moving forward with a recommendation to close a specific school is a very emotional issue. Rick agreed with Dick; if we go down that path, it will be a very emotional issue. Sometimes officials have to do things that are good for the community and what is best. George Fredette stated it is the same argument to keep all open; need to be able to defend the position to be taken.

Chairman Stacey stated Dick Klement and Sheryl Kovalik approached her with the possibility of having two members of this Committee and two members from the School Board work together to bridge the gap. Dick Klement stated since entering this town, not here by birth, he has seen a lot in the newspaper on the animosity, need better communication; meet as a subcommittee to go to the respective Boards; get together as a joint subcommittee to come to an agreement; School Board wants to cooperate with the Budget Committee and hope the Budget Committee will cooperate with the School Board. Karen Umberger stated she would do it. Chairman Stacey stated it would be Karen and herself. Rick Paquette asked if they would be private meetings or public and Karen stated all meetings are public. Betty Boucher stated it has to be a public meeting. Bill Aughton

questioned the frequency of meetings. Dick Klement stated it would probably be determined after the first meeting. Bill stated he was very interested. Chairman Stacey stated Bill was more than welcome to replace her. Betty reminded those present that nothing could be agreed on for the entire Board. Dick stated they needed to see if we can come to agreement ourselves. Chairman Stacey stated we will need to see if we can survive.

Chairman Stacey questioned meeting on the October 29th and reminded each Committee member to remember their homework on how much time would be needed so that the schedule could be set ahead of time.

Pat Libby stated we voted at last meeting to send a letter to Earl Sires concerning the default budget. Chairman Stacey stated the Selectmen forwarded a letter to the School Board and are waiting for a response. Dr. Nelson stated it was just received Monday night. Crow Dickinson stated a response was requested before October 9th.

Bill Jones moved, seconded by James LeFebvre, to adjourn the meeting at 8:00 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary