

**MINUTES OF MEETING  
MUNICIPAL BUDGET COMMITTEE  
September 24, 2008**

A meeting of the Municipal Budget Committee was called to order at 6:30 PM in the Meeting Room at the Conway Recreation Center with the following members present: Chairperson Melissa Stacey, Karen Umberger, Doug Swett, Jim LeFebvre, John Edgerton, David Jensen, Ben Kane, Daniel Bacon, Sheryl Kovalik, Phil Dighello and Bill Aughton. Also present: Lucy Philbrick.

Chairman Stacey welcomed everyone back and stated that there were a few housekeeping things that needed to be brought up: 1) Books: as requested every year, Karen (Hallowell) would like to have the binders and/or tabs returned - please return your binders and tabs to Karen at the Town Hall; 2) Volunteers for meetings with the School Board and the Selectmen; and 3) Minutes: it had been brought to the Chairman's attention by a member of the public that possibly there was too much detail in the Minutes and the Chairman asked for input from the Committee members on keeping as is or change to have less detail. Sheryl Kovalik stated she reserved the right to comment later. John Edgerton stated to leave them alone. Chairman Stacey stated it seemed that all members are happy with the Minutes as they are now. Chairman further stated that *Basic Laws and Knowing the Territory* is not out in book form this year, can not copy it. Chairman is going to have Karen send for the book form and make a copy for all members.

APPROVAL OF MINUTES

**Karen Umberger moved, seconded by Jim LeFebvre, to approve the Minutes of April 28, 2008. In favor: 9; Opposed: 0; Abstain: 2 - Sheryl Kovalik and Phil Dighello.**

**Karen Umberger moved, seconded by Jim LeFebvre, to approve the Minutes of June 30, 2008. In favor: 9; Opposed: 0; Abstain: 2 - Sheryl Kovalik and Phil Dighello.**

TOWN

Lucy Philbrick stated she had e-mailed documents this afternoon to all members but she also had copies with her that she passed out. The first sheet Lucy discussed was Expenditures; with Capital Reserves and Debt taken out, Town is at 25.5% and by the end of December should be at 25%. Town doesn't have a lot of playing room. The Selectmen have put a freeze on discretionary spending.

Karen Umberger asked what is attributed to the fact of being ahead of where we should be. Lucy Philbrick stated that a lot has to do with fuel; Highway has 19% and Government Buildings doesn't look too bad. Chairman Stacey asked why Parks and Recreation was so low and Lucy stated because the Selectmen haven't decided how much to budget. Chairman asked about Patriotic Purposes and Lucy stated Veterans Day gets \$3,000.00. Karen asked if Highway included more than salaries and Lucy stated it is

everything. Karen asked about Maintenance and Lucy stated Asphalt took a big jump and a big effort was made to finish projects; about 6% left in the asphalt budget because paving season is about done.

Karen Umberger asked what happened with insurance; is this the insurance for buildings. Lucy Philbrick stated insurance was over expended by \$1,000.00. Karen asked if there had been an increase in the budget for it and Lucy stated she believed when the number was put in for insurance, they were taking a guess; guess didn't put high enough. Daniel Bacon stated if the budget for the insurance is based on the premium, it could fluctuate. Lucy stated they do plan on upping it. Daniel asked if there was an average on the percentage rate and Lucy stated currently there is a contract that has a 9% cap. Karen stated she thought on the insurance rates that they knew what the insurance was going to be for the year. Lucy stated the bill comes in July and that she didn't know if the rates came earlier. Chairman Stacey stated that she would ask Earl Sires.

Lucy Philbrick stated before the Memo on the freeze, looked at percentage of dollar budget and at the end of July in past years 2.5% to 3% over where we should be instead of 1/2%; don't know about winter and fuel, very worrisome.

Jim LeFebvre asked if they had looked at going to a 4 day work week to save, extend hours. Lucy Philbrick stated they had thought about that; have to take into consideration meetings in the evenings. She knows it was considered. Chairman Stacey stated she would ask Earl Sires. Karen Umberger stated she did speak to Earl and as Lucy said, it is kind of up in the air.

Lucy Philbrick proceeded with the second sheet, Revenue Detail. Lucy stated estimated revenues were down; there was a while when motor vehicle registrations were going great guns, not happening now. Chairman Stacey asked about pending permits and Lucy stated that she had been told of a large sum from Marriott which may double that number, but that may be the last one for awhile.

Lucy Philbrick proceeded with the last sheet on Revolving Funds which was as of the end of August. Chairman Stacey stated that nothing looked too dangerous. Karen Umberger asked if Lucy knew when the Selectmen plan to put on their agenda about the Recreations Fund and Lucy stated no. Karen stated it would be helpful to know when that was coming up. Lucy stated that last year it was not until the end of the year when she was authorized up to a certain amount to balance. Karen asked if anything was paid back to Recreations for salaries over the summer and Lucy stated nothing was taken out. Karen asked if Lucy knew how much for the summer programs and Lucy stated no, she gets it from John. Chairman Stacey stated she would get the numbers; Mike should have them. Lucy stated all fees go into the account.

Chairman Stacey stated Earl Sires wanted her to advise that if anybody has been following the paper, the Town is not opening the Fire Stations as homeless shelters this winter. Discussion has been going on about Center Conway, North Conway and Conway being available if somebody comes

across the elderly without heat; they can be taken to the Fire Stations for overnight once. Karen stated that is correct.

Chairman Stacey thanked Lucy for coming to the meeting.

#### SCHOOL

Sheryl Kovalik stated that being new, she needed direction on what to do. Chairman Stacey stated hit the highlights. Sheryl stated the documents passed out tonight are the year end report for the budget for the School District. There is a quick summary of over and under budgets. It looks as if there is a significant surplus. It is forecasted in the budget, but not encumbered; can not spend it, it offsets debt; that is the \$512,000.00, some of which has already been discussed. If you look at the bottom line total on page 5, you see Revenue Surplus and you get the \$512,000.00 is going to offset taxes. On the expense page on 5, shows the total of expenses surplus as \$115,000.00. Chairman stated about 1%. Sheryl stated it may be even less.

Jim LeFebvre stated much less than 1%. Sheryl stated at least it is on the right side and of course these numbers reflect a decision to support food services and is accounting for monies authorized for a fuel tank at Conway Elementary of \$75,000.00. Revenues up somewhat, not as substantially as you may think; looks like the year end fund balance is substantial at \$801,000.00, but subtract Vocational Ed. Jim asked if the tank is \$132,000.00 total. Sheryl stated there was an old Maintenance Trust discovered last year carrying \$56,000.00 and is an appropriate source to use and will wipe out the fund totally. Don't be surprised if the voters are asked to disband the Trust. Karen Umberger stated she requested the Trust Funds be eliminated several years ago; this was before you (Sheryl) came on. Phil Dighello asked on the total cost of the fuel tank and Sheryl stated the fuel tank was installed at about \$132,000.00.

Sheryl Kovalik further stated she had also handed out a list of budget freeze items. These items are currently on hold; the Superintendent has been directed to take items back to the building administrators and if they don't like it, give us an alternative. There is a shortfall of \$22,000.00 and Carl (Nelson) has been asked to spread it out among the District. The top four entries represent \$110,000.00 to come out of the Middle School and one out of the District; all others are less than \$50,000.00, many under \$40,000.00. The balance is coming from the High School; neither the High School nor the District takes as big a hit as the Middle School. Chairman Stacey asked about field trips and Sheryl stated had budgeted \$73,000.00 for field trips; Board voted to keep \$2,000.00 as possible scholarships; have asked that students pay or fundraise, but have reserved \$2,000.00 as a safety net if they can't raise enough funds. Jim LeFebvre questioned the amount of \$73,000.00 and Sheryl apologized, the figure should have been \$7,300.00.

Karen Umberger asked what DPT was and Sheryl Kovalik stated Diagnostic Practitioner with Special Education; can contract outside services and float through staff; restructuring.

Jim LeFebvre asked about Special Education and Sheryl Kovalik stated they have not tapped into the \$100,000.00; the intended use is for catastrophic and there is no need at this time; however, it could become an issue. Randy Davison is to sit with Maureen Soragahn and Janine McLaughlin to review the Special Education costs and Aides; the number should follow the student population. In review, there may be more Aides than necessary; waiting for their report.

Chairman Stacey asked about the Special Education budget itself and Sheryl Kovalik stated they have not seen the current one; have not asked for anything higher; did get a request to allocate funds for transportation which Sheryl did not think was in the budget. Jim LeFebvre asked about the \$40,000.00 fee to drive from school for 180 days and Sheryl stated the Board will appeal to the State for that out of district placement; they do have the right to petition the state for that; can't go to the fund for everything or there will be nothing left.

Daniel Bacon questioned the Occupational Physical Therapy services at \$3,500.00 and Sheryl Kovalik stated those are therapies, part of an IEP that is developed for any Special Education kid; based on previous IEP's in place. If anything changes, it may decrease. Daniel asked why parents don't take responsibility and Sheryl stated in some cases insurance covers, in some not; some State agencies do have to provide certain services during the day. We have a floating OT. Daniel stated parents have a responsibility to their children to come up with the money. Sheryl stated they do; there is a certain law that we provide services; we do our best not to incur more than what we are obligated to do. Daniel stated that if parents are involved they should be able to pay a portion. Chairman Stacey stated the law states certain services are provided; under the No Child Left Behind, the school must provide. Right now the School is floating a special therapist through each Elementary School, the same with OT. Chairman believed that there was not a PT on staff now; did not know about the High School. Basically parents are not responsible to pay for this because it is included in free and adequate education.

Jim LeFebvre questioned the \$41,000.00 contract to transport; if there was any way to put into competitive bidding to reduce the cost; \$277.00 for one day is an extremely high number. Sheryl Kovalik stated it was her impression that this was one of the only company's qualified to transport this individual. Sheryl will take back to the Board and ask. Chairman Stacey stated Medicaid has a transportation piece in it. Sheryl stated she would ask Maureen.

Chairman Stacey questioned making Kindergarten mandatory, how are children going to be bused. Sheryl Kovalik stated not brought up at this time; she would need to find out and that would be part of the conversation on that issue.

Karen Umberger stated going back to money from the State to aid vocational reimbursement. Sheryl Kovalik stated \$1.7 Million. Warrant articles would be in Tuition Trust to split over time. This money is separate from the \$1.7 Million; will get full accounting; they were hoping to get \$512,000.00. Karen asked where that money was going into and Sheryl stated the \$1.7 Million is already paid to us. Karen asked if

it was going to be applied against the debt and Sheryl stated generally that is what it does, reducing the debt portion of our tax bill. Karen stated she just wanted clarification of what the Board was going to do with that money; we should be seeing a reduction of \$512,000.00 on the debt. Sheryl stated reflects on the Revenue side of the Budget. Karen asked if it was this year's Revenue and Sheryl confirmed that it was and that she did not know where it was going to show.

Daniel Bacon stated he wanted to go back to the meeting about late bus transportation; taking money from games, where is that money shown. Sheryl Kovalik stated it is not shown as separate, it goes into the General Fund; have a financial accounting system that tracks those funds. Daniel stated he would like to see something like that. Sheryl stated she would get a month end statement. Daniel stated he would like a list showing game fee charged at the door, booths sales, school vendors. Sheryl stated those are the Boosters and it gets carried as sports support. Daniel asked if they were making a profit and Sheryl stated it is used to keep cost of activities under control; however, football generally makes a lot of money.

Sheryl Kovalik asked if the Committee was satisfied with the Special Education answers or should she verify. Daniel Bacon stated good answers. Sheryl asked if there was anything else for Carl; have Medicaid reimbursement plans, have busing for Kindergarten; have month end statement for student activity funds.

Karen Umberger stated she was just floored that a child is being bussed for two hours in the morning and two hours in the afternoon to get to school. Sheryl stated this is preferable to residential placement; residential placement is significantly more.

Daniel Bacon asked about the hourly rate for bus drivers. Sheryl Kovalik stated she was not sure. Chairman Stacy stated that is usually seen on Warrant Articles; Jim Hill gives us that. Sheryl stated did raise the fee from \$11.00 to \$18.00 for substitute bus drivers.

Sheryl Kovalik stated the School Board voted Monday night giving the administration marching orders for putting the budget together; directed separate health insurance and fuel; for the moment level funding, no increase at the Middle School, no increase at the Elementary Schools and the High School a 2.5% increase; have taken Maintenance at the Middle School and the High School out to get a clean picture. Technology will be district wide, one budget. So, we are breaking it down differently and controlling where costs are being increased.

Phil Dighello asked about negotiations and Sheryl Kovalik stated they were scheduled for a tutorial from the attorney and would all be sitting down. Karen Umberger asked if the tutorial was open to the public and Sheryl Kovalik stated she didn't know; should be open to Budget Committee members.

Daniel Bacon stated on the salary average on teachers, he had looked on the State web site and Sheryl stated that is where she would go and it was somewhere around \$34,000.00. Daniel stated the State has it at

\$27,600.00 minimum. Sheryl stated we are one of the lowest in the State. Daniel stated 21<sup>st</sup> and Sheryl stated pretty far down.

Karen Umberger asked for the percentage of High School increase again and Sheryl Kovalik stated 2.5%.

John Edgerton stated he would recommend that the teacher contract be continued until negotiations are finished or turned down. Jim LeFebvre asked for the percentage of personnel cost over the entire budget. Sheryl Kovalik stated she couldn't tell the percentage.

Doug Swett stated \$26,000.00, they are not telling you about the perks; they don't think they should be questioned about the perks. Sheryl Kovalik stated for a family with full benefits, it could be more. Doug stated it is not right. Sheryl stated negotiations are going to be hard; she was registering all opinions. Phil Dighello stated he wanted to touch on what Doug had said about adding benefits; hired at \$27,000.00 pay with \$18,000.00 in health insurance, retirement. Benefits actually equal pay which is astounding; need to look at the whole package. Sheryl Kovalik stated one can't use benefits.

Chairman Stacey proceeded to discuss the calendar for this year. As of right now, Town books are due December 12<sup>th</sup>; if you can not pick it up, she will bring it to the next meeting. On Monday, December 15<sup>th</sup> the budget is due from the School. Chairman had not heard if that was going to be an issue. Sheryl Kovalik stated that Carl (Nelson) is planning the initial budget review on October 15<sup>th</sup> and October 16<sup>th</sup> with his people.

Chairman Stacey suggested the first meeting be scheduled for Wednesday, December 17<sup>th</sup> at 6:30 PM at the Town Hall; the following week will be School vacation. Sheryl Kovalik stated School vacation starts December 24<sup>th</sup>. Chairman stated that we will have a short budget term this year which means we will have less time for review than usual. Karen Umberger requested the date of the deliberative session and Chairman stated the deliberative for the Town is on March 4<sup>th</sup>; Warrants are posted on the 20<sup>th</sup>; Petitions on the 10<sup>th</sup>.

Sheryl Kovalik stated she and Dick (Klement) had a conversation on moving the deliberative to a Saturday afternoon; might have a better turn out. Daniel Bacon stated a majority of the taxpayers work weekends. Chairman Stacey stated the deliberative is set by the Town and the School Board sets their deliberative. Sheryl stated she would get back to the Committee; it is a bad calendar year. Chairman stated that if it was held on a Saturday, she would not be able to come; Jim would have to run the meeting. Sheryl stated looking at a few of the senior citizens that can't come out at night. Karen Umberger suggested starting at 5:00 PM instead of 7:00 PM. Sheryl stated could start at 5:00 PM. Doug Swett stated this problem has gone on for years and a lot has been tried; handed out coasters one year, have tried everything; the deliberative is considered the same as the old Town meeting. Karen Umberger stated a lot of people do watch Channel 3.

Karen Umberger stated excluding December 22<sup>nd</sup> and assuming we are not going to meet on December 29<sup>th</sup>; she was not convinced that this Committee

should meet on December 22<sup>nd</sup>. Chairman Stacey stated this is a very short year; non-profits are due on the 15<sup>th</sup> and once again the forms are on-line; can call the Town if there is a problem getting the form. Doug Swett asked when the non-profits would meet with this Committee and Chairman Stacey stated the first Saturday in February. Once again, non-profits will be scheduled starting at 9:00 AM. Chairman further stated that she was under the impression that she would be chairing the non-profits.

Sheryl Kovalik stated considering the situation this year, it would be her expectation that there would be a lot looking for additional help. Chairman Stacey stated that 90% or more come in level funded; may have had one increase last year. John Edgerton stated that Gibson was not expected to increase their request. Chairman Stacey stated Petitions are due February 10<sup>th</sup>; public hearing will be on February 11<sup>th</sup> and that will be at the Kennett High School Cafeteria. Karen Umberger suggested that the tables not be used. Sheryl Kovalik stated have been doing that for Board meetings; can unplug the vending machines. Chairman further stated the Warrant would be posted on the 20<sup>th</sup>; candidates first day to file is the 25<sup>th</sup> of February; Deliberative on March 4<sup>th</sup> and the School hasn't been set. Last day for filing is March 6<sup>th</sup>; voting on April 14<sup>th</sup>. Chairman further stated that Carl (Nelson) would not miss anything. Karen Umberger questioned the dates, didn't seem right. Chairman stated she and Karen (Hallowell) have counted multiple times. Chairman asked about meeting every Monday and Wednesday through January; Monday for the Town, Wednesday for the School. Sheryl Kovalik asked every Monday and Wednesday at 6:30 PM and Chairman confirmed the time and the meetings at the Town Hall every Monday and Wednesday.

Chairman Stacey asked if the Committee wanted the Principals to make a presentation. Karen Umberger stated since the School Board has said the Middle School and the Elementary Schools will have no increase, she basically saw no reason to ask the Principals for those schools to come; however, she thought with a 2.5% increase the High School Principal should come before this Committee to discuss areas that he is looking at. Chairman stated we will request Jack Loynd, Maureen Soraghan, Jim Hill and Dale Anderson. We will also request any of the Principals to discuss Warrant Articles, if applicable. Sheryl Kovalik stated only on a Warrant Article that can't be explained by herself or Carl (Nelson). Chairman stated that as of right now, Jack Loynd, Maureen Soraghan, Jim Hill, Dale Anderson and Carl Nelson and all School Board members are always welcome. Karen Umberger stated she knew Jack (Loynd) is retiring this year as of June 30<sup>th</sup>; what she didn't know was if he should present the budget or should it be his assistant. Sheryl stated if he is going to prepare it, he should present it.

Chairman Stacey stated that the Selectmen's meetings were covered from now until December 17<sup>th</sup>, need coverage to all School Board meetings. Jim LeFebvre stated he would be attending all School Board meetings. Jim further stated October 15<sup>th</sup> is the next School Board meeting. Chairman asked that if he was unable to attend, try to give her at least 12 hours notice and she would try to attend. Daniel Bacon stated he would do some of the Selectmen's meetings. John Edgerton stated he would attend the second School Board meeting and attempt some of the Selectmen's meetings.

Doug Swett suggested to Sheryl Kovalik to stick with a one year contract with no zipper clauses. Sheryl stated she understood; she did not want a two year contract.

Daniel Bacon stated the Selectmen can't demand us to appoint anybody to the Capital Improvement Committee. Chairman Stacey stated that this Committee appointed her to that Committee, at least for now. Daniel stated it only states in the RSA that one shall be from the Planning Board and others, may have one from Budget; personally he would like to rescind that vote. He joined to be on the Budget Committee, not on other committees.

Jim LeFebvre stated that other members should feel free to come to the School Board meetings as he could use another person to ask intelligent questions.

Chairman Stacey stated the next meeting will be on December 17<sup>th</sup> at 6:30 PM. If there was any change due to snow, she and Earl will make the call by 2:00 PM. She does try to speak to each personally to advise a meeting has been cancelled due to snow.

**Jim LeFebvre moved, seconded by Sheryl Kovalik, to adjourn the meeting at 8:05 PM. Motion carried unanimously.**

Respectfully Submitted,

Iris A. Bowden, Recording Secretary