

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
April 29, 2009**

A meeting of the Municipal Budget Committee was called to order at 6:33 PM in the Meeting Room at the Conway Town Hall with the following members present: Chairperson Melissa Stacey, John Edgerton, Bob Drinkhall, Mike Gilmore, Daniel Bacon, Jim LeFebvre, Ben Kane, Sheryl Kovalik, Bill Aughton (left meeting at 8:10 PM), Karen Umberger, Pat Libby, Raymond Shakir and Bill Masters. Also present: Earl Sires, Lucy Philbrick, Doug Swett, Linda Teagon and Maryann Shakir.

APPROVAL OF MINUTES

Dan Bacon moved, seconded by John Edgerton, to approve the Minutes of January 26, 2009, as amended. In favor: 7; Opposed: 0; Abstain: 5 - Sheryl Kovalik, Pat Libby, Raymond Shakir, Ben Kane and Bill Masters.

On page 9, sixth and seventh paragraph, Sheryl Kovalik should be changed to Karen Umberger.

Phil Dighello requested by e-mail that the following change be made on Page 9, eighth paragraph: Phil Dighello stated that if the bond was approved and the \$200,000.00 in the Capital Reserve Fund was spent, we wouldn't have any left in the Capital Reserve Fund for other projects. He also stated that he doesn't agree with spending \$1 Million on the new garage.

Jim LeFebvre moved, seconded by Dan Bacon, to approve the Minutes of February 2, 2009. In favor: 9; Opposed: 0; Abstain: 4 - Pat Libby, Raymond Shakir, Ben Kane and Bill Masters.

Bob Drinkhall moved, seconded by Jim LeFebvre, to approve the Minutes of February 4, 2009, as amended. In favor: 10; Opposed: 0; Abstain: 3 - Pat Libby, Bill Masters and Raymond Shakir.

Phil Dighello requested that the following change be made on Page 8, last paragraph, first sentence: Phil Dighello stated enrollment dropped but staff payroll increased by \$95,000.00, over and above Special Aide costs.

John Edgerton moved, seconded by Karen Umberger, to approve the Minutes of February 7, 2009, February 11, 2009 and February 16, 2009. In favor: 10; Opposed: 0; Abstain: 3 - Pat Libby, Bill Masters and Raymond Shakir.

Chairman Stacey had all members in attendance and members of the public introduce themselves. Bob Drinkhall, as a Selectman, gave the oath of office to Bill Masters and Raymond Shakir to become members of the Budget Committee.

Bill Masters advised that he has lost about 75% of conversational hearing and asked that everyone bear with him. He further stated that if he gives an answer that sounds strange, there are three options that can be used:

ask the question again, repeat the questions until he understands it or make up questions; he does not take offense with that. Chairman Stacey stated the Committee is to try to speak in turns and not over each other and if anyone can't hear someone during a presentation, feel free to state "Point of Order" stating you can't hear and ask that person to speak up.

Sheryl Kovalik moved, seconded by Karen Umberger, to nominate Melissa Stacey for Chairperson. Motion and second withdrawn at this time.

Chairman Stacey stated that Mike Gilmore and she had spoken and he had some suggestions about the presentation of budgets for the future. Mike stated he was not a politician and assumed that most people had seen the article in *The Daily Sun* with his name; most of it was true; there were some minor details that were not factual and not worth correcting. Mike further stated that he had problems with this Committee last year; generally considered what was done was a waste of time; spent a large amount of time trivial items; playing a shell game looking for answers. Speakers gave presentation representing less than 2% of the budget, a waste of time; dealing with the "that's the way it is" attitude and he didn't buy it. Mike Gilmore further stated what he felt is wrong and to remember that this is his opinion:

- a) the avalanche of paperwork to go through;
- b) continuously changing the numbers, understand having updates but we need to get more accurate figures;
- c) Line items versus bottom line;
- d) For the most part, speakers/presenters controlled the pace of the meeting when giving their presentation;
- e) Rambling, going off topic and there were some insignificant presentations and answers;
- f) Lack of accountability; can't see where the difference of funds come from; when questioned about funds, answer always is "taken out of the General Fund". When funds are budgeted for "x", and spent on something else, he has an issue;
- g) Major dollar amounts are not presented or discussed; instead go to the minimal and trivial stuff;
- h) Timely responses to erroneous reports in the media;
- i) Everything should be pushed to e-mail and PDF;
- j) No time limit on discussions; need a time limit on discussions and questions;
- k) Issue with the 30-Town Matrix, he doesn't like it; just a way to hide automatic pay increases;
- l) Default budget should not be set by the submitting department; what sense does it make to have the same group set the budget and the default budget. This past year had a 1% difference, all discussion wasted.

Mike Gilmore further stated that he would like to see the following happen with this Committee:

- a) All members e-mail the Chair their name, telephone numbers, and what their connection is with the Town;

- b) Submit a summary of Minutes for publication;
- c) Department heads need to be at the meeting when their budget is being presented;
- d) All material submitted in electronic form;
- e) Materials submitted within two business days of presentation; for the Wednesday meeting, has to be submitted by Monday at 4:00 PM; if requested, must be submitted before Friday;
- f) Speakers present summary information first and require outlines of presentations for approval.
- g) Selectmen's budget should include historical figures back 5 years, a one page Summary. This will give an idea what has changed;
- h) Show all diverted funds; show line items that weren't spent but spent somewhere else.
- i) Time limit 5 minutes on questions and answers for each member; if a member feels the presenter is not answering a question, can stop the presenter and state not answering the question asked.

Mike concluded by stating these were just starting points; let's do something. His background is in engineering; in a meeting there are 5 engineers, you will have 6 different solutions with one being compromise. Mike thanked the Committee for their time.

Chairman Stacey stated we have to figure this year's format of meetings. *Robert's Rules* is followed loosely, work through the Chair by a raise of hands and the Chair will try to take in the order raised.

Sheryl Kovalik stated Point of Order: proceed with election of Chair and Vice Chair first. This is the first meeting and decisions don't need to be made now. Chairman Stacey stated the guidelines need to be set. Sheryl stated everything listed is a large plate of discussion.

Raymond Shakir stated speaking from zero, at this point he didn't see anything wrong with what Mike was talking about; sounds like common sense; establishing By-Laws. He suggested the Committee accept some By-Laws; he didn't have a problem, only common sense. He suggested the establishment of By-Laws.

Karen Umberger stated there were a couple of things to point out. There are some things we all need to recognize; one, this Committee's job is not just to look at the overall thing, our recommendation to the public is the overall thing. She does look at all the papers and does so every season because within those numbers are all kinds of stories. Hopefully we can realize when our questions need to end; the minute we start assigning time frames we lose out on the discussion and lose out on the free flow of the information that we have. She does feel that we, as a group, know more about the budget than anyone. The Selectmen and the School Board don't go through line by line, there are exceptions in every case; overall they get their briefing. Yes, she looks through every line, does more than just bottom line. She thinks as we work through the year, we need to be cognizant of what our role is in this budget process. Karen further stated that she knows in her first year the information was

overwhelming because she didn't know what it all meant and as time goes on, it does get a lot easier to understand what is in the budget. This was kind of how she feels, more of a free flow kind of person. However, she agreed with Sheryl (Kovalik) that tonight is not the night and she believed some other people have ideas that are important as well. She thought that we need to do this; have another meeting to focus on how to proceed for the rest of the year. Tonight is not the meeting for that.

Mike Gilmore stated in clarification, he was trying to convey that this Committee concentrates on 20%. It was not until the last meeting that he got the overview and there wasn't one piece of paper saying \$33 Million.

Bob Drinkhall stated he had a comment, a motion and a question. His question: when we nominate someone, do we vote on all others. Chairman Stacey stated nominate and then vote. Sheryl Kovalik stated she has seen it done with all nominations first, then you vote on the candidates; everyone has a choice. The School Board has followed the same path and one year there were two nominations which created hard feelings.

Bob Drinkhall stated that most of what Mike (Gilmore) says he agrees with; in particular the fact for the need of information before the meeting. On the time limit, Bob agreed with everything Karen and Sheryl said; putting a strict time limit doesn't work; he would rather not see it. Mike Gilmore stated he has seen both sides of the fence; seen what's going on in Washington and did admire how they got through the stuff, answers given and if not given, asked to stop.

Bob Drinkhall moved to accept Roberts Rules of Order. Karen Umberger stated Point of Order; need to elect a Chairman first. Bob withdrew his motion at this time.

Jim LeFebvre encouraged Mike Gilmore to send a copy of his comments to everyone. Mike stated he did one copy. Jim stated he would appreciate it.

Bill Masters stated not knowing what has gone on in the past, having a structured presentation, putting things out clearly, asking questions and points of discussion seems to be the way to go; everybody operating on the same playing field. Nothing wrong with presenting certain information and if not answering questions, why waste time here; confused at overall picture. It took him 7 years to register to vote in the Water District and he hasn't seen anything in the Town Report. Chairman Stacey stated the School puts out its own.

Sheryl Kovalik stated another option for time limits is not to hear the same message repeatedly; make a statement, don't need to hear the same thing 4 times, once is enough.

Ben Kane stated Point of Order; really not the purpose of this meeting. Chairman Stacey stated this is to set up how we do things; she agreed and understood; best suggestion is that we table discussion until everyone has time to absorb it.

ELECTION

Bob Drinkhall nominated Jim LeFebvre for Chairman. Sheryl Kovalik nominated Melissa Stacey for Chairman. For Jim LeFebvre: In favor: 7; Opposed: 0; Abstain - 0. For Melissa Stacey: In favor: 4; Opposed: 0; Abstain - 0.

Bob Drinkhall nominated Ben Kane for Vice Chairman. Pat Libby nominated Dan Bacon for Vice Chairman. For Ben Kane: In favor: 6; Opposed: 0; Abstain: 0. For Dan Bacon: In favor: 4; Opposed: 0; Abstain: 0.

Chairman Stacey stated that there are no vacancies this year. East Conway and Redstone reported they will have someone in attendance for the next meeting.

TOWN

Earl Sires stated he was responsible for the Operating Budget of the Town and that he had just reviewed it with the Selectmen today. Typically Long Term Debt is removed from the spreadsheet. There is a required format by the State for the presentation of a departmental budget that has to be followed and that works well. Looking at the Actual & Budgeted Expenses & Encumbrance you will see in the lower right hand corner that 78% of the Operating Budget is left and after 4 months should have between 65% to 70% left. This is 2% less than last year so we are doing okay. Really don't have a whole lot to tell you at this time.

Karen Umberger asked how did the Town make money in Welfare. Lucy Philbrick stated Rotary gave us money; we had some reimbursement from the State of New Hampshire that were the State's responsibility. Karen stated she would personally like, at the next meeting, to see the Revolving Funds. Earl Sires stated at the next meeting we can talk about that.

Raymond Shakir stated that it looks to him about 25% of the budget is needed for 3 months. Raymond asked if there was historical information available or has it fairly been even. Earl Sires stated the budget doesn't get approved until April and their year starts in January; the law allows us to operate; can't go out in January and spend \$200,000.00, have to wait and do things on the regular Operating Budget. The general practice is to defer to the end of the year in case we have to make adjustments. Earl stated he could have for the next meeting.

Mike Gilmore asked if number and percentage were typically in line and Earl Sires stated pretty much in line. Earl stated some organizations have a contingency fund based on a percentage of money set aside; don't do that in New Hampshire; moving money from one line to another in the Town Budget by law we can not do that; fund to fund transfer is our merit account that funds any raises allocated to individuals and amounts put in that department. Mike stated money had to come from somewhere. Earl stated that's what we account for. Mike asked where did the money come from and Earl stated Revenue.

Raymond Shakir asked if it was appropriate to provide summaries that would highlight anything straying off from this period so when reviewing it would jump out. Earl Sires stated good point; maybe Raymond could come in and go over.

Karen Umberger stated obviously she has some concern about the Rooms and Meals Tax. She realizes the Town probably hasn't made any plans at this point or Stimulus Fund decisions, but she would hope the Town is looking at it. Karen stated she could advise what went out of the House, you (the Town) are not getting any of that. She is just concerned about making some sort of contingency plan.

Sheryl Kovalik asked if it was possible to request a Special Meeting; new budget, set new tax rate. Earl Sires stated they asked DRA (Department of Revenue Administration) and nobody has ever asked to do that. He expects it could potentially be done. Karen Umberger questioned the ability to call a meeting. Sheryl stated have the ability to do that, but still need approval from the State; she didn't know the details. Karen stated she knew that we gave people the authority to hold special meetings for stimulus money; she knew that had been approved.

Earl Sires stated on the stimulus funding mentioned before, so far haven't been able to find out where our portion is; had a project slated at First Bridge, did get a call from DOT stating unfortunately all that money is going down state.

Sheryl Kovalik apologized for not reading the Agenda. Carl (Nelson) is not going to be here and she didn't have a status update. Sheryl asked if she could do it at the next meeting. Chairman Stacey stated Carl said he would mail it over to the Town Hall. Sheryl stated not running much of a surplus this year; had a request for a transfer of funds to pay for certain things, pulling funds from Special Education and we blocked it. We are watching those things. Chairman Stacey stated can't spend Special Education monies on anything else. Sheryl Kovalik stated it can be spent; we chose not to allow that. Chairman stated she would question that; if Special Education money budgeted for Special Education, can not spend on something else. Sheryl stated that was not the law, but they chose not to do it. Dan Bacon stated last year had different conversations, money was not to be spent on anything else. Sheryl Kovalik stated by choice, not by law. We could develop a policy at the District level. Sheryl will bring this to the Policy Committee.

John Edgerton stated he would like to make a request that we have an inventory of Elementary Teachers and how many students per class. Sheryl Kovalik stated it was in the original binder. John stated he wanted it by teacher and how many students. Sheryl stated it was premature, they have preliminary framework to do. They have a K-8 Committee and they need two Municipal Budget Committee participants on this Committee. It is designed to approach K-8 so you know it is a large committee; cross District, principal from every school, variety of teachers, parents. Dan Bacon, Jim LeFebvre and Karen Umberger volunteered to be on the Committee as representatives from the Municipal Budget Committee.

Mike Gilmore asked if there was any news on funding for the High School. Sheryl Kovalik stated they have asked about the Building Aid; it would be a huge shortfall if not received. Chairman Stacey asked how many different mandates are there that the State has set and then don't fund.

Karen Umberger stated some information could change tomorrow. Government did put money in for the School Building Aid. The budget that passed the House has no money for the School Building Aid and she didn't know what was going to happen in the Senate and won't know until June. Bob Drinkhall stated three towns: Conway, Nashua and Manchester without School Building Aid; have the ability to sue the State. Bob stated the Government Center was called and asked about the ability to call a Special Meeting and they were completely taken back; no one has ever asked to reduce a budget; there is no precedent. Sheryl Kovalik stated we are in a new place; we are wide eyed, we will have to address it. If we don't get the State Aid that was committed, we will have to cut the budget. Mike Gilmore stated have from now until October. Sheryl stated need to know by September, probably before as it will affect staffing.

Karen Umberger stated the sending towns pay in arrears. Sheryl Kovalik stated this year's contributions will be last year's budget. Karen stated the immediate effect is only on Conway. Conway pays 50% of school and sending towns spend 50% excluding Elementary Schools at \$2 Million each out of a \$32 Million budget. Sheryl Kovalik stated as we approach this problem, we need to look at the immediate effect. Anything cut is a 2 year problem for Conway.

Sheryl Kovalik stated they are considering setting up a special sub-committee to keep an eye on the ball and have an effective plan in place. Karen Umberger suggested that Sheryl (Kovalik), Bob (Drinkhall) and the Chairman be on it with Earl and Carl Nelson. Karen will provide whatever information she can.

Bob Drinkhall moved, seconded by John Edgerton, to loosely follow Robert's Rules of Order. In favor: 12; Opposed: 0; Abstain: 0.

John Edgerton stated he understood that under State law the Chairman's rules will be Robert's Rules with exceptions. Chairman Stacey stated that basically the reason this Committee doesn't use Robert's Rules is because the Chair is not allowed to vote. There are occasions when all votes are needed.

Sheryl Kovalik asked if it would be possible to try limiting the Municipal Budget Committee meetings to not exceeding two hours. Chairman Stacey stated have always gone to 9:00 PM; typically that is why you are asked if you want to go on or stop.

Karen Umberger moved, seconded by Raymond Shakir, to have the Minutes produced as they have been over the past year. In favor: 11; Opposed: 0; Abstain: 1.

Chairman Stacey questioned the Committee members on how they wanted to have the Minutes of each meeting produced. Karen Umberger stated she thought the Minutes the way they have been produced is perfect.

Karen Umberger moved, seconded by John Edgerton, to adjourn the meeting at 8:25 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary