

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
July 15, 2009**

A meeting of the Municipal Budget Committee was called to order at 6:32 PM in the Cafeteria at the Kennett Middle School with the following members present: Chairperson Jim LeFebvre, John Edgerton, Bob Drinkhall, Daniel Bacon, Sheryl Kovalik, Karen Umberger, Pat Libby, Raymond Shakir (arrived at 7:00 PM), Bill Masters, Doug Swett, David Jensen (arrived at 6:40 PM), Shirley Renahan (arrived at 6:40 PM) and David Sordi. Members excused from meeting: Melissa Stacey, Ben Kane and Betty Boucher. Members absent from meeting: Mike Gilmore and Bill Aughton. Also present: Earl Sires and Tara Thomas, Conway Library Director.

TOWN REVIEW

Chairman LeFebvre turned the meeting over to Earl Sires, Town Manager, to review the Town Budget. Earl stated to the members that they should feel free to ask questions. Earl further stated that he had received the questions forwarded to him by the Chairman. Earl stated the Selectmen had been asked if there were plans to hold a special meeting to reduce the budget and at this point, they are not. Earl stated the estimated impact to the budget is about \$6,700.00 on the Police budget for retirement contributions. Karen Umberger asked about the active and Earl stated \$6,700.00 was his understanding for Police and Fire.

Earl Sires proceeded with the paving budget stating that the Selectmen have put some projects on hold, leaving about \$100,000.00 to be left at the end of the year which will be open to adjustment and discussion. Karen asked out of how much and Earl stated he thought \$430,000.00. Chairman LeFebvre asked if there were any plans for it and Earl stated he didn't have the actual list; a couple of residential neighborhood roads. Bob Drinkhall stated Thompson Road and another one.

Earl Sires proceeded with the 2009 Capital Reserve Fund Projects. Kearsarge Street: planned for \$261,000.00 originally and they will be close with that number. We (the Town) are cooperating with the Mount Washington Valley Preservation Association and the North Conway Water Precinct to fund the entire project. Curbs and sidewalks were funded by federal money that was earmarked several years ago. The original plan with Intervale Cross Road was \$280,000.00; \$240,000.00 non-local funds, mostly federal. With that estimate, saved about \$80,000.00 to \$100,000.00 by cooperating with the Feds. Karen Umberger stated she had a question on the railroad crossing; she knew this had come up 6 or 8 years ago, why now. This began as the #1 priority over some other things. This has been up in the air for at least that long. Karen was concerned why this took precedence over others. Earl stated working with the State to get funding is a real advantage for getting a bunch of work done on Town roads, \$.20 on the dollar. Why this took precedent, ask the Selectmen. On Mechanic Street, looking at what to do and funding availability.

John Edgerton asked when Kearsarge Road was going to be open and Earl Sires stated eventually some day. Bob Drinkhall stated that section would be paved on the 17th.

Earl Sires proceeded with the Revolving Funds. Recreation has not had much activity. Karen Umberger stated she thought the balance was not correct. Earl stated Lucy has not made the adjustments out of the General Fund; Lucy will do that later in the summer. Karen stated it is difficult to know how the Recreation Fund is working if we do not know how much is in there.

Earl Sires reviewed the Solid Waste Revolving Fund; fees are not covering the costs; talking with the Selectmen to see if fees should be adjusted. A lot of the recycling has to be taken away. The general idea was that the fees would support the operation and disposal of items. Karen Umberger asked if the problem was in not getting as much as before. Earl stated recycling revenue has come down and it was his basic understanding that we are not keeping up with the cost. Karen asked how long has this been in trouble and Earl stated it was not in trouble. David Jensen stated Paul (DegliAngeli) eluded last year that some markets were essentially drying up; no one was taking plastics and paper. Karen stated this bothers her and it needs to be figured out. Karen further stated that she knows Albany and Eaton are paying into the solid waste and asked what their current percentage was. Earl stated he didn't know off hand. Karen asked if the majority of the \$13,000.00 that we are short was a Conway cost. Earl stated cost to manage would be distributed to Albany and Eaton also. Karen stated she was not sure that was what she was saying; didn't know enough about the problems to have a good understanding of what is going on within the Fund; maybe in September we can get more detailed information. Karen further stated she appreciated the information, but wasn't sure raising the fees was the right thing to do. Earl stated he would get more detailed information.

Earl Sires proceeded with the Police Revolving Fund: doing fairly well, accumulating a balance.

Earl Sires proceeded with Revenue and Expenditures. Earl pointed out that the \$2.9 Million at the bottom of the third column does not include either Room and Meals or State Shared Revenue. When this Committee meets again in September, \$416,000.00 of Room and Meals will be included and State Shared Revenue will not be included. Motor Vehicle Registrations are ahead, budgeted \$1.55 Million for revenue; have collected about \$750,000.00. Sheryl Kovalik asked if this is paid to date revenues; same point in time or just matching. Earl stated reduced some from last year.

Earl Sires reviewed Expenditures; 53% of the budget is left. This doesn't include Capital Reserves and Long Term Debt Accounts. Earl didn't see anything of concern at this point. There was no increase in Health Insurance in 2009 which tells him that there will be some sort of increase this year. At this point, the Selectmen are not thinking about having a meeting to reduce the budget; the real challenge will be next year.

Karen Umberger stated that every 5 years the State comes in and does re-evaluations; when is that due? Earl Sires stated it was going on right now. Karen asked if he was seeing any significant changes. Earl stated Tom was doing it as we speak; Tom is saying it is not going to be a whole lot different, maybe a few percentage points. Some parts of town values are holding better than others. Land is not holding as good as residential property; condominiums are not holding value.

Sheryl Kovalik stated at some point she was interested in the relationship of the residential and commercial impact on the taxpayers. Earl stated there could be a problem trying to do an analysis, not much information since there have not been a lot of sales.

Dan Bacon asked if there had been any businesses requesting an abatement. Earl Sires stated some do request an abatement.

Sheryl Kovalik asked if the Town charged anything when major businesses come to town; are additional funds set aside for impact on the community. Earl Sires stated the Town works with the developers; require the development to handle any impact. To answer the question, the Town doesn't have impact fees, but do deal with the impact in different ways. Bob Drinkhall stated it is extremely difficult to have impact fees. North Conway Water Precinct does have a buy-in fee. As for the Town, have to prove that the development is increasing the cost which is difficult to do in this town.

David Sordi asked if unpaid taxes are factored in. Earl Sires stated as Receivables; we get 18% on that and after 3 years a lien on the property and can sell that property. We put a lot of work into the tax lien process. Before placing a lien, write a lot of letters, meet with the people and the Selectmen will set up a payment plan to try to get paid.

Earl Sires proceeded with reviewing the handouts and asking "What does a Town Manager do?" The Town Manager here is to make things work. New Hampshire has set the tone of government over time. Earl quoted Eugene McCarthy: "The only thing that saves us from the bureaucracy is inefficiency. An efficient bureaucracy is the greatest threat to liberty"; Judge Gideon J. Tucker: "No man's life, liberty or property is safe while the legislature is in session"; P.J. O'Rourke: "If Government were a product, selling it would be illegal"; and the San Diego County Courthouse: "Good Government demands the participation of all citizens". In New Hampshire, there is not a lot of leeway, can only do what the State law says you can do. State laws provide different kinds of government: a Board of Selectmen that handles the affairs of the Town, but it is direct democracy as every voter gets to vote. Some towns have a Town Manager, some have a Budget Committee, a Police Commission and Library Trustees; Conway has adopted that. New Hampshire is the best case of the citizens having control with not any one group in control of too much; that is reflective of the State. There is a lot of voter input. The Town of Conway includes a Board of Selectmen, Library Trustees, Police Commission, etc. There are pieces that are not mentioned: the Precincts and Districts, there are 8 in Conway. Each does a different thing and has a very specific purpose. The only thing the Town does for the School is

collect and disburse Town funds. The breakdown shows appointed Boards and Committees: Conservation, Parks etc., Police Commission (3), Library Trustees (5), Selectmen (5), Planning Board (7), Budget Committee (16), Treasurer and Moderator. There are about 60 or 70 appointed and elected positions; add to those about 100 others involved one way or the other. The Budget Committee's roll is to provide a different perspective on the budget. When Earl comes back this Fall, this Committee will see how the Town is divided up. Tara (Thompson) will be here for the Library. Public Works can mean engineering, design work, planning, vehicle maintenance and the service garage. Assessor takes a look at assessment of what the Town property is worth and provides everyone what it is. Tax Collector sends the bills. Planning and Zoning is development applications, residential and site plan, code compliance, building inspections and various zoning restrictions and requirements. Finance is Lucy (Philbrick) and Laurie Roode. Recreation is John Eastman. That is it in a nut shell. Sometime things like getting an event permit can involve 5 or 6 Boards; have lots of different ways, divided responsibility, and people have to work harder to get along.

Bill Masters stated it took him 7 years to figure out he had to register to vote on the Water District. When he picked up the Town Budget, he expected to see the entire School, Police and Fire for some idea of the overall cost to operate the town. Seems kind of chaotic to try collectively to manage. Bill stated to Earl Sires that if he was sitting in Earl's chair, he would be absolutely bald. Bill further stated that it seems to him that there is a lot of redundancy in terms of voter registration. Precincts themselves have their own. This Town operates under the Charter of the State.

Karen Umberger stated back in 1905 some people got together and thought they should do something with the water in North Conway. Whether they went to the Town, she didn't know. They did go to the Legislature and have them do something, i.e. create the North Conway Water Precinct. Same way in the 1960ish time frame, some people in Kearsarge Lighting District went to the Town to get zoning and the town didn't want to do it. Kearsarge Lighting District went to the Legislature and got zoning in their area. That is part of being in New Hampshire; you can do that and in both situations basically if you don't like what is going on, go to the Legislature and create your own thing.

Earl Sires stated the Town and staff have good relations with the Precincts, work well with them. The Town works on all the streets with the North Conway Water Precinct; plan our work with their work. Some that they do, the Town doesn't have to pay for; have been really good at coordinating our work. There may be a better way, but also need to look at how well people work together.

Bill Masters stated it seemed to him that with special interest groups there could be 10,000 little interest groups bringing forth their own thing. He thought the thing that he was questioning was not having a clear understanding of how the system works. Earl Sires stated that is what we've got, could be a lot worse; do think we all get along well. A lot of work goes on between the Town and the Precincts.

Chairman LeFebvre thanked Earl Sires for coming in and giving his presentation. Earl stated that before he left he wanted to introduce the new Library Director, Tara Thomas.

OTHER BUSINESS

Bob Drinkhall advised that the Selectmen have two new committees. The first one: Garage Building Committee with Larry (Martin) and Bob from the Selectmen on it and would like a representative from this Committee. The second committee: Light Committee for street lighting; will only have to do lighting controlled by the Town. A study has been done on where we have lights and the type of lights. Chairman LeFebvre asked when the meetings would be scheduled and the time. Bob Stated certainly by Fall, no time or date yet. Bob is on both Committees. Raymond Shakir volunteered for the Garage Building Committee. John Edgerton and David Sordi volunteered for the Street Lighting Committee.

Chairman LeFebvre asked that members from last year return their Town books with the tabs only, keep the data, to Karen Hallowell at the Town Office.

Raymond Shakir stated he was curious and asked Bob Drinkhall for a brief synopsis of what he volunteered for. Bob Drinkhall stated the Garage, as you know, was proposed originally for \$1.2 Million, then taken down to \$800,000.00. This is the Maintenance Garage. He was opposed to \$1.2 Million and was not thrilled with \$800,000.00. He has done a lot of research. Town maintains a lot more vehicles than other towns. Raymond asked what is the function of the Committee and Bob stated to come up with a recommendation of where do we go from here since the previous proposal was turned down.

Chairman LeFebvre handed out a spreadsheet to the members. The spreadsheet was for discussion purposes only. Chairman reviewed the spreadsheet. Sheryl Kovalik asked why benefits and retirement were separate. Chairman stated because of the increase in contributions. Karen Umberger asked if talking about more than just medical. Sheryl stated maybe there will have to be a separate page separating out the benefits. Raymond Shakir suggested listing benefits in terms of percentage of the whole amount in a footnote. Chairman stated the spreadsheet was just for discussion purposes only tonight. Sheryl stated might want to create levels of supervision; direct review responsibility or supervisory responsibility. Chairman stated department heads provide input. Sheryl stated get additional input from the department heads. Sheryl will give to administration and talk to them. Chairman requested feedback before the August 19th meeting.

Chairman LeFebvre stated the next meeting will be on Wednesday, August 19, 2009 at 6:30 PM, location to be determined. Carl (Nelson) is going to do the same thing as Earl did tonight. Can discuss the spreadsheet in more detail then, need feedback. Chairman asked that each member take the time to review the spreadsheet in more detail and drop him an e-mail or

give him a call with feedback for changes that anyone would like to see made.

John Edgerton stated he wanted to see the number of students every teacher has. Chairman LeFebvre stated that can be adjusted and asked John to send him a note. David Sordi asked what is the purpose and Chairman stated the purpose is to give members a feel of spending on personnel; give us a better look, a less complex method. David asked if this Committee gets involved in the School budget and Chairman stated there will be meetings that will become marathons. John stated he thought this was to counter what the Legislature did in about 1978 or 1979, changed from a simple budget and put it into a line budget, almost impossible to understand. Chairman LeFebvre stated this is designed to make it easier.

David Jansen asked if it was the intention to do the same for the Town as well and Chairman LeFebvre stated yes. David asked if there was a privacy concern involved and Chairman stated names would be dropped. Sheryl Kovalik stated it is all public information, salaries are in the book, even if the name is dropped, we will know who it is.

Pat Libby asked Sheryl Kovalik if the books had been closed for the School. Sheryl stated that they have not had a Board meeting, should be meeting at end of this month. Pat asked if there was a surplus anticipated and Sheryl stated very nominal; Special Education surplus, additional surplus which will be explained by unexpended funds and unanticipated revenues. Pat asked if it was anticipated that the surplus would be spent and Sheryl stated she saw no reason to spend at this time. Karen Umberger stated you have spent it in the past and Sheryl stated can't expend after June 30th; decision would have to be made before the end of June.

Chairman LeFebvre asked if anyone had any other business. Karen Umberger questioned the spreadsheet that she had forwarded to the Chairman and Chairman responded no. Karen asked if it would be done next month. Sheryl Kovalik asked about voting on the Minutes and Chairman stated no vote tonight as the Minutes were just received by the members.

John Edgerton moved, seconded by David Jansen, to adjourn the meeting at 8:05 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary