

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
November 18, 2009**

A meeting of the Municipal Budget Committee was called to order at 6:30 PM in the Meeting Room at the Conway Police Station with the following members present: Chairperson Jim LeFebvre, Bob Drinkhall, Daniel Bacon, Karen Umberger, Bill Masters, Doug Swett, Ben Kane, John Edgerton (arriving at 6:50 PM), Pat Libby, David Jensen, Shirley Renahan, Raymond Shakir and David Sordi. Members excused from meeting: Sheryl Kovalik and Bill Aughton. Members absent from meeting: Betty Boucher. Also present: Cindy LeFebvre, Steve Hartman, Cris Clough and Ted Sares.

Chairman LeFebvre asked Bill Masters to lead the members in the Pledge of Allegiance.

RESIGNATION

Bob Drinkhall moved, seconded by Dan Bacon, that we accept the resignation of Melissa Stacey. In favor: 12; Opposed: 0; Abstain: 0.

Karen Umberger stated that she thought it would be appropriate to have the letter read into the Minutes so that the community has an awareness of what is there. Chairman LeFebvre read an e-mail dated November 2, 2009 from Melissa Stacey, Subject: Resignation:

"To Whom It May Concern, It is with sincerest regret I am resigning from the budget committee effective today November 2, 2009. I will miss those that I consider friends and colleagues and will hope that with the back room antics and backstabbing that began at the end of last budget season and continued this year that those who have something worthy to say are heard. I appreciate all the help and consideration you, who have been there for me have given. Enjoy. Sincerely, Melissa Stacey."

Bill Masters asked for a clarification on what was being alluded to in backstabbing; he's seen nothing that would indicate that she had been maliciously attacked by anyone that he has had contact with. If we know what is being alluded to, it might be worthwhile bringing out. Chairman LeFebvre stated that the day after Lloyd Jones wrote the article about her resignation, he went and talked with Lloyd. Lloyd specifically told him that Lloyd had called her and asked her to return the call so that he could get that information; she never did return his call. Other than that, Chairman had no knowledge of what she was talking about.

Ben Kane stated that he felt that discussing what may or may not have been wouldn't really provide something meaningful to the Board and he did understand that Melissa may not have had the best feelings toward the fact that she was not re-elected as the Chair, but he felt that Jim was elected democratically. Melissa didn't let anyone know until after it was published in *The Sun* that she did wish to be re-elected as the Chair so without having any public knowledge, how could anyone effectively know

that she wished to resume her position as Chair. Ben thought there had been some attacks made towards other people, not just her or another member that may not be here right now, and he thought some of the things that we see in the paper was really degrading to those who spend their time working on this Board and try to produce something productive and he thought it was about time that everybody who participates in that sort of behavior curbs it. We are adults and should be acting like adults and he didn't feel that we should be trying to portray that as who we are as members of this Committee.

COMMITTEE VACANCIES

Karen Umberger moved, seconded by Raymond Shakir, that we leave the Committee as it is. In favor: 12; Opposed: 0; Abstain: 0.

Chairman LeFebvre discussed the vacancies on the Committee. Chairman stated that he had talked with a number of members at various times about this issue and other issues and opened it up for general discussion, no motions. Chairman further stated that he saw three basic options and he was going to discuss what he was given by other members of the Committee. There are three options on the table that was discussed; first option was to go with the Committee as currently constituted of 16 and leave the other two vacant until the next election; second, that we advertise in the newspaper for a period of time, two or three weeks, and we could discuss this at the December 16th; and the third option is to take the one individual that asked to be appointed by e-mail tonight and discuss his candidacy and decide what we are going to do with the other vacancy either tonight or at a later date. Chairman opened the topic up for discussion without any motions being placed on the floor.

Karen Umberger stated the practice of the Budget Committee in the past when there have been vacancies is to put an ad in the paper suggesting that anyone that would like to apply for the position send in and she feels very strongly that is how we have managed vacancies in the past and if we are, in fact, wanting to fill a vacancy prior to April, that we should follow the same practice so that we are not showing that we do things differently depending upon who might or might not have applied.

Dave Sordi stated of the three options given, the first two are the only ones that he would even consider. The last one, he wasn't sure who e-mailed Chairman today, but the article he saw in the paper today, going with the third option and not going with the first two would open up the possibility that we are getting people on the Budget Committee that have other motives other than just getting the budget done and may slow the process down. It is pretty late in the year to be getting a resignation, we are getting into the budget cycle and there's a lot of work that has to go into it. Getting people that aren't aware of all of the information we've talked about this year and getting people that are trying to slow the process down because of their own agenda is probably not in the best interest of the Town.

Dan Bacon stated he thought we should let it stand. Last year we did actually vote to not run an ad; we chose to leave the two seats empty and just follow through. He thought it was a little late in the season to be

doing anything and that we should just let it stand the way it is and continue on.

David Jensen asked in order to properly and efficiently get through the budget season, how many members do we need to have at each meeting? Chairman LeFebvre stated the quorum number is 50%. Chairman thought that the Budget Committee at 18 may be too large for the effective use of this Committee.

Chairman LeFebvre advised Ted Sares that the Committee would take questions after the Committee goes through and Mr. Sares stated that he would leave because he wasn't going to wait until the end; they lose their relevance if he has to wait until the end. Chairman stated he would put Mr. Sares on the list with everyone else.

Bob Drinkhall stated putting an ad in the paper hasn't brought much in the past; it's just kind of a waste of money and time. He didn't know how everyone felt about the one person that has applied and whether or not there should be a vote on that or not; that might be something that we should do since that person, in fact, went to the trouble of applying and he would have some comment on that if we get to that and he would wait and see.

Raymond Shakir stated that he personally preferred to leave the amount of members the way they are; that said, he would like to know for his own edification what happens if one or more people do in fact respond to an ad, what is the next step. Do they automatically become members or is there some type of process whereby they are qualified to become members and what is that procedure.

Ted Sares stated if you are a Budget Committee why not show a parsimonious action by not putting out an ad which costs about \$100.00; two, over the years when the Budget Committee was 10 or 11 members, it was a lot more effective; as it got larger, it became more unwieldy. This large group has its problems, so consider that. Three, insofar as putting an ad and getting people, there's no such thing as qualifications on any of these Boards insofar as appointees are concerned. Let me give you a reason for that: if an idiot, an imbecile runs for office and wins, that person is put on the board, you can't stop that person from being on the board. Now are you going to set the bar higher for an appointee, no, you can't. So as far as anybody signing up, you're going to be hard put if two people sign up, you're going to be hard put to determine which one gets it and we had this problem about three years ago when he was on the Budget Committee and he was on for several years. So be very careful about thinking that there are qualifications for any board, there are not, absolutely not.

Doug Swett stated we are down to 16 members now, not 18; it's a few more than we used to have only because the precincts are all sending somebody. The only reason we were short before was because the precincts weren't sending people, which amounts to 4 or 5 people if they all show up. There hasn't been any change, it is just that the attendance is different.

Ted Sares asked if the vote taken would kill the item that was in the paper and Chairman LeFebvre stated yes. Mr. Sares left the meeting stating good work.

APPROVAL OF MINUTES

Bob Drinkhall moved, seconded by Karen Umberger, to consider and accept the Minutes of October 26, 2009. In favor: 11; Opposed: 0; Abstain: 1 - Dave Sordi.

Raymond Shakir stated for his own curiosity, he heard what Ted said, but let's say two or three people responded to a hypothetical ad and if they respond to the ad, what is the criteria for the appointment if what he says is that an imbecile can get on if they were elected. If this "imbecile" answered the ad in the paper then what is the criteria for an imbecile appointment. Chairman LeFebvre stated that he would qualify as the last person to apply on the basis of an ad and what happened in his case was that he provided a Resume to the Chair, the Chair in turn provided that to the members of the Committee, they in turn had him come in and he talked to them about what he saw as the Budget Committee; it was like a job interview and, at the end of the session they had a vote and he was voted in. That is the procedure that he suspected would be used if we were to face such a situation today, but we have already closed that door.

BUDGET PROCEDURE AND PROCESS

Chairman LeFebvre stated that over the summer he sat down with most members and discussed where each member saw the Budget Committee on a one-on-one basis and what we were doing, where we were going and that sort of thing. He thought that tonight we could take a few moments, this was on the Agenda before we had any of the other incidents that have come up recently, to talk about where the Budget Committee is, what we are going to be doing this year and so forth. Chairman further stated that the first thing that came out from several people was that they saw the Committee as marginalized, dealing with issues that are around the periphery of the key material because so many things are mandated by State law, contracts and things of this nature. He thought that was an interesting prospective that he wanted to open up for discussion so that members will know what each other thinks about these issues.

Karen Umberger stated when we look at the budget, we know that there are certain mandates and the largest mandate is in Special Education but, in fact, that really isn't a mandate. What happens is once the number of Special Education children are identified then providing services to them becomes the mandate. It's not the Special Education that is the mandate, it's the number of children and the services that they require that becomes the mandate. What we, as a Budget Committee, can't do is argue with the number of children that are identified and what their specific requirements are. From her point of view, that is how she has always looked at it once she understood a little bit more about Special Education and she thought (Maureen) Soraghan had given her a very good understanding of how that whole system works. There are things within the budget, for example we have to pay our bonds off, those are sort of

givens. We don't necessarily have to agree with much of anything else in the budget. If we have a labor agreement that carries from one year to the next then we discussed it the year before and the voters said "yes we want that for two years", that's a voter decision, that's not our decision. Other than those things, she didn't think there was a lot within the budget that we don't have some sort of ability to look at. We have discussed several times, as an example, class size, we've talked about that many different times and she thought that at least in the last year or so she has seen class sizes going up slightly, not necessarily overall but in particular classes. She thought progress had been made with the School in fuel; maybe we don't like the fact that they have contracted for an entire year and the fuel cost fell, the bottom fell out but it could have gone in the other direction as well. That was a very positive thing that the Budget Committee, as a whole, along with the cooperation of the School District that we kind of drove that and now they have a contract through 2011. One of the things that always causes a problem with the budget are those spikey things that happen. If we can keep it relatively level across the entire budget, then that makes us and the voter confident in what is going on. Although there are issues that she has with the Town and issues that she has with the School, overall both entities have pretty much done level funded and are projecting that for this year as well. She did not really have a significant problem with mandated things.

Bill Masters stated understanding some of the mandates, he wanted to pass on some of the experience he has had under the concept of zero based budgeting. Zero based budgeting, from his own personal experience, meant that we, within the agency he was with, developed three budgets. One is you had absolutely no increase in funding at all regardless of what incentives might come out and that is the contractual agreements you might have; you ate those agreements within your budget limitations. You, as manager, had to make those decisions as to which programs were essential to you in meeting your defined mission goal statement, but you didn't get any increase for any of the contractual aspects of that. We are in tough economic times right now. Everybody is hurting for money; we are going to see a decline in revenues, we are going to see a decline in State aid and he thought it was all coming down the line. We are going to see our grocery bills go up and will wonder how to make ends. It seems to him that the Budget Committee's responsibility is to look at and have the budget as transparent as it possibly can be for the voters to understand. There should be nothing that is not included in our oversight or look see, the people really need to know what voting separate Warrant Articles mean and all of that should be up for a transparent review. As far as he is concerned, zero based means we do nothing beyond what we've got coming in period and live with that and they will have to eat any contractual agreements that have been paid in previous years. That's sensible considering the times that we are dealing with.

Dave Jensen stated that he was one of the people that had mentioned to the Chairman earlier and with all due respect to Karen, he thought one could look at mandates as having two forms; one is the legal mandate where we are legally required to do certain things like Special Ed. The other, and he was making the term up, is functional mandates. In other words, we are going to have an English Department; we are going to have

electricity on in the Police Office; his point is that the vast majority of every single budget has no change that can be made by the Budget Committee to the extent that the Budget Committee has any power to effect a change anyway so that if you take any of the budgets whether it be the School, the Town, the Police Department or anything, every item that you are talking about looking at having level funding this year, is already as lean as they can make it. He has spent one year on this Board and he certainly hasn't met anybody who has come to present their budget that looks like they are out to spend a lot of extra money just because it sounds like fun. So much of their budgets are determined, we are not going to eliminate the 5th Grade because that's a way to save money; so much of what we do is fixed. Dave's second comment which comes from just having been on the Committee for one year, is that, and he assumes this is the way the Budget Committee was designed in the first place whenever the legislation creating Budget Committees was presented, but we come solely to the game that our ability to affect change is really zero. We're seeing the budgets when, in many cases, things have already started to be spent and assuming we had any power over the budget whatsoever, we would hope to have that power when the budgets were being formulated rather than just in the position of saying we think it is a good idea or we don't think it is a good idea a few weeks before the election.

Chairman LeFebvre encouraged all members, if available, to attend the School Board budget hearings which were/are on the 9th, the 18th and the 19th at the Kennett Auditorium. That way, you get to see how the School Board, acting as its own Budget Committee, is doing their job. Likewise, the Selectmen are meeting on their budget every Tuesday at 4:00 PM. If you have the chance, go to those and be rest assured that he will be at the one tomorrow night and he will also be at the next Tuesday meeting. Chairman encouraged everyone else on the Budget Committee, if available, to be there and get to see it as they formulate it for themselves and ask some questions. For example, when the Police Department was discussing their budget, one of the things that came up for him because he remembered it from last year, is who's paying for the officer in the High School. The officer in the High School is still being paid for, even though his place of duty is the High School, is by the Police Department. The Police Department is trying to negotiate some means or method with the School Board to have the School reimburse that position, which by the way is not just a Conway School, it's an SAU School, all of the Districts and there would be some percentage of monies coming from the other sending schools. He thought this was something that we should take a look at closely when they come before us and continue to ask those types of questions.

Doug Swett stated he went to the School Board meeting and there has been a group discussing four different ways to possibly combine schools or classes with the intent of saving money and this may be regulated by new law, but every one of these had full-time Kindergarten included and full-time Kindergarten, the way it was explained to him or stated at that meeting, involves three more teachers and three more Aides for \$180,000.00. Doug thought that putting something into a budget that is "in addition to" in these times for \$180,000.00, he doesn't buy that, you are not saving much money. He didn't think full day Kindergarten was needed, but he was sure they liked it because they seem to add all the

time if they can. We don't need this. Chairman LeFebvre stated that both he and Karen sat on that sub-committee on K through 8 and he believed that there was at least one option that did not discuss Kindergarten. There was one option of moving the 6th Grade into what is now the Kennett Middle School. Doug stated he stands corrected but he thought he heard that the other night.

Karen Umberger stated she wanted to respond to Dan. Last year was a particularly unusual year in the budget year because it was in fact the first time that either entity that we review basically kept the lid on spending and did not introduce new things. That was an anomaly and hopefully it will be an anomaly again this year. That was a very unusual set of circumstances that happened; that has not always been the case, but she agreed with Dan that there are any number of things that require different stuff and it was interesting when she read in the paper today that one of the school's was projecting an increase in electrical usage and she didn't know that the electric rates were going up. She will have to ask that question some time.

Chairman LeFebvre stated that as a matter of information, he was reading the Manchester Union Leader today and one of the things coming out of Concord is that they are looking at, and this is for Building Aid in the future, not Building Aid of the current cycle or in the past, doing away with Building Aid by legislation and asked Karen Umberger if she would like to comment on that and Karen stated no.

Raymond Shakir stated that he would like to discuss what the Chairman had brought up about the Police and the High School; was that officer hired specifically for High School duty or was that officer brought in off street patrol in order to affect the High School police work. Ben Kane stated that having gone through the school system here, the School District has had a Student Resource Officer for many years and effectively they can do a lot of pro-active measures in curbing some of the delinquency among students; sometimes they'll help curb some of the less than honorable behavior that occurs with adolescence and from as long as he can remember there has been a Student Resource Officer in the school there. Ben thought that when he was in High School it may have been funded differently; he thought federal funds were received to fund the position, the Grant ran out and the Town started paying for the position. He would say that it is definitely a worthwhile position; purely by the presence you would deter some of that behavior and also let's face it there are some things that happen in our schools that these students partake in that go outside the norms of our social boundaries and it's nice having somebody there with that sort of background to deal with those sorts of situations. Ray stated he was not disputing the need, obviously there is a need, but that doesn't answer the question. The question was are we sacrificing a patrolman in the streets for disciplinary action in the school; if we are, that's not a very good alternative and he would suggest probably the patrolman belonged in the street and a disciplinary officer be hired that is not a Police Department employee for probably less money and if he is big enough probably more respect. That is where he is going with it; not suggesting there is no need, he was in High School at one time and realizes that there's definitely a need, but if you are sacrificing a cop on the beat

for the school, that's not the way to do it and you can probably get the same result with a lesser employee.

Chairman LeFebvre stated that Ray's point is well taken; however, we are not going to solve this one tonight. He encouraged Ray to bring it up when the Police Department does its presentation and when the School District does theirs because that way we are going to get more visibility and we will have them on the proverbial hot seat to answer the question. John Edgerton stated that this was federally funded; the funding dropped and the Town had to take it over and this is not the only case.

Chairman LeFebvre stated that the general comment here is that when federal funding runs out and if you want to continue the service that has been provided for two, three, four or five years to summarize your point, the next thing is the Town's taxpayers are obligated to pick up the funding. Karen Umberger stated that is not correct. What happens is because of instances like this; that's why we got that Warrant Article passed that says anything that had been funded by a Grant must go before the voters to determine whether or not we want to continue funding it. At this point in time, nothing that is Grant funded becomes automatically funded in the future unless the voters agree that is what they want to do and once they agree to that, then it goes into budget.

Ben Kane stated that he couldn't speak for Chief Wagner, but using a line of logic here, he thought the funding source might have changed but the amount of patrol out on the streets hasn't. What he was thinking was that though the position was originally federally funded and now the Town is paying for that particular position, he wouldn't believe that Chief Wagner would reduce the amount of enforcement through our Town for that particular position. He was not Chief Wagner and this was just a line of rationale that he was taking, but this would probably be a questions that should be addressed to them.

Bob Drinkhall stated two points on this: one, if you read the article recently in The Sun where one individual went to school and there was one person that was in charge of discipline. Now there is a police officer, two Hall Monitors and he forgot all of the different positions but there were either four or five different positions and things have gone down hill. Should there not be a better solution because obviously, something isn't working. Number two, if there weren't that position in the school, he thought that was one of the points brought up by the Police Department, there would be more calls to the school taking police officers still off of the street. Actually he felt that the school should take the responsibility for the basic discipline. We've all been to High School and most of us are considerably older and a fight did not require a policeman in school; now it seems that it does and he didn't know where or how this could be rectified.

Doug Swett stated he didn't know what the rotation was but thought they changed the police officer in the School every so often and he knows that in the summer time that officer goes back on regular duty on shift work with that department.

John Edgerton stated he was presently substituting in the High School and if the Army moved in there it might be a little better. They do have a discipline problem and most of the teachers he talks to say it begins at home. He doesn't know how to correct that and he didn't think the School Board or the Selectmen can fix that. Chairman LeFebvre stated that it seemed to him that some of the specific questions as to how the Resource Officer is used and so forth is best reserved to when we have the Police Department and the School in front of us.

Chairman LeFebvre stated that it might be a good idea to get some feel on how everyone felt about the Budget Committee working inside the Town structure. What we've done so far this year is have the DRA come up and talk to us about how they function and how we interface with them and the Town. We've also had the Town Manager come in and give us a briefing on how the Town is structured to include the many precincts, all of which are wonderful entities and he respects them highly, he wanted to make that clear to everyone including anyone in the audience. Carl Nelson came in and did somewhat of the same thing with the School District. Hopefully that established somewhat of a base line and he knew that some desired a little bit more of a base line or more on how to read a budget and we can do that if you wish. We have only one more session before we go into two a week, so if we want to do that we can do it on the 16th of December. In general terms, his idea was to get us to a base line for all the new members. Let's talk about how you see the Budget Committee's function, how do we interface, are we contentious, are we everybody's good "bud" to use the slang, where do you see us drawing the line, that is a very broad brush question to illicit the widest possible responses because he wanted to hear and he wanted everyone else to hear what everyone was thinking.

Karen Umberger stated she thought the Budget Committee as we go through the process goes in and out of whether you are contentious or not contentious and it really depends on what is going on with a particular department or school or whatever particular area we are looking at. Karen used as an example the portion of the Town budget that is called "Executive" and that includes Earl's salary, merit pay and something else. When we discuss that particular part of the budget, we probably don't get very contentious in that area, but when we move to something like Parks and Rec, the Recreation Department, we can get pretty contentious within that arena or if we go to the School we can get pretty annoyed at how much SAU 9 is costing us or as we look at probably one of our most contentious issues is the Middle School and that's just primarily based on the fact that it is more costly than the other areas. Whereas if we look at the Elementary Schools over the course of time, they have pretty much leveled out and nobody really has a lot of heartburn with them. It depends on which area of the budget that we are talking about and if you read through the book for the Budget Committee, it talks specifically there about the fact that often times the Budget Committee, the School Board and the Town will get into significant disagreements and unfortunately that's part of our job because we are the taxpayers' questioner and that every taxpayer doesn't want to devote the time that we do and we want to devote the time because we want to or otherwise we wouldn't be here. Since that is our role, we are going to have nights that are very contentious and other nights that are not. She didn't have a problem personally with that occurring. Obviously we need

to be civil and sane, have our facts and not just lash out. We are all adults and we don't need to do that. At the end of the day when the voters go to the voting booth in April they need to know that we have done a good job of scrubbing the budgets so that when they either fill in the bubble for "yes" or "no", it is based on information that has been presented to them. That's kind of her feeling; she has gone through years when everything has been smooth and she has gone through years when everything has been less than smooth, like the year the Town got the Default Budget, that was a relatively unpleasant year or when the School got the Default Budget, that's our job to make sure that the community understands what's going on with the budget.

Bill Masters stated if we are truly the taxpayer's watch dog, do we have anything in writing saying we are the taxpayer's watch dog and if so, what authority do we have to glean the information from the various elements in terms of openness and being transparent about the entire budget so that we can make an informed decision as to whether what is being submitted to us is appropriate and in the taxpayers' best interest. It is awful hard for him to sit here and say when we review the Town quarterly report and he sees that we only have \$9 Million on town operating expenses. He always thought that the Conway School system was part of Conway budget and we are paying for that. Where is the transparency in terms of that report and that information coming down to us so that when we review any quarterly report we know precisely what's come in and what's gone out. He was not trying to imply that anything was inappropriate, but it's awful hard for anyone to do a budget on a third of the information; we should be able to see that collectively and have that in front of us.

Chairman LeFebvre stated that one of the things that we do is quarterly reviews of both the Town budget and the School budget. That basically allows you to see on a quarterly basis how the monies are flowing inside those two elements. As he understands it, the Town just acts as a collection agency for the School District; the School District in turn tells the Town when they need money and the Town finance staff kicks it to them. It's a washing; it just washes through. For example, when you look at your tax bill it says: Town, School, State and so forth. The School eats up 66% of the total taxes, Town eats up 27% and the County eats 7%. That raises an interesting point, on the 30th of this month there is going to be a discussion at the Ossipee Nursing Home about building a new nursing home and for those of you that are concerned about County taxes, he suggested that you might want to go to that meeting because that is going to be the meeting where they decide to pass the bond or not and at what level. That might be of interest to not only us but to the audience watching on Channel 3.

Bill Masters stated that the point he was getting at was that he'd had a chance to look at that and he talked to the Director of Finances and what they do in fact is collect the money and it goes into the Town Treasurer and from that it is disbursed to the School system to expend whatever the voters put through. Again, that's money that is coming into the Town Treasury and they're only obligated to appropriate half of it because they only get half a tax bill twice a year but the finance person can come back and say they need a million dollars right now on the reserve

funds or the school funds, we would in fact make a transfer out of the treasury of the Town to that School system. That's a transaction; that's a cash flow that comes in that is being collected by the Town. All agencies should be doing that; we should be showing what comes in, what goes out and we don't necessarily have to have all of the details.

Karen Umberger stated the RSA gives the Budget Committee the authority that it needs and in the past we have had the book about budgeting that hopefully everybody has had the opportunity to obtain and read. The second thing we have to understand that as a Budget Committee we are not on the revenue side. We need to know the revenues are going to be there for the budget but once the budget passed what we are concerned with are the two entities managing within the money that has been approved. The thing that we also have to understand on the School side, when we see the bottom line of \$32 Million, the only part that Conway receives and sends to the School is about \$13 Million, that is all we collect. Conway does not collect \$32 Million, that's collected by the other 7 towns that are part of the School so Lucy doesn't, all she does is disburse the part. Chairman LeFebvre stated if he remembered correctly Conway's share was 47%. Karen stated if you look on your budget list it shows how much Conway's is right in the book. We as a Budget Committee look at the entire thing because you can't, especially for the Middle School and the High School, you have to look across. Even at the Elementary Schools, the kids from Albany and Eaton basically pay tuition to them. Our side of it is to make sure that the two groups are staying within the budget and that they aren't going crazy so to speak.

Bob Drinkhall stated two quick points of interest for those that may not be aware of it: the payments have to be made whether or not the income comes in so if people are not paying their taxes, the Town still has to pay the School and Precinct and District payments at specific times and that's what causes us to borrow money which causes another expense which is interest. The other thing that we didn't mention in this and if you will notice the Town is \$4.59 and if you will the North Conway Water Precinct is \$3.21, used to be Conway Village was the highest. There are other entities involved which we have in some cases zero control because we don't oversee those.

John Edgerton stated he has been on the Budget Committee off and on since the late 1970's and was Treasurer for 11 years and one of the things that is very important is and this is just education, the Town is on a calendar year and the School is on a fiscal year of July 1st. Because of that the Town very seldom ever has to borrow; we use the School money to finance us so that we don't borrow unless the unpaid taxes get to the point where it is prohibitive and then we have to borrow. John proceeded to state that he agrees with Karen, there are years when it is good and there are years when it is bad and we don't really have a lot of control over that. These last two years, both the School and the Town have been the most cooperative, since the 70's they are extremely cooperative. If we bring up a problem, they look at it directly and the study that we received is a very good example of that, we asked some questions, they did a very formal study.

Bob Drinkhall stated that the fund balance has been steadily going down which is dangerous and, or course, with that fund balance there's the chance when it's greater there is more money in the coffers to make these payments which there won't be in the future. Also, if you'll notice, that even with a lower Town budget, the tax rate went up and that has to do with revenues. The largest one chunk is the State and the lack of revenue sharing and there's a lot of complicated issues involved in the overall budgeting that we have to take into consideration.

Chairman LeFebvre stated to Bob Drinkhall that the Selectmen did an excellent job of bringing the budget under and under the default budget; however, in order to do so some would say that you ate some of our sea corn for the future and asked if Bob would care to discuss that as a representative of the Select Board. Bob asked if the Chairman was referring to the Capital Reserve and the Chairman stated "yes". Bob stated we did it because it was a severe year and he has stated this year that we should reinstate what we had previously set as a yearly contribution, not make up for last year. Just within the past few weeks the Garage roof has totally failed (this is the Storage Garage) and they were talking \$50,000.00 to \$90,000.00 depending on what we do with that roof; the compactor is gone and that's between \$50,000.00 and \$100,000.00; so there is all sorts of expenses coming up and personally, he thought the future is pretty bleak. Bob realizes that the stock market is way up and there is a lot of positive talk such as all these jobs that were brought about in Districts that don't exist and in some cases in Districts that don't exist with money that wasn't even given to that District but somehow the government claims these jobs were created, he thinks we are in deep trouble; there are 9 states or 18% of the United States are in severe, severe trouble. We are in tough times in New Hampshire but not nearly as bad as those 9 states so we've got to be very, very careful and he did not know how we were going to do it.

Doug Swett stated the first thing you have to do is impress all the people with what's going on because half of them think it's just a bump in the road and it's not going to work that way.

Chairman LeFebvre stated excellent point; one of our primary functions is to educate the public and keep an eye on what's going on as the watch dog. Chairman further stated that he is probably going to upset some of the viewing audience when he says that most of the people that appear in front of us represent an interest group and he doesn't mean that negatively. Education is important and the people that represent the School Board and the School District do an excellent job and he wants that understood right up front; but they do have an interest, their primary interest is insuring, the best they can, that the children of the Elementary, Middle School and High School get a quality education. We, on the other hand, sometimes have to look at it as are you spending these dollars that are giving the best and most practical cost effective and efficient manner and sometimes the answer may not be positive for any of them. Same thing with the people who appear in front of us on the non-profit side. The fact of the matter is that there is a belief among some that if you are a non-profit and you have the capability to do certain things outside of asking the Town for money, as doing some of your own fundraising, this might be an excellent year to exercise that option to

the highest degree possible because the budget situation in the town, the state and the nation is in deep trouble; not in deep trouble here yet, but in the state we are already hundreds of millions of dollars in the hole, we are short \$38 Million in revenues and there may very well be another \$110 Million hole blown in the budget if they lose the attempt to take away the money from the doctors and so forth. These are things we all have to think about when we go through this process this year.

Bob Drinkhall stated on the non-profits he personally feels that we should come up with a recommendation because we only have a "yes" or a "no" vote and that is only advisory as to the voters. He didn't know how anyone else would feel, but if we came up with either the fact that they should level fund or possibly reduce by 5% or 10% or whatever percentage we might come up with as a recommendation. The reason he says this is that they do have the ability, anyone in town, to give to any of these non-profits so we are not taking that ability away. But don't forget you're making the \$7.00 per hour employee pay in greater taxes even if they rent, rent is derived with all of the expenses and the largest single expense after the property is paid for is taxes. It was only a thought, don't know if anyone agrees and he knows he took a little bit of flak last year, but that's what it is all about.

Dan Bacon stated he agreed with Bob, we should ask the non-profits to probably try and come up with their budgets a little less than what they normally do because in the end we are all still paying and they can do their own fundraising and maybe they should work a little harder to get what they need. People usually step up to the plate if they don't have what they want, they'll go out and get it. Dan is not about giving much anymore because we've given to the extent we can't give anymore and people need to realize that. He is a big person on salaries and when we look at the budget, what he sees in the budget is that we are always willing to cut to makes ends meet, the Schools or the Town or whatever, but then again they are not willing to cut their own benefits or their salaries in order to make ends meet. They are always willing to take away and what he would like people to see is he doesn't want to take away from the students on the School end. Dan would rather see people give their heart and say that they were willing to step back on their salary and insurances instead of taking away a program from a student which they may need because face it we are all in trouble here and it is coming down the road really fast. Dan agreed with Bob that maybe we should ask them and come to terms on how we are going to ask them to do that, to ask them to take a little less.

Dave Sordi stated he didn't disagree that we may need to approach some of the non-profits and ask them to reduce the amount that they are requesting, but to issue a blanket request that they all reduce their funding without first seeing what they are asking or what services they are providing, he thought might be a bit short sighted. In difficult times like this, some of the non-profits services are more valuable and more needed than they are during good times and some of those may need a little increase in order to handle the increased load that they have during these tough times. He thought that just coming up with a policy or a recommendation or a requirement to all of the non-profits to reduce the amount they are requesting is a little bit premature and may need to get

further into the budget discussions and pick certain ones to ask to reduce it rather than asking them all to.

Bill Masters stated he was in line with that, we have a number of non-profits that are paying service charges for example police and fire protection and they're doing that in lieu of taxes. He was able to see some of the agencies that are doing that. To him, if we are giving them relief on their property taxes, then why shouldn't they be paying for police and fire protection if we can define what that might be in terms of dollars and cents. They pay for water and sewer, they pay for telephone and for any other service they have; that to him would be a realistic way to approach it and then come up with a dollar figure as to what the police and fire protection portion might be and say as a base line we would like to see that being addressed in your budget in terms of reduction or whatever the case may be. That's not unheard of in the non-profit segment.

Karen Umberger stated she believes that all of the non-profits last year came in at the same dollar figure as they had in the past and she didn't expect that to change this year. She agrees that we need to look at each one individually. The other question that she has and she doesn't have her schedule with her for when the Petitions are due and how that relates to when we have that discussion with the non-profits. Chairman LeFebvre stated budgets are due on the non-profits by the 15th of January and Petitions are due on the 9th of February. Karen asked when are we meeting on it and Chairman stated on Saturday, the 6th of February. Karen stated we are running into a problem because once the Petition is signed, they can not go back and change it and it becomes very difficult for the non-profits to do anything different than what they have. She didn't believe we were the group to tell them what they should do; that's their decision. Our decision is do we support it or we don't support it. Now if we had a different date for the meeting, an earlier date for the meeting and they came in and we were not happy with what they had asked for then we could at that time suggest they change the amount. Once the Petition is in, the only time the amount can be changed is at the Deliberative session. She agreed with Dan, it's their choice, it's up to them and she expects that they recognize where we are and she didn't expect any non-profit to come in at a higher level than they did last year, they just know we are in that kind of situation.

Ray Shakir stated he did not believe it is fair to lay a significant portion of the budget blame on non-profits. It has been his observation that most of these people to a heck of a job for bare bones amount of money, most of their people volunteer and they do probably a bunch more work than people who get paid for what they do. He did not think that should be where the focus of blame lies. The focus of the blame lies, take a look at those Warrant Articles and those Warrant Articles almost invariably pass 100%; those Warrant Articles are the same as cash, every one of those Warrant Articles costs a bunch of money. Yet the voters go out and pass those Warrant Articles. Now, take a look at who votes, the people who are voting invariably are special interest people, that's who votes; there are 7,000+ voters and only 1,700 voters come out and who's out there: union people, teachers, Town people, anybody who's got an axe or some special interest to grind. They are the people who come out; so

the people are their own worse enemies; if they want to get the budget in line, if they want to save money, they should get out there and vote accordingly and they should vote to save money and eliminate some of what he considers spendthrift Warrant Articles, that's where the problem's lying, not in people that are out helping other people for bare bones money.

Chairman LeFebvre thanked Ray for his comment and added that he didn't think anyone was blaming the non-profits and Ray's point about the Warrant Articles was excellent and his point about how the voters need to get out to vote is also excellent; we are basically their representatives here and that's something we all need to remember, everyone of us, we have no special interest in this room; our job is to do what we can to make sure that the voting taxpayer gets the best shake we can give consistent with the need to perform the missions assigned to the various organizations.

Karen Umberger stated there are two special interests in our midst: one is the School representative and the other is the Town representative because they are here to vote not as they see fit but as their Boards direct them to. She served in that role and didn't always agree with what happened, but she voted the way they told her. Chairman LeFebvre stated that is true as long as the respective Boards have taken an official position; until such time as an official position is taken, Mr. Drinkhall is more than entitled to do what he would do personally.

Bob Drinkhall stated on the non-profits, he felt they needed to share, he did not want to cut them out entirely and as Karen alluded to, we don't have the mechanism to change anything unless we make that recommendation up front. We don't even vote on it when they are present and he didn't know if we could invoke a system where we could do it at that point in time. Again, they have the ability if they are as valuable and he doesn't disagree that they are to go out and do other fundraising. No amount is too small to look at. We cut things in the Town budget for as little as \$80.00 on a line to come in where we did and look, the rate is still up. Bob further stated that he had a lot to say tonight, but when we handled the resignation and the vacancies or the volunteer for the vacancy, that took away a lot of what he had to say and with that being said, yes he can vote when there has been no position taken. Since there has been no position taken regarding the forms by the Board of Selectmen, he is still on his own and, of course, when there is a vote whether it be Sheryl or himself, we might not have agreed with the overall vote of the Board at the time and you can ask if it was 4 to 1 or 2 to whatever, you can ask who that was and why if that person is present. So there is an opportunity to get that message across.

John Edgerton stated 200 years ago, 100 years ago, you jumped off the boat and you were on your own; in the last 100 years the social welfare system has taken over to where we are today; now we're in a problem where in order to solve a problem you have to raise taxes; if you raise taxes, you take away the ability of the individual to give to charities; we're at an impasse. The charities are needed to support the people; he didn't know where the money is going to come from.

Pat Libby stated speaking to Bob's point, it seemed to her that as a Budget Committee we could listen to the presentation of the non-profits and we could take our own vote at a later time to make a decision that we are going to have somebody stand up at the Deliberative portion and recommend a 5% cut or whatever the case may be. Chairman LeFebvre stated that would be doable.

Chairman LeFebvre questioned the members to make sure that everyone who wanted to contribute that this was a great opportunity because he wanted to make sure everyone on the Committee gets a chance and he wanted to make sure that the folks who are participating fully understand where we are coming from this year.

Shirley Renahan stated she hasn't been here very long and is trying to get her feet located. A lot of these people, the non-profits, if they came forward and wanted to help out that would be wonderful; she thought that there are a lot of people around here who are going looking for help because they are anticipating this down trend and they are signing up; people are signing up right and left in order to get by; instead of doing that, they should work harder or try and get a job. You've got to go out and do something, you can't expect people to hand over money that they probably need. Isn't there something we could do to wake them up or we are never going to get out of this if they don't jump in and try to help.

Chairman LeFebvre stated that it has been alluded to on several occasions tonight that people need to do more for themselves and that is absolutely true. One of the things if you read the material that comes out across the nation, the United States is approaching what we call the tipping point where over 48% of the public doesn't pay any taxes as in federal income tax or they get an earned income credit. Economists will tell you that once that happens, it becomes very difficult to restrain the increase in taxes because the majority of people who are benefiting aren't paying any taxes themselves or are paying very little taxes themselves. The issues that you are seeing here are micro of what we are going to be seeing across the country in the future and that should concern each and every one of us, not just as members of the Budget Committee but as American citizens.

Bill Masters stated there was just one thing he needed to have cleared; you see the non-profits having an avenue not available to the public sector to raise funds and they have that ability to do it where the Police Department can't go out and solicit donations for law enforcement. It seems to him that is a key issue; the public entities do not have the ability to raise funds other than what is appropriated. He thought that was a central point the Committee should be focusing on in making those decisions; are there other options for people to raise funds and in the case of Town, we are it; and in the case of the non-profits, they have any ability to petition for outside sources of funding.

Chairman LeFebvre stated that at the meeting on December 16th, all would be given an opportunity to discuss the two nights a week meeting schedule but he wants to make sure that he has all the loose ends tied up before it is discussed. The next meeting of the Budget Committee will be on the 16th of December at 6:30 PM at the Conway Police Station.

Ben Kane moved, seconded by Bob Drinkhall, to adjourn the meeting at 7:58 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary