

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
February 10, 2010**

A meeting of the Municipal Budget Committee was called to order at 6:01 PM in the Auditorium at Kennett High School with the following members present: Chairman Pro Tem Dan Bacon, Bob Drinkhall, Doug Swett, Pat Libby, David Jensen, John Edgerton, Bill Masters, David Sordi, Shirley Renahan, Karen Umberger (arrived at 7:40 PM), Bill Aughton, Raymond Shakir and Sheryl Kovalik. Members excused from meeting: Jim LeFebvre.

Chairman Bacon asked John Edgerton to lead the Pledge of Allegiance.

PUBLIC HEARING - PRECINCTS

Birch Hill

David Jensen stated they were formed 5 or 6 years ago when they thought the private water company that owned the water system was about to fail. The water system was bought by a company which has done a tremendous job of managing the system ever since. Birch Hill Water Precinct has a small budget. Mr. Jensen stated the proposed budget was \$4,726.00.

There being no questions, comments or concerns, the hearing was closed with the proposed budget of \$4,726.00.

CENTER CONWAY FIRE PRECINCT

Nancy Leavitt stated the proposed budget for this year was \$122,356.00 and with the Special Articles, \$163,356.00. Last year's total budget was \$155,525.00.

There being no questions, comments or concerns the hearing was closed with the proposed budget of \$163,356.00.

EAST CONWAY FIRE PRECINCT

Michael Valladares stated the proposed budget for this year was \$51,800.00. Chairman Bacon stated actually level funded. Mr. Valladares stated no, 2009 budget was for \$38,450.00; it did go up approximately \$4,350.00.

There being no further questions, comments or concerns the hearing was closed with the proposed budget of \$51,800.00.

REDSTONE FIRE PRECINCT

Dave Pandora stated the proposed budget for this year is \$52,650.00; last year it was \$53,450.00, down \$800.00. Chairman Bacon questioned the budget being down by \$800.00. Mr. Pandora stated they saw a savings and took it.

There being no further questions, comments or concerns the hearing was closed with the proposed budget of \$52,650.00.

Melissa Stacey stated each Warrant was suppose to be read. Chairman Bacon stated each representative has stated what their budget is; can reopen the public hearing to read the Warrants. Ms. Stacey stated usually the Chair reads them.

Sheryl Kovalik stated Point of Order.

Ms. Stacey stated procedurally they present. Chairman Bacon stated he would just read the same thing they did and it was his decision to close that portion of the Public Hearing.

DEFAULT BUDGET

Chairman Bacon advised that the Committee needed to discuss and set the Default Budget for the Town before the Town Public Hearing.

John Edgerton moved, seconded by Bob Drinkhall, that the Town of Conway Default Budget be \$9,247,446.00. In favor: 12; Opposed: 0; Abstained: 0.

Chairman Bacon stated he and Earl talked to DRA and the Capital Reserve Funds can not be placed into the Default Budget.

After discussion, Chairman Bacon moved the question.

PUBLIC HEARING - TOWN

Earl Sires gave the presentation and worked from the packet provided. The budget is composed of three major proponents: the Selectmen, the Police Department and the Library. The budget supports the existing services with no new programs proposed. The budget approved by the Selectmen is \$8,923,038.00 which is a decrease of \$275,000.00 or 3% over the 2009 adopted budget. The Capital Reserve Funds typically have always been carried in the Operating Budget, now are separate Warrant Articles. Prior to that move, the budget had increased 4.5% over last year. Increases are due to Employee Benefits of \$125,000.00 due largely to a 9% increase in health insurance and a \$106,000.00 increase in the Police Budget which resulted in an increase of costs for existing employees. Decreases are \$439,500.00 removed for the Capital Reserve Funds and \$124,000.00 in long term debt paid off which was the Police Station and Courthouse bonds.

Earl Sires proceeded with the Executive Budget increased 1.4% due to employee compensation and this year the Selectmen negotiated with the Union and capped any raises or increases to 2%, depending on the evaluation one could get 2% but most will probably see 1.5%. Election and Registration increased by 2.9% due to the fact that next year there will be 3 elections. Finance increased about 5% due to technology. Assessor increased 2.4%. Legal budget increased from \$50,000.00 to \$60,000.00, largely due to tax appeal cases and a settlement reached on the sale of Town property at a tax sale; the Town is still involved in a couple of those cases. Employee Benefits had a 9% increase in health insurance with a 17% total increase. As everyone knows, in July the State Retirement

Benefit increased from 8.74% to 9.16% for administrative employees and from 11.84% to 13.66% for certified police officers. Workers Compensation insurance increased 9%. Planning and Zoning increased 2%. Government Buildings stayed the same. Cemeteries is held open for future contingencies. Insurance is liability for Town vehicles and buildings and this increased 6.4%.

Earl Sires proceeded with the Police Department and advised that the Chief was present in case there were any specific questions; the budget for the Police Department increased by 4.3% or by \$106,000.00; increase is related to contractual costs. Ambulance basically remained level. Fire and Rescue is expected to increase by about 1%; the increase is largely due to a minor increase in the estimated cost of the Non-Precinct Fire Contract which funds fire service to the non-precinct areas. Inspections increased by 3.2%. Highway increased 1%. Solid Waste increased by about 1%. The Selectmen decided to reduce Solid Waste by \$30,000.00 due to a mild winter. The Budget Committee requested a reduction of \$125,000.00 and the Selectmen declined, but they did reduce Solid Waste by \$30,000.00. Health went up 8.3% based on an increase of kennel fees. General Assistance for Welfare increased by staff costs; even in the face of the economic challenge, are able to continue to keep level. Parks and Recreation had a slight decrease in their budget; the Teen Center is back on full time operational level; Parks had nothing change over the year and they continue to use the General Fund and the Recreational Revolving Fund. The Recreational Revolving Fund receives fees from numerous programs and fees are placed into the Revolving Fund.

Earl Sires proceeded with the Library and at this point the recommendation is for a decrease of 1.9%. Patriotic Purposes provides funding for the Town Fourth of July celebration and increased by 4.5% or about \$500.00. Conservation Committee remains level. Debt Principal shows principal payment of bonds outstanding; this year paid off two bonds and in 2012 everything will be paid off except the Library. Debt Interest associated with the bond payments decreased by 28%. Interest on TANS is short term financing and the Town has \$2,500.00 reserved there.

Mike Gilmore stated looking at the bottom line, budget is down 3%; drop in long term debt by \$125,000.00, is it actually going out to pay another. Earl Sires stated they don't have an expense this year, but developed the budget on an as needed basis. Mr. Gilmore asked if it came off the books. Earl stated instead of paying that, paying something else. Mr. Gilmore asked in Welfare were there any repayments. Earl stated it would show up in Revenues and some time they do come back.

Mark Hounsell asked about the impact on the Default Budget now that the Capital Reserve Funds have been eliminated; explain what the Default Budget would be. Chairman Bacon stated it would be last year default, add in contractual agreements and subtract any one time payments for a Default Budget of \$9,227,446.00. Mr. Hounsell asked if the Article failed, then the budget would be \$9.2 Million and the Chairman stated correct.

Bob Barriault asked what the rationale was for taking the Capital Reserve Funds out of the Operating Budget. Earl Sires stated this had developed

in the last 48 hours; there were questions Monday on how to calculate the Default Budget and Chairman Bacon talked with DRA. DRA was under the impression that our Capital Reserve Funds were Warrant Articles when in reality, and a number of conversations with DRA in the past saying it was okay to carry the Capital Reserve Funds in operating funds since inception and voter approval. This year DRA stated the Town really needed to move to Special Articles and he found that out at about 4:00 PM yesterday afternoon. Not sure of the rationale, but are being directed by DRA to do it that way.

Amy Hackett stated 3 elections, what are they. Earl Sires stated 2 for the State and then Town.

Tom Deans asked what the process was if the budget fails and it goes to the Default Budget, who makes the decision. Earl Sires stated the Selectmen would have to make that decision. Mr. Deans asked if they had the authority to do whatever they like and Earl stated they have the authority and he believes they would be responsible in their actions. Bob Barriault asked if the Default Budget passes and the Warrant Articles pass, wouldn't there be a double dipping. Chairman Bacon stated if the Default Budget passes and if all Warrant Articles pass, the Town could be looking at \$9.9 Million. Earl Sires stated simple, everyone would be taxed higher if Default passes. Mark Hounsell asked what the percentage increase would be and Earl stated about \$300,000.00 or \$.23 or more per thousand. Bob Drinkhall stated \$324,408.00.

Crow Dickinson stated it was extremely unlikely the voters would vote for more money and have the Default Budget pass; very unlikely.

Article 11: BOND ARTICLE: To see if the municipality will vote to raise and appropriate the sum of \$600,000.00 (gross budget) for the construction of a new **PUBLIC WORKS SERVICE GARAGE**, such sum to be raised through the issuance of not more than \$400,00 of bonds or notes under and in accordance with the provisions of the Municipal Finance Act, RSA 33:1 et seq., as amended, and to authorize the Board of Selectmen and other municipal officials to issue and negotiate such bonds or note and to determine the rate of interest thereon; furthermore, to authorize the board of Selectmen to apply for and accept any grant funding or other revenue in support of the project. Any such funding received will offset and reduce the total bond amount; and **furthermore, to authorize the withdrawal of \$200,000 from the Buildings Maintenance Capital Reserve Fund created for this purpose to be used to fund the garage construction.**

Mike Gilmore stated same Article as last year that was for \$800,000.00, same \$200,000.00 out of the Capital Reserve; any funds from any where else. Chairman Bacon stated no other funds; had discussion at the Town level of the option of government money with strings attached. Mr. Gilmore asked if there was a spending ceiling and Chairman stated \$600,000.00. Mr. Gilmore stated he was familiar with the research done last year and that the building being proposed is outrageous, facility could have been raised for half that amount; \$600,000.00 is still too much; how many years before getting to a real price. Bob Drinkhall stated he believed \$600,000.00 was a relative fair price; began at \$1.2 Million, brought to \$1 Million, came down to \$800,000.00 with the possibility of

using \$200,000.00 of the Capital Reserve Funds. He felt he couldn't support anything over \$600,000.00. The Garage is extremely important; look at the current facility, if this doesn't pass we'll have to put money into the old Garage of \$111,000.00 within the next 5 years; \$85,000.00 for the electrical alone which will be a total waste because that building will not last; throwing good money after bad. Mr. Gilmore stated \$600,000.00 is still too much and Bob stated he disagreed, relatively fair price.

John Edgerton stated the Budget Committee had a vote of confidence for the Garage; voted for the need of the garage. Mike Gilmore stated he agreed completely; there is a need for a garage, he's arguing about the price.

Melissa Stacey asked about a generator. Bob Drinkhall stated that was an alternative, building will be wired for use. Ms. Stacey asked how much was in the fund and Lucy Philbrick stated \$225,000.00. Earl Sires stated the fund was started in 2004 and it was anticipated to be a 5 or 6 year fund. Ms. Stacey asked why go for a bond. Bob Drinkhall stated because we don't have the funds, cut back the amount last year; only about \$225,000.00 in there at this point of time. Sheryl Kovalik stated the Warrant Article reads for a bond or notes; may borrow from a bank. Bob Drinkhall stated there may be stimulus money involved in this.

Bill Aughton stated whether bond or note, need a garage; pay now or pay later; waste of money if put in this garage. If you haven't been to the garage, you shouldn't vote on it; that Garage is a mess; in 5 or 8 years it will be twice what the cost is to build now. Budget Committee was unanimous.

Mike Gilmore stated getting off the issue, his point is the amount is too much. Chairman Bacon stated point well noted; there are good comments, some should have been brought up at the Bond Hearing.

Raymond Shakir stated it is very clear that everybody, the Select Board and the Budget Committee and most of the public agree a garage is in dire need. He happened to agree quite a bit with Mr. Gilmore because he understands somewhat the thoughts of the voter. In the Conway Daily Sun it was overwhelmingly rejected by people calling in, people are ignorant of the facts, they are going to vote it down. We should revamp it, make it as simple as possible and bring it down to a realistic number. One of the biggest expenses was the heating system; we can save probably in the neighborhood of \$50,000.00 for heaters from the School system for free which can be very reliable.

Pat Swett stated first of all Article has to be approved by DRA. Remember this was \$1.2 Million, cut in half; have to agree with the Budget Committee that a garage is desperate and we should not be spending \$100,000.00 plus on this old building and have it come from our taxes. Sheryl Kovalik stated this is a Public Hearing; changing the number happens at Deliberative; can not be changed until then.

Bob Drinkhall stated Paul D. will be in charge of the construction of the Garage. The current Garage roof can not hold snow, heat we pay for melts

all of the snow; there will be a huge savings in that alone. New garages in Fryeburg and Brownfield have radiant heat. Crow Dickinson stated one last comment, the price of \$600,000.00 is a ceiling; actual cost will be determined by bid.

Amy Hackett stated after reading the Article, if she didn't come to this meeting, she would think it would be to raise and appropriate \$600,000.00 and another \$200,000.00 for a total of \$800,000.00 and she would not vote for it.

Chairman Bacon stated this is a good discussion, but the wording can't be changed. If this had come up at the Bond Hearing, could have been posed to the Selectmen; didn't come up with wording until after the Bond Hearing. Earl Sires stated must use statutory language, most phrasing has to be there by law.

Article 12: (Operating Budget) Shall the Town raise and appropriate as an **OPERATING BUDGET**, not including appropriations by special warrant articles and other appropriations voted separately, the amounts set forth on the budget posted with the Warrant for the purposes set forth therein, totaling Eight Million Nine Hundred Twenty-Three Thousand Thirty-Eight Dollars (\$8,923,038). Should this article be defeated the default budget shall be Nine Million Two Hundred Forty Seven Thousand Four Hundred Forty-Six Dollars (\$9,247,446) which is the same as last year, with certain adjustments required by previous action of the Town of Conway or by law, or the governing body may hold on special meeting in accordance with RSA 40:13 X and XVI, to take up the issue of a revised operating budget only. **NOTE: This operating budget warrant article does not include appropriations contained in ANY other warrant articles.**

No questions, comments or concerns.

Article 13: (Separate-not included in Budget Appropriate Article #12) To see if the Town of Conway will vote to approve the cost items included in a **TWO-YEAR (2010-2011) COLLECTIVE BARGAINING AGREEMENT BETWEEN THE TOWN OF CONWAY AND AFSCME #92, LOCAL 859, DEPARTMENT OF PUBLIC WORKS** which calls for no increase in benefits or costs to the Town for fiscal years 2010 and 2011. This mean that the proposed contract results in not additional costs attributable to the increase in benefits over those of the appropriation at current staffing levels paid in the prior fiscal years.

Earl Sires stated currently being reviewed by DRA; the actual contract proposed results in a decrease, there is a decrease for the first year, second year contract is status quo.

Article 14: (Special-not included in Budget Appropriation Article 12). (Police Vehicles Capital Reserve Fund). To see if the Town will vote to raise and appropriate the sum of Thirty Eight Thousand Dollars (\$38,000.00) to contribute to the **CAPITAL RESERVE FUND FOR POLICE VEHICLES** to be used according to the purposes for which the fund was established. This appropriation is in addition to Warrant Article 12, the Operating Budget Article.

No questions, comments or concerns.

Article 15: (Special-not included in Budget Appropriation Article #12). To see if the Town will vote to raise and appropriate the sum of Seventy-Five Thousand Dollars (\$75,000.00) to be placed in the **MAINTENANCE OF TOWN BUILDINGS AND FACILITIES CAPITAL RESERVE FUND** to be used according to the purposes for which the fund was established. This appropriate is in addition to Warranty Article 12, the Operating Budget Article.

Melissa Stacey asked if this was the same Reserve Fund taking \$200,000.00 out of and Chairman Bacon stated same Fund.

Dick Klement stated have \$225,000.00 in the bank to be used and then add another \$75,000.00 which may or may not be used for the Garage. Earl Sires stated this would not be used for the Garage; they have ongoing maintenance expenses, like repairing the roof on the Storage Garage of about \$50,000.00, have an ongoing list of things.

Article 16: (Special-not included in Budget appropriation Article #12). To see if the Town will vote to raise and appropriate the sum of Three Hundred Twenty-Five Thousand Dollars (\$325,000.00) to be placed in the **INFRASTRUCTURE RECONSTRUCTION CAPITAL RESERVE FUND** to be used according to the purposes for which the fund was established. This appropriation is in addition to Warrant Article 12, the Operating Budget Article.

No questions, comments or concerns.

Article 17: (Special-not included in Budget appropriation Article #12). To see if the Town will vote to raise and appropriate the sum of One Hundred Fifty-Five Thousand Dollars (\$155,000.00) to be placed in the **HIGHWAY EQUIPMENT CAPITAL RESERVE FUND** to be used according to the purposes for which the fund was established. This appropriation is in addition to warrant Article 12, the Operating Budget Article.

No questions, comments or concerns.

Article 18: (Special-not included in Budget Appropriation Article #12). To see if the Town will vote to raise and appropriate the sum of Ninety Thousand Dollars (\$90,000.00) to be placed in the **SOLID WASTE EQUIPMENT CAPITAL RESERVE FUND** to be used according to the purposes for which the fund was established. This appropriation is in addition to Warrant Article 12, the Operating Budget Article.

No questions, comments or concerns.

Article 19: (Special-not included in Budget appropriation Article #12). To see if the Town will vote to raise and appropriate the sum of Thirty Thousand Dollars (\$30,000.00) to be placed in the **LANDFILL CLOSURE CAPITAL RESERVE FUND** to be used according to the purposes for which the fund was established. This appropriation is in addition to warrant Article 12, the Operating Budget Article.

No questions, comments or concerns.

Article 20: (Special-not included in Budget appropriation Article #12). To see if the Town will vote to raise and appropriate the sum of Eighty Thousand Five Hundred Dollars (\$80,500.00) to be placed in the **LANDFILL EXPANSION CAPITAL RESERVE FUND** to be used according to the purposes for which the fund was established. This appropriation is in addition to warrant Article 12, the Operating Budget Article.

Melissa Stacey stated decreased, why. Earl Sires stated decreased from \$42,000.00 to \$30,000.00. State requires the Town to accumulate for closure; have been reducing because Town is extending use, less material being introduced. Bob Barriault stated aren't we legally required; what would happen if it should not pass as a separate Warrant Article by the voters. Earl Sires stated he expected their Permit could be jeopardized. Mr. Barriault stated it seemed to him that having all the Capital Reserve Funds as separate Articles is foolhardy.

Chairman Bacon stated Point of Order; made valid point earlier.

Melissa Stacey asked why extend, why not lower the cost on the Warrant Article. Earl Sires stated they are required to continue to fund closure account.

David Sordi stated on this particular Article is the \$30,000.00 required to be its own Article, couldn't it be construed as a normal operating expense. Earl Sires stated he believed it was required by DES to set up a Capital Reserve Fund. David asked if the DES would use a Letter of Credit rather than actual cash. Earl stated his recollection is this is what they are required to do, but could broach that.

Article 21: (Special-not included in Budget Appropriation Article #12). To see if the municipality will vote to raise and appropriate the sum of \$306,000.00 (gross budget) for the construction of the KEARSARGE RD. PEDESTRIAN WAY/BIKE LANE and to authorize the Board of Selectmen to apply for and accept any grant funding or other revenue in support of the project. The entire project funding amount shall be raised by rants and contributions such that no funds shall be raised by local property taxes.

Mark Hounsell stated it first says "raise and appropriate", contradiction later on. Bob Drinkhall stated wording is required, still have to raise and appropriate even if from grants. No funds shall be raised by local property taxes.

Jacci Gilmore commented on wording: get Joe Schmo who doesn't care read this and say we have to raise \$306,000.00 for the Pedestrian Way. Joe Schmo doesn't come up on a regular basis but misread for taxes going up; wording has to have some clarification, will not be raised with local taxes. Earl Sires stated he agreed the language could be confusing; this is a format required by law, have to state "raise and appropriate". Other problem is people show up at Town Meeting and participate and get understanding; many people don't do first part and are not aware.

Sheryl Kovalik suggested posting an explanation on the Town web site; make wording understandable. Mike Gilmore stated the last two words say

it all; transpose order of the sentence. Earl Sires stated he would give it a shot.

Article 22: (Special-not included in Budget appropriation Article 12). To see if the Town will vote to raise and appropriate the sum of Twelve Thousand Four Hundred Dollars (\$12,400.) to purchase a **MOWER BLADE FOR PUBLIC WORKS DEPARTMENT.**

Mike Gilmore stated seems like a lot for a simple mower blade. Chairman Bacon stated it's a special kind of blade. Earl Sires stated attaches a trimmer to the side of the tractor; other advantage, operator of tractor is not looking behind, looking to side and front.

Karen Umberger asked if the figure of \$12,400.00 is a real figure and Earl Sires stated yes, based on quotes.

Article 23: (Special-not included in Budget appropriation Article 12). To see if the Town will vote to raise and appropriate the sum of Ten Thousand Dollars (\$10,000.00) to purchase a **COMMERCIAL LAWN MOWER FOR THE RECREATION DEPARTMENT.**

No comments, questions or concerns.

Article 24: (Special-not included in Budget appropriation Article 12). To see if the Town will vote to raise and appropriate the sum of One Hundred Twenty-Two Thousand Thirty-Eight Dollars (\$122,038.00) from franchise fees to add to the **PEG EXPENDABLE TRUST FUND**, to support the operations and equipment needs of the Public Education and government station. **No property tax funds will be raised to support this warrant article.**

Melissa Stacey asked for the current balance in the fund and Lucy Philbrick stated she didn't know right off the top of her head. Ms. Stacey asked if a new contract had been negotiated and Earl Sires stated Selectmen have negotiated with Valley Vision through May 2011. Same arrangement, same coverage as in prior year; funding increase of 3% which was about \$3,000.00 for a total of \$92,500.00 and there will be about \$30,000.00 left for other purposes that may come up.

David Sordi stated if Article fails, what happens to fees raised. Earl Sires stated if it fails, fees received are like any other Revenue and offset the tax rate. Dick Klement stated this is not taxpayer money, it is from people who have Cable TV. Those people who are Cable TV subscribers are subsidizing the taxpayer who does not have Cable TV. Earl Sires stated that has come up a lot; certain people pay for certain things and everyone benefits.

Mike Gilmore asked how much will be left over and whether it was distributed all to Valley Vision or do others provide the same service. Earl Sires stated the money received is actually paid to the Town; \$92,500.00 leaving about \$30,000.00. Past couple of years, have been funding a High School Program and for whatever reason they have decided not to do it this year. The balance of about \$30,000.00 can only be used for PEG purposes.

Mark Hounsell stated Point of Order; the following Articles are not something the Budget Committee or the Town has produced. Chairman Bacon stated have to disclose them all.

Article 25: (Special-not included in Budget Appropriation Article 12). To see if the Town will vote to raise and appropriate the sum of Thirty Two Thousand Dollars (\$32,000.00) (level funded from last year) to support the Conway home delivered meals (Meals on Wheels), congregate meals, transportation and program services provide by **THE GIBSON CENTER FOR SENIOR SERVICES, INC.**

No questions, comments or concerns.

Article 26: (Special-not included in Budget appropriation Article 12). To see if the Town will vote to raise and appropriate the sum of Seventy-Five Thousand Dollars (\$75,000.00), said sum to be allocated to the **NORTH CONWAY COMMUNITY CENTER** for programs of the North Conway Community Center.

No questions, comments or concerns.

Article 27: (Special-not included in Budget appropriation Article 12). To see if the Town will vote to raise and appropriate the sum of Three Thousand Dollars (\$3,000.00) in support of **CARROLL COUNTY TRANSIT** for following transportation services; Public Transit Fixed and Commuter Routes, Demand Response Senior Transportation and Long Distance Non Emergency Medical Transportation.

No questions, comments or concerns.

Article 28: (Special-not included in Budget appropriation Article 12). To see if the Town will vote to raise and appropriate the sum of Thirteen Thousand Dollars (\$13,000.00) for **TRI-COUNTY COMMUNITY ACTION** for the purpose of continuing services of the Fuel Assistance Program for the residents of Conway.

No questions, comments or concerns.

Article 29: (Special-not included in Budget appropriation Article 12). To see if the Town will vote to raise and appropriate the sum of Thirty-Five Thousand Five Hundred Sixty-Five Dollars (\$35,565.00) for the support of **WHITE MOUNTAIN COMMUNITY HEALTH CENTER** to help meet the healthcare needs of the uninsured and underinsured residents of the Town of Conway.

No questions, comments or concerns.

Article 30: (Special-not included in Budget appropriation Article 12). To see if the Town will vote to raise and appropriate the sum of Four Thousand One Hundred Twenty-Eight Dollars (\$4,128.00) to help defray the costs of Service Delivery of the **AMERICAN RED CROSS/GRANITE CHAPTER.**

Sheryl Kovalik advised there were some questions last Saturday and they owe us information, hopefully they will be present at the Deliberative.

Mike Gilmore asked if the Red Cross was still in town. John Edgerton stated there are very few Chapters, this is State Chapter asking for this money; 5% service, 85% in salaries. Karen Umberger stated she believed the money could only be used in the Mount Washington Valley.

Melissa Stacey asked how this was going to be voted on. Sheryl Kovalik stated she will vote against it; new information could change her opinion and she could ask for a reconsideration of the vote. Ms. Stacey asked why the Selectmen agreed to this and Bob Drinkhall stated they didn't have questions. Mike Gilmore asked how can you vote on something with missing information. Bob stated the Selectmen did not have the questions the Budget Committee had. Sheryl stated she thought that maybe the Board of Selectmen were comfortable with the information provided and the Budget Committee was not comfortable. Chairman Bacon stated this Committee is waiting for additional information on how the funds are used.

John Edgerton stated it is worded wrong. Bob Drinkhall stated it should be corrected, but we can't change it. Chairman Bacon stated he was not sure of the procedure as the wording is wrong. We can't change here, but it can be changed at Deliberative.

Jacci Gilmore stated when this petition was approved, did not realize the Mount Washington Valley Chapter didn't exist; should read Granite Chapter for petitioning for service. Chairman Bacon stated their letter does state that.

Melissa Stacey stated it has to be put on the Warrant as petitioned; if petitioned as Granite State, it has to be as Granite State; could it be a typo. Earl Sires stated it was his understanding that it can't be withdrawn or amended, have to put on as submitted; can't go back and amend a petitioned Article.

Mike Gilmore asked what percentage raised is submitted to national. Chairman Bacon stated didn't ask, more concerned about making sure the money was dedicated to the Valley. Mr. Gilmore stated it was 27% last year.

David Sordi stated the person attending the meeting didn't know anything; said he had been here for a couple of months; that's why frustrated. Mike Gilmore stated the same thing last year; percentage doubled from 14% to 28%. Chairman Bacon stated he made the statement of having just moved and knew nothing except the amount being requested. That is why we asked for more information.

Amy Hackett asked if the Valley had a disaster relief plan in place, if we don't have the Red Cross. Earl Sires stated do have an Emergency Operation Plan in place and it was his understanding the Red Cross was still involved.

Raymond Shakir stated if this Article fails, is the voter to assume if there is a disaster in the Valley no Red Cross present. John Edgerton stated no. Chairman Bacon stated no, Red Cross still here regardless if they get any money. Sheryl Kovalik stated what was said is that there were 2 fires at \$1,300.00 for \$2,600.00 toward a contribution of

\$4,000.00; not even sure if we can trust that number, but did ask for detail; asked to come to the Deliberative.

Pat Swett stated she was confused; if Mount Washington Valley Chapter of the American Red Cross doesn't exist, how can we vote to approve money to it. She certainly would support the Red Cross, but if no Chapter, how can this Article be brought forward. Karen Umberger stated someone indicated they messed up when they put the petition in there. She believed that could be fixed at the Deliberative session; will have an opportunity to change at the Deliberative session. By changing the name, that is not changing the purpose, simply change what it needs to be and that can be done at the Deliberative. Jacci Gilmore stated the petition is the key.

Melissa Stacey asked to have the specific petition read and Chairman stated he didn't have the specific petition with him. Jacci Gilmore stated she thought it said Mount Washington Valley. Chairman stated it would be clarified at the Deliberative. Crow Dickinson stated no matter how screwed up that is, what you have to have on the ballot is a petitioned Article.

Article 31: (Special-not included in budget appropriation Article 12). To see if the Town will vote to raise and appropriate the sum of Thirteen Thousand Dollars (\$13,000.00) for the Early Supports & Services Program (birth to 3 years) of **CHILDREN UNLIMITED, INC.**

Melissa Stacey stated not recommended; if you don't support this then basically you are going to see the School budget increase. Sheryl Kovalik stated the Warrant Article is wrong; this is not level funded, it is an increase of \$1,000.00, actual request was for \$13,000.00. Chairman Bacon stated need to strike out level funded. Bill Aughton asked if there was any reason the variation occurred Article to Article. Earl Sires stated he would check it. Bill stated it is important, effects how people will vote if this is the only organization not level funded. Earl stated he would check to see if level funded.

Article 32: (Special-not included in budget Appropriation Article 12). To see if the Town will vote to raise and appropriate the sum of Five Thousand Dollars (\$5,000.00) for **NORTH CONWAY DAY CARE.**

No questions, comments or concerns.

Article 33: (Special-not included in budget Appropriation Article 12). To see if the Town will vote to raise and appropriate the sum of Three Thousand Dollars (\$3,000.00) for **VAUGHAN COMMUNITY SERVICE, INC.**

Sheryl Kovalik stated we had a question during the presentation on how many Food Pantries are receiving aid. Bob Drinkhall stated Vaughan is currently. BJ Parker does support the Brown Church; according to her this afternoon, it is not in need of the money at this point of time and has no problem with the funds going to Vaughan at this time.

Article 34: (Special-not included in Budget Appropriation Article 12). To see if the Town will vote to raise and appropriate the sum of Two Thousand Twenty-Five Dollars (\$2,025.00) to benefit those residents from

the Town of Conway who need to participate in the **MOUNT WASHINGTON VALLEY ADDICTION TREATMENT SOLUTIONS SLIDING SCALE FEE PROGRAM**, which is established to provide access to treatment for individuals in the community who cannot otherwise pay full price for the addiction treatment program.

Amy Hackett asked who is providing the treatment. Chairman Bacon stated this just came in; they put it on by petition, didn't come before the non-profits because they did not make the deadline.

Article 35: To see if the Town of Conway will vote to accept and maintain Robert Morrell Drive.

Earl Sires stated this is the first year submitted and it has less than 10 houses, Habitat for Humanity. Mike Gilmore stated the petition doesn't mention Habitat for Humanity, someone may want to write that up. It is important for people to know.

Mike Gilmore asked if there was a figure for the fund balance. Bob Drinkhall stated the latest figure is \$1.6 Million. Lucy Philbrick stated beginning of 2009 \$1.677 Million. Bob stated that figure is half of what it was in 2002, it has been going down.

Chairman Bacon closed out the Town portion of the Public Hearing at 8:53 PM.

PUBLIC HEARING - SCHOOL

Chairman Bacon opened the School portion of the Public Hearing at 9:01 PM.

Sheryl Kovalik reviewed the handout packet, starting with page 1, Summary of the Articles separate from the budget itself. Starts with \$32,612,765.00 and below that is the Warrant Articles. Page 2 is summary information by Unit, District is divided into Units; to the right are two columns of increase or decrease. Marching orders given was to bring in flat, however did not ask to absorb any increase in Special Education or health insurance. One of the things that happened this year was they retired some debt and \$1,360,910.00 which they would have loved to have rolled over, unfortunately was chewed up by health insurance of \$685,000.00, Special Education is forecast to be up \$310,772.00 and there are some other Grants and other projects that are up as well. The next category is special requests; because level funding the Board stated they could bring forward any special requests for consideration. First, the School Resource Officer which was previously covered by the Police Department, by moving it to the School budget it becomes eligible for distribution and costs the taxpayers less; better in our budget than the Town's. A request for 1.5 Elementary teachers; the Class Size Reduction monies have new rules on how to apply, has to be put towards professional development to insure qualified teachers; can't put to offset the student teacher ratios. The \$5,000.00 for the Kennett Middle School Summer School came as the result of policy requiring the students to pass a certain number of core courses to be promoted; put together support to insure students would be able to get Summer School so that they are not moving

to the 9th Grade unprepared. The last item is an increase in the Nurses Salaries; most underpaid in the State, have a pretty high turn over in Nurses.

Bob Barriault stated on the 1.5 Elementary Teachers, these were originally funding by Grants; doesn't that request need to be a Warrant Article, since voters stated any programs Grant funded have to be a Warrant Article to continue. Sheryl Kovalik stated you are right; not sure if the positions are the same. Bob Gadowski stated they are Title 2A funds; basically it is a different position you have here. Mr. Barriault stated the original intent when voted was really to give the voters the decision on whether they want to pick up that cost. Melissa Stacey stated any grant funded positions have to be put before the voters; if not on the ballot, can't fund the position. Sheryl Kovalik stated they will reserve the option to add a Warrant Article to the Warrant to reflect the \$74,514.00.

Mark Hounsell asked if the reduction in interest was one time and Sheryl Kovalik stated yes. Mr. Hounsell further asked if the items listed as increases were one time and Sheryl stated no.

Pat Swett stated Class Size Reduction is not the same as Grants; never know if needed or not; think you need to look into it. Sheryl Kovalik stated whatever the law requires, they may have to get an opinion. Melissa Stacey stated it would be under the New Hampshire Adequacy Grant.

Sheryl Kovalik continued with the packet, page 5 is estimated Revenues; have a pretty good feeling about revenues coming for education, unlike last year. Page 6 is more detail of the effect of the relationship between the budget and revenue which determines the tax rate. Mark Hounsell asked if the tax projections reflect changes in the municipal evaluations. Becky Jefferson stated the School always uses current year tax evaluation. Mr. Hounsell suggested that maybe there should be a conversation with the Town Assessor to get some feeling. Sheryl stated she didn't think it was any different than last year, but she had no problem asking.

Sheryl Kovalik continued with the packet, page 7 is the Default Budget which represents a slightly bit lower than the budget by \$121,350.00; pretty close together this year which shouldn't come as a big surprise. The CEA Contract is on the Warrant this year, didn't have one last year; also CESP is coming forward, having accepted a \$500.00 deductible does have a savings; the savings is not reflected in the Warrant Article itself. The Warrant for Salaries would come in at \$350,000.00 plus changes because that is where the savings in health insurance goes. If it doesn't pass, have to have full insurance in the budget; the savings follows with the passage of the Warrant. Both plans with a \$500.00 deductible; already the SAU Office and non-contractual personnel are using the \$500.00 deductible plan.

Bob Barriault asked if somebody could provide a clearer explanation of the deductible reimbursement and how it works and second, it appears double dipping, doesn't understand. Sheryl Kovalik stated the contract runs from July 1st to June 30th and the deductible assessments run from

January to December, so there is a 6 months differential. They would reimburse \$500.00 using a Debit Card system; if not used, returned to the Town of Conway. Mr. Barriault asked about the incentive if you are providing Debit Cards; somebody not using it in that period for medical service and from January to July get another deductible; understand why doing it that way, don't really understand how there is a savings; what is the incentive. Sheryl Kovalik stated there are no restrictions on how it is spent; can use the \$500.00 for qualifying expenses. Mr. Barriault asked in the savings detail, is that worse case and Sheryl stated have to assume worse case. Karen Umberger stated the only time they will get two \$500.00 deductibles is this year; will not continue year-to-year. Only have it this year because it starts in July; July to December this year; next year it will go January to January. Mr. Barriault asked if it was in writing and Sheryl Kovalik stated not in documents, it is in the plan.

Mike Gilmore stated on the deductible, it is obviously used for co-pay of non-covered expenses; can a person go to CVS and buy medical related things also. Sheryl Kovalik stated yes. Mr. Gilmore stated so at the end of year, don't care. Sheryl stated the only thing she could say was that the net benefits are quite huge. Mr. Gilmore stated abuse of the system. This is not 2001 where you are entitled to have money given to you. Sheryl stated this is the negotiated contract.

Article 2. To see if the school district will vote to raise and appropriate as an operating budget, not including appropriations by special warrant articles and other appropriations voted separately, the amounts set forth on the budget posted with the warrant or as amended by vote of the first session, for the purposes set forth therein totaling Thirty Two Million Six Hundred Twelve Thousand Seven Hundred Sixty-Five Dollars (\$32,612,765.00). Should this article be defeated the default budget shall be \$32,491,415, which is the same as last year, with certain adjustments required by previous action of the Conway School District or by law, or the governing body may hold one special meeting, in accordance with RSA 40:13, X and XVI, to take up the issue of a revised operating budget only.

Becky Jefferson stated DRA determined two years ago that they switch around.

Article 3. To see if the school district will vote to raise and appropriate the sum fifty-four thousand, four hundred and forty-three dollars (\$54,443.00) (to be offset in part by payments from the sending towns in the amount of \$35,858.00) to be added to the Expendable Trust Fund (New Kennett High School Facilities Maintenance Fund) established for that purpose in 2007. This appropriation is in addition to Warrant Article #2, the operating budget.

No questions, comments or concerns.

Article 4. To see if the school district will vote to raise and appropriate the sum of seventeen thousand and eighty-six dollars (\$17,086.00) (to be offset in part by payments from the sending towns in the amount of \$7,544.00) to be added to the Expendable Trust Fund (A. Crosby Kennett Middle School Facilities Maintenance Fund) established for

that purpose in 2007. This appropriation is in addition to Warrant Article #2, the operating budget.

No questions, comments or concerns.

Article 5. To see if the school district will vote to raise and appropriate the sum of nine thousand nine hundred dollars (\$9,900.00) (to be offset in part by payments from the sending towns in the amount of \$1,203.00) to be added to the Expendable Trust Fund (Elementary Schools Facilities Maintenance Fund) established for that purpose in 2007. This appropriation is in addition to Warrant Article #2, the operating budget.

Bob Barriault asked if any money had been expended from any of these trust funds. Sheryl Kovalik stated they had expended some money in replacement of a new fuel tank at Conway Elementary.

Article 6: To see if the school district will vote to approve the cost item included in the collective bargaining agreement reached between the Conway School Board and the American Federation of State, County and Municipal Employees (AFSCME) which calls for the following increase in salaries and benefits at the current staffing levels:

<u>Year</u>	<u>Estimated Increase</u>
2010-11	\$31,022.00

and further to raise and appropriate the sum of thirty-one thousand and twenty-two dollars (\$31,022.00) for the upcoming fiscal year, such sum representing the additional costs attributable to the increase in salaries and benefits required by the new agreement over those that would be paid at current staffing levels.

NOTE: RSA 273-A:12, the so-called Evergreen Law, provides that his collective bargaining agreement, if approved, as the first agreement since July 15, 2008, will continue in effect as to its pay plan, excluding cost of living increases, until and unless replaced by a new agreement.

Mike Gilmore stated as we all know, the economy is in the toilet; find it hard still getting pay raises. Sheryl Kovalik stated the differentials are summarized in the contract. Last year, this particular Union moved in that direction. This particular increase is a straight forward approach. In the Evergreen, if fail to negotiate, stays in place with no increase next year. There are places that have a 5 year contract and over the next 5 years all of those people get 3% per year; those folks are all getting 3% guaranteed thing. We negotiated in good faith; did a good job this year. Mr. Gilmore stated people need to understand we are not in good times, everyone has to give up something. Sheryl stated they went a whole year without a contract.

Article 7: To see if the school district will vote to approve the cost item included in the collective bargaining agreement reached between the Conway School Board and the Conway Education Association which calls for the following increase in salaries and benefits at the current staffing levels:

<u>Year</u>	<u>Estimated Increase</u>
2010-11	\$355,436.00

and further to raise and appropriate the sum of three hundred fifty-five thousand, four hundred and thirty-six dollars (\$355,436.00) for the upcoming fiscal year, such sum representing the additional costs attributable to the increase in salaries and benefits required by the new agreement over those that would be paid at current staffing levels.

NOTE: RSA 273-A:12, the so-called Evergreen Law, provides that his collective bargaining agreement, if approved, as the first agreement since July 15, 2008, will continue in effect as to its pay plan, excluding cost of living increases, until and unless replaced by a new agreement.

No questions, comments or concerns.

Article 8: To see if the school district will vote to approve the cost item included in the collective bargaining agreement reached between the Conway School Board and the Conway Educational Support Personnel which calls for the following increase in salaries and benefits at the current staffing levels:

<u>Year</u>	<u>Estimated Increase</u>
2010-11	\$18,823.00

and further to raise and appropriate the sum of eighteen thousand, eight hundred and twenty-three dollars (\$18,823.00) for the upcoming fiscal year, such sum representing the additional costs attributable to the increase in salaries and benefits required by the new agreement over those that would be paid at current staffing levels.

NOTE: RSA 273-A:12, the so-called Evergreen Law, provides that his collective bargaining agreement, if approved, as the first agreement since July 15, 2008, will continue in effect as to its pay plan, excluding cost of living increases, until and unless replaced by a new agreement.

No questions, comments or concerns.

Article 9. To see if the school district will vote to raise and appropriate seventy-eight thousand, nine hundred seven dollars (\$78,907.00) to supplement the funding of the John H. Fuller School, Conway Elementary School, and Pine Tree School Project SUCCEED Programs. (Note: Anticipate \$20,000 in revenue to offset taxes.) (Additional grant sources will be sought to offset taxes further.) This appropriation is in addition to Warrant Article #2, the operating budget.

Bob Barriault stated tell me the increase from the first year, additional services, salaries. Sheryl Kovalik stated it was her impression it was level funded. Becky Jefferson stated it was up by about \$5,000.00; revenue increase of \$2,000.00; probably not included in the 21st Century Grants. Melissa Stacey stated she thought there may be an increase in

children. Sheryl Kovalik stated coordinator has been making calls for fundraising ideas and moving to lesser dependency on the taxpayers.

Article 10. To see if the school district will vote to raise and appropriate one hundred thousand dollars (\$100,000.00) to be placed in the Expendable Trust Fund (Special Education Trust Fund) established for that purpose in 2008. This fund will be capped at \$500,000.00. This appropriation is in addition to Warrant Article #2, the operating budget.

Bob Barriault stated he wanted to comment on paying up front for Capital Reserve Funds. One of the things, you have come up with less than a 1% increase, that is commendable, but not sure if it has come far enough. Look at the Revenue side having a shortfall of \$1 Million; Revenue in non-tax sources does not appear to be addressed adequately to a point of what you are passing on to the taxpayers. When Revenues drop, you have to find a way to compensate for it. A 15% increase is a pretty substantial increase; \$850,000.00 put in last year from tuition and still talking an 8% increase. Look at the tax rate projected if everything approved, \$1.37 or over \$400.00 increase. Don't have the logic of getting COLA increase; in his retirement he has had to make adjustments. What would have been a fairer approach, would be to take the anticipated shortfall in Revenue and split it out half to the taxpayers and half by finding means of cutting funds in your Operating Budget. Maybe take a page for instance from Dartmouth University, they took a significant loss and down sized because the biggest part is labor; it's a hard thing to do, but these are times when looking at contracts and see COLA at 2.5% plus performance increases and so forth resulting in anything from a 3% to a 4.5% increase at a time when the public is not getting these kinds of increases. Seems that shortfall in revenue is being passed out to the taxpayer; should be adjusted some way. Sheryl Kovalik stated she appreciated his comments.

Lloyd Jones stated Point of Order; comparing apples to apples; budget is up 4.1%.

Article 11. To see if the school district will vote to raise and appropriate the sum of one hundred forty-two thousand dollars (\$142,000.00) to be added to the Capital Reserve Fund (School Buses) established for this purpose in 2009. This appropriation is in addition to Warrant Article #2, the operating budget.

Sheryl Kovalik stated last year's discussion for buses accomplishes the same outcome. Mike Gilmore stated that is a bus and a half.

Article 12. To see if the school district will vote to raise and appropriate seventy-five thousand dollars (\$75,000) to initiate the second phase of the Conway School District three year Technology Plan. This appropriation is in addition to Warrant Article #2, the operating budget.

No questions, comments or concerns.

Article 13: To see if the school district will vote to raise and appropriate one hundred thirty thousand dollars (\$130,000.00) to be placed in the School Buildings Maintenance Fund established for that

purpose in 1995. This fund will be capped at \$500,000.00. This appropriation is in addition to Warrant Article #2, the operating budget.

Bob Barriault asked if there was any balance and Sheryl Kovalik stated the requested \$100,000.00. Becky Jefferson stated \$100,005.00. Mr. Barriault stated already \$100,000.00, why increase to \$130,000.00. Sheryl stated because the Facility Committee came forward with a large number of issues from carpeting that needs to be replaced to some electrical issues that need to be dealt with; didn't want to reduce the \$60,000.00 rotating maintenance fund.

Chairman Bacon asked if there were any other comments. Mike Gilmore stated the microphone monitor did a great job.

Chairman Bacon closed out the School portion of the Public Hearing at 10:03 PM.

OTHER BUSINESS

Chairman Bacon reconvened the meeting at 10:04 PM.

Doug Swett moved, seconded by Sheryl Kovalik, to meet Thursday night at 6:30 PM to vote on the Town and School Warrant Articles. In favor: 13; Opposed: 0; Abstain: 0.

Sheryl Kovalik stated she felt there was a need to have a conversation on some of the Articles before voting.

Ray Shakir moved, seconded by David Jensen, to adjourn the meeting at 10:15 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary