

**MINUTES OF MEETING  
MUNICIPAL BUDGET COMMITTEE  
August 18, 2010**

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: Chairman Jim LeFebvre, Bob Drinkhall, Doug Swett, Bill Masters, Raymond Shakir, Joe Mosca, Linda Teagan, John Edgerton, Karen Umberger, David Sordi and Janine McLauchlan. Members excused from meeting: Bill Aughton. Also present: Earl Sires, Town Manager.

Chairman LeFebvre asked David Sordi to lead the members in the Pledge of Allegiance.

APPROVAL OF MINUTES

**Karen Umberger moved, seconded by David Sordi, to consider and accept the Minutes of June 29, 2010, as amended. In favor: 10; Opposed: 0; Abstain: 1 - David Sordi.**

Bob Drinkhall stated on page 13, second paragraph, fourteenth line, should read "... that Grade 11, there is 4 levels: 1, 2, 3 and 4; 1 being worst and 2 being second worst; scored 95% in Math in 1 and 2 and in Writing 85% fell in levels 1 and 2, with all the programs and the lowering of requirements, we still end up with these poor results." Bob further stated on page 15, third paragraph, fourth line, "11" should be "111".

Joe Mosca stated on page 2, first paragraph, fourth line, "heated units" should be "heating units; page 9, third paragraph, first line, "the another" should be "that another"; page 10, second full paragraph, "Chairship" should be "Chairmanship" but it was withdrawn; page 11, last paragraph, eighth line, "advertising business" should be "advertising budget"; page 17, first paragraph, next to last line, "not" should be "no".

Chairman LeFebvre stated on page 2, second paragraph, next to last line, "synopsis or" should be "synopsis of".

TOWN REVIEW

Earl Sires presented the state of the Town Budget, handed out the Revenue Report for 2010 which also looks back over the last 5 or 6 years. Earl started with Revenue and briefly go over the presentation the Assessor did for the Selectmen in which he basically talked about the real estate market and noted that like much of the rest of the country, maybe not quite as badly as the rest of the country, our property values over the last couple of years have been declining and part of his discussion with the Selectmen was in terms of how they wanted to handle it from a policy standpoint. Their policy has always been, and particularly been since the State started requiring it, that they stay pretty close to the market. As he noted and as is noted in the article, in the early to mid 1990's things were really out of whack here and it led to a lot of lawsuits and when Tom came in, he kind of straightened it out. Since then they've

really tried to stay at the market which means everybody is fairly assessed whether they like what their assessment is or not, it's fair with respect to everyone else, everyone's paying their fair share. What Tom is seeing is property values are declining and he basically noted to the Selectmen that his plan for this year would not be to re-evaluate and, in essence, devalue all properties. His approach this year will be to look at certain properties that are getting the most out of whack, whether they be mobile homes or single families above a certain price and that kind of thing. He is going to look at it and try to keep it in order for the year and they were okay with that. The implication of that is that since Earl has been here property values have been appreciating which means that appreciation in general has had an effect on the tax rate of lowering it, all of these things being equal. We're in a different situation, he likens it to the 90's where property values are declining so when property values decline and the overall assessed value of the Town declines, the tax rate is going to go up because you're trying to raise a certain amount of money with less valued property. Now with all things being equal, there's sort of a complimentary effect where if nothing else changed and the tax rate increased, you're still trying to raise the same amount of money, your tax bill might not actually increase because the rate is higher but the value is lower so when you multiply it, it may come out to somewhere to what it would have been. Now, do we expect that all things are going to be equal, no; the pattern has also been, the trend has been budget increases. Earl stated that he would speak only for the Town and say that they have tried to moderate theirs and one of the things to their benefit was during the good times of the middle 2000's (2004, 2005, 2006 and 2007), they didn't do a lot of new things, didn't add on a lot so they didn't have a spike that they now have to deal with. Earl stated that he thought his message here is while we are suffering along with the rest of the country and the world, he did not believe that the Town per se is not in as dire straits as others are, but wanted to make sure everybody understood that was kind of the playing field this year; they are looking at declining values which is going to put upward pressure on the tax rate regardless of any increases. As Tom mentioned, we may see tax rates that equal what they were back in the 1990's and Earl did not remember what that number was, but it was upwards of \$25.00 maybe. Again, what people need to look at is what is the actual effect on their tax bill.

Earl Sires proceeded with the other trend he wanted to talk about which is not particularly good news for the tax situation: revenues. One of the things they are always looking at is non-tax revenues because the amount to be raised by taxes is what they have to do to make up the bill for the Town that isn't paid by other revenue. So, they like to see non-tax revenue growing and that means the pressure on the tax rate is less. On the last line in the Report Earl handed out earlier, in 2004 and if you go back to 2000 you will see the same trend, gradual increase in non-tax revenue. Looking at 2004, 2005, 2006, 2007 and 2008, they were averaging at or under \$4 Million and that had been an increase from the early part of that decade. In 2008, they had \$3,949,000.00, almost a \$4 Million non-tax revenue total, but what he would point out is the downward trend to be talked about started that year because they had close to a \$400,000.00 windfall payment for land being taken for the Bypass so revenues actually that year, if you take that windfall out, that extraordinary revenue, it

is more like \$3.5 Million or \$3.6 Million so this decline in revenue really started in 2007/08. If you look back to 2007 and look at \$3.8 Million, by 2009 we are down to \$3.3 Million. The estimate for 2010 is \$3.2 Million. We estimate taxes several different times during the year as required by the State; one, during budget season, a second time right we have to hand in the MS-7 in September and then the third time when we set the tax rate in October we give them a third estimate, so we're going to be refining these numbers as we go in the next few months. This is the current number of \$3.2 Million; they are looking at a drop from \$3,318,000.00 in 2009 to \$3,207,000.00 which is about \$110,000.00 which isn't great but he was hoping that maybe they are seeing a bottoming out or leveling off of this decline in non-tax revenue. The State this year is not affecting the payments that they make to us; there was some talk earlier on about some things that might have affected our revenue but we're actually looking at a slight increase in the Gasoline Tax.

Earl Sires further stated that he wanted to point out that he really thinks we are going to see revenues being kind of level from 2009 to 2010 because we had, as indicated on the second page - Miscellaneous Revenue, the Court Lease revenue that they were getting of \$72,000.00 we're not getting any more because we paid off the bond. We built the building, took out a bond, financed it, leased it to the State; they paid us, we paid off the bond. That's done, so that \$72,000.00 decrease is matched by \$72,000.00 in expenditures we don't have. If you take that out, we're kind of looking at fairly even revenue. To sum it up, we're talking probably about level revenue. One of the revenue sources that is decreasing over the last few years is really those things that are associated with growth as you might expect. Building Permits, back in the early part of the decade \$34,000.00 or \$35,000.00 in Permit Fees; we move into 2006, 2007, 2008 upwards between \$100,000.00 to \$160,000.00 because there were a lot of big commercial projects going on and we benefited from that, but now that's dropped off to the point of where we're looking at \$33,000.00, getting a lot of decks, a lot of roofs and a lot of one-room additions and that's about it. Not a lot of new houses, not a lot of commercial activity. Motor Vehicle Fees, as the decade went on we were up in 2005 to almost \$1.7 Million; \$1.65 Million in Registration Fees and that's declined to about \$1.45 Million this year. Those are the kinds of things that come and go with the good times. We also had a fair amount of Land Use Change Tax going on in the early part of that decade because people were converting raw land into property to build on. That's kind of the flavor or the character of the Revenue situation; wanted to make sure that everyone was aware of that as we go into budget season.

Karen Umberger stated if you look at your bottom line where more than half the year gone and we're roughly \$200,000.00 below projection; are you seeing any way that we're going to make that up or are we actually going to come in lower than what was projected; she knows that the projection is always very conservative. Earl Sires stated what this doesn't show are some of those big payments from the State, like Rooms and Meals Tax and the Gas Tax, those all come in the second part of the year; so that's going to be \$400,000.00 to \$500,000.00 that's only in the second half paid. Our best estimate right now is \$3.2 Million. Karen stated in 2009, was this the projected number, what was projected. Earl stated this is the actual and he would have to go back and look to see

the projected number and he knows that typically they are conservative and like to be surprised by having it a little higher than they thought then the other way around and he believes it came in a little bit higher than they had expected. Karen stated the only reason she was asking was to give us an idea that if we were 5% above projection last year, can we think maybe this year we can manage 3% above projection or something. Earl stated he would like to be pleasantly surprised in January to find out that they did get a little bit more than they thought and hoped that was the case.

Chairman LeFebvre asked about the status of delinquent taxes at this point. Earl Sires stated the last time they talked about that was in May and he thought they were running not atypical from years past. Bob Drinkhall stated back taxes from 5/10 were \$1.6 Million; on 7/31 because of course there are those that pay a little bit late was \$2.6 Million, almost \$2.7 Million. Chairman questioned going from \$1.6 Million to \$2.7 Million. Bob stated that is very common because of the taxes being due on the 1<sup>st</sup> of the month. Compared to last year, May was \$1.6 Million and the year before it was \$1.2 Million. Earl stated an interesting outcome of that situation as indicated on the first page of the Revenues Report, the interest on delinquent taxes, unfortunately for those that are delinquent but fortunately for the Town, the interest rate is fairly severe and it ends up being 18%. That Revenue line of interest on delinquent taxes has been \$150,000.00 to \$200,000.00 over this period that we've tracked it, so it's a significant revenue stream. Bob stated it begins at 12% then becomes 18%. Earl stated as a measure of where we're at, we're projecting \$195,000.00 which isn't totally out of line with the past few years.

Ray Shakir asked typically what is the percentage of that delinquent tax revenue that is actually collected. Earl Sires stated he would have to get that, he didn't have it on hand. Ray asked if Earl had a guesstimate on it. Earl stated usually there is a running balance so he would have to take it and see what at close out, the end of the year looked like and he would get that for Ray. It is a significant amount year-to-year; he was not sure how to calculate it but would talk with Rhoda about it. Ray stated he was curious; do people just come up with the money or does it get worse. Earl stated usually, one of the measures is eventually, after three years the Town deeds the property, takes it and then sells it. They typically don't end up with a lot of valuable property. They do a lot of work every year with people, in fact, Tom Holmes and Earl go around and visit, go personally. Rhoda starts sending letters and then calling to get people to pay up and then they end up going out and actually making personal contact with people trying to get them in to either pay, explain to them their situation which is that they're about to lose their property or set up a payment plan with the Selectmen. One measure would be that it really boils down to is we don't end up with a lot of people who end up giving up property that's worth much, but it's a lot of work.

David Sordi stated the estimate for 2010, is that the original estimate that we had at the beginning of the year for the revenue or is that the current estimate. Earl Sires stated that is a current estimate and one of the things that it is adjusted by is the Selectmen wrote a letter to DRA which basically said, if you'll recall the Bike Path Warrant Article and it had a total value of \$300,000.00+; it ended up having to be counted by

the regulations as revenue. The Selectmen had to write a letter to the DRA saying this project isn't going to happen, we want to remove that from the amount to be raised because it was distorting the actual revenue picture and the DRA said "yes, you can remove it". Now, we have taken it out and this estimate would be \$306,000.00 less than what you had seen earlier at least if not some other changes too. David stated what he was getting at was that Earl had talked about money coming from the State and we hadn't received any of that, but David saw some reimbursement for Solid Waste and School Bus maintenance is still pretty far behind; is that the estimate for 2010 or is that current. Earl stated it would be current; unlike some of those other revenue streams, they tend to come in the second half, in lumps anyway because we wait until we've done a bunch of maintenance and then the School pays for it. David asked on the interest, do we write off interest at times to get property developed and, if so, is there a process that you have to go through to get authorization to do that. Earl stated no, we don't do that, the Selectmen don't do that. Bob Drinkhall stated just to give an example on percentage, I don't have the percentages, but don't be alarmed by the almost \$2.7 Million now because on the 31<sup>st</sup> of December it was \$2.7 Million and by the time we got to May, it was down to \$1.6 Million so a huge chunk is paid off after the first couple of months after the amount is due, although year-to-year it is basically going up.

John Edgerton stated he heard a comment at one of the meetings during the previous discussion towards the end around Town Meeting and the comment was made that we don't have a problem with our budget, people are paying their taxes. John's outlook on that is we are in extreme economic disaster nationally. It's kind of late to wait until the people aren't paying their taxes to decide we need to cut budgets.

Linda Teagan stated first of all, this is great, this was just what she was looking for in terms of trends in 4 or 5 years. In terms of, and she wasn't sure if they use the term this way, is there any way to do a five year calculation of new growth, what's added to the levy. Earl Sires asked if Linda meant in terms of their assessed value. Linda stated as long as you haven't changed the assessed value; it would be new construction coming on. Earl stated we have two components; one is appreciation or increase in value of existing stuff and the other is new growth. We discuss that and talk about that and wasn't sure if they had ever quantified it but we certainly can do it. Linda stated that was always what you could spend without affecting the tax rate. Earl stated maybe 20 years ago, and he was not sure what the total assessed value was 20 years ago but let's say it was \$500 Million, \$700 Million or \$800 Million, a new project that was worth \$2 Million, \$3, Million, \$7 Million to \$10 Million would have an effect on the tax rate. Now with \$1.3 Billion it takes quite a bit to do that, but we can certainly try. Linda stated she would appreciate it, it's just sort of an indication of economic activity. Earl stated he believed he could do that and was committing Tom, the Assessor, to do that. Linda asked how can we get a 5 year handle on this whole unpaid taxes; she knows they are being collected all the time, but it would be nice to see at the end and she didn't care what date was picked to see what the balance was. Earl stated it may be in the Town Report each year, but we can certainly collect it and put it in. Linda stated we collect taxes twice a year and then you

issue tax anticipation notes; would there be a net gain or loss if we did it quarterly. Earl stated the gain or loss would have to do with administrative overhead in the Clerk's Office.

John Edgerton stated as a former Town Treasurer, when the School went to July 1<sup>st</sup>, the Town stayed at January 1<sup>st</sup>, the Town can almost entirely operate without having to borrow money. We don't want to go to July 1<sup>st</sup> for the Town, that would screw everything up. Karen Umberger stated she didn't think we had a tax anticipation notice in quite a while. Earl Sires stated maybe once or twice a year.

David Sordi stated as an additional piece of information and he wasn't sure how hard it would be, is it possible to show when showing the Revenue for delinquent taxes, what percent is two years delinquent, what percent is one year or more, or six months or three months; to track that just to see and he was not sure how sophisticated the tax tracking systems are here. Earl Sires stated he thought they had that information, it would just be a matter of compiling it. Bob Drinkhall stated he had that but he didn't bring it with him. David asked if it was usually pretty stable, the breakdown. Bob stated from one year to the next, don't forget some people are paying off. David stated is it usually 25% two years or more or 25% one or two years. Bob stated right off the top of his head he didn't want to commit to that.

Earl Sires shifted gears to what they are spending. Earl handed out a Summary Report of Expenditures for the year, through July 2010. Percent remaining we're where we should be, we're at about 47% remaining. One thing he want to point out was that they included this time the Long Term Debt with 78% of our principal still to pay on our debt and that actually means we are actually probably closer to where we should be in terms of an exact percentage remaining. His message is that we don't have any major concerns about expenditures. At this point, we're tracking where we like to be at this time of the year. Those of you who have been through this with us before know that one of the things we do is defer capital acquisition until late in the year as well because our budgets are set up such that there really isn't any contingency anywhere, so if we if run into problems in certain departments we have to make up for it in other departments. One of the things we've done in the past is not do capital purchases. The other thing Earl wanted to point out was that the Highway Department was running ahead at 58%, 59% this year because, as you know, we had a thin winter and didn't have a lot of overtime or a lot of material cost there. Hopefully that will result in some under expenditures at the end of the year, although we all know what November and December can be like; so we're catching a break there; you win some, you lose some. Two or three years ago those lines were hammered really hard because we had winters that were beyond the normal of the last 10 to 15 years. Another thing that goes each way sometimes is Legal. For the past few years Legal has had a lot of pressure, our Legal budget; we had a number of land use and tax cases that we were dealing with. This year we're doing pretty good. There's nothing he would want to point out as being a major problem at this point.

Ray Shakir asked why does it cost about the same amount of money to administer Welfare as it does to provide it. Earl Sires stated good

question; if you look at the history of that department, we were paying about the same amount of money in the past although twice as much assistance was given out as salary was needed. What that told us and what that meant was we had a half time person in there and the easiest thing and the only approach in those days was to give out vouchers and to give people assistance and not work it too hard. These days, we have a full-time person who has been there 10 years and she does a lot of work with clients and has reduced the amount of assistance significantly over time. We only assist those people that are eligible under the law and it's been a trade off of increasing the staff and making sure that only the people that are eligible legally get assistance so the amount of assistance given has decreased but the staff has increased. If we wanted to switch it back to the way we were, it would probably end up being the net amount being the same because we'd put less time in to dealing with people and more money with just assisting them. General Assistance is one of those things that was new to me when I moved here 10 years ago and he was quite amazed that we were administering a welfare program at Town Hall, but it's the law. Bob Drinkhall stated Billy Jo does a very, very good job in his opinion and saves us a lot by first putting the people that come in on all the other programs that are available. Without her, he believes the total expense would be greater. Earl stated she does a lot of connecting; basically the approach is if there is another program that can help, we try to get them involved in that before they end up with Town assistance. Chairman LeFebvre asked if Earl had noticed an increase of people coming in to the shop asking for assistance at this point. Earl stated they have probably noticed an increase in the number of people, but if we were to look at amount of assistance given over the last few years, it has stayed relatively stable even in the face of declining economic times. That's another trend information we should look at.

David Sordi stated on the Police Budget he noticed we're a little bit under the flight path for the year; is the budget going to be okay, is there going to be a problem with some of the changes in the Department probably with a need for increased overtime; he imagined it would be worse as the year goes on. Earl Sires stated that's a question for the Police Chief but he hasn't indicated to Earl that he's concerned. They had some, at least one fairly significant pay out for someone who left the service and there was an amount that needed to be paid above regular salary, accrued time and that kind of stuff. Earl further stated that he believed they had deferred hiring someone to make up for that too. David stated on the Debt Interest and we're pretty far along on that and we've only got 26% left in the budget; is that going to go over budget or is that just a remaining amount. Earl stated that is just what is left. Those are the two numbers we are pretty sure of.

Ray Shakir stated going along with Dave's comment, is he to assume that because the interest is so much less than the principal that most of our debts are about to be paid off. Earl Sires stated yes; he ended a discussion with the Selectmen the other day by saying "isn't there any good news out there" and the answer is the good news is that in 2012 the great majority of our long term debt is paid off to the tune of almost \$500,000.00, so we will get a little breathing room there in 2012; 2011 is going to be a challenge, we'll get a little breathing room in 2012. Ray stated since that's obviously good news, is there a bad news

component to that in terms of "but you should see what's coming up". Earl stated no, after the recent experience with the Town Garage, there are no capital building projects on the horizon. The Selectmen in fact have stated we need to think about making sure we maintain what we have. We don't have any grand plans hiding in the wings.

Chairman LeFebvre asked Karen Umberger if she would like to comment on anything going on in Concord. Karen Umberger stated there's nothing and she didn't know what was going to happen come January.

Davie Sordi stated there may be only good news on this side, but when we get to the School Budget, that's when the bad news starts hitting. He sees the comments in the paper about we're going to get breathing room in 2012 by having all the debt go, but he hopes people's expectations and understandings are there is a flip side to it on the School side at least. Chairman LeFebvre stated part of our job as a Budget Committee to do an education campaign to the citizens so that they understand the differences between the Town Budget and the School Budget.

Earl Sires stated he wanted to reiterate that he was talking about the relatively narrow wedge of 28% or 29% which is the Town so when he says the Town is going to get some breathing room, he's talking about that only. He is really not involved in the School side of it, but he didn't want people to think that he was saying in general that the Town was going to be getting a break.

Chairman LeFebvre thanked Earl for coming in. Earl Sires stated that as questions come up, get them to the Chairman and Earl will get a response back to the Committee.

#### NEW BUSINESS

Chairman LeFebvre stated that the next item for discussion is *Topics For Letter From Budget Committee To School Board* which is referencing the earlier request he made to get some input from members of the Committee. He has broken it down into two general areas: Revenues which is very broadly worded because he also had in there payments to the State for annual pension payments, etc. and Personnel which is very broadly worded and then Miscellaneous. Again, he had to incorporate everything that he received from members and he will do the same thing to the letter to the Town.

Chairman LeFebvre stated introduced Janine McLaughlin, Chairman of the School Board and also the School Board representative to the Budget Committee. All members introduced themselves to Janine.

Bill Masters stated that in the future he would like to see quarterly financial reports similar to what we have from the Town from the School Board.

**Joe Mosca moved, seconded by Karen Umberger, to authorize the Chairman to finalize the letter. In favor: 11; Opposed: 0; Abstain: 0.**

Chairman LeFebvre opened up discussion on the proposed letter. David Sordi stated you're asking for 5 years of revenue; he would like to see 5 years of costs too. As a matter of fact, he likes the way Earl put together the revenue detail for the last 5 years and it would be nice to have the same thing for the Town for expenses for the last 5 years.

Karen Umberger stated the revenue number, as she understood the first one, was to try to get a feel for outside money that was received as opposed to inside money that's the tax side. We were really looking for outside revenue and then added to the tax burden that we have because this money here in most cases has changed. Janine McLaughlin asked if it was not the intention to ask for sending Town income. Karen stated that was a good point, the sending Town income and that made a lot of sense because that drives a lot of things as well. Janine stated it is a fairly large percentage. Karen stated it went over 50% a couple of years ago. Bob Drinkhall stated another one related to this would be when Grants end and what that might mean in dollars and cents at the time of the year they are ending. Karen stated to Bob that he should look at number 5 on the second page. Chairman LeFebvre asked Bob if that answered his question and Bob stated it did.

John Edgerton stated in Miscellaneous, a few years ago in the Elementary Schools particularly he asked for the teachers and how many students each teacher had; that makes some of the other questions a little simpler in the Elementary School. If a teacher has students then the teacher is teaching; if a teacher doesn't have any students then they are doing something else.

David Sordi stated for the teachers and for the administrators, all the employees of the School District, can we also get the number of years experience each has within the District, not necessarily as a teacher but specifically here because he assumes that's what determines their base salary. Janine McLaughlin stated total years. Chairman LeFebvre stated Masters Degrees will put them up there and some extra credits past their Masters, there are lots of different factors and we got that information last year. What he will ask for the personal compensation side, the same thing we had last year with slight modifications.

Karen Umberger stated when a person has service in another School District and comes here, they negotiate where they start. Janine McLaughlin the hiring schedule is based on years of service and what they have for degrees and so forth and it depends on the position but usually it is, for contract reasons, based on that. Janine further stated keeping in mind that without a contract for the past 2 years, the teachers have not incurred additional years experience from a contract standpoint. For instance, for longevity, even though someone might have been two years ago 25 years longevity and they've been here for 2 years, they don't now have 27 years because the contract has not been active; so that might make it a little tricky when asking for years in the District and she didn't know how he would use the information in taking into account the past two years haven't counted in a sense for some compensation.

Karen Umberger stated under Personnel 1.b., she was trying to come to grips with the cost of School benefits less Health insurance. Chairman

LeFebvre stated this is the number that was provided last year and includes other miscellaneous things that fall into that general category. The School District provided that last year and if you look at the handout that came out on January 30<sup>th</sup>, or sometime in January, from Carl Nelson, it was Appendix 5 to one of his letters, it has basically all that information and this reinforces that we want that again. Chairman further stated that he is asking for mid-range health insurance costs as opposed to just the general number; last year they gave us the general number which was \$3,895,000.00 and what he is asking is that they give the exact same number they do on the new hires this year so that we have a better feel on the general costs for each person as opposed to the general group. There was a question last year legally on how they could handle it and since they are doing it for the new hires, he believes they should also be able to do it for the people currently in house. Chairman stated they take the mid-course, single, husband and wife, large family and he is asking for the mid range. Janine McLaughlin stated it is Individual Plus 1.

David Sordi stated if this information is some place else tell me and he'll go look at it. One of the things that would be interesting to see for the trend over the last 4 or 5 years of how the number of years of experience of our teachers has changed. In other words, 5 years ago was it an average of 10 years experience, has it steadily increased, has it wavered; the average benefit costs that we're paying per teacher, the salary we're paying per teacher and the number of students and then we can sort of see how the number of students relates to those averages and whether it's changing significantly. Again, if that information is some place else, let him know. John Edgerton stated the student one is. Chairman LeFebvre stated last year we got the personnel compensation broken out for the first time for one year; they may be able to go back and reconstruct that from year's back. David stated he was looking for a single number, average years, average benefits, average salary, it will be interesting to see. Is one trending up; is one trending down and it may give us some idea for future projections. Karen Umberger asked if that would be better broken out by type: Elementary, Junior High, High School because if you look at our teacher-to-student ratio in the Elementary School is much higher because the classes there have been averaging 14, the Middle School is averaging about 14, whereas the High School as a general rule is averaging probably 22 to 23, if you take the entire High School and include the Career Tech. She didn't think we wanted to just mush it all together and say the answer is 18, that's not our goal.

Linda Teagan stated she knows as the Budget Committee our focus is supposed to be budgets, but one of the things that is a concern is evidently there is an enrollment decline in the school and there was an issue of an SAT score decline; is there anyway we can get those numbers for the last 5 years. Janine McLaughlin stated those are part of the SAU Report Card so they are available. Linda stated SAT's and that type of thing of measurements, one can argue about them one way or the other, but is there any way we can have more of an academic feel for what's going on in the Schools because obviously if you want more money for "x", the argument is because it will improve the academics; is there any way we can get some information on how the Conway kids do in Math Counts and how

they do in John Hopkins programs. Janine stated she was not sure if they take those measurements; they do the NECAPS and the NWEAS which are State and Federal assessment testing on an annual basis, some twice a year depending on the grade and those are all part of the Report Card as well and those numbers are certainly available. Linda stated the Math Counts program is 5<sup>th</sup> and 6<sup>th</sup> Grade, it's kind of an extra Math piece. The John Hopkins program the School can either participate or not participate, but individual children can participate and it's basically you take the top 3% of your testing children are eligible and basically take the SAT in January of the 7<sup>th</sup> Grade and if you qualify, you can take the courses at different, it's not just John Hopkins, it was started by them because there was a concern about Math scores and the kids get a Certificate if they pass; you don't have to participate in the program, but she thought it was a good indication of what's going on academically. Karen Umberger stated she was not sure if we have any regular academic programs like that in the School system. Janine stated not that she was aware of; she does know, because she is personally familiar with it, that there are certain students that have been invited depending on the NECAP and NWEA scores to participate in a program but it's totally independent of the School District; it's sent personally to the family and the child and they choose whether to participate. Janine did not know any of the details of it, but district wide she was not familiar with any program like that. Linda Teagan stated the value of a program like John Hopkins is what the kids need, they just need the cost of the SAT in the 7<sup>th</sup> Grade and then the School can do it as a school program but any child can do it on their own. It's just a good measure of what's going on. Chairman LeFebvre stated this may be a topic that the Chairman of the School Board would like to discuss with the Administration. Janine stated she will check with Bob and Linda stated it doesn't cost the school anything and it's another measure of where the strengths and weaknesses are.

Karen Umberger stated this is more just a comment and asked if the Chairman was planning to put this into a letter. Chairman stated yes, he was. Karen stated she was not sure whether Janine wanted letter or if this was going to be sufficient. Janine McLaughlin stated a letter to Carl's attention would be the best as there will be a number of different people working on it.

Bob Drinkhall asked Janine McLaughlin if anyone had ever looked at a more cost effective way of providing Special Ed and he knows the ramifications if it were to change but that was his question. Janine stated the new Director of Special Services, Pam Stimpson, came to meet with the School Board a couple of meetings ago and she has been looking at a number of different options. Obviously, there are a lot of restraints because the State mandates a certain way that you have to administer, what you have to administer and who you have to administer to, etc. Janine knows she is looking into a lot of options including, one of the biggest things right now, is the cost of out-of-district placement for some of our students and if we can bring any of that back in house by doing some additional professional development on some of our current staff. It's really hard because of all of the mandates that are out there but she is definitely working on that aspect right now as a priority for her. Out-of-district placement is quite costly.

Chairman LeFebvre asked what percentage of the monies the State is supposed to reimburse versus what they are actually reimbursing. Janine McLauchlin stated she didn't know.

Bob Drinkhall stated what he was getting at is he would like to see, and didn't know if it would accomplish anything, the cost for 5 years of Special Ed and if, in fact, did not follow the mandates, what we would lose in revenue. Would the savings be much greater than the loss because all that the State and Federal Government can do is not give us what they have in the past. Janine McLauchlin stated she thought it's more of what's in the best interest of the student if you choose not to follow the mandates. Janine asked Bob if he meant not following an IEP a certain way, not providing a 1 to 1 Aide, that's not a choice that they have if an IEP states that, which is an Individual Education Plan. She did not know if they had that option. Chairman LeFebvre stated Janine was obviously not in the position as a School Board to tell the State that you're not going to follow their mandates unless you want to have a major league lawsuit on your hands and none of us are advocating that. Bob stated lastly, last year we went through reams and reams of paper and questions; the School Board represents about 66% of the budget and in the end we really had no recommendations and we went along with the budget and all but 3 Articles received Budget Committee recommendation. Bob thought we put them through an awful lot if we're not going to really come up with more constructive ideas in the future.

Karen Umberger stated in order for, at least for herself, to agree with the School budget, she unfortunately needs those reams of paper and explanations so that she personally can feel that she can either support or not support the School budget. Some years we do and some years we don't; last year we did. She knows the School Board has said they wanted to reduce the budget this year, but she hasn't personally heard what they are focusing on and how to do that.

Chairman LeFebvre stated on the 23<sup>rd</sup> of this month the School Board will be having its discussion on the first cut or the first look at the \$1.0 Million to \$1.5 Million cut that the Administration has been asked to do by the School Board. Janine McLauchlin stated they would be looking at the first draft of that Monday night; it will be the first time they have seen it as well. As Karen said, you guys get reams and reams of paper from us, but we get the same from our department heads, i.e. the principals and the administrators. Chairman stated as he has said before in this forum and he will say again tonight, he has made a habit and so have several other members of the Committee of being at the School Board meetings so you hear what's going on from the get go. Again, he encouraged all to be there on the 23<sup>rd</sup> at 6:30 PM at Kennett High School, either at the Cafeteria or the Auditorium, so you can hear what they are going through and that will help us when we go through the process and it also helps them because we show an interest other than just at the time we usually do our things.

John Edgerton stated in hindsight, when we finally got the School Budget and the School Ballot, it showed that the School Department had sucked up \$1.6 Million to balance a budget of debt payments and then added a 12% increase in Special Articles if they would have gone through. That kind

of ripped him when it came time to vote because it was a lot different than what was presented to us here in the Budget Committee. Chairman LeFebvre stated his only comment on that was as you heard from the DRA representative, it was his opinion that given the situation that was probably not something that should have been in the Default Budget.

Ray Shakir stated it would seem to him that if the State sets up an incredible bureaucracy and a bunch of mandates for Special Ed particularly and then fails to fund that after they said they would fund it, then we have legitimate grounds to curtail certain programs. Chairman LeFebvre stated you are talking about Article 28A of the New Hampshire Constitution and he thought that was a very interesting argument, but was not sure where that stands as far as the School Administration and the Legislature is concerned; it makes an interesting argument that may some day be resolved at a different level than we are at; however, we are facing the mandates as we speak.

David Sordi stated going along with what's been said about our getting a lot of information last year, we really didn't do a lot with it; we did a lot with it but we didn't use it to proactively issue recommendations for the budget season. David thought what we need to do and probably should do tonight is set up a schedule over the next couple of months of when we are going to get the data from the School Board, when we are going to get the data from the Town and set up a schedule to analyze it and then we come up with a statement from the Budget Committee of whether it's comments, recommendations, no questions just comments or recommendations that are concerns we have about where the budget is going for each of the budgets early enough that they can react to it for the budget season. Chairman LeFebvre stated Dave's point was an interesting one and asked Janine what her schedule was right now as far as her budget process was concerned. Janine McLaughlin stated they're going to see the first draft on Monday night and then they'll make the schedule after that; she doesn't have the schedule put together yet. Chairman stated in the past, it's usually the middle of December before we see the first real chop on the School Budget and the Town; is that adequate time. David stated we need to do it sooner. For example, benefits went up quite a bit; he's not thinking of saying you have to cut your benefits by 10% or 20%, he's thinking of something more constructive that benefits have gone up 25% over the last year and maybe you'll say you need to find a way to cut them 10% or our recommendation is cutting them 10% but even more constructively if we find we might be getting some additional revenue coming in similar to what happened last year where all of a sudden your debt reduction went away and your costs basically chewed it all up. Provide some constructive criticism, concerns or comments from us early enough so that doesn't happen and he was thinking more of November or October rather than December.

Karen Umberger stated there is nothing on this list that requires the budget to be prepared. These things could be provided to us before we get the budget and she thought that perhaps that was what David was referring to is that there's nothing here that needs the budget. Last year the things that we asked for we didn't get until we actually were in the budget cycle. If we could ask for these by October 15<sup>th</sup> then that way it is not all crammed in together. Janine McLaughlin stated typically our

budget process starts in October, but this year we have obviously started much earlier than that so we should be able to get something to the Committee a lot earlier this year than we did last year.

Janine McLaughlin stated she wanted to respond to Ray's comment about the mandates. We still have to keep in mind that the spending is based on the needs of the student. It's not that the State is saying to us that student needs this and that student needs this, it's the individual student's needs that are dictated as to what we have to provide based on the State mandates. It doesn't start at the State, it starts at the individual level. If a student has an IEP, that's the individual's needs but then the State says if the student has an IEP, this is what you need to do so that's where the mandates come in.

Doug Swett stated he thought when the Special Ed first came through either the State or the Feds were to provide 40% and the figure that they were doing year after year was around 12%. The other thing he wanted to mention was that the State has a law or a rule or an opinion that class size can't go beyond 30 but the School Boards in the past or quite a ways back say that this Town won't go beyond 25. He would hate to see a class go to 26 and then tell me that they have to hire another teacher to have two classes of 13.

Chairman LeFebvre stated without going into all the nuts and bolts because he didn't know all the nuts and bolts, but he did recall Carl's guidance to the administrators that this \$1.0 Million to \$1.5 Million cut which does not incorporate the \$1.6 Million, one thing they want to make sure not to do is to affect the educational issues of the students. Now the 25 versus 30 is probably something the Budget Committee may decide to take a look at and ask the School Board to take a look at themselves as a recommendation.

Karen Umberger stated that the figure Doug is mentioning is true at every level; K through 2 has one max class size, 3 through 6 has a different one and so it's not just at the High School level where that class size is such but every single one we are quite a bit underneath the max class size.

Ray Shakir stated student needs specifically Special Ed student needs is really a debatable issue. In his opinion, those needs have to be balanced towards the taxpayers ability to pay for those needs and "those needs" are debatable. He did not know where the need ever arose for a mandate to have an assigned individual for every single student with a special need no matter what those needs are. It seems to him that they can be consolidated to have several students per assistant. This is his personal thing and he understands you are going to say "that's what that State said and that's it"; maybe it got out of hand shall we say and it was made to get out of hand so now we're in a situation where we have to pay for those "needs" and the taxpayer's needs has been usurped because of those "needs" so maybe we have to re-look at those "needs". Chairman LeFebvre stated that he understood Ray's point but this type of level of discussion is probably something Janine as the School Board representative is not fully familiar with; this question may be better directed to the Director of Special Ed Services. Janine McLaughlin stated

there is not a 1 to 1 Aide for every student that's classified as Special Ed or special needs in this District.

Doug Swett stated the people were asleep as usual when the Special Ed law was passed, we didn't watch what was going on and it was passed. He feels sorry for a kid that's in a classroom wearing diapers and he didn't think there was any place for him in the public School system, but we let that pass and there has to be a person in charge of that person because they can't operate without help and we've gotten ourselves in a dead end mess. Doug further stated getting back to the classroom size, he thought the Town just so they don't have that in their way should abandon that 25 figure because he didn't think it was necessary. If teachers are coming out and going into regular classrooms and can't handle 25 students then you better find out what school they came out of and forget about that school.

Linda Teagan stated she was going to take one more go at the academic trends; is it possible to get the last 5 years of the AP Calculus results; however many kids got a 3, 4 or 5. Janine McLaughlin stated she could find out; she didn't know the answer.

John Edgerton stated we have to understand that the national level of Special Ed is 18% and he's been working for the federal government for a year and a half and probably 25% of that population is really unemployable and you can't train somebody who is really not able to be trained. Chairman LeFebvre stated so in John's opinion a certain percentage of the Special Ed students are basically being warehoused to use a very negative term. John stated other people have said that also; they're warehousing from 3 years to 21 years. They take them away from the parents and the School Department raises them. Bill Masters stated maybe we should ask the Director of Special Education to come and meet with us to answer some of these specific questions. Chairman LeFebvre stated that was his intent that during the course of the actual budget season that Special Ed would be one of the Units that we would have making a large presentation to us. Chairman further stated that on that basis, he would like to terminate any further discussion on Special Education tonight.

David Sordi asked Janine McLaughlin if there was any progress on the negotiation of the teachers' contract and if she had any comment on that. Janine stated she didn't have any comment.

Doug Swett stated one thing you don't much about in the paper any more is the Evergreen Clause. He thought it would be nice if the teachers realized what the Evergreen Clause does to the general public and join in with the general public and get that law thrown out because that doesn't help them get a contract because it throttles the taxpayer the next time around. Chairman LeFebvre stated Doug's point was well taken; that's a matter for the teachers and their Union representative to address. We can make our points clear to them but their Union and their voting members must decide what they wish to do independently. Doug stated we're going to get beat until we get some professional negotiators; this is serious stuff. Chairman stated he would never disagree that when you face a professional Union negotiator, if you are facing one and you are not a

professional negotiator yourself, you are at a disadvantage, absolutely true.

Doug Swett stated the major problem that we've got here is we've got a School Department that's offering a lot of things and there isn't enough tax money, especially under the current situation, to finance a lot of these things and that's the problem and not just here, from here to Los Angeles. The people in the street, some aren't working, some are and some aren't getting paid much and we keep getting pushed for more and more and more, either fringe benefits or different subjects and that effects our ability to pay them, we can't pay them. Chairman LeFebvre stated he would recommend that everyone remember why they are here, the members are the taxpayers representatives and our job is to do the best we can for the taxpayers consistent with ensuring that the Town can run efficiently as can the School. We had a session with the DRA awhile back which he hoped the members remembered; we have a certain degree of authority there that we can exercise if the Budget Committee as a group decides to do so and he would encourage each member as they go through the process this year to remember that what we affect is not a specific line item, be it transportation, be it personnel, be it Special Ed, but the bottom line and then it is up to the governing bodies of both the Town and the School District to work within that guidance that we have given them presuming that that budget passes.

David Sordi stated he understood what Doug was saying, but we also gave a very strong message during the last budget season and he thought the Town listened to it and he thinks the Town has listened a couple of years in a row by voting down the contract and he would imagine that both the School Board and the Union have seen that and hopefully are taking that into account as they go through the Teacher contract negotiations. David further stated he thought we did what we were supposed to do at the end of last year with the comments we had about the contract and our dissatisfaction with it, the Town's people listened and they voted it down and we'll see what happens this time around.

Karen Umberger asked the Chairman if he had something for the Town as well as the School. Chairman LeFebvre stated the same general format will be followed for the Town; he already had the comments from everyone and would incorporate them and write a letter on the same basis to the Town; however, he did not have it done for tonight. Karen further asked if the Committee members were going to see those topics. Chairman LeFebvre stated the members would see those topics at the next meeting which will be scheduled for September 8, 2010 at a location yet to be determined; he would arrange that with the Town and it will be either at a) the Town Hall or b) or in the same room at the Police Station. Karen further stated in line with September 8<sup>th</sup> and Bill's request, she thought that we should be able to get the year end for the School. Chairman stated he would ask the School Administrator, Dr. Nelson to present his wrap up at that time and he would speak with him directly. Karen stated she knows it closes out 30 June and Chairman stated they should be pretty wrapped by 8 September.

Doug Swett stated he appreciated the fact that they are starting on their budget early, but year after year we've wanted it early and it doesn't

happen that way, it will be late. If you keep pushing, they'll give you paperwork every week or every month but when you get this month's paperwork, you can throw last month's out. It's a hard process and it doesn't help you any until you get the final budget. Chairman LeFebvre stated he appreciated what Doug was saying and was sure Janine will take it back to the administration and he will make it a point to speak with her on this also.

Ray Shakir stated on a completely and possibly a lighter subject, we did touch on venues; wasn't there some discussion about the possibility of changing the venue and we were suppose to have some type of space allowed to us in Conway. Chairman LeFebvre stated based on a conversation he had with Mr. Hill of the administration, they were going to build a Conference Room in the Kennett Middle School and they found out that if they were going to use federal funds if I recall properly, they found out that using Federal funds and having Davis Bacon and all the rest of it fall into account, it would be more of a "hassle", they may not be his exact words so if I am misquoting Jim Hill I apologize, it would be more difficulty than what it was worth so the idea of having a Conference Room in Kennett Middle School has been discontinued as he understands it. Janine McLaughlin stated that it was her understanding they ran out of Federal funds to continue the process.

Bill Masters stated as an after thought, he would like to have the Minutes of the School Board meetings where budget issues are discussed; if we could get copies of those Minutes so that we could review them, that would be very helpful to us to know their financial thinking and what's on the drawing board in terms of financial information. Chairman LeFebvre stated they do make their Minutes available to anyone who attends the meetings. Chairman gets the Agendas and all of the materials all the time and they include the Minutes because they know for a fact that he does attend the meetings. If you wish for him to ask the School Board to present copies of all the Minutes to the Budget Committee, he can make that request. Janine McLaughlin stated there is a place where they are posted on line but she wasn't sure how up-to-date they are, but they are the SAU 9 Board website. Chairman stated he would discuss this with Janine off line and move this subject along a little faster. Doug stated Bill could get the whole story by going to the School Office. Chairman stated absolutely, it's all public information except when they go into non-public session which is probably 90% of the time to discuss a personnel issue which he thought was only legitimate and we support them on that at any time; when discussing a personnel issue, you do not want that to be a public session. Doug stated if you walk into a School Board meeting, all that's available for you is the Agenda. Chairman stated that was correct; however, if you contact the SAU Office prior to the meeting, you will get the entire package of information that the School Board gets, with a few limited exceptions dealing with Resumes and things of that nature. At your request, they will reproduce a copy for each and every one of you, that's an alternative.

John Edgerton stated he thought the drop out rate is fantastic that they've dropped it but he was not too sure and he hates to throw people away, but it may not be cost effective to keep everybody. That may be a cruel way to look at it, but everybody in this country is not education

able. In the last 10 years our taxes have doubled and he doubted if many salaries had doubled in the last 10 years. We are in hard economic times and if the School continues to go at the rate they did for the last 10 years, even the teachers can't afford to pay their taxes. Chairman LeFebvre stated John's point was understood.

David Sordi stated if you go by USA Today, federal employees' salaries have probably doubled in the last couple of years; Federal employees' average salaries are now higher than in the private sector. Chairman LeFebvre stated that was an interesting point but he wanted to shut this down; however, he would say this about federal employees' salaries, if you take a look at the average federal employee, and this has been done by various studies, and compare them to the average civilian private sector employee with the same general characteristics, qualifications and so forth, you will find there is anywhere between a 12% and 20% plus up for the federal employee. That's a documented statistical fact.

Bob Drinkhall stated he wanted to remind everybody that on the 24<sup>th</sup> there would be the presentation on the lighting and the turning off of the lights and there is a tremendous amount of misinformation being put forth by those who are questioning it which he will definitely clarify and he would appreciate anyone showing up whether they are for or against it. John Edgerton asked when and where was the meeting. Bob stated 4:00 PM at Town Hall. If the people that have told me they're coming that are pro turning it off and those that have written in, we may be having it elsewhere.

Bob Drinkhall stated that he was approached today and asked to head the ballot counting at the next election and we need 3 people. He recommended, if they be willing, Jim LeFebvre and Bill Masters and already on the list was Jim Umberger. Chairman LeFebvre stated he would have to take it under consideration for obvious reasons.

Bob Drinkhall stated this does affect or could affect budgets and taxes; there is a Noise Ordinance that has been proposed by the Planning Board and it is extremely restrictive. He thought he was the only one who spoke up in opposition to it, two people were in absolute, positive that they wanted it as written and it got quite contentious. It could become a very large expense for the Police Department which he gave them a copy of and they have already commented to Earl on it as well as it could tie the hands of the Town crew that begins work at 6:00 AM in the summer time. If they were to follow this, which they don't have to (being a municipal government) which he didn't think some members of the Planning Board realized. Lastly, you couldn't cut your lawn at 8:00 AM on Sunday morning without a fine.

**Joe Mosca moved, seconded by Bill Masters, to adjourn the meeting at 8:05 PM. Motion carried unanimously.**

Respectfully Submitted,

Iris A. Bowden, Recording Secretary