

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
February 7, 2011**

A meeting of the Municipal Budget Committee was called to order at 6:37 PM in the Meeting Room at the Conway Town Hall with the following members present: Bob Drinkhall, Doug Swett, Bill Masters, Ray Shakir, Linda Teagan, John Edgerton and Joe Mosca. Members excused from meeting: David Sordi and Janine McLauchlan. Members absent from meeting: Karen Umberger. Also present: Earl Sires, Lucy Philbrick, Chief Wagner, Lt. Perley, Michael Valladares, Commissioner David Doherty and Eric Eisele of The Daily Sun.

In the absence of David Sordi, Joe Mosca chaired the meeting. Chairman Mosca asked Bill Masters to lead those present in the Pledge of Allegiance.

APPROVAL OF MINUTES

Bob Drinkhall moved, seconded by John Edgerton, to consider and accept the Minutes of January 17, 2011 and the Minutes of January 19, 2011. In favor: 7; Opposed: 0; Abstain: 0.

POLICE DEPARTMENT

Chief Wagner stated he thought he was here to talk about the Union contract. One of the main concerns that the Commission had this year with negotiating the Union Contract was the cost of the Police Department buyouts for people that leave either by retirement which they usually put into their budget, but the ones that are a real cause for concern are the unanticipated buyouts when people just leave. To that end, the Commission decided that for new employees they were going to go from 15 days per year to 12 days a year and they were only going to allow employees hired after January 1st to accumulate 60 days of sick time rather than 90 days of sick time which, down the road, will significantly cost less money when those buyouts come. During the year we had about \$28,000.00 worth of unanticipated buyouts from people leaving. They had one person that had been here for 13 years leave and then a couple of people that had been here for 5 years and so on and so forth. The Commission decided to raise the sick time buyback for current Union employees from 50% to 75%. Current employees get 15 days of sick time a year. If they use 5 sick days during that year, they can sell back 10. On the old Contract, they could sell them back at 50% so they would get 5 days buyback at the end of the year; now they will get 7.5 days.

Chief Wagner stated that the Commission also raised the cost of Uniform Maintenance and Uniform Allowance that was talked about the last time they were in front of the Budget Committee. They raised that an extra \$50.00 and he explained then that it costs him \$8.00 a week, actually it costs him \$8.00 every time he takes a uniform to the dry cleaner. If he just used one uniform a week, you can do the math, it's going to cost him \$416.00; they raised that from \$400.00 to \$450.00 at a cost of \$2,450.00. The sick time buyback will cost, going from 50% to 75%, \$4,481.00. The total cost of the contract for 2011 will be \$5,781.00.

Chairman Mosca asked if the buyback was done yearly, was it accumulative; if someone was here for 15 years, it is cumulative over that 15 year period or does the Officer have to buyback at the end of each year any unused sick time. Chief Wagner stated yes; they get 15 days a year; currently they have to have 30 days on the books and then they can sell back any portion that they don't use that year and they can bank up to 90 days. Under the new Contract, they get 12 days a year, they have to bank 60 before they can sell any back and then they'll be able to sell that portion back, but if you don't use them, you lose them. People sell back that portion that they don't use.

Chairman Mosca stated once you have 60 in your bank, say after 25 years of distinguished service, you have that time in your bank, do you get paid for that or 75% of that. Chief Wagner stated 75% of 60 days. Joe asked what the cost would be in the long run; he understood the cost per year, but what's the cost going to be ultimately at the end when people are leaving. It seems that's going to add quite a bit in future years when Officers are leaving. Chief Wagner stated that currently they can bank 90 days and sell back 75% of those when they leave and they would have to have been employed by the Police Department for at least 5 years. Under the new Contract, they can only bank 60 days so it will be less than what the current Contract is.

Chairman Mosca stated so the people that are there aren't grandfathered at the 90. Chief Wagner stated the people that are there are grandfathered. Chairman stated those were the people he was concerned with because now they've gone from getting 50% of their time to 75% of their time; so you have 22 Officers that are now going to get paid 25% more when they retire which is going to go towards retirement and everything else, so that cost in the long run is really going to hurt the Town, it's not going to help the Town. It's a benefit in the Contract to get through what you got through, but for the 22 Officers that are there now and he assumed that the Contract was just for the Officers and not for the Dispatchers or anyone else. Chief Wagner stated it was for everybody, 31 employees. Chairman stated so you have 31 employees now that are going to get 75% when they retire of 90 days and that's a 50% increase in your costs when they retire because it was 50%. You're now going from 50% to 75%, so it's going to cost the Town in the long run a lot more money.

Chief Wagner stated he thought in the long run several years down the road it was going to save the Police Department a lot of money or the Town a lot of money. This is probably something that he won't see certainly, at least he hopes, but eventually it is going to save the Town a lot of money. Yes, it's going to increase for some; some employees are already on 75% buyback so it's not going to raise everybody to 75%. There are probably 8 or 9 employees that currently get 75%.

David Doherty stated this is changing rapidly. Chairman Mosca asked if they expected that big of a turn over in the next few years. Chief Wagner stated potentially; they have 7 or 8 people that can retire in the next 3 or 4 years; they have 4 people that can retire tomorrow if they wanted to and then there are probably another 5 employees that can retire in the

next 4 years, so there will be a lot of turn over in the Police Department in the next 10 certainly.

Bill Masters stated just age and time and service. Chief Wagner stated 20 years and 45 which there is a lot of talk out there as he is sure everybody's heard about the retirement system, anybody that is not vested may not be able to use their buyouts for retirement purposes in detail.

Linda Teagan stated she had a couple of general questions. There's been an awful lot in the news about financial aid and the Federal and State budgets. Does he foresee any Grants that they have relied on or any reimbursements they have relied on from the Federal and the State monies going away. Chief Wagner stated he didn't anticipate it; they've had some Grants that they have gotten yearly for the past 5, 6, 7 years. He didn't anticipate those Grants going away, but he guessed they always could.

Linda Teagan stated she had another question. She understands that they have a service for senior citizens where they call in and could the Chief please explain a little bit about that, the cost and who does it. Chief Wagner stated they have what's called "Project Good Morning". They have a group, and he was going to guess as he really didn't know, of probably 75 elderly residents of the Town of Conway that call in every morning just to say "hi" and to make sure that everything's going okay. The Dispatchers on duty are the ones that take the calls every morning and if somebody on the list does not call, they call them and if there is no answer, they will go to their residence and make sure everything's okay. That's basically how it works. The cost is just the cost of the employee that's answering the phone. Linda asked if he was comfortable with that or would they look toward handing it off to a volunteer group or something like that. Chief Wagner stated he didn't think so because they came up with the idea probably 17 or 18 years ago and some of their Dispatchers that answer those phone calls every morning are really attached and he didn't think they were going to give that up.

Linda Teagan stated she understood they hired in last year's budget a full time attorney as a prosecutor and she absolutely doesn't question if they say they need an attorney to do that, that's fine; her concern is the benefit package they take on by doing that as opposed to having two or three part-time attorneys with no benefits. She would like to see them think about that the next time that issue comes up.

Chairman Mosca stated he believed that person replaced an Officer who was retiring, a Lieutenant that was retiring. Chief Wagner stated a Lieutenant that left. Chairman stated it wasn't that somebody left and they were replaced, instead of having an ex-Lieutenant on the street who is actually in the Court anyway, they hired somebody to specifically do that duty.

Linda Teagan stated she understood but it just concerns her, she would just like to consider, she didn't want to say that attorneys are a dime a dozen, but there is an extremely high unemployment number with attorneys and she would just hope that the next time around they might think about that. Chief Wagner stated they made 861 arrests last year, not to mention all of the speeding tickets and juvenile cases that they handle, there needs to be continuity in that office. They can't have you in there one

day, you in there the next day and you in there the next day; there needs to be continuity. That attorney, or whoever's filling that position, knows exactly what needs to be sent out. If you have two or three people handling that, you'll have "I think that got sent out". There's too much work for two different attorneys. Linda stated she had to ask.

Ray Shakir stated he wasn't aware that they had gotten any subsidies from the State. Ray asked the Chief to give him a general idea of how the State subsidizes them and for what purposes. Chief Wagner stated they get Grants from the State and the Federal government. The Grants from the State include bike patrol, bicycle patrol, DWI patrol; they do hunter patrols, speed patrols, things like that. He thought they totaled about \$12,000.00 last year and have totaled that same amount for at least the 5 years that he's been Chief. They also get Grants from the Federal government that over the past 5 years have probably totaled \$175,000.00. Ray stated in the whole scheme of things, it's really not that much. Chief Wagner stated it's a lot if they had to put that \$12,000.00 a year into their budget that they get subsidized for overtime patrols.

Chairman Mosca thanked the Chief for coming in.

EAST CONWAY FIRE PRECINCT

Mike Valladares made the presentation. Mr. Valladares apologized for not being at the first meeting, he had the flu and didn't think the Committee would want him there under the circumstances. Their proposed budget is the same as last year, the same budget. He had given the Committee a paper with three proposed Special Warrant Articles and Special Article proposed #3 is deleted, it is no longer going to be there; Special Article #1 that's been for \$1,000.00 for building maintenance was increased to \$3,000.00 at their last meeting. Other than that, there's no changes. The main reason there is that they have one wall, volunteers built the Fire Station, they built it and raised it up and there's this one wall that has this structural deficiency in it and they're looking at fixing that one wall at the Fire Station, that's why that Special Article #1 was raised from \$1,000.00 to \$3,000.00. They eliminated #3 because they are getting some prices that were a lot lower than anticipated.

Chairman Mosca asked how much money was in the Capital Reserve Fund at this point in time. Mr. Valladares stated there should be \$16,000.00 in there and their goal was to raise that to \$40,000.00 based on what they've seen used Pumper Trucks are selling for that would fit their needs. When they get to \$40,000.00, if they stay at that price, that Article will come down. If they find it has gone to \$45,000.00, the average cost when they get there, then they will go to \$45,000.00. They only have one Pumper Truck; one main engine, they only have one and that's why it's only \$8,000.00 because they took the life expectancy of it and cut it in half just in case, that's how they based it.

Ray Shakir stated regarding Warrant Article #3, please explain, it says \$8,000.00 to repair the South wall of the Fire Station. What specific repairs are required to entail an \$8,000.00 expense. Mr. Valladares stated that expense wasn't that high; it was from their January meeting, January 3rd or 4th, when they first got the estimates and the firemen proposed that they wanted a third Article and he said he would support

putting it on the Warrant. He couldn't make the last meeting, and it went into this meeting when they got more pricing in and actually going over everything, he'd figured a better way of doing it and that's why that was deleted. Chairman Mosca stated that whole \$8,000.00 is gone; they're not even putting that Warrant Article on. Ray stated so the whole thing is gone; stated he was sorry, he misunderstood.

Mr. Valladares stated what they are trying to do as Commissioners, they're trying to keep their budget as level funded as possible so each year it's the same exact tax dollar. Ray Shakir stated that's great, he misunderstood, he thought it was only a portion of it.

Chairman Mosca thanked Mr. Valladares for coming in.

TOWN

Earl Sires stated we did talk at the last meeting about going over the Default Budget. Just as a recap for new members or people at home, the Default Budget is a feature of what they call SB2 or the town meeting form of government where we have a meeting where everybody gets together and talks about the budget and the Warrant and that's called the Deliberative Meeting and what goes on the ballot is settled that night and then everyone votes a month later. The Default Budget is just that; if the voters don't approve the proposed Budget, the budget defaults to this budget and what this budget is, what the Default Budget is as defined by law is the prior year's budget plus subtractions and additions related to contracts, contractual obligations or one time expenditures. They followed the formula and in our Town, the Budget Committee has the authority to set the Default Budget, so at some point in your next few meetings, you'll vote to adopt a number that is going to be the Default Budget should people disapprove the proposed Operating Budget for the year. As is typical, Lucy (Philbrick) prepares this for the Committee's consideration and so they are presenting it tonight to take a look at.

Earl Sires stated they pretty much follow the same formula every year. If you look through the calculation, members will see that last year's budget was at \$8.9 Million and they add certain things to that: employee benefits, Police salary, contractual expenses related to Union salary and benefits; make a deduction for the Non-Precinct Fire Agreement, the Audit went up \$1,000.00; Debt Service decreased by \$3,000.00 and, once you do all of this stuff, you end up with a total of \$9,043,666.00 as a proposed Default Budget. The proposed Budget, as you know, is \$8.819 Million, that is a decrease of just a little over 1% from last year. The Default Budget typically is something that you find in a situation where budgets are going up and in that case, the Default Budget would be somewhat less than the Operating Budget. The idea was if the voters don't like this, we'll end up adopting, in essence, a kind of cost of living budget. The situation that they are in this year with the decreased Operating Budget being proposed, the Default Budget once you make these adjustments is slightly higher by about \$200,000.00+ than the actual proposed Operating Budget. Proposed for your consideration is a Default Budget of \$9,043,666.00 with an Operating Budget of \$8,819,473.00. There you have it.

John Edgerton asked how much surplus or remainder funds do you expect to have to go forward. Earl Sires stated good question and he didn't have the exact number tonight, but what they were looking at is in the neighborhood of \$300,000.00 excess or revenue above expenditures and somewhere around \$270,000.00 or \$280,000.00 under in expenditures. Lucy Philbrick stated she thought that was closer to \$300,000.00, too. Earl stated in rough numbers about \$600,000.00 which they are pretty pleased with. He can go over it at a future meeting, particularly how the expenditure side works, but it's largely related to the fact that they had a benign winter and the costs for labor and materials in Public Works were down significantly. Others that come to mind, the Legal Budget was significantly under because they were able to settle a number of tax abatement cases that they had anticipated were going to go on for some time and he thought they settled them to the Town's benefit. On the expenditure side, the ones that jump out were: they looked at trend data for car registrations for example and made an estimate that seemed to make sense from that, but people apparently bought more cars than they thought were going to and registered them here so they were up about \$100,000.00 on that alone.

Earl Sires stated the good news is, and it can be talked about a little more on Wednesday night if members wanted to because he will have a complete package of information of a lot of the stuff he's handed out piecemeal during the last 6 or 8 weeks, he will have packaged for Wednesday night and members can look at the tax rate calculation again and one of the things seen is they were talking about using \$300,000.00 from surplus to offset taxes next year; the number of \$600,000.00 means they have more to work with if the Selectmen choose to. The Selectmen have voiced concerns about the fund balance having trended down somewhat over the last few years. They are now sort of down closer to the lower end of what the Division of Revenue Administration suggests they should have. So there is some interest by the Selectmen in starting to rebuild that or at least to not draw it down any further. Earl Sires stated he was hoping that if things go well and particularly since they have the State revenue situation and if the State comes through and keeps the revenue or even re-establishes some of the revenue they've been getting over the past few years, they should be in pretty good shape and be able to start actually contributing perhaps to the fund balance while sort of keeping the tax rate relatively level. If the revenues don't come through from the State, then one of the tools that the Selectmen will have to address that shortfall mid-year would be taking additional monies from the fund balance to cover those revenues and without getting into too much, what it ends up doing is because we have to raise and appropriate the total Budget even if we cut expenditures part way through the year, what using fund balance from 2010 for 2011 will do is allow them to carry forward some of the money that they raise in 2011 to 2012. It's sort of a complicated series of steps, but basically what they would be able to do is use that fund balance that they have now to create a situation where they can block the revenue decrease in 2011 if we have to and then also set ourselves up for 2012. We can go through that in more detail if you'd like. Again, when we go over the tax rate calculation as we've done before, he always says it's based on a number of assumptions that they think are valid, but they are assumptions so things can go haywire in any number of ways, but he thought they had kind of a handle on it and at

least can give the tax rate as they think it will be. Long answer to a fairly short question.

Bob Drinkhall stated these aren't dated, but what he had previously was different. Earl Sires stated Lucy (Philbrick) has been trying to refine it and get better numbers as the year ended and stuff like that. Bob asked what changed the Employee Benefits as well as the Police Salary and Benefits as much as it did. Does the Police Salary and Benefits have anything to do with the \$50,000.00. Ms. Philbrick stated she sat down and looked at it and probably part of it was their single Officer that's currently in their budget, it would not be part of the Default Budget. Bob asked if that was included in the first one. Ms. Philbrick stated she did not know; she looked at it closer and determined that the number she had given previously wasn't correct and she refined it and came up with a new number.

Chairman Mosca stated part of the benefits for the Police, wasn't there three Officers getting married and are going to have instant families and that's going to change their health care. He believed when the Committee first sat with the Police Department that was one of the things that they told us and gave us a sheet a couple of weeks ago. Bob Drinkhall stated but this decreased from the first Default Budget, not increased. The first one, Police Salary and Benefits were \$95,501.00 and now it's \$62,535.00. Lucy Philbrick stated it almost sounds like the additional Police Officer. Earl Sires stated that \$62,000.00 of course is the difference between last year and this year; changes in the employee status and that kind of stuff can make a difference. He didn't know, but they could go through it and explain it in detail if the Committee wanted.

Ray Shakir stated the proposed Budget is inclusive of one additional Officer. Earl Sires stated the proposed budget of \$8.819 Million includes and was okayed by the Selectmen to support one additional Officer, but it includes a reduction in the Police Budget of \$50,000.00 from what the Police requested, so you can interpret that. Ray stated they originally requested 3 new Officers. Earl stated they originally asked for 3 and the Selectmen eventually supported one in the Budget while also reducing their Operating Budget by \$50,000.00. The Police reaction was that's not really supporting the Officer because if we have a reduction, we'll have to lay people off and he thought that the Selectmen that were in favor of the \$50,000.00 reduction felt it could be found in other operating lines which the Police didn't agree with.

Bob Drinkhall stated he wanted to stress one thing and it's been reported very poorly, whether on purpose or accidentally, that the Police Budget has been decreased by \$50,000.00 and he wants to stress again that the Police Budget has not been decreased by \$50,000.00; the proposed Police Budget has been decreased by \$50,000.00, but there's still an \$85,000.00 increase from last year. Earl Sires stated if he didn't, he would have meant to say it is less than what they requested; \$50,000.00 less than what they requested and hoped he said that.

Ray Shakir stated to Bob (Drinkhall) that what he was saying is that the rate of increase was decreased in one sense. Bob stated correct.

Chairman Mosca thanked Earl for coming in and speaking on the Default Budget.

NEW BUSINESS

Chairman Mosca stated the Public Hearing was Wednesday night at 6:00 PM.

Doug Swett stated he just wanted to make a statement. When you see in the paper here and there, you'll see some fairly small figures because even in the Warrant Articles there'll be figures in addition to last year's figures. The increase will be there and if people are in a hurry, they'll say that's not a very big figure, but it's just the increase that's being proposed this year that you're looking at, it doesn't say this increase is added to so much money to make a total contract or budget item; it doesn't do the public too good, they see small figures and say "that's nothing" but the figure you're looking at a lot of times is the amount of increase this particular year on top of last year's budget, whether it's wages or whatever it is.

Bob Drinkhall stated he was going to bring this up even before he knew we were going to get on the Default Budget. It is up to this Board to set the Town's Default Budget and he wasn't suggesting that the members do or don't accept what has been proposed, but it is actually the duty and he didn't know if that was ever determined as to when they were going to do that unless we are going to do it Sunday during the vote. John Edgerton stated we have to set it. Bob stated that's what he was saying. Chairman Mosca stated it was going to happen Sunday night. John stated the discussion was Wednesday, Thursday, Sunday whatever it was; so it's finally Sunday. John further stated that he couldn't make Wednesday as he would be out of town. Bob stated Sunday was the important one; we need to vote on what we are doing or recommending.

Ray Shakir asked what the Agenda would be for Wednesday. Chairman Mosca stated 6:00 PM is Public Hearing for the Precinct budgets, 6:30 PM is the Town Budgets and 7:00 PM is the School Budgets and after that we have a meeting, after the Public Hearing on the School Budgets and that's all at the High School Auditorium.

Doug Swett stated the meeting on Sunday will be here (Town Hall) and Chairman Mosca confirmed same. Doug stated we need to have a quorum on Wednesday night or we'll be in trouble. Chairman stated we will have a quorum.

Ray Shakir moved, seconded by Bob Drinkhall, to adjourn the meeting at 7:15 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary