

**MINUTES OF MEETING  
MUNICIPAL BUDGET COMMITTEE  
July 13, 2011**

A meeting of the Municipal Budget Committee was called to order at 6:30 PM in the Professional Development Room at Kennett Middle School with the following members present: Chairman David Sordi, Doug Swett, Greydon Turner, John Edgerton, Dick Klement, Brian Charles, Betty Loynd, Bill Marvel, Maury McKinney, Ted Sares, Maureen Seavey (left meeting at 7:15 PM), Karen Umberger and Mike DiGregorio. Excused: Ray Shakir and Joe Mosca. Absent: Danielle Santuccio and Kelly DeFeo.

Chairman Sordi asked Doug Swett to lead those present in the Pledge of Allegiance.

APPROVAL OF MINUTES

**Karen Umberger moved, seconded by Ted Sares, to consider and accept the Minutes of June 15, 2011. In favor: 10; Opposed: 0; Abstain: 3 - Mike DiGregorio, David Sordi and Karen Umberger.**

Bill Marvel stated if the Minutes continue to be so verbatim, he is going to have to learn to stop babbling. Mike DiGregorio stated he never saw the Minutes so he would not be able to vote on them. Chairman Sordi stated there were two quick meetings in a row; one was hosted by the School Board and they took the Minutes for that and on the 20<sup>th</sup> there was one which you were not there, but you were there on the 15<sup>th</sup>. The meeting on the 15<sup>th</sup> is the one that Danielle (Santuccio) led.

**John Edgerton moved, seconded by Ted Sares, to consider and accept the Minutes of June 20, 2011. In favor: 12; Opposed: 0; Abstain: 1 - Mike DiGregorio.**

NEW BUSINESS

Chairman Sordi passed out documents as requested by Karen Umberger to all members. Karen stated she thought she needed to bring to the attention of the Budget Committee two Bills. The first Bill is Senate Bill 2 and this is an act relative to the adoption of tax caps by cities, towns and other political subdivisions and she realized the Committee was not going to take any action on anything tonight, but she did want everyone to be aware that this legislation is out there and exactly what it is saying. SB2 has been signed by the Governor so it's law. The second one is House Bill 337 and this is the new calculation for Adequate Education Grants and it makes some changes to the formula for education grants. To the best of her knowledge, she has not seen where the Governor has signed this, but he hasn't said in the past that he is opposed to the new formula. She asked the members to take a look at this Bill because we will be seeing some changes in the calculations that go on for how adequacy will be calculated.

Chairman Sordi asked if Karen (Umberger) knew how that would impact funding for Conway. Karen stated if she understands this correctly there will be no impact at this time. Where we may see some impact is in changes that are in the 13/14 budget. One thing that is pretty interesting to her is that when the State Education Department calculates Average Daily Attendance, or ADM, she believes that they use student ADM from two or three years previous; so when we are currently and in the future receiving our State Adequacy Grant, it is not based on how many students we have today but it is rather based on what the student population was 2 to 3 years ago and she believes personally that that has an effect across the State in regards to the Adequate Education amount of money that comes in. She didn't know what was going to happen on that.

Betty Loynd asked if this was an increase or a decrease. Karen Umberger stated it was neither at this particular point in time.

Chairman Sordi asked Dick Klement if this was something the School Board had discussed and Dick stated no.

Karen Umberger stated that this was primarily for information at this point and she was not sure the date of when the State has to have the Adequate Education but thought it was in November for the following year. As the computations start taking place using the new funding formula, we may see some changes but as far as the amount of money that has been allocated for Adequate Education, it is the same as it has been. She does feel that these were especially important Bills that the Budget Committee really needed to take a look at and grapple with. She will be happy, she didn't sit in on any of the two Bills as part of the Committee that was making the decisions, if there are questions, she will call the appropriate people and try to get answers the best that she can.

Chairman Sordi asked Karen Umberger to give an update of the Budget and what came out of it and where we are with the whole discussion. Karen asked which Court case would he like her to start with. Chairman stated the ones that are most important like the pension funding and some of the other things we talked about at the last Budget Committee meeting. Karen stated pension funding was passed; she should say that the Budget and the trailer Bill, HB2, passed both the House and the Senate and the Governor allowed it to become law without his signature. Contained in there was the pension reform bill and the major things in the pension reform, or the major changes, are the employees that are in the retirement system: Police, Fire, Teachers and regular people, their contribution rate is going up by 2% and that is effective 1 July, so any salaries they earn starting 1 July they will have an increase in their deductions for their pension.

Karen Umberger further stated that the other area she was sure that many people were aware is that the Governor recommended and the House and Senate agreed that all State contribution for pensions would be eliminated as of 1 July. That's caused some questioning about downshifting and all of this other stuff, but in the mean time we did put into the Budget what we felt was sufficient to cover the difference which was \$3.6 Million. When she said the difference, it was the 2% additional that the employees were providing; the increase that was projected in the employer contribution and what has caught some people off guard is the

employer contribution starting 1 July went up significantly in particular for the Police and Fire Departments and a slight raise in employees and Teachers. There will be some adjustments that folks need to make but overall last September the Retirement Board sent out a letter describing what the employer contributions were going to be for 12, so it should have been budgeted as part of the normal budgeting process.

Chairman Sordi stated State employees' contributions are going up 2% beginning 7/01 for those that are part of the pension fund. Karen Umberger stated not State employees, every employee that is part of the system. Chairman Sordi stated employers' contributions are having to go up, but that should have already been budgeted in because it was announced early in the budget cycle. As of 7/01, did he understand Karen to say that there will be no more State contributions for the local pension, but there will still be contributions for the State. Karen agreed. Chairman stated we have been talking about a \$400,000.00 to \$500,000.00 potential Budget shortfall within in the School Budget because of the pension discussions; is that something that appears likely. Karen stated no.

Karen Umberger stated in the pension arena, they changed what a vested employee is; there was never anything hard and fast about what it took to be vested and that's been defined now as 10 years and for current employees the effective date on that is 31 December or 1 January. There is no definition. The other thing that people should be aware of is that an individual's contribution to the Retirement System is identified as their contribution so that if they leave prior to retirement, then they have the opportunity to withdraw as much as they put in. It's not like this money goes into an amorphous hole that you don't know anything about; if you put it in, it's in your "name". Chairman Sordi asked if the Governor was going to try to tap into that fund like he did to some of the other ones in the last couple of years. Karen stated no, he may try but the Retirement System is not one of those.

Karen Umberger stated the other thing that changed and will effect people with less than 10 years of service is the age of full retirement has gone up and she wasn't sure what it was off the top of her head. Chairman Sordi stated bottom line it sounds like what came out of it did not significantly adversely affect the Town. Karen stated she thought that was a goal of the Committee that studied the Retirement System. The other thing that is extremely important is that there will also be a Committee established to look at the possibility, feasibility of offering like at 401(k) thing if an employee wants to do that. She did not really know where that whole thing was going to go, but that was one of the things in the Bill. Other than that, something that doesn't effect us with regards to education is that Kindergarten Construction was fully funded and we have been doing Kindergarten all along so we didn't have any new construction. Some towns are renting portables at this point to house their Kindergarten children and that's going to be paid for. They also fully funded the loans for Building Aid, but there is still a moratorium on new building, so if you want to build a new building at this time, there will be no State Aid to go along with it. Other than that, the University System probably took the biggest hit across the board. If anyone has children going to UNH or to the Community College, there will be tuition increases and that was not her particular choice, but that's

what happened. Other than that, she thought that overall on both there was some big cuts, there's no question about that but she thought the State was going to survive very well and we'll see what happens.

John Edgerton asked if they addressed gross pay versus base pay in retirement. Karen Umberger stated that was addressed. She thought it had been changed to 5 years, but don't hold her to that. Dick Klement stated base pay versus total income is also interesting to the Schools because the stipends are considered income; we're not talking hundreds of thousands of dollars, but it probably is a fair chunk of money. Ted Sares stated that's the biggest loop hole there is right there. Karen stated that area has been addressed and has been changed but did not know right off the top of her head what it was. Ted stated he thought base pay comes to mind.

Chairman Sordi stated the last thing he wanted to cover before we get into scheduling the rest of our meetings for the summer, what meetings we have; he had talked a little bit at the last meeting about how the Committee really needed to start now looking at the Budget, looking at the Revenue, looking at the front end of it to prepare ourselves to adequately address and discuss the back end which is the expenditures. Chairman passed out packets to all members and stated that this is preliminary, this is for discussion and apologized for how it got stapled together. The first page, *Role of Budget Committee*, is just a reminder to try to keep us focused and on line in what we are going to be discussing now and in the future when we start getting into the budget reviews. It's "oversee and analyze the expenditures of the various town departments and districts" and "assist the voters in the prudent appropriation of funds". He put that in there as a starting point for the members for discussions.

Chairman Sordi proceeded with the second page, *Budget Planning*. He tried to group everything talked about in the last few months into buckets to try to help focus what we're going to be talking about. The first four buckets are the ones that really need to be figured out before getting into the fifth bucket which are the proposed budgets that are coming later this year. We need to understand Revenue, need to understand Special Projects/Topics of interest such as what Mike (DiGregorio) brought up about the school bus outsourcing evaluation, having to take another look at that, making sure we understand what exactly went into it, what went into that evaluation, whether we agree with it, whether we have any comments on it. The third thing, and this to him is the most important, is Data. During the whole budget cycle, especially when it came to the School, we saw all kinds of different numbers, facts and figures being thrown out there. We saw different facts and figures about what's happened to our tax rate, what's happened to the amount of taxes we're paying. We need to get a set of data that we can all agree is the data we're going to use in our discussions. We need to know, we need to have a number that says "this is how much our real estate taxes went up over the last 10 years" rather than saying they went up 250% or they went down 250%. The fourth thing is are there Significant budgetary expenses coming that we need to consider as part of our understanding of the Revenue and any of the expenditures. Dick (Klement) brought up at the last meeting about potentially not fully funding the building, construction reimbursements, or the pension funds; there are a lot of things out there that may be coming that we need to know about now.

Sitting down with Earl (Sires) and with Dr. Nelson to talk about what's going to happen to the benefit costs next year; they may not know exactly but they should have a pretty good idea, they should be talking to their providers right now saying "what are you guys seeing for next year" so that we can understand that early rather than late. After those four are done, we'll start getting the proposed budgets for next year and then we have the last bucket which is the ongoing routine budget review that we do quarterly.

Chairman Sordi proceeded with the next page in which he tried to scope out how he thought maybe the Committee could do this effectively over the next few months. The first four boxes at the top are the four preliminary buckets that we need to address. The Revenue, the significant budgetary expenses, the critical data and the sources of data and then special interests and topics of interest. Once we have those, then we can sit down and we can develop sort of a range of acceptable tax rates, associated budget parameters. If we put all of this together and say here's what our Revenue is going to be, here's what our Budget was last year, so with the Revenue we see coming in for next year we can absorb a 2% increase in the expenditures without overly taxing our residents. We then communicate that with the Town and the School Board and the Districts and to be honest with you, those first two lines of boxes were never really done in a formal way last year. We jumped right to the box of communicating with the Town and School Board saying we think you need to take a look at cutting your budget and that's fine, but he thought a better way to do it is to address those first two lines of boxes and then jump to the communication and then begin the evaluation of the submitted budgets. We'll have our ducks in a row, we'll communicate that with the School and the Town and then when we get the budgets if it's not really following our guidelines at least we'll all have the same basis to start from. In the meantime, the box that's sort of vertical on the right, we'll continue to work with the School Board jointly to discuss critical issues. At the last meeting people were bringing up questions that we wanted to talk with the School Board about and we'll have the joint meetings with the School Board to bring those questions up, some of the more immediate issues that we want to understand. He thought he had captured everything that was talked about in the last couple of months, at least he hoped he had and he wanted to hear what the members had to say once he was completely through the packet. Chairman figured if the Committee could finish the first four boxes by the end of September; in October do the next two which means we'll be a month ahead of last year because we didn't send the letter out to the Town or the School until November of last year. They'll have that in October and will understand where we are coming from as they finalize their budgets going into the end of December.

Chairman Sordi stated on the next four pages what he did was put some of his ideas of what each of the buckets might want to address. Sources of Revenue: what are the sources of Revenue. He knows that this is going to be a real difficult one because the sources of Revenue are variable, there are Grants and we just got another Grant for Project SUCCEED at Pine Tree. Those are the kinds of things we have to look at and the team that does this can look at the variability, can look at "is it a 10% chance we're going to get it" or "is it a 100% chance we're going to get it" so that we could sort of put a little curve together and say here's

our best guess, here's a range of what we think, there's an 80% chance this is the funding we're going to get or there's a 90% chance. Are there any untapped revenue resources we could take advantage of; he did not know.

Chairman Sordi stated the Significant Budgetary Issues on the next page we talked about some these medical benefits, contractual changes, significant additions of manpower, significant capital improvements. Those are ones that we may want to know about earlier rather than later because even if it's going to go in as a separate Warrant Article most likely, or some of these will, it's still going to have an impact on the tax base and on the overall budget that is approved or money that is given to the Town or the Police Department or the School. Finally, the data points, again, that was probably his biggest frustration this year was knowing who to believe, what data was right. The funny thing is you could have two completely opposite sets of data and they could both make perfect sense; it's because of how you parse data. He does a lot of energy work and you can make it show what you want it to. We need to get real data. One of the biggest things is the property tax changes over time. We base a lot of our arguments on property tax; we need to really look at what have been the property tax changes over time. Some people can say property taxes haven't changed. As a matter of fact, he thought that came out of one evaluation that Paul Mayer and the Coalition had worked out and when Paul explained it to him, it made all the sense in the world and he included everything in the evaluation, but it doesn't make sense because he knows his tax bill went up. So, why did it go up. Did it go up because of the Town and the School or did it go up for some other reason. So we need to understand that.

Chairman Sordi proceeded with Special Topics or Projects. This is a big one because if we had a real good presentation and a real good discussion and understanding of everything that went into the Garage, we might have had a new Garage approved rather than refurbishing the old one. There was a lot of information out there that got very confusing. If the Budget Committee does it's evaluation, does it's analysis and comes up with a cohesive, coherent approach to recommending or not recommending something rather than just an opinion, we base it on the fact of an analysis and we all agree on it, he thought that would go a long way to helping educate the community on whether we should go with the project or not.

Chairman Sordi asked for feedback from the members and stated he knew it was a lot of stuff and was not looking to finalize it tonight but he wanted to try to get started on doing some of this because there is a lot of work to be done. He would like to get some feedback.

Mike DiGregorio stated his first reaction was that he liked what the Chairman was trying to lay out; it seemed like it was certainly above and beyond what has been approached in the past. One of his first things was that he assumed it was going to be relayed back to Dr. Nelson and to Earl (Sires) through Dick (Klement) and himself and talking about the tax rate and the changes that have come over the years and how that works. His first thought there was that Tom Holmes should visit the Committee and really explain how that whole process works because he was sure that there were a lot of people at home that didn't understand it and perhaps some people on the Committee that didn't understand it. Tom's a pretty

smart guy and can explain exactly how it works. Chairman Sordi stated he didn't want him (Tom Holmes) getting berated because of something he might say and then it's taken out of context because he got a little bit pulled in and he shouldn't have. Mike stated he thought what the Chairman was referring to was the questions that Tom was asked and it was referred to in the paper and so forth and things can get a little confusing as it transfers from one person to another. He's a great guy to get information from and Mike stated he would check with Tom and Earl to see if Tom could attend one of the future meetings and help with that.

Ted Sares asked if the Committee was agreeing to that now. Chairman Sordi asked that he be able to go through the rest of the packet. Having Tom (Holmes) here is good, but he wanted to go through a little bit more of the proposal. Mike DiGregorio stated the Chairman asked for his reaction and that's what he was saying so far.

Karen Umberger stated she agreed that the Chairman had done a lot of work on this and it's good, the work is good and she thought it was important that the Committee think about all of these things that have been identified. One of the problems that she thought that the Budget Committee over time has had is the fact that neither the Selectmen nor the School Board really comes to grips with the things that we need to be discussed. Manpower additions, people may recommend the manpower addition but that decision isn't made until December as to whether or not a manpower increase is going to occur. We have the same thing with other Warrant Articles that, although some we know about ahead of time, often times the Budget Committee doesn't know about it until at the point where it's almost too late to say "yes, I agree that this would be the appropriate thing to do". What she was trying to say was that if the Budget Committee has the information, she believes members can synthesize it and work through it, but if things come in at the last minute or right before we're starting the budget season, then it becomes difficult for members to try to work through these.

Chairman Sordi stated he agreed, but the other thing that goes along with that is that in past years it wouldn't have mattered if they came in at the last minute because we didn't get the budget, we really didn't focus on it until the last minute. In this case, if we're starting up front and can communicate what our parameters are, if they come in at the last minute and say it, it gives us a much stronger position to argue against these unexpected budget items.

Chairman Sordi stated Mike (DiGregorio) was right, he did ask for comments and Mike stated to have Tom Holmes come to a meeting, he wanted to explain to the members how this might work and thought having Tom come to a full Budget Committee meeting is fine but there are 17 members on the Budget Committee and for the first time in how long. Ted Sares stated for as long as he could remember. Chairman stated let's take advantage of it. What he figured was that the Committee could break up into 4 teams and this is where it gets complicated because he didn't know how it would work breaking up into teams and doing this simultaneously all four buckets rather than trying to do them linear.

Greydon Turner asked if there had been teams before. Chairman Sordi stated no and that's why he was saying and mentioned one time to Karen

(Umberger) about it and wasn't really sure how it would work; he knows you can have subcommittees and we had a Lighting Subcommittee and he didn't know if that was how this would have to be worked but what he did, again he just took the people that had made comments amount particular issues that seemed to interest them and tried to put people into one of the buckets. If a member didn't want to be in a bucket, that was fine; if you like the bucket you're in, great; but he wanted to try to break people apart into four buckets evenly distributed so that we could get moving on this. From now until September these teams would work together to get this stuff done and then in the middle of September come back and make a presentation to the full Budget Committee bringing somebody like Tom Holmes along to explain some of the nuances that's maybe not covered in your initial evaluation. Now that he's explained how he thought it might work, everyone can jump in and say "yes it will work" or "no".

Ted Sares stated up until the last page, he gave the Chairman an A+; if he were a corporate boss he might consider giving a raise. The only criticism is one that talks to the last page which is the Chairman may have overly quantified or seeking over quantification and that creates borders. For example, he could do data, but he would love to get into Special Projects or Significant Budget Issues too. He didn't want to be too isolated to data, he wanted to move around; that's his interest. The idea of teams he was not so sure was a good idea; he wouldn't be against it. He just didn't want to see the Committee too quantified and thought the Committee needed to remain a little loose so that if data comes in at the last second, we can get at it. We do the best we can under the circumstances; we're never going to be perfect, but he thought that this Budget Committee has more talent on it than all the rest of the years put together. As a group he thought the Committee could do almost anything it wanted.

Chairman Sordi stated it would be great if people wanted to go to additional groups. There were two things he was trying to avoid: first, not having enough people for one particular topic and second is having so many people on one topic that all of a sudden now we have public meetings we had to have.

Mike DiGregorio stated a subcommittee meeting falls under the same headlines as a "Public Right To Know" so they all have to be posted. Even though a quorum is not there, it's considered a meeting under the guidelines. Chairman Sordi stated he was wondering about that; that makes it really complicated when you have four different subcommittees working on this and all of a sudden you have all of these meetings. It does make it complicated.

Greydon Turner asked couldn't the subcommittee meetings happen at the same time or subsequently after a regular meeting. Mike DiGregorio stated if it's posted, absolutely. Greydon stated there were two other points to bring up. One was to Karen's (Umberger) point: she is right, there are unexpected things that are going to pop up, but he thought this was going to make the Committee better prepared to deal with some of that too. Greydon further stated that he agreed with Ted (Sares) in that not all members may want to be in the particular groups they are in, but did think there did need to be some sort of over sight as the groups are set up so that we don't get all lopsided. Yes, some may have issues with

either the group itself or the people in the group, but thought all could get around that and work with that too. You don't want a group of 10 and then three small groups is not going to do a lot of good.

Chairman Sordi stated he had a suggestion maybe to address what was being talked about. Chairman asked Mike (DiGregorio) if he, Greydon (Turner) and Ted (Sares) go in and talk to Tom Holmes in his office, that's not a public meeting, right. Mike stated correct because it's not under the guidelines. This main board has said you will be a subcommittee, do this. If it was set up that way and you said you are the subcommittee and you go find out about this project, then you would have to post that to go do it. Chairman stated let's say we have a subcommittee for the Data. Mike stated there was a subcommittee from the Selectmen's Office that only two Selectmen were on, himself and Bob Drinkhall, but there was probably 7 or 8 others on that; any time that committee met we had to post it and regardless of why we met we had to post it because we were under the direction of the Selectmen. If three people in this room said "hey let's go down to Tom (Holmes) and find out how that works", that does not have to be posted. Chairman stated that was something the members would have to walk their way through and that was sort of what he was trying to get at. If you send just a couple of people down to get information and come back and report to the Committee. Mike stated unfortunately it's red tape. Karen Umberger stated it's not, it's the public's right to know. Mike stated that Karen was right and he shouldn't say red tape, it complicates trying to do something; however, it is the right thing to do. Chairman stated he understood; coming from the private sector, it seems like red tape to him, but he did understand why it has to be done that way.

Dick Klement stated given the amount of time in the schedule to accomplish these four items, he didn't particularly care for Revenue but if that's the job, that's the job. That we want to concentrate on the sub-areas that we are in so that we can get through this and make the presentations to the entire board in a timely fashion because if this drags on and doesn't complete, we're not making any progress.

Chairman Sordi stated he thought just by having this discussion now he thought we were making progress. We may not be perfect this year, but it will be a good start. What he was going to suggest was that after this meeting, and he will send an e-mail to the people that are not here with the attachments stating this is what we talked about and have them send what buckets they want to be in or tell him tonight what buckets you want to be in and he'll put it together and send it out to everybody. If we have enough people in each one of them, then if you are in two or three of them, it's doesn't matter to him if you are willing to put in the time. We'll pick a leader for each one and that person will be responsible for coordinating the meetings over the next couple of months. At least that way if you have the wherewithal to want to participate in more than one, that's great. He didn't want to tell people they couldn't do something if they want to. Some may only be able to be on one, or may not be able to be on any, he didn't know.

Mike DiGregorio stated he was fine with the column he was in. Chairman Sordi asked that everyone send him an e-mail once they figure out what bucket they want to be in. Bill Marvel stated his only fear when he saw

the schedule was that he was hoping for a break; he will be gone for most of August. Chairman stated that was what he was going to talk about with the schedule in a second because August is a tough time for everybody. Ted Sares and Greydon Turner stated they were okay with the column they were in.

Ted Sares stated by saying he was good on this, he still reserved the right to go after other stuff. Chairman Sordi agreed. Ted stated if somebody comes up with a conclusion on Special Projects like outsourcing buses, which he didn't think should be done.

Chairman Sordi stated if members wanted to participate in any of the other ones, we will be copying everybody on the mailing list. If you want to go to the meeting, feel free. He just wants to make sure that there is someone in all four buckets. (Members present advised the Chairman whether or not they were okay with the bucket they were in.)

Maureen Seavey stated she would like to know if they are looking into cutting a team in Junior High and that she was very interested in that. Chairman Sordi stated that would fall into the Special Projects. He would look at that as something taking a special evaluation. If you have a question about a particular issue, about which bucket it falls into, let's talk about it. That is going to be a topic of discussion.

Dick Klement stated at the next School Board meeting he believed they were going to get a report from the Committee on the School Bus issue and they are forming their final report to give to the School Board. Chairman Sordi asked when the next meeting was and Dick stated the 25<sup>th</sup> at 6:30 PM right here.

Dick Klement stated he had two small suggestions on the critical data source; one is tax rate. One has to apply the rate of inflation from that year as opposed to just straight dollar. The education matrix, you might want to get in touch with Dr. Nelson; the SAT scores will only give you a small microcosm, you're better off with NWBA or NECAP and he wasn't sure which test it was that would give a better result. Chairman Sordi stated these were just some suggestions; personally, the SAT's he can't stand using them as the only measure of success of a school. Dick stated if your taxes were \$2,000.00 in 1990 and they're \$3,000.00 today, did they actually go up a \$1,000.00 in hard dollar terms or did the rate of inflation make it so that your dollar value is only \$200.00 difference. Ted Sares stated adversely the rate of inflation goes down but the rates to up. John Edgerton stated Tom Holmes has that broken down. Chairman stated you also have to look at property values and the growth of the tax base. We ran into that problem where the economy goes down and all of a sudden your energy use goes up; you have to understand what's going on. Betty Loynd stated the other thing that happened around 2003/2004 when they re-evaluated all of the properties, the property values went way up, but the tax rate came down at that point. Chairman stated it's all just a shell game. The tax rate is going to come down; it's just how much money do we need, what's our tax base and we divvy it up.

Ted Sares stated when push comes to shove on this issue, in reality if your taxes are going up but the value of your home is going down, which in fact has happened, his has gone down tremendously, something is wrong

in that picture. The value of the home in terms of selling it on the market which is where reality steps in, the market value of the home has gone down. Chairman Sordi stated what happens to some people is when your property values go up they get confused if they see the tax rate go up, but you're paying the same amount; but if your taxes went up then that's a different situation.

Greydon Turner stated that's where Tom (Holmes) comes in handy, too, because he can explain why to a lot of folks who don't understand, because there is a difference between valuation and what it's worth and what it will get on the market and a lot of people don't understand that. Chairman Sordi stated that's a discussion for another day.

Chairman Sordi stated the last thing he wanted to ask was if Karen Umberger would be the lead for the Revenue; he would be the lead for the Data; Betty Loynd will be the lead for the Significant Budget Issues; and Mike DiGregorio will be the lead for Special Projects.

Mike DiGregorio stated he had a couple of questions about Special Projects and the category itself. There are a couple listed, the Buses and the Grammar School, those are significant topics right there. You can't expect much more than that out of any committee between now and budget season. Chairman Sordi stated those are just examples he put there. The Special Projects are ones that we've talked about like the Middle School, we've talked about the buses, coming back and doing a review of what the School Board comes out with and explaining it to the Budget Committee so that we understand what came out of it. Mike agreed; they've paid for an analysis, they've got their subcommittee that's working on it and he knows there have been subcommittees and stuff done on the Grammar Schools; there was stuff done when he was on the School Board and he knows there has probably been even more stuff done, but there's a lot of things that go into that. Chairman stated he wasn't looking for a full new analysis, he was looking for a summary. We get these spreadsheets with all of these numbers on them and it's hard to sort it down. Mike stated the numbers don't tell the whole story and Chairman agreed. Mike stated especially with the Grammar Schools; just budget numbers do not tell the whole story; there's a lot more to it. Chairman stated there's a lot of subjective stuff to it; distilling it down to a couple of things we can take away from it would be beneficial. Mike stated he would do what he could.

Mike DiGregorio stated the other thing he wanted to comment on when talking about timelines; in the past, and he thought Karen (Umberger) was the one that mentioned it in the past, by the time the Budget Committee gets the information it's often not a lot of time to do anything with it. In other words, when he was on the Budget Committee 20 years ago and then 7 or 8 years ago, you get the information and you make a suggestion and they go "can't do that, it's too late; we won't have enough time for that" and that's true. Unfortunately, the cycles that we are in it's true when we start getting budget information from our Administrators in August or September, in fact we actually talked about some truck replacement stuff last night which was kind of scary. Here we are in July and we are already discussing budget stuff for next year. That's really hard because this group of people, you're just not going to attend every single Selectmen's and School Board Meetings, it's just impossible and

then come December when you get that package, you go "wait a second, let's talk about trucks", because we just talked about it last night at the Selectmen's Meeting. You look at it and say "I don't understand why we're talking about trucks because we just went through this". That's because that conversation took place 4 months ago at the Selectmen's Office. He doesn't know how to fix that problem. He has often worried about that; how does the Budget Committee learn the debate portion of budget when it happens 4 months before they even get the book. It's one of the biggest problems because when he was on the School Board, they would sit and debate year long, debating whether this program was good or whether it's not good and decide, say we're debating that out in April and then the Administration says "okay, we're going to put that in the budget" and it comes back to us in September when the Principal stands in front of us and says "if you remember back in April you discussed this" and now we've got a new budget. Again, the first time the Budget Committee sees it is in December when all that debate took place months ago and then they go "why are we doing this; we don't want to do this now; we want to make this change". It's a horrible system and he didn't know how to fix it.

Chairman Sordi stated he agreed with Mike (DiGregorio) and that was sort of what he was trying to go towards. This isn't going to be perfect, but his new boss stated they were starting the budget for 2013 in January 2012 and, to be honest with you, to do what you are talking about doing, you almost have to do that with our budgets too, but you can't because you still have to debate. Mike stated that's where you're wrong; they actually do start that so much earlier because that's when they're doing the debate; but you guys don't start it until much later. Chairman stated that's right and he didn't have any grand illusions that this is going to totally fix it but it is a start.

Betty Loynd stated she started going to the School Board Meetings; she hasn't gone to the Selectmen's Meetings yet, because she just talked to Mike (DiGregorio) about when they are and that's what she is going to try to do to get that information because how can you possibly go through a packet of information like that because it's too much all at once, but if you've been there listening to the discussions you can at least understand what's happening.

Mike DiGregorio stated Betty (Loynd) brings up a good point; perhaps when we get those meetings scheduled with Earl (Sires) and he was just talking specifically for the Selectmen, he will relay that information on to the Committee and say on these nights we're doing it, show up and you'll get the debate part of it.

Dick Klement stated he hesitated to bring up combining Grammar Schools; his understanding is that the School Board is going to for this budget cycle, and he was talking 2011/12 and not the one that we are in right now, assume that they are going to continue with 3 Grammar Schools and await the results of the non-binding referendum in April to determine whether they are going to move one way or the other. You're going to see, he believes, a budget for 3 Grammar Schools this year.

Chairman Sordi stated this is like 6:30 AM throwing ideas on a piece of paper.

Greydon Turner stated he did wonder if there wasn't a way to combine or put on one list when the Selectmen are meeting, when the School Board is meeting and when the Budget Committee is meeting because there is often times you may be informed what's happening in one meeting, totally miss another, and the Boards do not do a terribly good job of saying "hey we're meeting this day and we're meeting this day". He didn't know if there was a way to do it on the web site or if there's a way to do it on one page saying here's a schedule of events.

Betty Loynd stated the Selectmen's Meetings are on Tuesday; the School Board Meetings are on Monday; and our meetings are on Wednesday. Mike DiGregorio asked if everyone on the Committee had e-mail. Chairman Sordi stated Doug (Swett) does not. Mike stated when Greydon (Turner) brought that up, his first thought was that Karen (Hallowell) could certainly e-mail the Selectmen's Agenda to everybody every week and when you look at that Agenda and find something that we start talking budgetary stuff and you want to show up, that to him was the time to do it. Greydon stated it will also make our meetings a lot easier if we have a little more knowledge of what's happening in the other meetings.

Ted Sares stated the non-binding Warrant Article is a red herring in his opinion and he is going to attend one of the School Board meetings and so state. He is going to do that as a citizen, not as a Budget Committee member because he is tired of hearing the non-binding issue. Somebody really needs to go after the issue and push it aside. That one to him is the one that is going to consume Mike's (DiGregorio) time.

Chairman Sordi stated he was not looking for members to come up with something and do an analysis, he was looking for members to go out get something that is already there and then take a look at it and evaluate it and see if they agree with the conclusion of it. We may not agree; we may suggest that they go back and do it again.

Dick Klement stated part of the reason he and Mike (DiGregorio) were there was not to defend what the School does or what the Selectmen do, but to convey information on what we've been discussing, what we think is of importance to the Budget Committee. Part of our job is to make you informed of what transpired at the last meeting.

Ted Sares stated Betty (Loynd) brings up another point which is recognizing that the School is two-thirds of the budget roughly. We shouldn't neglect the Town. There is a nice target over there, not that he would call it a target, but certainly there's something there that needs to be looked at. Of course, with the Town is the Library, the Police and so forth. We shouldn't forget all of those items. Chairman Sordi agreed.

John Edgerton stated he agreed the non-binding referendum is an emotional issue, it's not a business issue; it's not looking at whether it's economic or tax based or best for the children or best for the teachers or best for the School Board. It's an emotional issue of whether you're going to take my local school away. Right now the birth rate in this country is going down 1% a year. If you take 1% a year off the Elementary Schools, you're going to be at 12 students per class. We're going to have

to do something radical; at what number will the School Department decide the total student population for that school is not right. Chairman Sordi stated that was a discussion for a later time. John stated he was just bringing it up.

Mike DiGregorio stated again, there's a lot of factors; you can't bring them all up now, but the first one that comes to his mind is that there are Tuition Contracts with the sending towns that are already in place for different age groups and he didn't want to open up those Tuition Contracts right now. Mike further stated he also wanted to comment on that if he was hearing most people correctly, the School bus issue perhaps could be a done issue because we're going to have two reports and it sounds like it's going to be a no recommendation. However, the Elementary School is not; it's not a dead issue certainly with this Board and probably many others. What bothers him is that Dick (Klement) is on the Revenue portion of this and that's a tremendous amount of information he is going to need out of the School Board and he's the Selectmen's representative, not the School Board representative. If Dick is willing to work with him on this, he'd really like to have him because he thought it was going to be tough for him, he's not their boss. Dick Klement stated if the Chairman wanted him to move committees he would, it didn't matter to him.

Chairman Sordi stated again, he wasn't looking to do our own analysis like we're going to get from a third party, he was looking more to summarize what information is out there and get rid of all the hearsay, rumors and everything and explain it in plain English to the Budget Committee so that we can discuss it. Mike DiGregorio stated it's been 7 years since he was involved on the analysis that was done when he was on the School Board. It was a lot more preliminary and he thought more recent of what Dick was involved in.

Chairman Sordi stated the thing is if there is no analysis out there right now, no current one, and they're putting it up for a non-binding, that might not really be a big issue that has to be analyzed any further because it is what it is.

Mike DiGregorio stated he agreed John (Edgerton), putting a non-binding out there is an emotional issue. He believes that the facts should be out there before a non-binding thing is even put out there or even a binding Warrant Article. He remembers when he was on the School Board they all agreed that no matter what information they got, the last thing they were going to do is make a change without going to the voters and seeing what they really want because you can get lynched. Their gut feeling was when you close an Elementary School, somebody is going to get lynched somewhere because it is such an emotional issue. Twenty something years ago this Town decided to have neighborhood schools, granted there was probably 300 or 400 more Elementary School kids in the system at the time. People like that neighborhood school.

Chairman Sordi stated again, he goes back to what the Budget Committee role is, if the voters want to appropriate the funds for it, then that's their choice. We just give them the information to make that choice.

Karen Umberger stated she didn't think the Committee should disregard the School Bus issue because there were a lot of recommendations in there that had nothing to do with contracting the buses out and she believes that those are the things that this Committee and the School Board need to tackle and she would rather not just dismiss that lightly because there were some very, very positive things in there, as she read it, that saved some significant dollars for the community in that area. Karen further stated that her thought process on the Special Projects is that she agreed with the Chairman; we go to the School Board, we go to the Superintendent, we go to the Town Manager and say "what do you have on your plate this year" and she didn't necessarily think that by the middle of September we're going to have a position on any of these things because at that point we don't know where they're going to be. She did think it was important that the Committee at least have some sort of understanding that a) the School Board is going to discuss some of the issues in the bus report or b) they have decided to keep the third Elementary School open but how they're going to take care of that is by reducing the Middle School by \$500,000.00 and the High School by \$500,000.00. She thought those sorts of trade off things that we all need to be cognizant of, she wasn't saying closing an Elementary School was right, wrong or indifferent, but we know how much it costs to run an Elementary School and if we want to say fine, we'll run the Elementary School, where's the trade-off. Those are the kinds of things because she agrees with Ted (Sares) that putting a non-binding referendum on there is an extremely emotional issue and unless there is some sort of comprehensive cost study that goes along with it and unfortunately she sat on that Elementary School juggling thing, and there was not any good cost estimates that went along with them and the red herring in it was if we move more children to the Middle School then our portion of the cost of the Middle School is going to go up, but no one said it's going to cost us more than \$1.2 Million for the kids to go there. Those are the kinds of things that she felt were important.

Chairman Sordi stated it was interesting hearing this discussion and stated to Mike (DiGregorio) that this might shed a light on where he was going when he said Special Projects. One of the things that happens when we get into the budget process at least the last couple of years is with the Garage and he remembers talking about combining schools not this cycle but the cycle before and the buses this year is that sometimes we get off on a tangent about talking about the Special Projects, we don't have enough information about them, they were discussed during the year and the decision was made by the body whose responsible to make it. Take for example, the non-binding referendum, we could talk until we are blue in the face about not liking it in this meeting, but it's irrelevant and we end up wasting our time. You've got to go to the School Board, that's their responsibility. What happens a lot is that we get into these discussions and we waste a lot of time talking about things we have no control over. By hearing about some of these projects that maybe Earl (Sires) was thinking about with the new truck or the School was thinking about whatever it may be, we can at least get a little bit of information before we get into the budget cycle so that we can be better prepared and we don't get sidetracked into things that we have no control over and decisions have already been made, we just have to factor that into the overall evaluation of the budget that's being proposed to us. That's sort of where he was going with that because we do get sidetracked sometimes

during the budget season that we really don't have any role to discuss it.

John Edgerton stated one of the things that came up and was a real good idea is to at least watch the program on TV and one of the things about the Elementary School was they are not as local as they used to be. It came up at the School Board meeting that everybody is bused to them now, they're not walking to school, it's not a local walk to school, they're bused in and so what difference does it make where you go to school. We're in the Town of Conway.

Chairman Sordi stated he was going to go back; we look at the Revenue and see how much money we have; we see how much we can afford to raise it and we say "okay, here's your bucket of money". If the Town wants to keep three schools running, that's the School Board and the voters decision. We need to go to the School Board meetings and talk about this. Just like people come to our meetings to talk about the budget and we need to really focus. The comments being made on the non-binding referendum and Ted (Sares) said he was going to go to the School Board, that's perfect, that's what you need to do. Chairman further stated he agreed it was going to be an emotional issue and he didn't envy what they were going to have at the School Board when it comes to that, discussing it. That's the School Board's decision, whether they want to do a non-binding referendum. Dick Klement stated they had made the decision. Chairman stated so it shouldn't even be brought up, it's not a point of discussion and as we get into meetings that we really have to talk about substantive things, he's going to limit it; he's going to say it's out of order, it's not our role, we're not going to talk about it, period, because we don't have the time to do it.

Mike DiGregorio asked whether or not the Chairman wanted him to look into it or not. Chairman stated if they're doing a non-binding, then there's really no further analysis to do on that one. Again, he gave that as an example. Mike stated he guessed he didn't disagree, but he was thinking that he also agrees there should be data out there. Perhaps if this group here had the data that said it's either good or bad, then when the non-binding thing comes out this group could say we agree to a closing or don't agree. Chairman stated the numbers you have out there are going to be 7 years old. Mike stated 2 years old.

Betty Loynd asked what a non-binding referendum was. Chairman Sordi stated it's basically to get the pulse of the public. Mike DiGregorio stated it's something non-binding like "Do you want to close one of our Elementary Schools" or whatever the wording is and the voters will say yes or no or look into it. Chairman stated given what came out two years ago when Sheryl (Kovalik) was running the School Board there was quite a big outcry against it from what he remembers so he imagines what the result of the vote is going to be.

Betty Loynd stated she hated to say this but if you think back to the Deliberative portion of the meeting, parents of the students are vocal and they care a lot about the kids and they're a large part of the population of Conway.

Chairman Sordi stated from this point to the middle of September, our meetings will be basically subcommittee meetings. Karen (Umberger), Mike (DiGregorio), himself and Betty (Loynd) are to communicate with the whole Budget Committee about when we are going to have meetings, we'll post it, make it public and then if we need to go get more information from people, we can do it individually or whatever. Unless he hears a disagreement, he was not planning to have a full Budget Committee meeting between now and September. The only thing he will suggest is go to School Board meetings and participate. The next joint School Board/Budget Committee meeting won't be until September because there's just going to be so many people on vacation. Go to a School Board meeting when you can, participate as an individual so you can keep track of what's going on and the same thing for the Selectmen's meetings.

Betty Loynd asked if Chairman Sordi was expecting them to have meetings on this stuff between now and September. Chairman stated between now and the middle of September, yes. The expectation is that by the middle of September you'll be ready to come back with a report to the Budget Committee on your findings. Betty asked on what the significant budget issues are and Chairman agreed. Betty jokingly asked if she could change committees. Chairman stated to Betty that she was to do the best she could and to remember this is the first time we are doing this; do the best you can. No one is going to scream and yell. This is the first time to try and make our process better, so let's see what happens and if it doesn't work right, then we'll just tweak it next year.

Mike DiGregorio stated we've already established that subcommittee meetings have to be posted and so forth. Currently we take verbatim Minutes and that's what this Board in the past has chosen to do. Subcommittee meetings typically are basic Minutes at best to be honest with you, they're basic. Often times what time did the meeting start, general review of the discussion, like we talked about this and then what time did we leave. There's no law that says it has to be verbatim. Do you want them taped.

Chairman Sordi stated no, that's a good point and thank you for raising that. Those are some of the logistical things that he knew. Mike DiGregorio stated he wasn't going to do what she (Iris Bowden) does. Chairman stated no, his suggestion is that there is no video taping, each subcommittee selects a Secretary who will take the Minutes at the meeting and disseminate them for approval. It will all be within the subcommittee. He didn't expect there would be 80 meetings between now and September but just remember that when you're communicating with the other people on your subcommittee, e-mails and stuff like that, if they're to everybody on the subcommittee, they have to be put into the record. Again, the Minutes can just be bullet items, short and sweet.

Karen Umberger asked if the meeting for September could be set tonight. Chairman Sordi stated everyone was given a calendar earlier; September 28<sup>th</sup> at 6:30 PM here at the Middle School. If anyone wants to have subcommittee meetings at the Town Hall, let him know as he has a key to get in there after hours.

Ted Sares moved, seconded by John Edgerton, to adjourn the meeting at 7:50 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary