

**MINUTES OF MEETING  
MUNICIPAL BUDGET COMMITTEE  
October 5, 2011**

A meeting of the Municipal Budget Committee was called to order at 7:00 PM in the Professional Development Room at Kennett Middle School with the following members present: Chairman David Sordi, Doug Swett, Dick Klement, Brian Charles, Betty Loynd, Bill Marvel, Maury McKinney, Ted Sares, Maureen Seavey, Karen Umberger (left meeting at 7:33 PM), Mike DiGregorio, Ray Shakir, Joe Mosca, Danielle Santuccio and Kelly DeFeo. Excused: John Edgerton and Greydon Turner.

Chairman Sordi asked Dick Klement to lead those present in the Pledge of Allegiance.

Chairman Sordi stated as a reminder to the members that if they do speak to please speak into a microphone. Chairman passed around a sheet with the members names and asked that each check to make sure that the correct e-mail address is listed; he has multiple e-mail addresses for everybody and wanted to make sure that the proper one was being used. Chairman will send out an updated list later this week.

APPROVAL OF MINUTES

**Ted Sares moved, seconded by Karen Umberger, to consider and accept the Minutes of July 13, 2011. In favor: 14; Opposed: 0; Abstain: 1 - Joe Mosca.**

Chairman Sordi stated that Earl Sires and the Police Commissioner were supposed to be here to talk about a couple of things tonight, but he received an e-mail from Earl yesterday, and he hoped he was getting it right, stating that they did not get the Grant and therefore they are not going to have the Special Meeting and they are also going to not at this time talk to the Budget Committee about additional funding because of a potential budget shortfall. They are going to try to stay within the current budget and if they do need additional funding, they will appear before us at a later time.

REVIEW AND RECOMMENDATIONS FROM SUBCOMMITTEES

Chairman Sordi stated that he was submitting all the e-mails that had been sent within the Committee over the past couple of months. They will be attached to the Minutes, included in there are the Minutes from the Data Subcommittee which he thought all members had seen. For those that are heading up other subcommittees, Chairman requested that they e-mail him or get to him the Minutes from the meetings, just has to be one piece of paper saying what topics were talked about. Members saw what Ted (Sares) sent around for their meeting and that's fine, but we do need to add something into the record for those meetings. Chairman asked Mike DiGregorio, Betty Loynd and Karen Umberger to get something to him.

## Revenue

Karen Umberger stated the Revenue Subcommittee met with both the Town and School and the Town expects revenue to remain constant from this year to next year. They are not expecting any significant change in revenue. They all thought that was fine. There's nothing that is going to jump out and bite us on the Town side.

Chairman Sordi stated to Karen Umberger based on what she knew about the State Budget, does their expectations on revenue from the State seem reasonable. Karen stated it does.

Karen Umberger stated the only other thing she would report on for both the Town and the School is they have distributed the money for the retirement system. In the budget there was \$3.5 Million and that money was to assist in the transition for the changes that were occurring so that there was no downshifting of any money and both the Town and the School for the Police Department and for the teachers only that money has been identified and she didn't know if that money was actually coming to the Town or if it was going to sit as a pot in the Retirement System. It's there and it's identified as to how much that is.

Karen Umberger continued by stating on the School side, the comment was made that Carl (Nelson) was expecting the Federal Grants and all of those kinds of things to remain approximately the same unless something drastic happens with the super committee and the cuts, \$1.5 Trillion cuts that they might make, but she didn't know if they were going to target education that much or not and was not positive if they didn't come up with the cuts whether DOE was part of the trigger and didn't know how much was triggered for the Department of Education. Until we see what happens with that, we won't really know if we can expect any changes in money coming from the Federal Government, but as it stands right now they're not anticipating any change in that. What he did say was that tuition from the sending towns would probably go down next year and the reason for that is that one of the components of the tuition is the School Budget. There are other components that make up the tuition formula, but because the School Budget has been down and this year in particular when several of the Warrant Articles didn't pass for reasons we won't go back through, that the total dollars in the School Budget, Warrant Articles plus operating costs are going to be down; so when they start to figure tuition costs from the sending towns next year with that component down, they're expecting a decrease in the tuition costs for the sending towns. Chairman Sordi asked if Dr. Nelson had an idea about the percent decrease. Karen stated he did not; they haven't done that computation yet. Chairman asked when they would be doing it. Karen stated October; so we should know obviously going into the budget cycle what's happened to that. He didn't know and we'll figure that out. Otherwise he didn't see any changes in revenue other than that.

Chairman Sordi stated going back to the Town, in past budget meetings he remembers Earl (Sires) talking about a bond that was going to be finished or a note that was going to be paid and it was going to free up money. He remembers Earl saying the next couple of years will be tough and then we'll be okay after that. Ted Sares stated the Library Bond is the only one outstanding as far as he knew. Betty Loynd stated this is something

that she got from Earl, "will be retiring debt in 2011 in the amount of \$328,000.00; this means the only remaining long-term debt is the bond for the Library addition in the amount of \$80,000.00 for 2012 and this debt will be retired in 2017." Chairman stated he was referring to the \$328,000.00; that will ostensibly be sort of a reverse revenue, we're not going to have to pay that money next year which is good.

Karen Umberger stated they didn't actually talk about that at all in their subcommittee meeting. They were just looking at revenue, not at expenses.

Chairman Sordi asked if there were any further questions; there were none.

### Significant Budget Issues

Betty Loynd stated they had a little problem starting because to begin with she didn't know that she had to post the meeting, nobody ever said that. On the first night, she was the only one who showed up, but then they got into a good routine and have had a couple of good meetings since then. It was very interesting. From the Town she got some Significant Budget Issues that he (Earl Sires) feels are coming up: Capital Reserve Funds, Public Works and Solid Waste. He feels the equipment that was manufactured in the last 10 years doesn't last as long and they haven't really determined the amount they will need. Police issues will be significant over the next few years as they are proposing increases in staffing and will have to address operating expenses as well. On the Capital Reserve for Technology they will be proposing the establishment of a Capital Reserve Fund for Technology, both the Assessor and Tax Collector's Offices will need to upgrade their software within the next few years. Solid Waste Department staffing, they've been operating with one less person over the last year. We've just started to delve into these things and that's on the Town side of it.

Betty Loynd continued with the School side of it; she was never so impressed. She got these spreadsheets; they know exactly what they need to replace in what year. Chairman Sordi asked if that was for all of the assets, the equipment. Betty stated this is for all of the equipment; they have a Capital Improvement Plan and these are the years that they need to be completed and these are the amounts and they have that for every school. Then there is the stuff that's done; she was never so impressed when she got this because they know exactly what they are going to spend over the next 5 years with the School. Chairman asked if those typically come in through separate Warrant Articles or special requests or does it come in through the operating budget. Betty stated she thought it depended on what it was.

Chairman Sordi stated to Betty Loynd that she had talked about, on the Town side, let's say the Capital Reserves, the increase in staffing. Would the increase in staffing be through a special Article. Betty stated she was not sure because this is what she got from Earl (Sires) and she wasn't criticizing him, but this is what she got and this is what she got from the School and they have really done their homework and they know exactly what we should be spending, what they anticipate, how long a boiler should last, all of that stuff and that's wonderful. Chairman

stated he thought Paul (DegliAngeli) had something similar like that because he's shown it before. Mike DiGregorio stated Paul definitely has something similar to that; he projects out all of the equipment for so many years; equipment, roads, all sorts of stuff. Betty stated she didn't get that from Earl. She must have gone to the wrong person or maybe she is doing the wrong thing. Is this what the Committee wants. We need to know about the significant items. Chairman stated he didn't think she was doing the wrong thing, it's just asking the right questions to Earl and learning as we go along. Like he said last time, this is the first time we're doing it so we're going to learn as we go along and what questions to ask. You are doing fine.

Chairman Sordi asked with all of these significant issues, how will they get funded; would they be through a budget increase or would they be through something that would go before the voters. Mike DiGregorio stated historically it depended on what it was; it would go before the voters as a Warrant Article or perhaps, let's say in the School situation, they have that revolving \$60,000.00 fund so there are many things that may get answered in the Operating Budget through regular maintenance, there may be things that were significant, he was just looking historically. Betty Loynd stated some of it is Maintenance Trust. Mike stated when he was on that Board and the Chair of the Facilities, they created something similar to that and it looks like they might have gotten better from when he and Dick (Klement) were on the Board together so he was glad to see that. It came out like that because it was something that's important to project out, 5 years is probably not enough. Betty stated they have a 20 year plan too. Mike stated they've got some heavy duty things that they need to project out long term. Paul D. tries to project out 10 years and he believes and thought Ted (Sares) alluded to an e-mail that members probably all got that there was a motor vehicle, as an example, a tractor trailer truck just the tractor portion of it that was projected to get replaced 2 or 3 years ago; the Selectmen chose at the time to extend that projection out and, as we all do it when we try to determine what to replace and what not to is a guess, it's your best guess at that moment to try and save a couple of bucks. Unfortunately, it didn't make it. The truck was redlined by the DOT and it was just auctioned off. Again, you can say we didn't anticipate it, but in reality it went from a 10 year plan to a 12 or 13 year plan and we just hoped that it would last longer. During budget season, in fact he talked to Paul (DegliAngeli) not too long ago, he said that item will be coming up in our budget this year to replace that truck. He believed he had the funds to do it, but that's what those Reserve Funds do. In that case, it would not come before the voter specifically for the truck but just to reimburse that Reserve Fund.

Chairman Sordi stated to Betty Loynd that was sort of where he was going with his questions; the big ticket items that they are looking to buy like replacing the tractor or some of the other issues, number one: should they go on a Warrant Article and he knows we have reserves already set up; should they go on a Warrant Article or should a list of charges against the reserves be provided at the time of the budget. He was not sure that he had seen it before. Ted Sares stated that's not our purpose. Chairman stated it is if it's going to impact the reserve because we always ask how much is in the reserve and how much are you going to spend out of the reserve because they're always asking to put more money in each year. Mike DiGregorio stated he was pretty sure it is; if it's a big

ticket item and the Town is going to take it out of the reserve, people know about it. When he was on the School Board years ago, they tried to create a very similar fund to the Maintenance Fund that the Town gets to enjoy and he believes but was not sure and asked Dick (Klement) if that was the \$100,000.00 they had been trying to get for the past couple of years. If that is the fund that we are talking about, the percentage is way off as far as the amount of money that is being put into the fund. Years ago there was a calculation done as to the Town assets and how much that money was going into the Maintenance Fund and the School assets and try to create some type of Maintenance Fund. If you compare percentages to each other, the School because of the amount of assets they have should be putting away \$800,000.00 a year into a similar fund, just percentage wise. That number went nowhere and he believed they tried to get in \$235,000.00 into that fund every year and that didn't go anywhere either and that's something that this Budget Committee and future School Boards are going to have to recognize because as the school systems get older and older, we're going to have to start replacing things and that money is not going to be in that fund to do it with.

Dick Klement stated to answer the first question: it's a mixture of trust funds, scheduled maintenance and Warrant Articles in this 5 to 15 year plan. To build upon what was just said, yes we figured we'd need \$300,000.00 to \$350,000.00 a year to put in that trust fund and that sounds like an obscene amount of money, but if he goes to page 38 of the Town Report, the Town owned property is valued at \$16 Million and the School property is valued at \$56 Million. If you just look at the sheer amount of value and try and say okay, I've got to maintain something; obviously it's going to cost more. We need a top coat on the road to go up to the School; they didn't put the top coat on; that's a couple of \$100,000.00. They only have 14 more years of life on the roof and that's a \$2 Million roof or the other roofs. It's never ending.

Kelly DeFeo stated when we were looking at the list that we had, we decided to break out the Police and she called and talked with Earl Sires today about technology and how much. He is going to get us those figures and he is going to come and present what they are looking at. What they are looking at is upgrading the software for the Assessor, for all of the property Assessors, all of that stuff is kind of getting outdated and he agreed in talking with Rhoda (Quint) as well, getting things on-line, try to get more things automated, registrations and that kind of stuff. They have a space crunch there and so that might take care of some of that. If they utilize more on-line features, they should have on-line backup so that if anything does happen to that place, the storage where all of our records are accessible and all that kind of stuff is safe. That all costs money and he is going to look at that kind of stuff and is going to try to get a plan together and bring us that plan and present it to us and what it's going to take to really automate our town offices which is great. He is also going to look at other areas that are doing it now and see if he can good ideas on places that are doing it right, that work, that kind of stuff. That will be a big outlay, just getting that place up to snuff on-line and getting the technology in there.

Chairman Sordi stated to Ted Sares that when they had been on the Planning Board, Tom had been talking about trying to get some kind of technology for all of the blueprints and the documents we had which are

still hard copies and if something should ever happen to the Town Office, we'd have a problem.

Kelly DeFeo stated they have on-line backup in all different parts of the country so that you always have a safe place where all the records are stored and all of that kind of stuff.

Ted Sares stated Tom Irving, not Tom Holmes. Kelly DeFeo stated she was talking about Earl Sires. Mike DiGregorio stated Kelly was talking about Tom Holmes and he (Chairman) was talking about Tom Irving.

Kelley DeFeo stated the other thing that they talked about was that they had an issue with just inquiring about Hale's Location, the services they get and that type of stuff. They were going to check with the Police Department on that, but the Town does agree that they use services that we are not getting reimbursed for and we really need to find out about how the contracts are made with the Water Precinct for the buyer because neither Earl nor anybody knew really how that gets figured out and how it gets done. Those are things that we really need to look at; Police services as well.

Brian Charles stated he had talked with Paul D. about this a little bit and he said that it is billed per service so when people from Hale's Location are needing service, they actually get billed for whatever it is that they are using, but that's just Paul. Brian spoke with Ed Wagner and they are going to get together next week and discuss this kind of stuff.

Danielle Santuccio asked if Conway PD services Hale's or was it the Sheriff's Department. Kelly DeFeo stated it should be the Sheriff's Department, but we need to find out. That's a countywide Sheriff and that's all that Hale's has and so they must have alarm systems, where are those places going, there are other things; they vote in Conway, that's a burden to our Clerks. Bill Marvel stated they have a Town Clerk. Kelly DeFeo stated they vote and register their cars in Conway.

Ted Sares asked would we be better off if Conway Police services Hale's instead of the Sheriff. Chairman Sordi stated if they're willing to pay us for it. Kelly DeFeo stated they don't pay taxes for that. Ted stated they would pay fees. Kelly stated that was what she was saying if our police service them, they should be paying for it. Ted stated absolutely; that goes without saying; absolutely, that's revenue. Kelly stated that's what they were trying to find out now is how that is working out.

Mike DiGregorio stated sounds like a huge can of worms getting ready to open up. He thought the Town had been looking at what services are provided that either should be reimbursed, as Ted (Sares) says, or not. It's a big can of worms; there's no doubt about it and he thought over time we'll probably be recognizing more and more of that. They can do their thing, in fact he believed the motor registration was now done through Albany. Kelly DeFeo stated it's not, she found out today; we do their motor vehicle, their dog's and cat's licenses. Mike stated he knew that at one time he heard that was going to shift over to Albany, but either way there's issues there.

Bill Marvel stated this just raises an old question, it reminds him of an old question about Hale's Location. Do they pay school taxes. Kelly DeFeo stated no. Bill stated he thought everybody in the State of New Hampshire had to live in a School District. Dick Klement stated Hale's Location pays a fee per child based upon a formula and he wanted to say it was somewhere in the \$25,000.00 to \$30,000.00 realm per student, per year. Karen Umberger stated that Carl (Nelson) pointed out that what we charge Hale's is the highest tuition rate for anyone attending the school. Ted Sares stated not many attend. Kelly stated they don't have many kids. Bill stated it must be a great tax advantage. Chairman Sordi stated he didn't want to get derailed on Hale's Location. Karen stated she wanted to just clear something up; Hale's is also very concerned about services and the costs and all of that and they are indeed working on that at this time and they do not have a contract with the PD, they do have a contract for fire and ambulance service and they do tuition their children to the school paying the highest rate. The Secretary of State will designate a town to take care of their voting and she didn't know who that was going to be; who knows what's going to happen on that. She will assure the members that Hale's is as concerned as everyone else is about making sure that they're doing what needs to be done and done properly.

Kelly DeFeo asked how do they negotiate the fire and the ambulance and all of that; how does that happen. Mike DiGregorio stated North Conway Water Precinct and Karen Umberger stated no. Karen stated the County Commissioners are the Selectmen for Hale's at this point in time and they are the ones that establish the contracts at this point in time. Kelly asked if they were dealing with North Conway Fire or Conway. Karen stated the agreement is with the North Conway Fire Department. Kelly stated so they establish say \$100,000.00 as she was not sure how much it was but thought that was a ball park; how does that cost figure into the taxes paid by the other people in the town. Karen stated they pay their taxes to the County and the County pays whoever they have the contract with. Kelly stated say North Conway gets \$100,000.00, how does that get figured in for equipment. Mike stated it doesn't affect us. Kelly stated then how does it figure into the tax burden rate and all of that. Karen stated it's because there's a whole formula for out of district fire protection and that's how it's computed and it's the same for West Side Road, it's the same as it is for any place that is not within one of the Fire Districts. Kelly asked if that was the same for ambulance service. Karen stated no, it was a separate issue. Kelly stated it would be nice to have that breakdown. Mike stated the revenue she was talking about would go to the North Conway Water Precinct and would have nothing to do with us (the Town); we wouldn't oversee that in any way whatsoever and they would just simply use it as revenue to reduce the tax burden in North Conway Water Precinct. Kelly asked if we are sure that they are using North Conway and Mike stated yes. Kelly asked if the ambulances were private companies. Mike stated North Conway Ambulance is private and they have a separate contract with them which would have nothing to do with any revenue into North Conway Water Precinct, that's strictly the North Conway Ambulance.

Chairman Sordi asked if there were any further questions. Ted Sares asked if he heard something that they were going to staff the Solid Waste with one body which is restoring a body that was reduced last year. Betty Loynd stated they said they've been operating with one less staff member during the past year; they're evaluating options for the future and may

be returning to prior staffing levels due to safety and scheduling concerns. Ted stated that's something to keep in mind as we approach the budget is that last year they did without one and he didn't know if that was a result of attrition, he thought it was all the way down on the chain but now they are thinking of bringing that back so the attrition is lost and we're really not saving anything if they're bringing the person back.

Mike DiGregorio stated as we all know, someone did retire last year through attrition. They, at the Selectmen's Office, made the decision to try to not back fill that position. They have determined that it is extremely difficult, it's not working out, they end up paying more money in overtime to try to cover those hours. They've even had Administrators down there; Paul D. has been inside the building working on weekends which, he's sorry, but he doesn't want his Administrators in there doing that; that's not what we pay them for. He believes we are going to see, not sure whether full time or half time, but we are going to see in our upcoming budget to try to restore at least some portion of that. Ted Sares stated he just wanted to call attention to the fact that a body is coming back and, as a Budget Committee member, that at least raises an amber light for him; bodies are bodies and attrition is attrition.

Chairman Sordi stated at the time that the person retired last year probably factored into the decision not to bring in another person was because there was an article on the table to cut one of the days out of the week for keeping it open so you wouldn't have needed as many people and he thought they tried to make ends meet with the number of people there. Now that the Town voted to keep it open 6 days a week or 7 days a week, he wasn't surprised to hear that they want another person there. Mike DiGregorio stated that the Chairman was exactly right. If you look back at the discussion when it all happened, they wanted to reduce the hours at the plant, they wanted to make all sorts of changes and this goes back to the same argument about when you forecast a truck being replaced or a roof being replaced, you're making an estimate of trying to do something because you feel that maybe you can save a few bucks. They thought at the time that they could do that, reduce the hours, reduce the person. The voters said they did not want the hours reduced, they decided to continue with not back filling that position and it's just, according to what Earl (Sires) and Paul (DegliAngeli) are saying, they are spending way too much on overtime to fill the hours but he thought more importantly was you get to the point where you start burning guys out too. They are constantly filling those hours in there and they're just not getting any time off.

Joe Mosca stated his recollection was that we didn't change hours because it was contractual and it was something that if they were closed on Monday, they had to have two days off and Sunday was suppose to be the day but the people in Town didn't want Sunday closed because that's when most people go to the dump. To close it on Tuesday, they would have to wait until they renegotiated their contract. It wasn't so much that the people said no, they didn't want it closed an extra day, it was more of a contractual issue with the labor force down there because they had two days off in a row and to give them two days off in a row they would have to close either Sunday or Tuesday and Sunday was the day put forth and nobody wanted to close on Sunday because, let's face it, if anyone's been

down there on a Sunday morning, you can't get in there. It was more of a contractual issue. Joe also believes that there was someone from the Highway Department working between the Highway Department and the landfill, going back and forth. Joe asked Mike (DiGregorio) if that was correct and Mike stated it was. Joe further stated he was doing both and that's where some of the overtime was coming through. If we have to put somebody back in there, it may actually be cheaper than all of the overtime they're paying. That's what it's going to end up coming down to.

Ted Sares stated he wanted to signal he would agree with what Joe (Mosca) just said. He would like to see an overtime justification analysis that would justify this person being put back, he doesn't buy burn out; he wanted to see numbers.

Doug Swett asked how many people work for that operation. Mike DiGregorio stated he believed there were only 4 at the dump itself. Doug stated that doesn't include the landfill. Mike stated that doesn't include the landfill and that he couldn't say exactly how many. Doug stated they used to work with 5 and Mike confirmed 5. Doug stated what you did was cut 20% of the help there when you let this man retire. If you did that to any other outfit in town, they would go through the roof. That's a lot of cut when there are only 4 or 5 people involved. Mike stated that was why he was saying when you make that cut, you're asking everybody else to pull a load and it's costing us in overtime. He can't speak for the individuals themselves, maybe they're happy, he didn't know, but some guys like overtime and some guys don't.

Chairman Sordi asked if there were any further questions for Betty Loynd; there were none.

### Special Projects

Mike DiGregorio stated their committee, the Special Projects Committee, were tasked to look at the Busing Report and the K-8 Educational Report. They met with the School Administrators and they reviewed both Reports. The Busing Committee Report, he believed most of the people present had read it, at least he hoped so as they were both on the website. They thought it was pretty thorough and that it answered a lot of questions. They were glad to see that it appeared to be very independent yet at the same time it kind of backed up what the School was doing already which was a decent job on their busing. Although they reviewed it in what he thought was in depth and asked what they could, they didn't find much with that Report that they could criticize. The only issue that they found is in the Report where it talked about doing some transportation software, he couldn't remember the exact name of it; basically the software itself is there to track the routing because they do a lot of it by hand right now and in the Report it recommended going to software to do that because it allows you to hypothesize a little bit better of what to do here and what to do there. The committee felt strongly that that was important; in fact they made a motion to recommend that the School Board look into that. While he says that portion of this, nothing that they came out with should go forward without this Board saying the same thing. In other words, they may come out with the idea to say we recommend that the School Board buy this software, but if this entire Board doesn't believe that then that recommendation wouldn't go any where

and that would probably be more important on the second part which would be the K-8 Committee Report because they found some stuff in there that he will get to in a second. The subcommittee unanimously recommended that they look at that software and the cost of it; whether they buy it or not is their choice, but it's something they felt strong about. They also kind of, just like anything, any time you go into Union negotiating time frame which is what they are entering in now, there was a couple of recommendations from the analysis done in the Report that he was sure the School Board has already looked at and will probably incorporate those into those recommendations as they go forward with the Union or at least try to negotiate that he should say.

Ted Sares asked if the study was done by an independent consultant and Mike DiGregorio stated it was. Ted further asked if Mike recalled how much they paid. Mike stated he believed it was \$6,000.00. Dick Klement stated \$7,000.00 or \$8,000.00. Mike stated he thought it was closer to \$6,000.00 but Dick should know because he worked on that. Ted stated he thought it was pretty good. Mike stated he thought it was very detailed and that actually leads into the next portion of what they talked about.

Mike DiGregorio stated the K-8 Committee Report, again is on the School's website so anybody can go look at it. It also had a lot of information in it. In his opinion, there were some very good people on that Committee. They took a different stance between that Report and the first one. As we all know, the School Board has made a recommendation already and he believes has passed a motion already that they are going to put something of a non-binding recommendation on next year's Warrant Article. We agree with that; however, there are two portions of this and he will get to that. Mike wanted to back up because he didn't want to confuse what they all agreed on and what some agreed on. Looking at the Report, they thought there were a lot of questions, unanswered questions, most of which we probably don't even know what the questions are yet because there are so many factors in closing down a school, moving the kids over, projections of student ratio things. Every time they asked a question with Administration, they came up with half a dozen more questions.

Mike DiGregorio further stated that the committee kind of took stance and it's a two part stance, that they wanted the Administrators to create what they called an "RFQ". They were looking for something similar to the Busing Report where they would seek out an organization to answer these questions; but the first part of that is to seek out an organization to help develop some of these questions because it's very in depth. Some in this room may feel that we just shut a school down and get it over with; there's a lot that may not feel that way, so we were looking at it from the standpoint that we believe the Administrators should create a proposal of questions that they would submit to an organization that could say "okay, if you're going to answer all these questions, it's going to cost you 'x' amount of dollars to do that". We believe the first part, the Request For Questions, could be done in house. In other words people on this Budget Committee, people within the School System could develop and document to go out into the big bad world and seek out professional help to answer those questions. Mike stated that the next portion, and they all agreed on that, that was unanimous that we wanted to do that. Chairman Sordi asked what did they all agree on and Mike stated the RFQ. In other words, have the Administrators come up with a

document of questions that need to be answered in order to determine should we go forward with closing a school.

Mike DiGregorio stated the second portion was when that number came back which they believe could happen between now and next April, they believe that the first portion could easily be answered between now and next April. Let's say that Report comes back and says that in order to get these questions answered, it's going to cost you "x" amount of dollars. He used the amount of \$50,000.00 and other people used \$10,000.00, wherever the number is doesn't matter, but he believes and most of the committee members believe that that second portion should be attached to the non-binding Article that the School wants to put out there. In other words, under the law you can have a Section A and a Section B. Section A saying "are you in favor of closing down a school" or however they want to word that. The second portion would be if Section A passes, Section B is the revenue "it's going to cost 'x' amount of dollars to do it". The reason that they split on that is and he won't take Maureen's (Seavey) words as she can speak for herself, he felt as though by doing it now that you get it accomplished in one year. Do you want to do it and if you do, here's the money to do it; here's the money to answer all of the questions. That gives us from April until the following year to investigate those questions, answer them and then we can start the process of doing it or not doing it or putting it forward today if we did it, this is what is going to happen. He believes the way the School Board wants to do it accomplishes the same thing, but it takes an additional year because, let's say in April their Warrant Article passes, they're not going to have the money unless it's a short amount of money and he didn't believe it was going to be because he thinks there's some complicated questions in there, but they're not going to have the money to answer those questions. Let's say he is right and it's \$50,000.00, where are we going to get that \$50,000.00, where are you going to answer that.

Chairman Sordi stated he knew what Mike (DiGregorio) was saying, but he wasn't sure you could put them under the same Warrant Article because if one is non-binding then both are non-binding. Mike stated that was not up for him to decide, that was a DRA issue; you can separate them, but he knows under the law you can have a Section A and a Section B. Chairman asked if it makes sense to forget about the non-binding Article and just put the request for the money up there. Mike stated great question; he wants to respect the fact that the School Board has the authority to make that decision. He would hope that they would revise their position to say "should we do it or not"; instead of a non-binding, should they just go ahead and say binding, but that is 100% their decision, not ours and as a Budget Committee member he didn't think it was the Committee's purview to put it out there as a binding, he thought it was their purview. He says that because he wants to respect their position because he thought there definitely was some bad feeling about us even kind of investigating this because they had already done it and rightfully so. He hopes that they understand that he was not trying to step on their toes, he thought we want to get the same thing accomplished but by doing it a different way, we can accomplish it a year earlier.

Chairman Sordi stated we'll talk about what's the next step with all of the work that you're doing which so far sounds fantastic. Everyone is

doing a great job; you've gone a lot further than he would have expected this first time around and he appreciated that. He thought what's going to come out of this is are recommendations to whomever it may be, whether it's the Town or the School Board and maybe this is the wrong idea, the vision he had was we would give recommendations. We would do a motion for a recommendation at the next meeting and if approved we would send it to the School Board saying we think it would be a good idea to do it this way because, and it has to have some foundation in the budget. The non-binding Article has no foundation in the budget so he was not sure we would even comment on that; but the Warrant Article to fund the RFQ is a budgetary thing.

Mike DiGregorio stated at that point it would be an "RFP". In other words, the RFQ would say the RFP is going to cost "x" amount of dollars. The first portion is very simple, the Administrators do that. Chairman Sordi stated the RFQ is "Request For Questions" and the RFP is "Request For Proposal".

Ted Sares apologized to Mike (DiGregorio) because he should have attended one or two meetings, but it's a concept that he had that somehow he hoped could be woven in which is benchmarking because right now there are a lot of towns going through consolidation of schools all over the country. He was on vacation in Maine and noticed two towns were doing it in the Brunswick area. What he suggests is to introduce the concept of benchmarking and look how other towns have successfully consolidated schools and see what dynamics were involved because that could be a good way to get some of those questions. He didn't want to add complications to what's already a complex issue. Benchmarking always helps; just something to think about.

Mike DiGregorio stated Ted (Sares) was absolutely right, to investigate that would be the exact thing that should be done and that's exactly what he is trying to say. A good part of that too, by the way, is many of us understood the busing issue before the Report was done and if you were intimate within the School System you knew that the people that were dealing with the busing did a decent job. The Report that came out, agreed with that and a lot of the questions kind of went away. The idea of going down this path, you've got questions yourself and in talking with the Administration they would like to know, can't say they would like to do it, but they agree that it could be done and certainly questions like what Ted had and those questions would go on that RFQ and then at some point it would get answered, just like Ted said. A big part of that is having an independent, outside person say "this is what we believe it is going to cost". It takes away the problem of in house and one of the first things he noticed on the committee Report there were a lot of people like himself on there, very supportive of the School System, very kind of "we know they are doing good and we are going to support them all the way". There wasn't a lot of people that like to dive into the details and be critical there so again we felt strongly that having more of an independent idea behind that would eliminate some of those issues.

Bill Marvel stated he thought Mike (DiGregorio) was probably right about the cost and that maybe one reason that the School Board didn't go to that option, they're trying to cut costs. Dick Klement stated he thought

the Budget Committee was going to fund that. Bill stated when we're going to build a new school we do that, we have a \$100,000.00 Report, why not for closing one and if the Budget Committee recommended that option maybe the School Board would be happy to do it in which case they would probably recognize that asking a non-binding question first is premature; maybe what they needed was a little help, somebody else say "spend the money".

Ray Shakir stated regarding the busing issue, he read the Report also and part of it he agreed with and part of it he disagreed with. For example, one of the issues that they raised was that the contractors that they would roster would give us a great deal initially and then after a few years they would be able to sock it to us because they knew they had us by the short hairs, so to speak. That's true, but what people fail to realize is that busing contracting is not a regional situation, it's a national situation. There are hundreds, literally hundreds, of busing contractors throughout the nation that provide the service and to be myopic in picking three or four or five contractors would create that situation. The solution therefore is to reach out to a national concern that could handle what we have and they can bid on the open market. People would say "Conway's a very small area and contractors wouldn't want to get involved" and that's also true. Then what you do is approach it by a regional approach and you would get several different towns and areas involved that have the opportunity to have a big enough contract so that would be attractive to major contractors. There are a lot of different ways you can approach the problem and come out with an acceptable contract that would be a lot cheaper than what we're paying now. The question is not whether you can do it, but how you can do it, how you administer the contract and how you get people on board that are contract administrators that are familiar with the process and are able to get the lowest price for the service.

Joe Mosca stated not to disagree with Ray (Shakir), but he disagreed with Ray 100%. He thought the Report was done well and he didn't think there was going to be any savings any where by going out to anybody and the recommendation of the subcommittee is to leave things status quo, except for the software and the few recommendations that the TAS actually recommended. Having been involved in transportation, it doesn't work; the Report was 100% and you can say what you want Ray but been there, done that and he's going to stick by his guns.

Ray Shakir stated having been involved in contract administration for 34 years, you're wrong. It's been his experience that a proper contract administrator will be able to secure a myriad of contractors that could provide the service; and again, it depends on how you structure the contract and what kind of contract language you use and what special conditions are involved with the contract will give you the best bang for the buck.

Mike DiGregorio stated Ray's (Shakir) not 100% wrong on this, but what's missing out of the Report is how they really talked about there's no competition here and that's what the Report talked about down the road and being afraid of. Perhaps Ray is right in the sense that if it was regionally based, it may work out. He didn't recall if that was part of the Report, so he didn't know if it was ever looked at. Using the term

"regionally based" means that we're going to get along with every School System around us and that changes from year to year as Boards change year to year. He, as a voter, would be extremely cautious getting into a contract with Fryeburg, Kingswood, Whitefield or wherever when it came to busing and perhaps that's why it was never included in there. If we were all one big happy family, perhaps a big contractor would come in and save us some money, but the Report was really clear there is no competition in this area and be very careful with what you are doing because of that; what happens is when the contract ends, as everybody knows, there's no competition left out there, they can get you for whatever they want because you don't own one bus although there are different ways you can do that either own the bus or contract the work.

Chairman Sordi stated he didn't want to get into a big debate on the bus issue because he thought that debate was going to come at the next meeting when we have the recommendations from the subcommittee and then we vote on what recommendations we want to pass along, let's say, to the School Board. With that being said, are there questions.

Maury McKinney stated he had points to clarify some other things that they wanted to accomplish by this recommendation. One was to work in collaboration with the School Board and Mike (DiGregorio) talked about respecting the work that had been done. This was just something that we felt, not so much had been missed, but something that we could use to maybe de-politicize, it's a hot button issue, consolidating the schools, and maybe make it a little less of a hot button by giving people more accurate information. One of the things that was remarkable about the bus transportation was that they really did a pretty solid financial impact assessment of various scenarios whereas the K-8 Educational Research Report did a great job from various aspects, such as the social, developmental and educational impacts and they even say it on page 5 that a thorough analysis of the financial impacts was not done. Maybe people didn't have a clear picture, so it was just a way to empower the voters with clear information.

Dick Klement stated recognizing that it needed to be done, we stopped it. The first thing we heard was that they wanted to go to moth ball status with the building and it was actually \$200,000.00 a year because they had to modify the tuition agreements with 5 towns. If you can't sell the building, then what do you do.

Maury McKinney stated that was some of the things they felt might be answered by a Report; what other revenue options actually are there because there are revenue costs associated with just moth balling but facilities are facilities and you have to keep it occupied, you have to have tenants. Maybe a Report would address that; maybe something has happened regionally or something is happening nationally that would impact that. Those are some of the things that we just didn't have answers to and felt it would be productive.

Chairman Sordi asked if there were any further questions; there were none.

## Data Subcommittee

Ted Sares stated he didn't really have a lot of recommendations as much as he had data and all members have the data that he has and there's a lot and he didn't expect anybody to have looked at it all. Ted wanted to make a few comments; first, the information he went over with Tom, and all have copies and if they don't they can get it at Town Hall, because what Karen e-mailed, you couldn't see it, the scan wasn't good, the copies are fine and those copies are at Town Hall. The thing that he got out of that in reviewing that with Tom was that yes local salaries are shockingly low. The fact is, and he'll get to the census data as well; the census data bears that out. Salaries in Conway and North Conway are shockingly low, no question about that.

Mike DiGregorio asked if Ted (Sares) was talking everybody. Ted stated household income. Mike stated not just the School System or the Town itself, you're talking the whole town itself. Ted stated North Conway, Conway, all of the Conways and the difference between Conway and North Conway is minor, they're pretty much the same, but the census breaks it actually down. If you thought that salaries were low, they are; but, and this went against everything that he thought, was that it appears that the lower wage earners are the ones that vote for the budget because they seem to have a value, they seem to want a better education for their kids. That seems to come out of the data. That's what he draws out of it, members may draw something entirely different, but that's what he draws out of it which is kind of interesting because the fixed income people are the ones voting against the budget. What he's seeing is here's Conway with low income and yet they're voting for the budget and they're voting for the School Budget and that seems to suggest that people put an extraordinary value in the High School education of their kids and for the Middle School and so forth.

Betty Loynd stated she thought that was what we saw at the Town Meeting; that's exactly what the sentiment was at the Town Meeting; everybody there supported education or just about everyone there.

Ted Sares stated regardless of their shockingly low incomes, whatever shockingly low means, but to get to that, he looked at the census information and he implored members to use that link that he has, he knows Maury (McKinney) has had a lot of fun with it and he has too, he's been on that thing for hours going all over the country seeing how Westport, Connecticut compares with Newport, California and stuff like that and all of the towns he used to live in. In fact, one he couldn't even drive through if he wanted to, he couldn't get near it. What he would recommend with the census information is to try to equate the town's household income, and by the way that suggests that 42% are under \$30,000.00, between \$30,000.00 and \$50,000.00 is 13%, \$50,000.00 to \$75,000.00 is 24%, \$75,000.00 to \$100,000.00 is 9%, \$100,000.00 to \$150,000.00 is 6% and then \$150,000.00 and over is 7%.

Chairman Sordi asked Ted Sares to go over the numbers one more time. Ted stated under \$30,000.00 is 42% and that's pretty rough. Danielle Santuccio asked if that was household or individual. Ted stated household and it compares shockingly with other towns. One town that he thought was a good comparison was Lake George and the reason he did was because Lake

George is an outlet town and it's a tourist town, very rarely can you get both of those. Unfortunately is also has a State Tax, a Sales Tax and a Local Tax, so the variables are off, but they had 31% that were under. In Freeport for example 28% are under \$30,000.00 which is an outlet town. Under \$30,000.00 is 42%, \$30,000.00 to \$50,000.00 is 13%, \$50,000.00 to \$75,000.00 is 24%, \$75,000.00 to \$100,000.00 is 9%, \$100,000.00 to \$150,000.00 is 6% and \$150,000.00 to \$200,000.00 is 3% and \$200,000.00 and up is 4%. If you move the cursor up to Jackson, you'll see, of course, all of those go up which you would assume and if you move it down to Eaton, they'll go up; but if you move it to Madison, not really. It tends to follow your assumptions. What he would recommend is that one equate the town's household income with tax rates, get the tax rates. In order to get the tax rates, unfortunately it's hard to get those off the census, so the way to get those is you have to go to the Town and Google; go to the town and say "Berlin Tax Rates" and you'll get it, you'll immediately get it, you'll get something like that and then that will give you about as reasonable a comparison, it's imperfect but it's not a bad comparison and that's what he would recommend one do and you'll come up with some decent ideas in your head. Those ideas tend to go contrary to what his assumptions were about the budget and the way people vote on the budget and he kind of had that idea but he's not ready yet to conclude that individually. You conclude what you wish because this is an individual thing and you have to interpret data as you see it.

Dick Klement asked Ted Sares if there was a category for households over 65. Ted stated they had four categories. Dick stated that 42% under \$30,000.00 might include all seniors that are on Social Security or limited income as opposed to low wage earners only. Ted stated it might include business owners, entrepreneurs just starting out; it's hard to make assumptions. Dick stated we do have a rather large population of seniors and Ted stated it would definitely include them.

Mike DiGregorio stated to Ted Sares that he could see the percentage of income for people and then looking around at tax rates for different towns, how's our tax rate compared to that income bracket for other areas. Ted stated he did not know yet, he was just starting that right now.

Ray Shakir stated he didn't think anybody disputed the value of a good education and that everybody would like their children to have the best education possible; there's no dispute on that. He has no problem with that either. He thought we should have a great education in this area. The dispute becomes when people equate a great education with a dollar value. It's been proven universally that they do not equate. A superior education does not equate to superior dollars. That's absolutely been blown out of the box; in fact, this data that Ted (Sares) has he believes that he provided some data that proves that also. Ted Sares stated it's coming. Ray stated we're not talking about a poor education versus a good education, we're talking about providing the best education for the most efficient utilization of the dollar, that's what we're talking about. Let's make sure we understand what the argument is and we understand that throwing money at the problem has been proven to be a fallacy and we're not going to change it, it's a fallacy. We have to utilize the money that we have most efficiently.

Betty Loynd asked if she could respond and Chairman Sordi stated no because he didn't want to go down that path because that was a path that he had no desire to go down this year. We're going through the data, we're trying to get to a point where we don't have to go down that path. Kelly DeFeo stated you can't present data and then not let anyone speak. Chairman stated he wanted to have Ted (Sares) finish and then we can ask questions about the data itself. He was not going to get into the argument about whether spending money on the School is better or not. That's not what the data is about; it's about the expense data. Betty stated she was going to say that she thought he misconstrued what she had said. What she said was that the voters at that meeting supported the budget, that's merely what she said. Chairman stated he was not disputing that. Betty stated she was getting at what Mr. Shakir said, responding to his comment. Chairman stated let's just get through the rest of what Ted has to say.

Ted Sares stated in one of our meetings, Ray (Shakir) came up with an article from The Union Leader that indicated that New Hampshire spent more money on Special Education than any other state and it quoted something. What he did was go after what it quoted and then went after what it quoted so that he went right to the core of the research and the research was righteous research. It was done by a guy who is respected, out of Stanford and out of a think tank, so it wasn't bad research and he's recognized as an expert in Special Ed, tuitions in schools and so forth. He was not going to comment on it as all members have it; it's in that PFD; if you go down to that article you'll see the PFD, hit the link and the PFD will come up and then you can read the entire document and you can see that while yes New Hampshire does rate high, there are so many variables and assumptions that you really have to be careful; you can't just run with the headline that says New Hampshire spends more than anybody else. There's a lot of information after the but so read the information and you decide for yourself. It does suggest that there is something to the Special Ed expense. You take Special Ed, there's a limit to what you can spend, not a limit but you can spend so much under the law and then you can spend more. The more that you spend is a delta between A and B and it's between A and B that you look at and say "you've provided enough for Special Ed". Now between A and B is there something more you should provide and that's the area that needs to be looked at. He was not saying to do away with A and B, not at all; he was just saying that where the expense situation comes in and where a lot of the controversy and heat comes in is between A and B. When somebody says "no, just cut it off at A", that's when you get into the big war. He was not saying that at all; that's not his position. His position is that it's in that delta that needs to be looked at and certainly not going from A all the way to Z is right either. Somewhere in there is the answer. He thought that was the way the study was done; it was an interesting study and he strongly recommends it to the Committee.

Ted Sares stated the final point on data was the Rainy Day Fund in the Town and it's a percentage of expenses and it usually runs 5% to 10%, that's the recommendation throughout the State he believes and in the past the Rainy Day Fund parts had been used to mitigate taxes and if we get into a tough situation, he would simply raise the point to everybody that there is that Rainy Day Fund and it can be used to mitigate taxes, it's a lot of money.

Mike DiGregorio asked if Ted (Sares) was referring to the one that they take money and apply it to taxes. The other day they just voted to apply \$400,000.00 to the tax rate. Ted stated if it came out of the Rainy Day Fund, yes. Mike stated they don't call it the Rainy Day Fund. Ted stated Mike should check with Earl (Sires) because if that's coming from the Rainy Day Fund, that's a mitigation and that's great. Mike stated they don't call it the Rainy Day Fund and couldn't recall right off what it was called, it's a Capital Reserve Revolving Fund. Anyway it had \$1.9 Million in it; \$600,000.00+ was from their not spending. This year they applied \$600,000.00; they took \$200,000.00 to build a Fund and they applied \$400,000.00 towards reducing taxes. DRA is the one who recommends where that should fall and the auditors by the way recommend a number much higher than we are. This year we're going to fall around 6% or so, maybe 7%. Ted Sares stated challenge the DRA; challenge the h\*\*l out of them. Mike stated you say that, but here's the point, every year they have to go out and borrow money because and that's what this fund is for because, in this case, this year they went out and borrowed \$2.5 Million this year and for the people sitting at home and for the people sitting in the room, the reason they do that is the School System, the Precincts, everybody can come to us at any given moment and say "I've got a half a million dollar bill that has to be paid" and the Town has to give them the money. If they don't have the money in their bank account in order to do that, they have to go out and borrow money. There's a special name for it, but he couldn't remember, but they went out and borrowed \$2.5 Million this year; Northway Bank was the one they borrowed it from, it was a very low interest rate and he wanted to say it was around 2%. That 2% is the interest and you're paying that back, so that's why the DRA says for the amount of budget that we have, and don't forget it's not just the Town's budget, theirs is \$9 Million, but it's the School Budget and even though Conway's portion of the School Budget is around \$11 Million or \$12 Million, they're paying the bills for the \$33 Million Budget. So, we're paying the bills on around \$40 Million a year and when those bills are due, the Town is required to pay them. They can't just say "hold off for a couple of weeks until more people pay their taxes", they have to pay that then and there and that's why they have to go out and borrow money. His personal feeling is that he would like to borrow as little of possible; he would rather have money around to reduce the tax rate when they can, but to make sure there's enough around; they don't use it for anything else.

Ted Sares stated he needed to express his personal feeling too which is to reduce taxes at all costs and that's where he is coming from.

Mike DiGregorio stated he believed that they could take every bit of that money and pay down the taxes this year. It's a one time thing. To him, the smart thing to do is to build it to the point where we're not borrowing a lot of money and then pay down the taxes. Several years ago, it was actually at \$2.1 Million, \$2.5 Million. The Selectmen, before he was on there, chose to use and apply more of that money to the tax rate. It makes the tax rate look great for several years, but then at some point that money's gone and then you've got to borrow more money; so if we've got \$2 Million in there and we're borrowing \$2 Million then we're going to borrow \$4 Million later on. See my point? It's a balance that the Selectmen have to use. In his opinion it should be around 8%; the DRA

says, he thought, that it should be as high as 13% to 15%. He doesn't necessarily agree with that.

Chairman Sordi stated he understood and it all comes to cash flow and businesses do the same thing in short term credit; that's why so many failed during the last recession.

Kelly DeFeo stated we're talking about the Fordham Institute and you're right, it's a think tank, it's a right wing think tank and they actually promote Charter Schools and busting unions for teachers. To be clear, if you're presenting an article, it's a think tank and that's what it's worth. She stated you're complaining throwing money and you don't get good results, she thought that the reports that we've gotten from the School have been very good with SAT scores and more students going into advance placement, so what they're doing has been working and she thought we shouldn't be tearing them down still when we have good reports out of the school. We have some good reports and the kids are doing well, so let's not dismantle things that are working at this point.

Ted Sares stated he went after the data because it was brought up in one of their meetings. He did the research and first, he doesn't think it is a right wing organization but that's Kelly's (DeFeo) thing. Secondly, it's data, like any other data you take it or leave it. His suggestion to Kelly is that if she can come up with something better, she should do it. Did she think the School's data was better, yeah right. Kelly DeFeo stated we should look at the statistics we have from the School right now.

Chairman Sordi stated the point of the Data Subcommittee was to find data that the Budget Committee, as a whole, would agree was representative of our position. At the next meeting, we're going to take those votes. We have this data here; if there's other data out there that other people are familiar with or have, then get it to him and to Ted (Sares) and to Greydon (Turner) and to Ray (Shakir) and they will take it, look at it and discuss it during their next meeting and present it at the next Budget Committee meeting. He understood what Kelly (DeFeo) was saying about the school performance; now again the School performance comes down to the bailiwick of the School Board. We're talking about the budget and he listened to what Ray (Shakir) was saying, but we're the ones making the decision of whether we feel that the dollars are being spent wisely by whoever we give the money to. We are not looking at necessarily how the School is operating, the educational part of it. Obviously, we want to make sure that we're getting the best bang for the buck, but it's up to the School Board to decide whether they feel the Schools are getting better SAT scores and forcing them to comment to the Administration about whether the SAT scores need to go up. He didn't want to get dragged down again into discussion about whether we think the Schools are doing a good job or not because it's not up to us. It's up to us to decide whether we're spending the money wisely or not and that's what the data and all the other stuff, the Special Projects, the work that you all have done, that's what we were suppose to get so that we can send recommendations whether, for example, we think we should be looking at a K-8 recommendation to the School Board.

Brian Charles stated how do you determine if the School is doing well or not. Ultimately, isn't it based on how the students are doing. That's the basis by which the schools exist, that's the reason they exist. So when you (Chairman) say its not our bailiwick, he understands that, but our bailiwick is to determine whether the money is being spent wisely. How do we determine that?

Chairman Sordi stated he understood what Brian (Charles) was asking, but he didn't want to get dragged into the discussion like we had last year about our opinions of whether the School Board is doing, of usurping the power of the School Board or usurping the opinion or beliefs of the School Board. He wanted to make sure that whatever is discussed is focused on the budget and how it is being used by the School Board. For example, one of the things that we had talked about last year on the Budget Committee and we talked about it with the School Board at the last joint meeting was the issue regarding the elimination of a team at the Middle School and we were looking at data as to how many students were with each team over a period of time and the data showed that the number of students per team had been going down and so our question was "Why are we spending the money on an additional team when the number of students is going down?" You're getting to a point of at what point do you eliminate a team and so we asked that question and he thought we are going to continue to ask that question, but he didn't think it was the purview of the Budget Committee to say we think you're doing a terrible job with the SAT's, do something better. That's not our responsibility.

Brian Charles stated he knew it wasn't that easy; so you're saying that staffing is a major portion of what we're looking at. Chairman Sordi stated he was giving an example. Brian stated he wasn't trying to be difficult, but when they look at this, how do we approach it, it's complicated. Chairman agreed and stated that the one thing that he didn't want was blanket statements about spending more money, spending less money will make our schools better. Let's get the data and let's base our financial recommendations on the data. Instead of just saying we think you've got too many people at the Middle School so eliminate a team, that's not what he's looking for. He's looking for "5 years ago you were at 15 students per team, now you're at 9, let's get it back up to 15 where we started"; to do that you eliminate a team. That's a data driven financial recommendation and that's what we're responsible for. Brian stated unfortunately, and to make it more difficult again, if the 9 brings the test scores up, that has to be part of the equation. Chairman stated if you can equate the two, yes; but this is the Middle School that we're talking about and at what point do you draw the line. Do you require, and he is being facetious here because this is obviously the best case in some people's mind, if you went 1 to 1, theoretically you would have the best scores. We have to go based on the School Administration 5 years ago established 4 teams and it was based on a certain population of 15 per team. Betty Loynd questioned 15 students per team and Chairman stated this was just an example. Brian stated it sounds like you are saying base it on what the School is recommended and that makes a lot of sense. They are the educators. Chairman stated but the thing is that if 5 years ago they said 15 was a good number to have in each class and now they're saying 9 is a good number, we need to say wait a minute you said 5 years ago 15, you can't just change your tune because

you want to keep the fourth team there because there's a financial implication to it and that's where we come in.

Mike DiGregorio stated he'd let Kevin Richards defend himself. Chairman Sordi stated he wasn't picking on them, it was just something that he could come up with off the top of his head. Mike stated because we're talking about it, he didn't want the people at home to get the wrong idea too; Kevin Richards made the decision over the years to keep his team but removed a lot of other staff in order to keep the team. When they were talking about reducing from one team, to get rid of the team concept in general, he chose to keep the team but to remove some support people in there for somewhere around equal money or maybe a little less. He's well aware it's an issue financially, there's no doubt about it, but he also believes it's a very good concept of what he's trying to do. Mike did not want the people at home to think that the School Board or Kevin Richards was blind to what people were saying; he made changes in other places in an effort to keep that team because he supported that team.

Chairman Sordi stated he would have to pick less concrete examples because he didn't mean to imply anything by that example, but there are some people that would question whether it made sense, just like we did in the last Budget Committee meeting about some people saying we shouldn't cut a maintenance person to keep the School up, there are some people that would say it's just as important to keep some of the support people as it is the teachers, but that's up to the School Board to decide. Our responsibilities are to look at the financial implications.

Mike DiGregorio agreed and thought it was the School Board's responsibility to ask the question "what would be the difference in programming if you went away from the team environment to whatever other environment you call". It's a question that is valid to be asking right now because those numbers are getting low. When he was on the School Board, the question was asked where is that number. At the time he distinctly remembers Kevin Richards stating that when it gets around 300 they should start looking at it, not we will change it at 300. That evolved into people saying when they hit 300 they were going to change that concept. That is never what he said; he said years ago we will look at it at 300, Mike was standing right there when he said it. Chairman Sordi stated not change the concept but eliminate one of the teams. Mike stated he wasn't eliminating the team at 300, it was look at what they should be doing and this is going back 7 years ago. All he's saying is today's question, and again it's not our purview it's the School Board's purview, is how, if you eliminate that team, how is that going to effect education because Kevin's proven that his team environment is doing a good job.

Mike DiGregorio stated by the way, this goes back to the Student Success Task Force that was formed several years ago. When he was interviewing individual students and he couldn't remember exactly how many, upwards of 20 different kids that he personally interviewed, and some of the biggest things they talked about was that team environment from the 7<sup>th</sup> and 8<sup>th</sup> Grade and that's why the decision was made to go with the team environment at the 9<sup>th</sup> Grade because the kids that he interviewed that were dropping out of school talked about going from a family environment where people were worried about them all day long to a High School

environment where nobody cared about them to some degree and they wanted that team environment. That decision was made to go with the team environment at the 9<sup>th</sup> Grade. He thought he interviewed at least 10 or 12 students that had dropped out and everyone of them independent of one another said that was their number one issue. There's all these factors involved in it and it's tough for us as a Budget Committee to say, you could just keep throwing money at it, he didn't know where you draw the line or how you draw the line and say we are applying the appropriate amount of money to the appropriate amount of education. Being on the School Board, now of the Selectmen's Office, he's never been on any Board that people sit around and say how much money can we spend, let's just keep throwing money on that until we can't spend any more; it's usually the other way around. They try to realize that first of all they're going to hit the Budget Committee right away so they'd better be frugal with the numbers; but again, he's said this in the past, the School Board is the ones, the people that are there year round going to those subcommittee meetings trying to determine what's good for education, not us.

Chairman Sordi stated he thought that was fine, but he would say this one thing, and he knows this came up last year with the discussions with the School Budget, and if he remembers right the team concept has been in place 4 or 5 years now. Mike DiGregorio stated he thought it was more than that. Dick Klement stated 5 or 6. Mike stated his oldest boy was in the team concept and he's 22 now, 23. Chairman stated the reason he says that is because one of the questions that came up during the discussions with the administration was the SAT scores that are going to be coming in the next couple of years are going to reflect the impact of the team concept. That would be right at 6 years because the kids that went through the 2 years of the team concept would be taking the SAT's around this time and so the SAT's score going up are a reflection the team concept is working and he didn't disagree with that. Again, he comes back to what is the purview and Mike was right, it's a balancing act that they have to play, but we have to base our recommendations on cause and effect. The cause is spending more money, spending less money and the effect of it and we have to do it based on the data we have and then it's up to the School Board to take those recommendations into their budget discussions and then we'll see what happens. He should not have picked the Middle School as the example.

Dick Klement asked if Ted (Sares) had finished yet; we were in a series of side discussions that appear to be, and excuse him, rambling about and not getting to anything. Ted stated he was finished.

Chairman Sordi stated the next step is the next meeting on November 2, 2011 at 7:00 PM here. The next step is between now and the next meeting and preferably by October 26<sup>th</sup> each subcommittee is to come up with recommendations that they feel, similar to the K-8 recommendation being talked about, that they want to propose at the next Budget Committee meeting. The Revenue Subcommittee is probably going to struggle really hard to come up with a recommendation and that's fine. All recommendations have to be to the Chairman by October 26<sup>th</sup> and he will e-mail them to everybody on the Committee and will get them to Doug (Swett) so that he has them in time for the meeting so that every one can review them beforehand. At the next meeting we will discuss those

recommendations along with any other recommendations you may have or we feel we may have to give similar to the recommendation. As an example, a recommendation the Budget Committee made last year to everybody in Town about a 5% cut in budget. What we will do is at the next meeting, we will vote on all of the recommendations that we are going to send to the Board of Selectmen, to the School Board and to the non-profits.

Mike DiGregorio stated he really didn't know what the Chairman's agenda was going to be because his committee was prepared and thought they made it clear on their suggestions, what bothers him about the timeline is that we are going to ask the School administrators to get involved in something deep in the heart of budget season and, first of all, we make a recommendation, the School Board is going to have to vote on whether they direct the administrators put together an RFQ and is there any way we can do that quicker, either tonight make an actual vote or not. He was curious to know how much debate the people feel they need in order to do that. What he didn't want to do is hand it off to Carl (Nelson) in November and say "come up with 100 questions before April" because he's going to be, they're all going to be, tied up answering every other question we have in budget season. Chairman Sordi asked Mike when he expected them to have the 100 questions or whatever done. Mike stated when his committee talked with Carl (Nelson) in August, in his mind he was thinking a timeline is somewhere we would hand it off in September; thought we would vote on it last week but that meeting was moved to this week and then be able to say to the School Board "this is what we would like you to try". They, of course, would have to do that at their next meeting. That's all; it really just changes it by a month, is all he was getting at. If members wanted to vote on it tonight, it's up to you. Chairman advised Mike to make a motion and let's see how it goes.

**Joe Mosca moved, seconded by Mike DiGregorio, to recommend the School Board instruct School Administrators to prepare an RFQ (Request For Questions). The RFQ would be sent out to qualifying companies and used to determine the cost of an RFP (Request for Proposal). In favor: 13; Opposed: 1 - Dick Klement; Abstain: 0.**

Danielle Santuccio asked if Mike's (DiGregorio) motion would be to have the School Board look into asking the administration to do that. Mike stated just the RFQ portion of it for now. Chairman Sordi asked if Mike needed a few minutes before proposing the motion. Mike advised that they had a motion from their minutes made and it would almost be identical if everybody understands what it is they are trying to accomplish then the motion would be almost identical. Chairman Sordi stated to make the motion and then if there is any further discussion then we can get to it. Chairman asked Joe (Mosca) to go slow for the Recording Secretary.

Chairman Sordi stated the only comment he would have is the RFQ would not be sent out, the questions would be sent out. Danielle Santuccio stated if they decided to after they had the questions. Mike DiGregorio stated by the way he thought they had talked enough that the Administrators understood what we are trying to accomplish.

Bill Marvel asked if they didn't want to specify what the Request For Proposal was for or are we just assuming everyone will know that we are talking about consolidation.

Chairman Sordi stated basically what would happen is that Carl (Nelson) would put the questions together; that would be put into an RFP that would go to a group of companies or firms that he would identify or the School Board would identify; we would get the cost back by probably February because you're trying to get the price. Mike DiGregorio stated they were trying to get the price, the overall price of answering the questions. In other words, there's a list of questions on how to close the school down, how to move the kids over, all of the financial impacts, the educational impacts behind that and the RFQ is simply to determine what the RFP would ultimately cost which would be on a Warrant Article. Chairman stated if we think about the process, we recommend it to the School, School says to Dr. Nelson go do it; he does it, then he has to take those questions once they're approved ostensibly by the School Board, send it out to get proposals back in time and in order for us to write a Warrant Article for the money. That's why he is saying it will be January or February. He just wanted to make sure everyone understood it was going to be tight. Mike stated it may not be able to be accomplished, he didn't know. Unfortunately, with the time frame we have and that's why if we wait another month he's afraid that they would not meet those commitments.

Dick Klement stated he had a suggestion that perhaps would make things a bit simpler. They are meeting Monday night; if the Chairman were to send an e-mail to put it on the Agenda, bring up the subject, ask us what we want to do, perhaps they could get on with it and you'd get an answer on what the School Board is willing to do. We wouldn't necessarily be moving forward, but at least you'd have an answer on what the School Board is willing to do. Mike DiGregorio stated the only reason we were going to take the vote tonight is to see if everybody wants to ask the School Board that question. It's not just his person doing it, it's do we all agree that we should ask that.

Chairman Sordi asked if someone would be able to go to the School Board meeting Monday night to answer any questions. Dick Klement stated they would be meeting on Wednesday night. Chairman stated he would go but he won't be in town. Mike DiGregorio stated he would go if it was put on the agenda.

Chairman Sordi stated he wanted the rest of the recommendations by October 26<sup>th</sup>. When he started thinking about the timeline, Mike was right, it's going to be tough as it is to get it done.

Mike DiGregorio stated the last thing from him was that he had a copy of the approved Minutes from the first meeting if anybody wanted to see those.

Kelley DeFeo stated when asking to submit recommendations, are you talking about all new figures from Earl (Sires) to submit what he's talking about for his technology; talking about budget. Chairman Sordi stated he didn't think we needed the budget numbers but thought if we agree that the technology is a good idea, that it makes financial sense to do it. Kelly stated not the actual figures and numbers.

Chairman Sordi reminded everyone to make sure that everyone gets their Minutes to him.

### Old Business

Dick Klement stated it was a burning issue more than old business if that's appropriate. He would like to get some information from the Town and the School regarding the Town Welfare Officer, how many people that person is serving; how many hotel rooms were found for those people, what they did rather than give them a loan they had to repay, and the same thing for the School. It is his understanding the School is doing, and he may be wrong because he didn't have the data, a lot of work with the local children and families to find housing for them, food, clothing and the Town is basically lending money to people to buy fuel and he has been told, and he may be totally wrong, far less. In this particular case, from a Budget Committee perspective, do we have an inefficiency on the part of the Town or do we have a School that's doing something that the Town should be doing and if the Town's not doing it right, they should be doing it right. If the School is doing too much, we ought to reduce that money and have the Town pick it up.

Chairman Sordi asked which people, just people in general or is there a specific. Dick Klement stated they had specific people at the School who handled this. Chairman stated he meant the people they are helping; is it just the general population or the people that were affected by the hurricane. Dick stated he was talking about people that have no home; we're talking about students who sleep in the street or on somebody's couch or pregnant or abused by their father or dope addicts, alcoholics. Chairman stated so what Dick was asking why is the School doing so much when the Town Welfare Officer is suppose to be doing that. Dick stated he couldn't say the Town Welfare Officer isn't doing that.

Kelly DeFeo stated she thought there was a write up in the paper about all the other non-profits complaining that people were saying that they were being turned away from the Town Office, there's impossible paperwork and that they are kind of pushing it off to the community. She knows last year that money was turned back in because nobody needed it and obviously people need it and we actually reduced the budget for Welfare. She's heard things and would like to know herself about the process.

Mike DiGregorio stated they could certainly get data on how many people are serviced through the Welfare Department. He can tell the members and assure them that the Town is following the law on how they handle people; they really don't have much of a gray area on how they service people. They are not handing out money left and right to anybody who wants it, that he can tell the members. They have to prove where they are in order to get financial assistance from the Town which is required by law and they have over expended their budget for Welfare this year and he was not sure for how much but the budget had been empty for some time and they are shifting money around to take care of it.

Kelly DeFeo stated it was reduced from last year; they had a surplus last year and they reduced it, like 14% from last year's budget. Mike DiGregorio stated he didn't believe there was a surplus. Kelly stated there was money left over and that's why they decreased the budget. Mike

stated Kelly just made a comment about the application process being very cumbersome. Kelly stated not necessarily cumbersome, but difficulty with it. Mike stated he was sorry if it takes time to prove that you are eligible for something then you should have to fill that out and prove you are eligible for it. You're just not going to come down and say "I need help, hand me some cash", that's not going to happen. We are required by law to do certain things and that's what we do.

Chairman Sordi stated how about this, at the next meeting, he was going to ask Dr. Nelson and Earl (Sires) to come in and give their typical quarterly update, the end of the quarter is September and November 2<sup>nd</sup> will have given them about a month to go through the books. We could pose that question and he'll say that is one of the things we want to talk to you about so that he could answer any of the questions we might have. Mike DiGregorio asked if the Chairman was going to put that in an e-mail to Earl (Sires) and Chairman stated he would.

Dick Klement stated to Mike DiGregorio that he wasn't talking so much about the money as being allocated from the Town; he was talking about the services that are provided for people who need it; find a bed for a kid for a night; take a kid, put him in your car and drive them up to the Hospital so they can run a rape kit or get into the Police Department. There are children here that are horribly, horribly treated by someone that lives in the home that they live in, be it a parent or a friend and the School is taking care of these kids and he was not saying they need to be taken care of and he was not saying the School should or shouldn't do it, but the Town has got to pick up something. Mike stated we do. Dick stated that's why he wanted to see the data and how many of these children they are helping. It's not just making a phone call.

Mike DiGregorio stated not to open this can of worms but to him this goes often times to the same lines as Special Ed and stuff like that. There's a lot of requirements by the law, in his opinion, that normal people wouldn't agree with. That you have to do this and for example, he's been in the Selectmen's Office when people have literally gotten off a plane from another state, come into our Town and said "put me up in a hotel room because I understand your laws and you're going to put me up in a hotel room". That's how bad it is and that takes resources from what you're talking about and, by the way, we put that person up in a hotel room because the law said we had to.

Chairman Sordi stated do we know if the School and the Town Welfare Officer ever talk. Dick Klement stated that would be a good question to ask. Mike DiGregorio stated his guess is no, they could. Chairman stated they need to.

Ted Sares stated we need to be circumspect here. One time he had a boss and somebody said "Dick we've got a slew of problems" and he freaked out. Ted said slew, define slew, well one or two; that's not a problem. Just one person's done this from Kansas probably, it's no big deal. Chairman Sordi stated we're not putting any aspersions on Kansas. Ted stated you're always going to have that one or two bad cases and thought we needed to look at what's in the middle and to him if it means people are reaching out helping their fellow human beings, that's kind of nice.

Chairman Sordi stated let's go right to the horse's mouth; would it make sense to have Dr. Nelson answer questions on what the School is doing and maybe we can get the two of them since they will be here at the same time to try to get them working together to solve the problem. Dick Klement stated we just have to prepare them for it so that they can get the information from the appropriate person. Chairman stated he would tell them that is what we're interested in talking about.

Mike DiGregorio stated it's funny we're talking about this because the position that Dick's (Klement) talking about that's helping these people has barely made it through the budget process for the last 10 years. Danielle Santuccio stated she thought there were things that the Town was not allowed to do by law. Mike stated you look at the Welfare side and when we're spending money in the Town on the Welfare side for every time we spend it over here, we have somebody showing up saying why did we spend that money. It's a balancing act, there's doubt about it.

Chairman Sordi stated maybe it will be an educational experience for us too and we'll learn more about the interplay between the two.

**Ted Sares moved, seconded by Danielle Santuccio, to adjourn the meeting at 8:55 PM. Motion carried unanimously.**

Respectfully Submitted,

Iris A. Bowden, Recording Secretary