

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
November 2, 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, Mike DiGregorio, Ray Shakir, Kelly DeFeo and Greydon Turner. Excused: Joe Mosca and Danielle Santuccio. Absent: John Edgerton. Also present: Earl Sires, Town Manager; Lucy Philbrick; Dr. Carl Nelson.

Chairman Sordi asked Greydon Turner to lead those present in the Pledge of Allegiance.

Chairman Sordi stated he sent a bunch of e-mails to everybody along with a rough Agenda of what we will be talking about tonight. He was going to change the order around a little bit so that the Committee wouldn't take too much of Earl (Sires) and Dr. Nelson's time. First off some logistical things: watch the side conversations; the microphones are sensitive and if too many side conversations are going on it sometimes drowns out what the main speaker is saying. If you are going to have a side conversation, back away from the table, but try to avoid having them at all. If you are speaking, try to be close to a microphone so that we do pick up what you are saying.

APPROVAL OF MINUTES

Ted Sares moved, seconded by Betty Loynd, to consider and accept the Minutes of October 5, 2011. In favor: 11; Opposed: 0; Abstain: 3 - Bill Marvel, Karen Umberger and Greydon Turner.

SCHOOL REVIEW

Dr. Nelson stated he passed out three documents to the Committee members. Looking at the first one that says School Administrative Unit #9 which is a single page document and is their proposed budget presentation schedule to the School Board. As always, Committee members are invited to attend and he thought that makes it more understandable and the Principals would be there and the Directors to answer any questions when their particular Unit is going to be on. For instance, they are going to do the Middle School on November 8th; that will be a Special Meeting of the Board. Wrapped into the regular meeting of the Board on the 14th, they have the Elementary Budgets and wrapped into the regular meeting on the 28th they have Unit 2 - Special Ed and Unit 8 - IT Services and then they will have Kennett High School. He is hoping that the Conway Board will be able to approve a budget on the 12th so that they can get it to this Committee early, before Christmas time, even though he wasn't sure members wanted to spend Christmas reading that and then they meet with the Budget Committee in January and February. He has suggested two dates that will have to match this Committee's schedule that he can bring all of the Administrators in if there were any questions and, of course, this Committee sets the Budget Hearing and sets the Committee hearings. This

year the Deliberative is on the 5th and the vote is on the 10th. That is their schedule and if there are any issues that any member is having with it, that's why he is trying to get it out now so that we can work through those and make modifications as necessary.

Chairman Sordi stated he would be talking about that later tonight and appreciated Dr. Nelson bringing in the Schedule. The 18th or the 25th are two Wednesdays the second part of January.

Dr. Nelson stated the next item is a Memorandum from him to the Administrators in Conway and it's just the schedule that he's handed out to them. They are already through this schedule, it's just a piece of information in terms of the process they have gone through and the direction that they have started in.

Dr. Nelson stated the last items that he had is called the "Conway School District Budget" and it's by functions, a Function Summary, and you can see where they stand in terms of each of the functions. If there are questions, he would be happy to answer them, but they are all in really good shape; a little short in the Summer School, but that will work out through bottom line change when they get all the way through the budget. As you can see at this point, they are well into it.

Chairman Sordi stated just so that he could understand, the Adopted Budget is the one that was voted on originally in April and the Revised is the one that was voted on in August. Dr. Nelson stated that was correct and that's where they stand today.

Karen Umberger stated the last column shows percent remaining at 31%; is that percent spent as opposed to percent remaining. Dr. Nelson stated that's what's still out there; has not been encumbered. Karen stated you have more than 30% of the school year left. Dr. Nelson stated that's correct; they've already encumbered some accounts for the whole year. For instance, certain salaries would have been encumbered for the whole year. If they stopped today, they would have a fund balance of \$10 Million. Karen asked Dr. Nelson to state what accounts they have encumbered for the entire year. Dr. Nelson stated if you look under encumbrances, you're going to get a read on that; it's the third column in from the left, it says "Encumbrances". You've got the \$14 Million almost \$15 Million. Karen stated that she guessed what she was not understanding was how they can encumber funds, for example Regular Education, when she was sure that part of that deals with salaries and so salaries are not encumbered, they're expensed as you pay them and she didn't comprehend how they could encumber those funds. Dr. Nelson stated these are contracted salaries; they know they are going to spend that much. Now, something they wouldn't encumber would be Substitutes because you don't know how much you're going to use in that particular area. That would be something that would be out there. Karen stated so the philosophy that you're using is that anything that you know you are going to pay you have encumbered. Dr. Nelson stated that was right, put a place marker on it if you will, they've encumbered that money. It hasn't been spent yet, but for the sake of bookkeeping and reporting they know they're going to spend it, it's encumbered.

Chairman Sordi stated in other words, encumbered means if the schools were closed and disbanded today, that money would still have to be spent. Dr. Nelson stated that was correct because you have a contract.

Karen Umberger asked where she would see what has been spent to date on this form that was provided. Dr. Nelson stated they have the reporting period which is up to this point in time which is the fourth column in. Karen stated the reported period is how much you have actually spent. Dr. Nelson stated cash paid out; but if you add that and you add the \$14 Million and the \$10 Million, you should come up with the Adjusted Budget. Karen stated everything that she has not seen this particular report before. She has seen that if you are 30% in the year, you've spent 30% of your money so that's how she knows if they are having a problem or not, but as long as she understands where they are coming from she doesn't have a problem, she can understand it.

Chairman Sordi asked when this report ran through and Dr. Nelson stated they ran it on October 17th. Chairman stated the reported period, the \$2.03 Million for Regular Education, that's spent through 10/17/11; the encumbrances are costs that are going to be incurred after 10/17. Dr. Nelson stated yes. Ted Sares stated if you stopped everything today, you would still pay.

Chairman Sordi stated to get an idea of where we are in the budget, you would look at the Reported Period versus the Revised Budget and that would give you the percent spent so far. Dr. Nelson stated that would give you what they've spent so far, actually paid out in cash or written a check for.

Mike DiGregorio stated he understood what Dr. Nelson was saying and what Karen (Umberger) was saying because what she's saying is the way the Town does it, but let's just take Regular Education which is that first line, if he understands what Dr. Nelson is saying, they've encumbered the money because they expect it to be spent but does that mean that they also expect an 18% surplus at the end of the year. Dr. Nelson stated not necessarily, they don't know because Regular Education for instance might include, easiest example is substitutes. They don't know what they are going to spend in that. As time goes on, they'll start to expend more in that particular area. Mike stated but you can understand why it gets confusing when you encumber it all at one time. The way he looks at it is the stuff that they have already encumbered is saying to him that at the end of the year that's going to be their surplus. Dr. Nelson stated no, you don't know that for sure but you know you are going to spend a certain amount. Mike stated if you are going to encumber it, wouldn't you encumber everything that you know about. Dr. Nelson stated they've encumbered the areas that they are sure they are going to spend. There are some unknown areas, again he points to something like substitutes, because you don't know how many people are going to be out. Mike stated substitutes are under Regular Education. Dr. Nelson stated substitutes are under Regular Education. Mike stated that was just an item that he was pointing out.

Ted Sares stated percentage wise it's probably going to be around 1.5 which would come out to about \$500,000.00. Mike DiGregorio stated it does every year.

Bill Marvel stated he was confused about something and there's probably a simple answer. He thought he heard Dave (Sordi) ask if the Adopted Budget was the Budget we adopted in April and the Revised Budget was the budget from August. Those two numbers are identical when you get to the Grand Total. What's missing; what is he missing. All of these amendments amount to the same amount. He thought the Revised Budget was something less or at least different. Dr. Nelson stated the one that was revised in August is the Adopted Budget. Ted Sares stated you adopted the Revised Budget. Bill asked what the amendments were, subsequent changes. Dr. Nelson stated they could be subsequent changes. For instance, if you look at the School Board, \$422,000.00 was the amendment, it's on Page 2, that was the money they moved into the School Board Services when they thought they were going to have to pay a certain amount of retirement to the State. Remember when they made those changes, they said they had \$400,000.00+ that they may have to pay. They made an amendment to that and moved it all into the School Board Services so that it couldn't be spent in other places. When they found out what the real number was, which is the \$205,000.00 instead of the \$400,000.00+, they will again revise it. Members will see that revised again; that's the most glaring one. Bill stated the main answer seems to be that the Adopted Budget is the August budget, not the April budget.

Karen Umberger stated this does not necessarily have to do with the Budget, but there has been some e-mail flying around that, as we discussed at our Revenue Meeting, that we probably need a little tutorial on how the tuition agreements are, how they pay for it because she thought there was some misunderstandings by some of the people that haven't been part of the Budget Committee for a long time nor were they a part of the Budget Committee when the contracts were set up and so it would be helpful she thought if some time between now and then that members get an understanding of how those are computed and what happens with them. Dr. Nelson stated he would be happy to do that; there are two things he would want to bring with him. He would want to bring the contracts in so members could read the section on computation so everybody would have an understanding of that and they are in the process right now of putting together what they think tuition numbers are for next year and their charges to the other Districts. In the next couple of weeks, they should have that done and that would also give a more accurate picture of what the revenue source would be from the sending towns. In the next couple of weeks or so if this Committee wanted him to come in to one of the meetings armed with that or providing that ahead of time so that members could look at it and ask any questions about it, he would be happy to do that.

Betty Loynd stated it might be a good idea to do it for the whole Budget Committee. Karen Umberger stated that was for the whole Budget Committee.

Dr. Nelson stated to just give him a couple of weeks to get those. He would rather give the current, new numbers as opposed to where it ended up last year.

Chairman Sordi asked for any further questions for Dr. Nelson and there were none.

TOWN REVIEW

Earl Sires stated he was in the process of getting the proposed budget finalized for the Selectmen and they'll be looking at it over the next several weeks and if anyone is interested in attending those meetings they are welcome to do that. He was hoping to have the Selectmen's Recommended Budget to the Budget Committee on the 14th of December or thereabouts, depending on the Committee's schedule. If that's critical, they can certainly shoot for that day.

Earl Sires stated that two pieces of paper had been handed out and passed around another piece. What he was handing out involved the Revolving Funds and the two pieces previously handed out are a Revenue sheet and he would ask Lucy (Philbrick) to talk about Revenues in a minute and the Expenditure sheet as well. If you look at the expenditures sheet, it's double sided and one side on the lower right hand corner, the number is 28.07% remaining and that sheet included their Long Term Debt. What they usually do when they do this presentation is work from the sheet on the other side where they have removed the Long Term Debt so that we are really looking at the Operating Budget.

Ted Sares asked Earl (Sires) to describe where he was. Earl stated if you look at the Actual and Budgeted Expenses and Encumbrances and you look down 25.17% in the corner, that's what we are going to talk about.

Earl Sires stated this is our budget with the Long Term Debt removed so that we are really looking at the operating portion of that budget. He has also handed out information concerning the Revolving Funds. When talking about the Town Budget, it is composed of four different funds: General Fund which is the one talked about the most, the largest fund for all general governmental purposes, that totaled this year \$9,004,000.00 and that's really the bulk of the activity they have. They have four other funds that they use for specific purposes and we'll talk about those after the General Fund, but those are Revolving Funds that have to do with commercial duty, with Police commercial duty; they have to do with Solid Waste Recycling; and they have to do with Recreation Programs that are conducted on a fee basis.

Earl Sires stated with the General Fund at 9/30, the end of the third quarter report and they should have 25% of their budget remaining. If you look in the lower right hand corner, they have 25.7% remaining, so they don't have a lot of room to spare. Earl stated he would quickly go down and point out a few things and any questions members may have he would gladly answer. If you go down to the Legal line, you'll see there is 70% remaining in that budget; the costs within that line have been accelerated since probably late September when they started getting into the whole Transvale Acres compliance and review and there will be legal issues there. They have had a lot of consulting work from their attorney so that number, by the end of the year, will be closer to the budgeted amount. If you drop down to the Police Budget, line 4210, you'll see they have 28% remaining. As you will recall, in September we met and talked about the fact that they were considering a request to the Division of Revenue Administration to over expend the entire Town Budget because of overages that were predicted in the Police Budget. They decided in October to hold off on that request and they are still in a holding

pattern; they think they are going to be okay and don't want to ask for this over expenditure unless they would absolutely have to. What's happened is, and why they are a little ahead, is they've had additional people leave the force and they've not been able to hire people sort of on the schedule they thought so they've had a temporary attrition, they've accumulated a little bit of excess there. The other thing that happened is the retirement situation didn't turn out to be quite as dire as was expected so the exposure they were talking about, \$50,000.00 to \$70,000.00, now looks more like \$20,000.00. They think at this point that unless something changes they are going to be okay and they are probably not going to go forward with asking to over expend. He will talk a little more about that in a second.

Earl Sires proceeded with Fire and Emergency Management, you will see that they are over expended there. They are currently sort of parking the expenses related to Hurricane Irene and some expenses for debris removal in the Transvale area in that budget; that will be adjusted out before year end so that number will come down. Probably the Town's exposure on that is going to end up being in the \$2,000.00 to \$3,000.00 range once they've been reimbursed by FEMA; they will have some expense there.

Earl Sires proceeded with the Highway Budget; they only have 20% remaining but that's a seasonality issue. They did a lot of their summer projects; spent a lot of the asphalt budget, a lot of the other materials and so on, so they expect to be a little lower at this point than 25% remaining.

Earl Sires proceeded with Welfare, or General Assistance, there's been a number of different discussions and issues that have come up with that budget. What he can tell the members at this point is that they are running on a quarterly basis, they are spending more to date than they did last year. With 25% of the budget left, they have 18% of those resources left. He suspects by the end of the year they will be at or slightly over budget in that line. Many of you know, it's important to understand although they certainly aren't trying to do this, the only budget line in a Town Budget that you are allowed to over expend by law is the Welfare or General Assistance line. He was not saying they were planning to do that, but he is saying that the way things are going it could happen and they would certainly want to minimize that through diligence and making sure they are assisting those in need and making sure that they aren't assisting those that aren't qualified or eligible.

Earl Sires proceeded with Parks and Recreation; they have a little under 8% left. This has to do with the fact that they actually fund some of that budget through the Revolving Fund that he will talk about in a minute. They anticipate using \$58,000.00 every year out of the Revolving Fund to support the Recreation Department. They haven't made that adjustment yet, but when they do, that will bring that budget back into line. He will talk a little bit more about that when we get to the Revolving Fund.

Earl Sires stated in terms of things to think about or things that he would point out in the budget, those are the things in general. They are probably a little tighter than some years, probably tighter than most years, and they're circling the wagons and drawing the line on

expenditures through the rest of this year. One of the things they have to do regardless of whether they ask for authorization to over expend the bottom line is they have to try to make up for the Police over expenditure in the other parts of the budget because they certainly couldn't go to the DRA and say can we over expend and then buy capital equipment and spend money at the end of the year and then over expend. They will end up having in some of their other departments to not buy computers, to not make certain expenditures in order to make room for that \$20,000.00 or so from the Police Department. Highly likely, they may not have to, they may still be able to take care of everything but they are going to have to be tight through the rest of the year.

Earl Sires asked if any member had a question on the General Fund. Betty Loynd asked what is Health and why is there 48% left. Earl stated that's the Health Officer and Animal Control. The Health Officer works under a stipend, a couple thousand dollars a year, so they probably haven't made that second half payment to him.

Dick Klement stated he found it interesting that Welfare Administration is almost \$47,000.00, yet the amount of money available to be allocated for welfare is over \$10,000.00 less. If we had a charity that used 60% of its money for administration and only use 40%, and he was not saying it was a charity, to help the people that charity wouldn't be there very long because nobody would contribute to it. Dick further stated that he looked forward to Earl's (Sires) comments later on in the evening when this subject was discussed. Earl stated he could respond now. Chairman Sordi stated before we get into that, he wanted to get all of the other comments out of the way and then we'll get into that.

Ray Shakir asked outside of FEMA, is there any State Aid or State involvement in Transvale Acres. Earl Sires stated there's been a lot of State involvement. There has been State Aid, he was not privy to, curious enough both FEMA and State Aid is not shared at least at this point with local communities, so he couldn't tell the Committee what people have gotten. He did know that the Governor's Office made some monies available to residents down there early on and thought any full-time resident received \$500.00 from the State. FEMA has provided a variety of assistance to different people and he didn't know what that was. Ted Sares stated not just Transvale Acres and Earl stated other areas of the Town as well.

Earl Sires proceeded with the Revolving Funds so that members would have a complete picture. The first is Recreation and the theory behind the Revolving Funds is that these are specific expenses that are tagged to specific revenues and they vary year to year or tend to vary. The idea is that you are allowed to separate them from the Operating Budget and let them sort of operate on their own so it's not effecting the Operating Budget and making it spike up and down year to year and it also makes it a little more clear to people of the actual tax impact of the General Fund because these things that are fee based are taken out and handled separately so that you don't get this sort of mixing of the specific functions of the specific revenue streams. The best example, he'll start with the Solid Waste Revolving Fund because that's the best example. When they take in certain materials at the landfill, metals and refrigerators and things like that, they have to pay to dispose of those for a variety

of different reasons. They charge a fee that they then use to pay the disposal fee; it's kind of a pass through. Some years they could have larger amounts, some years smaller amounts of these materials and it would sort of make the budget go up and down. When they handle the specific function out of the General Fund, it helps to level the General Fund. This is an accounting over the last year or two of that Fund. The balance is \$54,000.00 as of 9/30 and they will have additional payments back into the General Fund before the end of the year. Lucy Philbrick stated if you look, it shows you how much cash is on hand, it shows you how much the receivable is and it shows you how much is due to the General Fund, but some of the receivable is due from the General Fund because all of the money paid out of the General Fund and all of the money is taken in to the General Fund and then it is adjusted at the end of the year.

Earl Sires proceeded with the Police Revolving Fund stating is similar. When the Police do commercial duty and they charge the contractors for that, that's handled through this account. Recreation, as he mentioned earlier, a lot of the recreational programs particularly adult programs: Softball, Adult Flag Football, and some of the other programs are handled on a fee basis so there's actually no cost to the taxpayer. Those fees are taken into this account and the expenses associated with those programs and other Rec programs are then funded through that account. It's pretty basic stuff and they will be making an adjustment to the Rec Department, as he mentioned, out of this Revolving Fund before year's end to put those expenses in line with what was actually budgeted.

Lucy Philbrick stated that the Revenue line that is most out of whack at the moment is the Rooms & Meals Tax because that money comes in from the State at the very end of the year, so there is \$451,000.00 that they have not yet collected. Earl Sires stated which was more than they expected to collect which is good news. Lucy proceeded with Alarms from the Police Department, the bills haven't gone out yet so that one is a little short. Ted Sares asked what sticks out as Welfare. Lucy asked if Ted was talking about income from Welfare. Ted stated he didn't know if everyone was on the same page; he was looking at page 0002 and what stands out of course is the results of Tropical Storm Irene which he translates to income from Welfare. Chairman Sordi asked Ted where he was looking and Ted replied he was looking at (370) percent left. Mike DiGregorio asked if Ted was on expenditures or revenues. Lucy stated Ted was on Revenues. Chairman Sordi stated it was Income from Welfare. Karen Umberger stated she was missing that. Earl stated that was a good question; one of the things we'll talk about when we talk about the Welfare Department is that by law assistance given through the Town is a loan and is theoretically to be paid back. In fact, they could lien people's real estate that they own. From time to time, they get repayment from people and they have budgeted \$500.00 repayment and they ended up getting \$1,800.00, so they are 370% over what they thought they were going to get. That's a good question; it's a good thing to point out leading up to the next part of the discussion. Chairman Sordi stated so you have more money coming in from people paying back than you expected. Earl agreed.

Karen Umberger stated this is more of an observation. It appears that our back tax revenue for interest on taxes appears to be quite a bit higher than what we had budgeted. Lucy Philbrick stated some years are higher,

some years are less at the moment. Karen stated she was looking primarily at 2008/09; are these people the one's that are getting close to maxing out. Earl Sires stated they are close to getting liened. Lucy stated they are liened; everything except 2011 taxes have liens. The interest on 2008 taxes are on 2008 property that's been liened. Karen stated it just seemed to be a lot of interest on back taxes, that's all. Earl stated it's typically a significant revenue stream, 18% interest. Karen stated aren't you glad that we didn't change it to 3%. Earl stated in a way yes, but it would be better if there were no back taxes.

Earl Sires stated he wanted to give everyone a head's up, not sure if it was in the paper or not, but they did set the tax rate for 2011 last week. It went down just under 2% to \$4.91 from \$4.95, that was done in part because the Selectmen approved using \$350,000.00 of Fund Balance contributed year end 2010 towards the tax rate for 2011 which actually left them the ability to contribute \$250,000.00 to Fund Balance at year end. Because they were fortunate in 2010 and ended up with revenues higher than they thought and were able to keep expenditures lower than budgeted, he thought members would recall they've talked about this in the past, that they ended up being able to contribute \$600,000.00 to basically their balance at year end. Basically what he is saying is that the Selectmen used \$350,000.00 of that balance to offset taxes for the coming year and left \$250,000.00 in the bank which they and you and everybody should be proud of because that's unusual these days. The \$250,000.00, Mike (DiGregorio) in particular was interested in making sure that they rebuild and contribute to the Fund Balance because they were getting towards the lower end of what the Division of Revenue Administration recommends as an appropriate amount. They have moved that back up a little bit and also it gives them a little cushion for next year.

Earl Sires further stated that their health insurance also actually decreased by just under 4% which was also good news. He was trying to determine and wanted to say it was because they are now rated on their own experience and their own losses at the Town, whereas before they were rated along with a lot of less than 100 employee organizations. Since they got about 100 and are rated on their own experience, whereas 3 or 4 years prior to that they were experiencing the 8% to 15% insurance increases, since then the average has been 3%, 4% or 5%. A couple of times it has decreased. He wants to be able to say it's because they are being diligent about losses, keeping people healthy and safety training and all of that stuff, but before he actually says that he is trying to confirm through their insurance carrier that he in fact is able to say that. He hopes that is why. It seems to be logical that would be the reason.

Earl Sires stated that the Police would not be going, unless something unexpected happens, to DRA to ask to over expend the bottom line.

Chairman Sordi stated to Earl Sires that he stated that their insurance cost is 4% less this year; does that look like it is going to translate to the new budget. Earl stated yes; what he was saying is that their rates for the coming year are 4% less, so they are going to experience some savings there and that's good. Chairman asked Dr. Nelson out of curiosity if he had seen a similar thing for the schools. Dr. Nelson

stated the last rate they got was an estimated rate last week sometime and it indicated it wouldn't increase more than 15%, so they are on the other end; last year was a 12% increase. Chairman stated he would be curious as to why. Dr. Nelson stated they (the Town) have just gone over 100; he has one District that's in the under 100 and theirs actually went down by a couple of percents.

Dick Klement asked Earl Sires if the Town got their insurance through a State thing for State workers which the School is not eligible for or was he misunderstanding that. Earl stated they get their health insurance through the New Hampshire Local Government Center and Health Trust. It's for local governments, municipalities and School Districts. They have stayed with them. Dr. Nelson stated Primex is going out of the business and have a new Trust that's just been formed; they are with Harvard Pilgrim. Earl stated they are with a different Trust, similar organization, but a different insurance carrier in essence. Dr. Nelson stated that at one point they were with Local Government, but the one thing you have to worry about when switching insurance companies, you're out for 2 years and you get whacked the second year and that's one of the experiences that they've had. Chairman Sordi stated hearing what the Town is saying and hearing what Dr. Nelson's insurers are telling him, he would suggest that maybe during the budget discussions that's probably going to be one of the biggest issues that we're going to want to discuss and he was not sure if they might want to bring in the School's insurance representative to answer some of the questions because that's pretty significant, going from -4% to +15%. Dr. Nelson stated that's the max. Ted Sares stated +4% to -15%.

Chairman Sordi stated during the last budget meeting Dick Klement brought up an issue that he wanted to talk to both Earl (Sires) and Carl (Nelson) about. Dick Klement stated when he first joined the School Board, he was asked to vote on a social worker position at one of the schools and his point at the time was that it wasn't the Schools' responsibility to be social workers for people within the Town that have problems, that should be a problem left to the Town, County, State, etc. Then he sat down with the individual who works these issues at Conway Elementary School and you kind of go away at the end of the day and want to cry. What's happening to these children, the way they're being treated, it's horrible and then you talk about what's happening at the High School. Several years ago they wanted to implement a position similar to that at the High School and, at the request of the Budget Committee, he believes, they asked them to not fill that position for the year and that was several years back and they didn't; subsequently they did. They find beds for kids routinely; they refer kids for medical, get them clothes, feed them, they do all kinds of things. They are dealing basically with children, but their families as well. He asked the question "what's the Town doing"; if the School is doing all of this, albeit he still doesn't think it's the School's responsibility, but somebody's got to do it, so for the money we are spending at the Town, \$46,000.00 for the individual with a budget of \$35,000.00, are we getting our bang for the buck out of the Town or are we doing something wrong. How many times has the Town individual gone forward and made phone calls around Town just to find a bed, find a place to help the child, the family or whatever. We're not talking about getting money back and forth, he's not talking about a loan, he's talking about getting a meal for somebody who needs it.

Earl Sires stated he would start and agreed with Dick (Klement) when he said earlier that if this were a charity it would be out of business. The reality is the Town Welfare Program, General Assistance, is not a charity, it's a government program and like most government programs, it's highly regulated. There's a stack of State laws that govern how this works and that's orientated at doing a number of different things. One is making sure the taxpayer monies are being used appropriately; it sets up guidelines; there's all kinds of confidentialities. Because it's a government program using tax money and it has a specific focus with a lot of legal requirements, it creates a lot of administrative overhead. They may give out \$300.00 to somebody, but the processing and the interview time and complying with all of the regulations takes probably three times that in staff time. The ratio between what's given out and staff time is the wrong way sometimes, but unavoidable. When he came here 10 or 11 years ago it was sort of a different approach; they had a half-time person and so what they paid that person was about what they spend in assistance now and the assistance was greater than what we pay the person now. In other words, let's just say, the half-time person made \$30,000.00 and they gave out \$60,000.00 in aid. Now they have an administrative burden of \$40,000.00 to \$60,000.00 and they are giving out \$30,000.00 in aid and what they would say the difference is a) they have all of this stuff they have to comply with, but b) the idea is a quality control issue in that by law they have a fairly narrowly focused program and only people who are income eligible, among other things, are by law to be assisted by the Town. Their goal is to make sure, with this person's help, that they are assisting everyone who is eligible in Town, but they are not spending tax money because they can't do the quality control and spending money where they shouldn't be with people. They want to make sure people are straight up and eligible and they've got all the ducks in a row for the paperwork and that takes administrative time. He supposed that they could take the entire budget and just have vouchers available for people, but his suspicion is if they had \$90,000.00 to give out and weren't doing much quality control, they would start to give out more and more every year. They are trying to focus the program, manage it, and make sure that they are serving the needs of the people that by law they are mandated to serve, but they are not misusing or using taxpayer money in ways they shouldn't be.

Ted Sares asked Dick Klement if they did in fact hire someone for that job. Dick stated part-time; you saw that last budget cycle. Ted stated in effect you have assumed responsibility for it then. Dick stated yes, somebody's got to feed the kids. Ted stated it sounds like they (Town) can't. Dick asked why.

Earl Sires stated he would like to follow up on a couple of other things that relate to this. If talking about students in particular, when he talked with Dr. Nelson, he was talking about a specific program that was designed to keep kids in school that was Grant funded so we need to distinguish between are we talking about responsibility for a program that's designed to help kids to ultimately keep them in school, that's one thing, or are we talking about some person that happens to go to Kennett High School that is in need. There's two different things there. Talking about just this person in need, if it's someone who is under age, that child would get referred to DCYF. Ted Sares asked what DCYF was.

Earl stated Division of Children, Youth and Families Protective Services. In other words, if you have a homeless under age person, they need to go to the State and be protected and taken care of. If they are of age, the Town By-Laws and the other thing that the State law says is the Selectmen can create By-Laws for each town so in addition to the State laws, there's the Selectmen's Regulations on how this is suppose to work. Many towns, including Conway, have a provision that unless a student is full-time employed, they are not eligible for the program and that really has to do with wanting to avoid a scenario where this becomes student aid for college students who are going to school and then they go to the Town and say "I don't have any money", many of us remember those days, it's to avoid the Town becoming financial aid for college students in particular. Maybe that's an unintended consequence and maybe there are some 18 year olds that could be eligible and should be served by the Town, but it would require a change to the law. One of his questions then would be is someone saying they have not served people in need or are they saying the Town should be more involved in a formal program to assist students.

Dick Klement stated he was not talking about the Town spending money on these children, he was talking about the Town taking the time to make the phone calls for this person, maybe an adult or maybe a child, to connect them with someone who can help them rather than saying "here's the phone number, call them". He thought we need to be more proactive and he was rather disappointed in the way we're proceeding and he kind of wanted to get that out. Earl Sires stated he thought they do that in some cases, although they do some social work case work, it's not ultimately a case worker kind of position. It's administering a particular program. They try to hook people up, but they also try to focus on those people who ultimately become clients of the Town.

Mike DiGregorio stated he just wanted to comment and reiterate that if the person is under 18 years old, they can not do anything for them. He believed the last time this Committee had a meeting, Dick (Klement) mentioned a student under age that may have been homeless. He did ask about that particular person and that person was under 18 years old and the Town couldn't do anything for him. The Town could refer him to Child Services. Dick asked if they made the call or did they say "call them". Earl Sires stated that they are obligated by law to make the call. Mike stated their hands are tied in many cases and they do the best they can with it. Dick stated so it's left to the School then.

Ted Sares stated to him it sounds like a circular argument which means it's not going to be resolved. The purview of the Welfare Office is outside of what Dick (Klement) wants done, it can't be done, it's impossible. What Dick wants the Town to do, is not going to be done. We're in a circular argument; we're not going to resolve it. He didn't mean to show disrespect, but you can't resolve this one.

Bill Marvel stated that he remembered from years ago that the justification for spending more on the Administrator than what was spent on welfare was the Administrator often could find the appropriate services at the State level and save the Town the money and still get the services that the person needed and therefore was much more valuable in that way. As far as what Dick (Klement) was talking about, he mentioned an elementary school so that's not an adult and anyone is suppose to make

the call if they know a child doesn't have a place to sleep at night and then the State should be taking that up with the child's parents and he agrees he didn't think that was the School's job and he didn't think that person should be employed.

Chairman Sordi stated that he understood what Dick (Klement) was saying but on the other hand having someone at the school that can do this also makes it available to people that are outside of Conway that are going within the School system, whether it's the High School or even at an elementary school with some of the sending towns. Ted (Sares) is right, as long as the By-Laws are the way they are, we have a situation the way we have it and there's not much you can do. Ted Sares stated the operative word is referral.

Earl Sires stated that Bill (Marvel) pointed something out that he should have mentioned which really is if you look at the total of Town funding that's spent every year, there's value greater than that that's provided by the Welfare Officer because she does work with other agencies and does provide referrals and other assistance and all that kind of stuff.

Chairman Sordi asked, out of curiosity, if there was a lot of communication between the Town Welfare Officer and the person at the school. Earl Sires stated he knew there was from time to time, probably not a lot because the stuff doesn't intersect all that often. Probably regularly, but not constantly. If the family of a child were to come in, the family would be eligible for an under aged child; if a family has a problem, they could potentially be eligible.

Karen Umberger stated that one thing that we are in some ways forgetting about is the fact that not only do we provide the \$35,000.00 for welfare each year, but we also provide other monies to charitable organizations in the town and the purpose of the petitioned Articles and why we do that is another avenue for people to get medical care by what we do at the Clinic; the older people to get services at Gibson; the younger people to get recreation at North Conway Rec. It's not like this is the only money that the Town is expending to support people in the community for various services that they need and she thought we need to approach this from a total community wide sort of thing and not just point fingers at one another because there are many services in this community that the Welfare Officer is aware of that perhaps the person at the school may or may not be aware of. There are organizations in Town that will help with a wide variety of social issues and much of it is funded by the State, much of it is funded by private funds and she thought what is happening is that instead of, for example, using your concept that you have to feed the child, if that child's family qualifies for Free and Reduced Lunch, then they are fed two meals a day here at the school based on Federal funds. If it's because they don't have dinner, they should be referred to one of the Food Pantries. If a child is not going home, then that person should be reported to DCYF for not taking care of the children. Those are the kinds of things that you obviously make a call on and that you may not want to refer the family to DCYF, you may chose instead to give the child money for dinner that night which may or may not be the right decision. Those are the kinds of decisions that she thought are probably made instantaneously and may or may not be in the long run the best

course of action. She didn't know; she's not sitting in the Welfare Office, nor is she sitting at the School.

Dick Klement stated maybe we could clarify this thing to make it so much simpler if the Welfare Officer could provide a log of the number of individuals that contacted her and the number of communications that she originated to find services for them rather than just referring them to go try somebody else. He would like to see a log of exactly what she did for the last month for example. Earl Sires stated they could probably get that. Chairman Sordi asked Dick to what end, what is that going to show you; what's the point in getting that. Dick stated that he had been told and he didn't know if it was correct or not, that's why he was bringing the subject up, that basically the Welfare Officer just says "you go call these people for it" or "you go call those people for it" rather than proactively trying to get her to say "go call these charities because they've got the money". His thought was that this individual should be calling around to find the answer for this person and then telling the person "okay, I've set it up and talked to so and so, call them". Chairman stated he was not sure if it was within the purview of the Budget Committee to evaluate whether a particular person is doing their job and thought that was what he was trying to find out. Dick stated he was trying to find out whether we were getting \$45,000.00 worth of service for what we're spending. Chairman stated that was fine; but getting a month's worth of logs; that's completely a different reason of why you want the log; you want to know if they're in fact doing something that's been alleged to you. Dick stated he couldn't disagree with that. Chairman stated getting a month's worth of logs of what they've done is not going to show whether we are getting the bang for the buck as they say, so he was not going to ask Earl to go out and put something like that together when the purpose, as Dick just said, is not to evaluate whether the money is being spent wisely, but rather to satisfy some concerns Dick has about some alleged issues. He thought that issue should be brought up with the Selectmen or with Earl in a separate forum.

Kelly DeFeo stated she thought that was what Bill (Marvel) said was why they were paying more money to hire somebody full-time because that was the actual job of the person to call and make sure the people were getting to the right resource. Bill Marvel stated he said that's the justification that they had many years ago. Kelly stated so really the job of that person was to actually make those calls, if she was understanding what Bill said. That's a lot of money; is there a degree required; is it a social worker; \$45,000.00 a year, that's pretty good salary for somebody's job. She was sure there's somebody out there that can actually do that job really good. If it's not being done correctly, let's find somebody who can do it correctly.

Earl Sires stated he would respond that it is being done correctly under the current guidelines and operating procedures and theory behind it. He was not going to talk about people's performance in this meeting tonight. Chairman Sordi agreed and stated to Kelly (DeFeo) that he understood what she was saying. If we're concerned that we're not getting value for our dollar, what piece of information could we look at to make that judgment. He knows that in the past we have asked for information from the School to look at cost per student and so forth and asked Earl if there was any information that they tracked that shows, for example, the benefits. Earl

stated every case is different; to say cases are handled in this manner every time, you can't do it. In some cases referrals are used; they actively work with a person to get them hooked up with services. In other cases, they provide information and they're given information and they can seek out help where they want. One of the problems they have these days is and this is getting back to the issue of every one of these agencies is being pressed now, if our Welfare Officer tried to walk every person through the maze of all of the things that are available and out there and try to get responses particularly from the State agencies these days, it's a never ending task. They are moving towards, because of the volume of people coming in, focusing more on what they can offer and satisfy and providing referral information to people, but not being able to with all clients to actively walk them through the whole gamut of services. He was struggling with how to quantify something.

Chairman Sordi stated he would use an analogy again of what we have been talking with the School about over the last couple of years; obviously they would not focus on the performance of a single teacher. We're not going to say are they teaching to the level they are suppose to because that person got a "D". What we were asking was what kind of SAT scores were the classes getting; what type of standardized test scores were they getting. Do you track the number of people that the Town Welfare Officer is helping each year that's coming through the office. Earl Sires stated they track the kind of aid that's given. Chairman stated he was not looking for specifics, but was there a report that Earl could get the Committee that would sort of show how many people have come through the doors over the last few years so that members could see what the cost was or the amount of money per client that comes through the office. Earl stated they could that, but as they have said a couple of times, a lot of the benefit derived by the client is non-Town money. Chairman stated he wasn't looking at the money item, but at the number of people that the Welfare Officer is helping, the number of families. Earl stated he could give the Committee information about whose coming in, how many people are coming in and then on the other hand what kind of aid is going out. He would see what they could do. Chairman stated he didn't want to get into judging the performance, but it would be good to know the number of people that are going through. Earl stated he was confident that the information would show that it's working pretty well, but was kind of struggling on how to do it because a) to make it meaningful and b) to avoid this being sort of an evaluation of somebody's performance in a public meeting. He will have to think about that and hopefully he can come up with something that will show the picture.

Chairman Sordi stated to Earl Sires that there was one more thing he was going to ask him to do before leaving. In the discussion we are going to be having in a few minutes about the data that he had sent to members in an e-mail, there was a report in there, the 30-Town Report which he believed was what Earl had with him or something similar. Earl stated he could probably explain that whole issue and he and Ted (Sares) have had conversations about this. The people talk about the 30-Town Survey and they take data from 30 towns and get the data from this Wage and Salary Survey that's published by the New Hampshire Municipal Association, this is an older one, the newer ones are two volumes and it has a variety of information in it that has to do with the size of towns, their total budget, different categories of employees, how many employees towns have

and all of that kind of stuff, but what they use if for is by employee position it gives you basically the going rates in different towns for that position. They take 30 of these towns that were selected years ago based on kind of having some towns are larger than Conway, some are smaller than Conway, some are the same size, some have higher assessed values, some have lower, some are resort communities, some are not. The idea was to give a mix of communities that would be appropriate for them to use. What they mainly use this for is establishing their pay plan. When you say that "x" employee, that's a lot of money, it's all based on what the going rate for a like position in the State. In other words, he, the Town Manager, is paid in accordance with what other Town Managers are paid and they do that for each position. They use this to come up with the 30-Town Survey and the 30-Town Survey creates a benchmark for each Town position and that benchmark is basically the annual average that that position is being paid in the State. If they take the Town Manager position, there'll be an average and if they were hiring a new Town Manager, they would hire that person in at 87.5% of the average and then they have different graduated percentage amounts from 87.5% to the average to then 1.2% of the average and depending on where you are in that continuum and based on your employee evaluation every year, they use this other matrix that intersects those two things to figure out what your actual increase for the year will be. Your increase is based on where you are in relationship to the average; if you're higher than the average, your increase is lower than it would be if you're below the average; if you perform better, your increase is more than it would be obviously if you don't perform as well. That's the matrix: performance and position according to the benchmark. Ted Sares stated classic compensation. Earl stated there may be valuable information in here and he could leave it if members wanted to look through it.

Chairman Sordi asked if the current report is available at Town Hall if some of the members wanted to see it. Earl Sires stated the current one was. Chairman asked if it was available on-line and Earl stated he did not think it was, but it comes with a disk and members were welcome to use the disk. Chairman stated so members would have to pay a visit to your office. Earl stated they haven't received this year's yet; any time now the new one should be coming out. The other thing they do is use last year's data for the current year's pay plan so they are already actually a little bit under what would be done elsewhere. That's what it's for; it's municipal and he didn't believe there were School positions in it. Ted Sares stated it is one of many, but what it is is wage determination, it's not done out of a vacuum and it's good.

Karen Umberger stated again we forget that there are a lot of people sitting around the table that don't have a clue what those 30 towns are and so it might be helpful if you would provide the list of 30 towns, not the data. Chairman Sordi stated he had it at home. Karen stated only because it provides a focus for when you are determining your wages or whatever you are that you know that this is the group of communities that you're using to determine those wages. Earl Sires stated it runs the gamut; Gorham is in there, a significantly smaller town; he thought the largest town may be Wolfeboro and Wolfeboro is a high property town and Gorham is not.

Chairman Sordi thanked Earl Sires and Dr. Nelson for coming in.

Recommendations

Chairman Sordi stated the next thing to be talked about was the recommendations and very briefly, because he knows there was a lot of discussions between some people on the Budget Committee, between the Budget Committee and the School Board and also in the newspaper, the whole issue about what we voted on last time. The whole issue he wanted to try to put it to bed. First off, when he read back through the Minutes, he was suppose to contact Janine (McLauchlin) to get it on the Agenda and he never did that and he apologized. Chairman thanked Mike (DiGregorio) for getting it on the Agenda and thanked Mike and Bill (Marvel) for going to the meeting. Mike DiGregorio stated the meeting wasn't until November 14th. Chairman stated he thought Mike was at a School Board meeting. Bill stated he did attend. Chairman stated it's on the Agenda for the 14th. Basically the issue is what the Budget Committee voted on is purely to have Dr. Nelson put together questions that we would then take and send out to get a proposal on how much it would cost to give us a report on potentially how much could be saved by closing an Elementary School. We don't know how much it is going to cost; there was a letter to the Editor for about \$100,000.00. He was not sure the Budget Committee would vote to spend \$100,000.00 on a report like that. All we want to do is get the questions put together so that we could get an idea of the cost, that's it. We are not saying who should pay for it; we are not saying who should issue the Warrant Article. We just want to know what it's going to cost because the Budget Committee feels that there's an issue of cost that needs to be looked at, that's it.

Chairman Sordi further stated that the second thing was, and this probably goes along a lot with the confusion of who was going to make the call, again he apologizes for that but he would ask that for stuff that we vote on at the Budget Committee that has to do with the School Board in the future he will make it a point to ask Dick (Klement) to formally present it to the School Board at the next meeting since he is the representative on the Budget Committee so that he knows what the Committee is expecting as the representative from the School Board on the School Board. That's something that he thought if we are going to vote on something here and take the time to do it, we want to make sure it gets on the record of the next School Board meeting.

Mike DiGregorio stated let's clarify it all the way around. He's the representative for the Town so whatever actions are taken here he goes back to the Town and discusses them. Greydon (Turner) is the representative for Redstone, Doug (Swett) is East Conway; that's their job. It's Dick's (Klement) job to go to the School Board, their job is to go back to their Boards and express what happens here; those are our jobs, that's what we're here for. Just so there's no confusion on that. That doesn't mean someone can't join Dick, like Mike was going to their Board meeting on November 14th because it was his subcommittee that was involved in that and he probably has a better explanation of it, but that is their job to do that. Chairman stated John (Edgerton) is the representative for Center Conway.

Chairman Sordi proceeded with the recommendations. First, Special Projects and he asked Mike (DiGregorio) we voted on the one last meeting,

are there any others he wanted to put forth at this time. Mike stated they discussed the Bus and the only thing out of the Bus Report was the software and their recommendation from the Special Projects Subcommittee was that the School Board purchase the software. It seemed like it was much more efficient use than the way they do it now. Again, it was recommended by that Report and it seemed plausible and he wanted to say it was around the \$5,000.00 mark. Chairman asked if Mike wanted to make a motion to that effect. Mike asked if that was what we were doing now. Chairman stated yes, we are going to go through each of these, make a motion on each of the things that the subcommittees recommend and we're going to discuss it and then vote on it. Mike stated with that in mind, it's simply a recommendation to the School Board; what they do with it is their business. Chairman agreed; we are recommending it because basically we think it can save money in operating the buses.

Ted Sares stated we can't do that. Chairman Sordi asked why not. Ted stated he didn't think the Budget Committee can make a recommendation at this point in the process that forces other members of the Committee to say "yes, we've got to do that". He thought members retained their right to say "yea" or "nay" right up to the end as individual members. If he wanted to say "no" to the software, he can say "no" all the way through this process and no recommendation can hold him back on that. Ted asked if the Chairman was following him and Chairman stated no. Ted stated the Budget Committee is made up of members who ran for the office; some of us ran on our own merits, didn't go on some advertisement, we ran on our own merits. He ran to represent the taxpayers and he is not going to be inhibited or prohibited by a recommendation this early in the process that says he has to do thus and so. He thought that was a violation of the process. He really truly did and he was going to call Point of Order on it.

Chairman Sordi stated the whole point of going through this process was to communicate to the different budget entities recommendations that we felt would focus on a way that they could save money. Ted Sares stated if you called it something other than a recommendation, he might be okay; but to vote on a recommendation ties his hands up. He does not want at this point before he hears the School Board come in and before he hears the Town come in and talk about what their proposals are, he doesn't want to tie himself up to a recommendation. What he will tie himself up to is a general direction. Chairman stated he was trying to understand. Ted stated he has never heard of a Budget Committee in the State having recommendations at this stage in the process. Chairman stated we did last year; we wrote a letter to the various entities saying our recommendation is that you should reduce your budgets by 5%. Ted stated concerning that, absolutely; but that's after you've heard the budget presentation. Chairman stated no we hadn't; this was before. Ted stated maybe that's what got you in trouble. Chairman stated he didn't think so; it actually helped us.

Karen Umberger stated she thought from listening to the conversation the recommendation should be that the School Board review the Bus Study and provide to the Budget Committee which of those recommendations they are going to implement during the next budget cycle. Mike DiGregorio stated as more of a question; like we send questions all of the time.

Chairman Sordi stated yes we do send questions all the time, but again the whole point of going through this process of looking at the different budgetary aspects was to provide direction to the different budget entities that, which is what we did last year with the 3% or 5%. This is not binding upon them; this is our initial thoughts, our initial feelings that we think this is something that is valid. Maybe the recommendation is that they don't buy the software, but they evaluate the software. We make it to give them an option of one way or the other, but he didn't think there was anything wrong with providing a recommendation. Everyone says that we shouldn't be so reactive to the budget after we get it, so we are trying to be proactive here. Ted Sares stated he understood that and he applauded that and he has been very active in that himself. All he was saying is that he didn't want to be tied down to coming back later and saying "no, I don't want the buses the way they are" or "I don't want the software". He wants to preserve his right as an individual member of this Committee to say "yea" or "nay" to the end. Chairman stated he didn't think by voting to recommend evaluating the software or however we word it, is going to. Ted stated if everybody was comfortable with what he was saying, then fine.

Mike DiGregorio stated that perhaps Dick (Klement) could explain to us; he knows they've looked at the situation already, where does the School Board stand on the software. Dick stated there was a Facilities meeting tomorrow night and it's on the Agenda. As far as some of the other things of concern, if they are personnel related they've just started Union negotiations and if you ask him in public a, b or c, he couldn't answer and he's not on the committee anyway so he wouldn't know. As far as the Bus Software is concerned, it is to be discussed tomorrow night.

Bill Marvel asked if it would hurt us, Mike's (DiGregorio) subcommittee has considered this, would it hurt us to discuss it and decide whether we like it or not and, as you (Chairman) said it isn't binding on them at all; it's a recommendation in tiers basically from his subcommittee to us to the School Board.

Chairman Sordi stated that's fine and he was going to open it up for discussion if a motion came on the floor. Mike DiGregorio stated if Dick's (Klement) committee is going to talk about it tomorrow night, perhaps we should wait until our next Budget Committee before we vote on that particular thing because it is going to be a cost item. If they choose to go with it, then this Board is ultimately going to support it in a budget somewhere and maybe we should just wait. Chairman stated the only thing that he could say to that was that our next meeting may not be until after the School Budget is approved in early December. Mike stated ultimately does it matter. Let's say we vote on it tonight and we all say "get the software" and they choose not to get it and don't put it in their budget. What's changed, we can't force them to put it in their budget and all he was saying is Bill (Marvel) had mentioned should we talk about it now and we may be wasting our time talking about it now depending upon what they do.

Chairman Sordi stated the reason he was going in the direction he was going with a recommendation that we would vote on was it was similar to the process we went through last year in making preliminary recommendations to the budget entities. If there's no desire to have that

kind of vote and leave it as an open ended recommendation and Dick (Klement) comes back to us and explains what they discussed, then that's fine. Mike DiGregorio stated he thought members were going to vote on it just like the Chairman asked, but he didn't realize that Dick had that meeting tomorrow night and his thought right now is that maybe we should just wait and see what comes out of that meeting. Ted Sares stated why don't we wait and vote on it when he comes back, if it's voteable. Dick stated he would send a copy of the Minutes. Chairman Sordi asked if it was a School Board meeting and Dick stated no, it's a Facilities Meeting and Transportation.

Maury McKinney stated one of the other things that they wanted to demonstrate in this effort to be more proactive was to also work in a tone of collaboration and support. This was a way for us to sort of just review some items that we felt would make a difference that would in the end run over 5 or 10 years, certainly have a return on investment and save us money. So we wanted to acknowledge that and that was one of the things he thought after reading the report that stood out. He thought we should make the recommendation and just say "hey, these are the things we care about", "these are the things that we think would make a difference", "we want to work with you in a collaborative and supportive way" but this is one of the things that we are recommending. They don't have to, but at least they know we are going to make recommendations, that there are things that we have considered and we think they will make a difference, maybe they will or maybe they won't but at least consistently if we can come up with things that are irrelevant and we think that they matter then he thought we do have that right as a Budget Committee to demonstrate concern over budget items. Chairman Sordi stated he agreed, that's the role of the Budget Committee.

Ted Sares stated he didn't know if it was the role of the Budget Committee. He thought the role of the Budget Committee in part is to provide a degree of tension insofar as the Town Budget and the School Budget is concerned. The contentiousness that exists in this process; he's never going to agree to money just to be collaborative, that's insane. He stated he was sorry to Maury (McKinney). Chairman Sordi stated he thought they were talking about two different things. Ted was right that there is tension, but he thought that there's tension and then there's too much tension, like we had last year. He thought Maury was saying that we are trying to communicate more back and forth so that we don't blindsides the School or the Town when they finally come with the Budget and putting a little pretension on is sort of what we were trying to go towards with this whole process. Granted it's the first year so it's something we're going to learn from.

Maury McKinney stated he thought the tone in the paper, the article that appeared yesterday and also the Tele-Talk today was totally counter to what we were trying to achieve. He didn't even make it all the way through the Tele-Talk responses because it's not because he was upset or disgusted or anything. Chairman Sordi asked which one he was talking about. Maury stated the one about the recommendation. Ted Sares stated any article that was written by the reporter who sat in our last meeting, any article, any degree of similarity to what he wrote and what took place in here was purely fantasy, it was awful and he would say it to his face.

Chairman Sordi stated he talked to Janine (McLauchlin) and to Lynn Brydon over the last week about the situation and they understood where we were coming from, what we were trying to do and he explained that Mike (DiGregorio) was going to bring it to the meeting on the 14th, but that article he was disappointed in. Maybe the people, at least on the School Board recognize or at least Janine and Lynn understood that what was in that article was not accurate and, he asked Dick (Klement) to correct him if he was wrong, but the impression he got from talking with them was that they understood that we were not trying to step on anyone's toes. Dick stated he thought parts of the report were accurate when they were timely, but parts of the report are extremely old and as time has gone by things have changed. There were at least 5 different costs for the study ranging from a couple of thousand to \$100,000.00 which he thought was interesting. He thought there were errors in time committed and when you try to bundle a story like that together, it's not going to come out right. Chairman stated it's unfortunate and he understood what Maury was saying and when he read through it and he was like at what meetings were these people at. We'll just have to work through it, but he thought we were still okay.

Bill Marvel stated he didn't know about the Chairman, but that reporter called him directly and Bill asked Dick (Klement) whether he was called. Dick stated he was not called.

Mike DiGregorio stated he was not called directly either. That report came from several different meetings as Dick (Klement) said; it also came from two different reporters having input into the same article and a lot of the confusion he thought was understanding our role on the Budget Committee as the representatives which has been clarified tonight. He thought early on when a couple of the School Board members came to our second subcommittee meeting they were under the impression at the time that it was his responsibility to call them and tell them and he thought he had clarified that. There was some stuff in the paper that made it sound like Dick didn't have any idea what was going on when in reality Carl (Nelson) certainly knew and Dick knew that he was coming before the School Board and he just needed to get on the Agenda. As he said to Dick that night, he was not going to go and talk to the School Board under the Public Comment portion of their Agenda; he wanted to be on the Agenda and he thought it was a day or two after he called Carl after our last meeting. He couldn't get into that first meeting because the Agenda was already out; the following meeting they had a very heavy schedule that he believed had to do with the bridge or the trestle or something like that and it was going to be a long night for them so Carl asked Mike to come before them on November 14th. Perhaps that should have been relayed better and he thought the newspaper picked up on the fact that it wasn't and made the story sound a little bit more contentious than it needed to be. All along our goal has not been to step on anybody's toes through this process and for anyone who watched the Selectmen's Meeting the other night, he talked a little bit about this and that he was glad to see that the Budget Committee was doing some investigations early because as we talked about a couple of meetings ago, often times we get all this information in December, you've got to decipher it all out, there's no time to do anything about anything. He hopes that the School Board recognizes that we're not trying to step on any toes, we're just trying

to look at things from a different angle. That's it, that's where we are right now. It is what it is as far as what the newspaper does. We all know that they like that spin. He would say that he does have a lot of respect for the two people that were involved in that story; they're certainly much, much better than some of the past news reporters that have been in this town. Lloyd and Erik he thought overall give a very good story and usually pretty accurate, it's just that some of the timeline made it look contentious.

Chairman Sordi stated he agreed with Mike. Last year for the most part they represented what we were discussing relatively well and if they called him, he'll spend time on the phone answering their questions and there were a couple of times he was on the road and he wasn't able to get back to Erik right away and he'll just have to work on returning the calls sooner rather than later.

Brian Charles stated he thought the whole thing was a mess. A lot of people came up to him and said "you voted on what". He was wondering if the Chairman would consider writing something for the paper explaining a little bit about what the Budget Committee's intentions are because it's out there right now that there's this kind of contentiousness and it looks like last year. He was wondering if the Chairman could just say "look we're looking for collaboration and aside from what a reporter may or may not have said this is our intention, this is what we're looking to do, we're looking to the betterment of the Town". If we say that, it kind of neutralizes a lot of the stuff that might come up later.

Chairman Sordi stated he could do that and he can do that as the Budget Committee Chairman as long as everyone doesn't have a problem with him putting it out there without having the members review it. Ted Sares stated it is on Valley Vision. Chairman stated it is and he thought we just talked about that and thought we had just said that we want to collaborate with the School, not collaborate, we want to work with the School and work with the Town and we want to focus on data and budgets. We don't want to focus on extraneous issues and if people watch the whole tape, they saw at times we cut off conversation when it got outside of data, outside of the budget. There's going to be issues that are going to come up during the budget season without a doubt. There's going to be arguments on the Budget Committee; there's going to be arguments between the Town and the Budget Committee and the School Board and the Budget Committee, but if we keep it civil and we keep to the point, then we won't get into a situation like we had last year.

Chairman Sordi proceeded with the Revenue Subcommittee and stated to Karen (Umberger) that he understood there were no recommendations or comments. Karen stated other than the fact that she did think it was important that Dr. Nelson come and talk to the Budget Committee about how the tuition rates are set. Chairman stated he did have it on his list and would have Dr. Nelson stop by at the next meeting. Karen stated he said he was willing to do that. Other than that, there's nothing out there.

Chairman Sordi proceeded with Significant Expenditures Subcommittee. Betty Loynd stated as she said at the last meeting, when she talked with the School, the only expenditures they had were the things that were put off from last year that were cut because the budget, all of the Special

Articles were cut, so those things they will put back on. They don't anticipate any additional expenditures. Brian (Charles) was going to talk to the Police about their possible increasing the police force but that was decided against as Earl (Sires) said so Brian never did talk to Chief Wagner, but he will talk to them and that was really all the other things. Kelly DeFeo stated they were still waiting to hear about Hale's Location; checking into that to make sure that we are not spending money on things that we could be getting reimbursed for. Betty stated the last thing was the Town was looking at upgrading the technology. Kelly stated Earl is going to present for upgrading the technology, the computer systems and all of that kind of stuff. Chairman stated he assumed that would all go into a separate Warrant Article and Betty stated yes.

Chairman Sordi asked Dick Klement if the School Board was going to present another 3 Year Plan and Dick stated yes.

Karen Umberger stated if what she heard Betty (Loynd) say was that we should not expect any Warrant Articles that were not there last year. Betty stated that was not what she said. What she asked the School Board was if they had any special projects. They had projects that were on last year, she couldn't remember what it was but thought Conway El needed something, and all of those Special Articles were cut and they said they would put those on again and they didn't anticipate anything extraordinary.

Dick Klement stated it's the \$450,000.00 that was cut last year. Those Articles will be, they are assuming, put back on. There may be one or two other ones, we'll see what's broken and see if they need something fixed immediately. It doesn't appear that way, but there will probably be some expenditures out of the Maintenance Trust Funds rather than raising another Warrant Article. Chairman Sordi stated he assumed there would be a Warrant Article for the contracts too. Dick stated yes, as there was last year, those were above the cut line. Chairman stated he just wanted to make sure they were going to be back on this year and Dick stated they would be.

Mike DiGregorio stated to Dick Klement that Dick stated he had a Facilities Committee meeting and assumed part of it was transportation and facilities; have they combined those. Dick stated Jim (Hill) is going to be there and he is the head of Transportation. Mike asked if they were going to take another look or a better look at the Maintenance Trust Funds like he and Dick talked about in the past or are they letting that stuff die, what's happening. Dick stated they have continued to try and put \$100,000.00 a year into the Maintenance Trust Fund. They know that's not enough. They are 5 years into a 20 year roof on the High School, so in 15 more years they are going to need a new roof probably. They need to resurface the road; that's going to come out of the Maintenance Trust Fund. Mike stated perhaps Jim, Dick or somebody could give the Committee that list of items that they believe are on that rotating basis. Betty Loynd stated she had that at the last meeting; they have a 5 year and a 20 year plan and it's all written out. Betty offered to print it out for the members; it's written down, it's right there. Mike stated he thought they needed to present it again. Chairman Sordi stated he thought that was something that we could ask Dr. Nelson to include in his budget package and he would send Dr. Nelson a note about that.

Dick Klement stated he believed on Tuesday, the 8th, they are going to be talking budget and Maintenance is on the table to be discussed that night. Mike DiGregorio stated that's a good night to show up. Chairman Sordi asked for the date again and Dick stated November 8th at 6:30 PM right here. Mike stated he had a Selectmen's Meeting that night, but if they got out early he would try to show up. Chairman Sordi wanted to make sure that was on the schedule received from Dr. Nelson earlier and it was.

Chairman Sordi stated the next thing he wanted to get through very quickly and he wasn't going to try to get through all of it tonight, but he wanted to go through it, talk about where we need to go with it and then move on to the last item which is the scheduling for the next couple of months. First off, Chairman thanked Ted Sares for pulling all the data together. He appreciated him doing it. All of the links and everything he thought had a lot of good information. The Data Subcommittee has recommendations to be accepted as givens during the budget discussions. The first is the Cost of Living increases in the coming year is going to be about 3.5% based on the fact that the Social Security Administration is increasing payments 3.5% next year, so they base that approximately on the Cost of Living. The second thing is the data available through the recent U.S. Census is good data to pull information about the community per capita. Ted stated it is backed by one of the links as well; the data that's available through the Census for the Conways is also backed by one of the links and it shows that Conway is 212 out of 234, that's where we rate and that's low. It is resident income, not per capita; he was unable to get per capita, but he will. Chairman stated he thought one of the points that was brought out last meeting and Ted mentioned in the Data Subcommittee meetings, that 42% of the homes are under \$30,000.00. Ted stated that's really low; 42% of the population of Conway has resident income of \$30,000.00 or less. Karen Umberger stated she thought Chairman had said that the houses were valued at \$30,000.00 or less.

Chairman Sordi stated the next bit of information which is from Ted's discussions with Tom Holmes, tax increases in Conway during the last 10 years are in line with Cost of Living increases and property valuations. In other words, in the last year we've heard some people say they've seen their taxes go up 300% or some outrageous amounts; the amounts that the taxes have gone up have not been outside of the norm when compared to Cost of Living and other expenses. Ted Sares stated relatively speaking; they have come up with, and he didn't understand it yet, an Equalization Table of all of the towns in New Hampshire and he has to meet with Tom and have him explain it a little more. It's an Equalization Table which would relate to the taxes, it's a very difficult one. Tax is the hardest one to nail down; income is easy; cost per pupil is easy; tax is the hardest.

Karen Umberger stated the Equalization Table is used to set the State tax rate and they equalize valuation so that everybody pays their fair share of the State tax. Ted Sares stated it's on here; it's one of the links. Karen stated that's the only thing that it's used for, it's for the State tax. Ted Sares stated that is correct.

Chairman Sordi stated all of this is explained in the e-mails and the links that he has sent to all members and that members got from Ted.

Chairman Sordi stated the next thing is the information that is published annually by SAU #9 in the Report Card is what we base our opinions on the performance of the Schools. That is test data; that is test scores, etc. The Report Card is what we are going to use to evaluate performance of the Schools and to ask questions. The links that Ted (Sares) provided that the Chairman included along with the file that he embedded, if you double click it will open it up, are other sources of information including the cost per pupil that comes from the Department of Education in the State and those are recommended as the data that is used when evaluating budgets and comparing costs from one community to the other. Ted stated there is a cost per pupil formula that everyone uses; he checked with Carl (Nelson) and it's the one they use and that data is absolutely accurate. Chairman stated if you go to Moultonborough blog there is another link to the Department of Education.

Kelly DeFeo asked if they could just go to the Department of Education instead of including all of these blogs in our official information. Betty Loynd thought that was probably a better idea. Kelly stated she felt the primary resource for data should be official, what we have in our studies. She did not want to have to go to a blog to get the information. We should just be able to go to the Department of Education and pull up the report instead of going through a blog to reach it. Ted Sares stated nobody went through a blog. Chairman Sordi stated the link Ted gave goes through the Moultonborough blog and then you can go to the Department of Education. Ted stated that everything he has is from the Department of Education if you go beyond the blog. Brian Charles stated all Kelly was saying is let's go past the blog. Ted stated you do what you have to do. Greydon Turner stated the reason they may have mentioned the blog is it's very simply a graph and then another graph. Mike DiGregorio stated he thought what Ted was trying to do was save us the time of looking around the Department of Education website and made it easier. Chairman stated the Department of Education is the resource of this person that wrote the article and it was an article talking about Moultonborough and how they compared to others. Ted stated that was part of it, but beyond that was the Department of Education data. Chairman stated what he was saying is that is the data we are going to use in our discussions. Ted stated at the end of the day, the cost per pupil is more than the State average, the income is way, way down, 212 out of 232 and the equalization he hasn't figured out yet, but those are the facts and you can knock yourself out trying to prove it, but you don't have to, he already has.

Betty Loynd asked what the cost per student was in the High School. Ted Sares stated he didn't have it with him. Ray Shakir stated the cost per student in Conway is \$13,594.13, the average State cost per student is \$11,406.00. Betty stated when her husband was the Principal it was \$9,000.00, it was way, way less; but we built a new school and that put it out a little bit. Mike DiGregorio asked if we could clarify that Ray (Shakir) was talking the average of all the schools together. What Betty (Loynd) was talking about was the High School which is in the \$9,000.00 range. Karen Umberger stated it is now \$12,000.00.

Chairman Sordi called Point of Order. If you go to the Department of Education and you pull up 2009/2010, which is the most recent one they have, the information is there. The High School is \$12,508.00; the State average for High Schools is \$12,036.00. They have Elementary, they have Middle, they have High School. The one thing that you have to remember about Elementary and Middle School is that we divvy up the grades maybe a little bit different than maybe some other communities. We got into this discussion last year. That being said, we're still going to use this data to compare the communities. If we try to start parceling this too much, then we'll get bogged down in whether the data is accurate. We're going to accept this as data that is accurate and acceptable.

Bill Marvel stated let's remember that the calculation of the average cost is after the elimination of bonds and transportation. So building a new High School doesn't count. Ted Sares stated that's true and it's relative. Chairman Sordi stated they explain that in the document.

Dick Klement stated the one factor that's unknown is Special Ed is wrapped in here. They have some and he didn't know where they stand against some of the other schools, so he wasn't going to go out on a limb and say they are higher or lower. They have some children that their needs exceed \$50,000.00, \$60,000.00 per child. There are a number of these so he didn't know if Special Ed was skewering their number rather than some other schools, he couldn't answer the question but he thought it was something to consider. Karen Umberger stated she didn't think Special Ed was in there. She thought that's excluded. Betty Loynd thought it was all in there. Ted Sares stated that was a good point. Bill Marvel stated he thought it was included.

Chairman Sordi stated he wanted to try to button this up and try to get out of the meeting prior to Midnight. What he wanted everyone to do was to take a look at the data and if there are questions, let's clarify them at our next meeting. He thought that the data that Ted (Sares) has identified is good, it's valid and for the most part to evaluate, but if there are questions, let's clarify them next time.

Mike DiGregorio stated he thought all members had access to the Internet except Doug (Swett); how would Doug get access to that information. Chairman Sordi stated he would print it out and send it to Karen (Hallowell) and she will have it mailed over to him.

Ted Sares stated he had one final point and he made a point to Betty (Loynd) last time but he's changed his mind. The one missing thing that you can't nail down is the voting pattern in this Town; it's very hard to nail down and he's changed his mind, has given it some thought. Unlike what he indicated at the last meeting, it could be those that have low household incomes vote "no" or don't vote at all; but those that have a stake in the outcome, teachers and their families, will vote, they will definitely vote and they will vote "yes". In short, those whom the budget adversely impacts may or may not vote due to apathy, but those who want the budget to pass will vote. Now, if he could nail down the number of teachers who live in Conway, he could nail that.

Betty Loynd stated it could be and you could think that it is that, but in past years the teachers and their families have voted and many

townspeople have come out and many nay sayers have come out and have voted the budget down. Last year in March, they got a voting campaign out and she called many, many people and many, many people came out to vote and she thought that was the key and she will do that again this year. Absolutely. Ted Sares stated he wasn't sure and that Betty may be right. Betty stated she was going to give it a shot. Ted stated he didn't doubt she would.

Karen Umberger stated to Ted Sares that information is actually available because on the voter checklist it describes that and she believed that the people that vote are also reported to the State and so there may in fact be something at the Secretary of State's Office that he could at least know some of the demographics of who voted and who didn't. It's not that it's hidden and she knew he didn't necessarily want to go through the checklist at the Town Hall, but that is an option as well.

Dick Klement stated there are two factors; one is the income under the \$30,000.00, that's a lot of old folks on Social Security only. Second, two years ago they had a Warrant Article for the teachers and it was voted down by 5 votes. Now the number of votes that were in favor of the Warrant Article were less than the number of School employees. You can game this thing any way you want, you never know what's going to happen. Betty Loynd stated you're right, you don't know.

Ted Sares stated there was one point that Dick (Klement) made that he wanted to respond to. He did work his butt off on this thing. The under \$30,000.00, remember this is a tourist town and he had a long talk with Tom Holmes on this, incomes tend not to increase at the lower levels; starting salaries stay the same. If he is in retail or if he is a waitress or whatever, he is going to make "x" amount of dollars 10 years ago and guess what, today he is going to make that same amount. It's going to churn, but it's going to stay the same. That's what keeps that level down among other things. There are older people as well down there, but there are a lot of older people that are up high too. It's that tourist town issue that drives the lower income, that's the thing that does it. Tourists, tourists, tourists.

Karen Umberger stated dealing with the Cost of Living at 3.5%, what was not included in that is that the past 2 years that figure has been zero and assuming you might use this for a budget projection, it's really not a 3% increase, it's less than that because of the zeroes that occurred the two prior years. Chairman Sordi stated he didn't agree with that and the reason he says that is he didn't think they're trying to make up for the last 3 years, he thought what's happening is the increase in the cost of energy in the last year and the cost of gasoline in the last year has gone up 20%-30% and it's being passed on to everything and you're starting to see food and everything else go up. Karen stated she was not suggesting that the 3% was making up for anything; what she was saying is that if you say it's 3.5% this year, it has to be amortized because of zero and zero. Ted Sares stated amortize it over 3 years. Karen further stated the School Budget and the Town Budget for the last 2 years has gone up some percentage which she didn't remember what they were, but they have both gone up. If, in fact, we say we agree with a 3.5% increase because that's what Social Security got this year. Chairman stated that was not what he said; he didn't say 3.5% increase in the Budget. What he

said was that the Cost of Living is 3.5%, that's all he was saying. Karen stated as long as it doesn't translate across to the Town or the School that we're happy with a 3.5% increase. Chairman stated that's a good point and all he said was the Cost of Living is going to be 3.5%. He saw in the paper that, and asked Dick (Klement) to correct him if he was wrong, Dr. Nelson has told his Administrators a zero percent increase except for the insurance. Dick stated insurance, negotiated increases and fuel. Fuel is going to up about \$80,000.00 for the year he thought. Chairman stated he thought they had just signed a new contract and it still went up \$80,000.00. Dick stated they were awful cheap; the Town was looking at \$4.00/gallon last year and they were at \$2.50 or so. Chairman stated when he saw the price they got he thought it actually stayed stable. Dick stated \$80,000.00 for that many square feet. Chairman stated he agrees what Karen was saying that it does not necessarily translate to 3.5%. It would be nice if the insurance companies kept our increases at 3.5%.

Chairman Sordi stated the last thing to be talked about tonight and again the data, take a look at it and if there are questions, we'll answer them or try to get them answered.

Chairman Sordi stated the next thing was schedule. Right now he was looking at December 14th at 7:00 PM for the next meeting. By then we should have the Town Budget and the School Budget. The next thing very quickly, he wanted to explain how the budget season was going to progress. What has been done in the past is beginning the first week in January, we basically had two meetings a week and we go through all the different School Budgets, we go through the Town Budget, the Police Department and then we actually meet on a Saturday morning for the non-profits. He knows that Dr. Nelson said that January 18th and the 25th would be good evenings to do the School, we have to have our deliberations done by the first week of February. Petitions are due 2/14; the Public Hearings are the week of the 15th of February. We've got to have our deliberations done early in February. His question, and again this goes to some of the people that were on the Committee last year, does it make sense to say we'll do the Town two nights, we'll do the School two nights and not do two meetings a week. He knows it makes for a long evening but last year we got out real quick on some of them because we didn't have a lot of questions and we could have just kept going if other people were there. Having two meetings a week for 4 weeks or 5 weeks is going to be tough for everybody to be there for all of that time and he'd rather have longer meetings and asking questions and asking more people to show up for the Town or the School then try to spread it out over a longer period of time. Chairman asked for any thoughts.

Bill Marvel stated a meeting of two or three hours kind of destroys his concentration anyway for the day. It did today. He would much rather invest more hours in one meeting then have more meetings. Multiple members agreed with Bill. Kelly DeFeo stated we should start earlier and multiple members agreed.

Karen Umberger stated for her it's better to have more meetings because that way if, for example, you have a meeting on a Wednesday and she can't be here because of whatever is going on down in Concord, and if you have a meeting that lasts for 5 hours and you're discussing the entire School

Budget, then she has missed the entire School Budget and she didn't like to do that because it doesn't allow her to have the interchange to make a good decision when it comes time to vote on the other end. She realizes she is only one person on the Committee, but she does have other responsibilities to the community.

Mike DiGregorio stated he heard what Karen (Umberger) was saying but that also leads into what he's been saying and what Carl's (Nelson) been saying for a long time, these meetings that he has scheduled with the Administrators is also an opportunity for all of us to hear the Administrator's point on that budget that night. Betty Loynd stated she has been to the School Board meetings and that's the best place to get the information. Mike stated these are budget meetings, like on the 8th they are going to be talking about the Middle School and the Career Technical Center, he likes to go to those meetings because long before January he's heard what they have to say and he may have questions available for the January meeting.

Karen Umberger stated our responsibility and what we were elected for is to have the School and the Town come to us and it's nice that people have the time to do this; some of us don't have that time. Whatever the Committee decides, just understand that she will probably have a thousand other questions if that's the way we are going to go. She knows for example there was a year or so ago when she happened to miss the whole discussion on Paul D.'s section of the budget and there were a couple of things that got through that shouldn't have. She's been on the Budget Committee for a long time and knows where there are a lot of things. Whatever is decided is decided.

Chairman Sordi stated he will get a proposed schedule out and go from there, but he does have to get it to Karen (Hallowell) soon so that she can get it posted.

Ted Sares moved, seconded by Greydon Turner, to adjourn the meeting at 9:23 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary