

**MINUTES OF MEETING  
MUNICIPAL BUDGET COMMITTEE  
January 4, 2012**

A meeting of the Municipal Budget Committee was called to order at 6:30 PM in the Professional Development Room at Kennett Middle School with the following members present: Chairman David Sordi, Doug Swett, Dick Klement, Betty Loynd, Bill Marvel, Ted Sares, Maureen Seavey, Ray Shakir, Kelly DeFeo, Greydon Turner (arriving at 6:37 PM), Joe Mosca, Danielle Santuccio, John Edgerton, Maury McKinney and Mike DiGregorio. Excused: Brian Charles and Karen Umberger. Also present: Earl Sires, Town Manager; Lucy Philbrick; Rhoda Quint; and Paul DegliAngeli.

Chairman Sordi led those present in the Pledge of Allegiance.

Chairman Sordi passed two handouts to the members; welcomed everyone back hoping everyone had a nice holiday and welcomed everyone to the beginning of the budget hearing season. Chairman stated there had been a problem with the e-mail of the Minutes from the last meeting (December 14, 2011); he had just received them and would forward same to all members with hard copies going to Doug (Swett) and Bill (Marvel) and would be voted on next week. Chairman further stated with the Minutes, at least during the hearings, because they are going to be happening so frequently and it's impossible to get the detailed Minutes out on a weekly basis like we usually do for Minutes, the Minutes will be done in two stages in order to get the information out to the public as quickly as possible. After tonight Iris (Bowden) will get the DVD, will have her notes and will basically create Preliminary Minutes which will be an outline of what was talked about; it will not be the detailed Minutes that we are used to. We will vote on the Preliminary Minutes so that they get into the record and then within a week or so after that, we will get the final Minutes which will be the detailed Minutes that we will also vote on and enter into the record. Chairman asked Earl Sires if that would satisfy the whole Right To Know law. Earl stated he believed so. Chairman stated the Minutes will be in two stages for each meeting.

Chairman Sordi stated that the documents passed out, one being a rough Agenda for tonight's meeting and then some Ground Rules for the hearings which he will go through. Also passed out was a letter from Earl (Sires) to the Budget Committee that answers a number of questions that Karen Umberger had forwarded to the Chairman after the meeting last time. Members will be able to take a look at that and if there are any further questions regarding Earl's answers, we can always discuss them with him.

OLD BUSINESS

Chairman Sordi stated that at the last meeting there was a lot of discussion about Hale's Location, there was an article in the paper and late today he received a letter, which he hadn't had a chance to read, from Richard McClure, president of the Hale's Location Homeowner's Association, attaching a letter that he's submitting to the Editor about the article itself and some inaccuracies he felt were in the article. Chairman will forward copies to all members and it can be entered into the record at the next meeting but he wanted to at least mention that he

did receive it in case members see Richard McClure's letter to the Editor in the paper over the next couple of days.

#### NEW BUSINESS

Chairman Sordi advised the members of the schedule update and requested that everyone make sure they check for where the meetings are being held because of the unavailability of the Professional Development Room, some of the Budget Committee meetings are going to be held at the Town Hall. Our next meeting will be at the Town Hall at 6:30 PM. The Public Hearings are on February 15<sup>th</sup>. Right now there is a Budget Committee Meeting scheduled for after the Public Hearings. Typically what we do, because of the length of the Public Hearings, there is a 5 minute meeting and then we have the voting the following night. There is a meeting scheduled on the calendar for that already when the Budget Committee would vote on all of the Budgets and the Warrant Articles. If any member does not have a copy of the schedule, let the Chairman know and he will shoot an e-mail to them.

Chairman Sordi stated he wanted remind members of their role in the process as we go through the budget hearings. Our role is to oversee and analyze the expenditures of our town and assist the voters in the prudent appropriation of funds. Members need to make sure that the questions that they ask are focused on budget issues and how the performance of the work being done by the Town or the School, how their performance and the budget they are asking for relate together. Chairman asked that all members keep that in mind when going through the hearings over the next month and a half.

Chairman Sordi stated there are 17 members, 15 tonight, but 17 members on the Budget Committee and he was sure there would be a lot of questions and he wanted to make sure that he gives everybody the opportunity to ask questions and to get the answers that they need. He put together "Ground Rules" that he hoped everybody would follow so that we can get the answers we need to the questions that are asked and to make sure that Iris (Bowden) is able to take the Minutes. If there are side conversations, if there are a lot of multiple people talking at the same time, it makes it very hard for her to keep up with the Minutes. Chairman read and discussed the "Budget Hearing Ground Rules":

- 1) Hearings on January 4, 11, 18, 25, 30 and February 4, 6 are primarily to ask questions and gather information. Members' comments will be heard on January 30 and February 6 and on February 16.

Chairman Sordi stated by that he means he wants to focus on asking the questions, getting the information needed in order to form a comment or an opinion about the budget presented. He wants to try to hold comments until January 30<sup>th</sup> and February 6<sup>th</sup> and then finally on February 16<sup>th</sup> when we finally vote. Again, focus on the questions rather than making comments or opinions that might detract from getting the information needed from the people who are going to be attending the meetings. He listened to what members said; he's cut down on the number of meetings being held; they are going to be long meetings and if we start going off

on side issues or comments, it's going to make for meetings that are unreasonably long.

- 2) Questions and Follow-ups should be directed to Chair and presenter unless granted alternative by Chair.

Chairman Sordi stated he wanted to try to keep the conversations confined to that so that we don't have a lot of people or conversations going off on a tangent.

- 3) Questions must be budget-related.
- 4) Each member will be allowed to ask questions until they relinquish their turn, however the Chair shall have the discretion to limit the time each member has for questions.
- 5) Once a turn is relinquished, all other members will have the opportunity to ask questions before the next "round" of questions is started.

Chairman Sordi stated he wanted to make sure that all members get a chance to ask questions before going back to other people who may have more. Try to get all of your questions asked during your turn.

- 6) Members cannot relinquish their turn to another member without the Chair's approval.
- 7) Member should make all efforts to refrain from speaking out of turn or holding side conversations.

Chairman Sordi stated there's a number of reasons for #7, but it will make it easier for everybody if we do that. If a member has a question or needs to interrupt for a minute, let the Chairman know and he will stop the conversation and discuss the question that might have to do with a Point of Order or a Point of Question.

- 8) Members shall not make comments regarding other member's questions.

Chairman Sordi stated he wanted to try to keep this as civil as possible and wanted to keep it going as quickly as possible.

Ted Sares stated he had a comment; the Chair kind of put that on the members and didn't ask for any feedback. Chairman Sordi asked what Ted was speaking about and Ted replied the Ground Rules. Chairman stated that was right, he wrote them himself. Ted further stated he was not sure of the Chairman's purview, but would accept them. It felt a little too much like corporate to him and this isn't a corporate world, it's a small town world. Chairman stated he understood but there are 17 people here and he wanted to make sure that everyone felt comfortable asking questions.

Chairman Sordi asked Mike DiGregorio to provide any preliminary comments from the Selectmen's perspective on the Town Budget, if he had any. Mike deferred to Earl Sires. Chairman advised members that if they did not

pick up their budget book at the Town Hall, Earl had brought the books with him tonight.

#### TOWN BUDGET REVIEW

Earl Sires stated he was going to do some overview stuff of the process and what is in the packet; talk about how the budget is structured and then he will go into the General Fund which is what he will mainly be talking about tonight or the Operating Budget. Earl further stated that Paul DegliAngeli, Public Works Director is here; Tara Thomas, Library Director; Rhoda Quint, Town Clerk/Tax Collector; all here to talk about their parts of the budget and Lucy Philbrick, entering her second to the last budget season.

Earl Sires stated this is the budget that the Selectmen have forwarded to the Budget Committee as their recommended 2012 Operating Budget. The process started at the Town in September when the Department Heads began putting their requests together and then those were submitted to his office in October and they all worked it into a package that was submitted to the Selectmen in early November and they have reviewed it since and made some changes and are now forwarding it on to this Committee. The material in the notebooks he wanted to point out is structured the same as it has been for the last 10 years at least. There is a Narrative in the first section which includes introductory information and then a summary by department of the changes for the year or for the proposed budget and then a chart at the end of the Narrative that shows the 2011 Budget, what's being asked for in 2012, what the percentage increase is from each departmental line and then what the actual dollar difference is. Under the tabs, of course, are the individual departments and the first page in each tab is a line by line departmental budget and then a variety of back up information to look at.

Earl Sires stated the Town Budget, and it is talked about every year, but he thought it was important for anyone that was new or maybe watching from home, it really is composed of three components: one which is the Admin Budget which is under the purview of the governing body or the Board of Selectmen and that's his office and the Town departments, i.e. Recreation, Highway, Solid Waste, Finance, Assessing, all of those departments and they are statutorily overseen by the Selectmen through the Town Manager. There is also the Library Budget in this package which is overseen by a separately elected Board of Trustees; they have their own statutory authority, in fact theirs says that once the Town votes an appropriated amount to the Library, they can come to Town Hall and ask for that check and not be seen or heard from for another year. That's really not the way it works; they cooperate well together and they have some complimentary and cooperative services that are undertaken together. Then there is the Police Department, again overseen by a separately elected Police Commission and they have a slightly different authority under State law where they have some authority over expenditures in the department but the bottom line ultimately part of and over seen by the Board of Selectmen.

Earl Sires stated to make things a little bit more complicated, the budget each year is composed of three different pieces. The first is the General Fund or Operating Budget which operates from general revenue,

basically revenues that come to the Town that can be used for any purpose: taxes, PEG - cable television revenue, vehicle registrations and that's the biggest budget and that's what will be talked about tonight. In future meetings we will talk about the other two pieces of the budget which are the Capital Reserve Funds and those are funds that the voters act on every year to fund a variety of things like vehicle replacement, capital improvements to Town buildings, and those sorts of things. The third are the Revolving Funds and they handle fee based services; the best example is probably the Commercial Duty Revolving Fund in the Police Department where they collect the fees that are charged for a commercial duty by the Police Officers into that fund and then they disburse the payments to the Officers from that Fund. It keeps these sort of isolated and variable expenditure activities off the General Fund and keeps the General Fund focused on tax revenue and all the things that don't vary quite as much and, again, we will talk about those at a future meeting.

Earl Sires stated the proposed Operating Budget this year is \$9,123,823.00 for an increase of about 1% or just shy of \$120,000.00 over the voted budget for 2011 which was \$9,004,767.00. Earl proceeded with significant increases: Police Department is requesting an additional \$310,000.00, largely labor related. The Highway Department is requesting to go up by \$82,600.00 and we'll talk more about that later but that's really a result of staff costs, increasing the light budget a little bit, increasing pavement to keep up with the planned projects and to increase the bus maintenance line to keep up with increasing maintenance expenses for the School buses. Solid Waste increasing by \$101,000.00 - last year, if members will recall, they decided not to fill a position to see if they could operate safely and effectively without that position at the Transfer Station and they found about mid-year that they were having real trouble operating safely and efficiently with that person gone and they ended up filling that gap with a temporary employee for awhile during the Fall and they are now asking to replace that person, this person works down in the processing and receiving building for recyclables. Parks and Recreation increasing by \$22,000.00 - requesting to put some hours back in for Parks Maintenance that were removed last year in an effort to reduce the budget. The Library is increasing by \$18,000.00, oddly enough mostly for staff and books which you might expect in a Library.

Earl Sires stated that there were decreases in Employee Benefits of \$45,000.00 in part due to a decrease in the health insurance by almost 4% and one comment he has made in the past is that once they moved from a situation where they were being rated as a participating small town with a lot of other towns to being really considered and rated on their own experience and their own losses, their annual increases have been much reduced over the prior period. They like to say and he believes that in large part or at least in part that they have emphasized safety and health training and have tried to reduce their losses as much as possible and their employees take advantage of a lower cost plan overall and that was one of the ones that experienced a decrease as well. That was good news. Retirement was also decreased; there was a lot of discussion about employment contributions during the year and they were going to go up or not going to go up and without going through all of the changes and complications involved, the result out of the Legislature was that their contribution to the Administration staff and Union staff actually went down. That also contributed to the \$45,000.00 decrease.

Earl Sires proceeded with a decrease in the Ambulance Agreement line of \$102,000.00 and that's really because the Ambulance Contract is up for renewal this year and it expires in April so they only fund it for the portion of the year that is prior to Town Meeting. The Budget goes down by that amount but if that Warrant Article is approved, then the Budget will go back up by the \$102,000.00, but right now it is not in there.

Earl Sires advised that in Debt Principal they had paid off the second to the last bond which had to do with the Landfill so there is a reduction of \$315,000.00 in Debt Principal and \$16,000.00 in Interest. The only remaining Long Term Debt that the Town has is the Library to the tune of about \$80,000.00 to \$90,000.00 per year; very little Long Term Debt going forward.

Earl Sires stated if you look at the Budget, and he started out by saying it's a relatively minimal increase of about 1% or about \$120,000.00 on a \$9 Million Budget, he does want to make sure that everybody understands they did have significant decreases related to the Debt Payment and the fact that the Ambulance Contract is not in there for a full year and that there were some matching significant requests for increases as well. That really is the overview.

Ted Sares asked if there was anything pulled out or was it all pretty much things that just came in by the luck of the draw like the insurance, recognizing that Earl (Sires) emphasized health, but did they manage anything out of the budget. Earl stated he thought the Selectmen's emphasis this year was really on coming out even, status quo, and in fact putting some things in that were taken out last year. Earl had to state and he had to state it because it was expressed by a number of the Selectmen that they were, and in fact it was expressed in public and it was in the paper even, that after Town Meeting last year they were a little frustrated because they had put a lot of time and effort into making reductions that were then put back into the Budget by the voters so they kind of had this feeling that maybe these were not the kinds of things that the people wanted to see so they've tried to put things back to the operating level that it's been traditionally. In answer to Ted's question, he didn't think there was anything in there that they've removed this year, but there's nothing that they have added that hasn't been there in the past except for the Police Department because they are making some requests. Ted asked if Earl controlled that. Earl stated he did not have managerial authority over the Police Department and was looking forwarding to hearing the Chief's presentation next week.

Maureen Seavey asked if the Ambulance Contract would be for 5 years. Earl Sires stated the Selectmen have proposed a 5 year agreement for Ambulance Service with Conway Village Fire District and with North Conway Ambulance Service. Conway Village of course is a governmental entity and North Conway is a private entity and the amount is going to be \$154,000.00 which is flat from 2011 proposed for 2012 then the Contract calls for an adjustment based on the Consumer Price Index for the next four years, not to exceed 3.5%. Basically that is an amount that is contributed to these two services to provide the level of service that people in the community feel is appropriate or have felt in the past since they have approved the contract.

Joe Mosca asked about the Solid Waste Department going up 15% and the Town is going to back fill the position that was left open for last year. Last year he recalled talking about when the Contract was re-negotiated with the Labor Union about closing 2 days in a row because that was something they couldn't do. Most people felt they wanted Saturday and Sunday open and they close on Monday now so that the logical thing would be Monday/Tuesday to be closed; is that something still being looked at and if that does go forward, would that eliminate the need for another person. Earl Sires stated the Selectmen are not considering any changes to the schedule. As he said before, they sort of felt like the message they got from the voters was that the voters sort of like the status quo on a variety of different things and so they have not addressed that issue. Paul (DegliAngeli) is here and will talk about that department in more detail in a little while. Joe stated that wasn't what we were led to believe last year and that's not what he got from the Deliberative Session last year; he thought the people wanted Sundays open and he thought the Selectmen were looking at closing the wrong day of the week. That was his take and he thought the Town was doing a disservice to the people by backfilling a position that may not be required if it was closed Mondays and Tuesdays. Earl stated he would let Paul talk about that in more detail when they get to that department unless Paul wanted to address it now.

Mike DiGregorio stated they were in the middle of negotiations right now so it's not too late to discuss it. He did want to clarify something: a few meetings ago he believes Ted (Sares) asked how many employees were at the Transfer Station and Mike believes he said 5 and then they lost one to 4; it was actually 4 and they lost one to 3, so there's only 3 there right now.

Chairman Sordi stated in looking through the Narrative, Transvale Acres is mentioned a couple of times and the impact it has had on the budget, did Earl (Sires) have a general idea of the total impact it is going to have on the 2012 proposed budget. Earl stated that as he was driving down here, he knew somebody was going to ask about it and he hasn't added it up, but he believes, and he will check this and let the Committee know, it's going to be about \$15,000.00 to \$20,000.00. Part of that depends on how much they get involved in litigation; that's where the real dollars are going to be probably. It may not just be just this next year, it may be the next 5 years. Chairman stated on Code compliance and everything, that's more minimal than say on the legal side of it. Earl stated on Code compliance, they've asked for an additional 200 hours for the Code Compliance Officer and they have increased the overtime for the Recording Secretary for the Planning and Zoning Boards and the Zoning Board of Adjustment because they know there are going to be more meetings and longer meetings because of this. Postage because every time they do a certified mailing which they have had to do a number of times; they sent out about 30 letters today and they're about \$5.00 apiece, that's another expense. They will have some other expenses here and there but what they have budgeted for specifically probably amounts to about \$15,000.00 to \$20,000.00, but he will check and get back to the Committee.

TOWN CLERK/TAX COLLECTOR

Rhoda Quint, Town Clerk/Tax Collector, started on Finance because part of her budget is included in Lucy's (Philbrick). Basically they are pretty flat across the board. Tax Redemption Fees, Cost of Liens, Tax Billing are pretty much the same and the Redemption Fees and Cost for Liens are all costs that go back into the budget. When she liens a property, those costs that are incurred by the Town when that property is redeemed by the taxpayer, it gets paid back to the Town. It is a cost to the Town, but it does come back.

Chairman Sordi asked Rhoda to talk a little bit about the info technology; he noticed that the 2011 budget was \$32,000.00, you spent about \$14,000.00 and now you're asking for \$37,250.00. Why the dip this year and such an increase next year. Earl Sires stated that's a line that Lucy (Philbrick) is more responsible for. Lucy stated they have a program where they replace computers approximately every 5 years and they have a rotating system. Normally they replace 4 to 5 computers, but they anticipated carrying over the replacement of 3 computers in 2012 because they've been holding off any purchases anticipating that there might be a problem with the Police Budget that they might have to cover some way and at this point it appears they are not going to have that problem. They have purchased the 3 computers that they had anticipated carrying over to 2012 and that would be \$7,500.00. Earl stated that would be reduced in the final budget. Chairman stated it would be around \$30,000.00 instead of \$37,200.00. Earl stated the \$14,000.00 actual was as of the middle of December and there have been purchases made since then. On that general issue, they feel that probably the Police Department is going to end up pretty close to its budget and the hope is that they will be slightly under budget when they clean everything up. It looks good and certainly they don't anticipate being over budget.

Ray Shakir stated then you are about \$25,000.00 under your projected budget for 2011. Earl Sires stated \$25,000.00, \$50,000.00, \$75,000.00; somewhere in there is where they are going to end up. Ray stated he thought they do a real good job. Both Earl and Lucy Philbrick thanked Ray.

Rhoda Quint stated the other piece of her budget that actually covers the tax collection side is Elections and Registrations. As everyone is aware, there are 4 elections this year, the Primary being next Tuesday, so the increases that you see for Moderator, Assistant Moderator, Ballot Clerks, Supervisors of the Checklist stays the same because they are a salaried position. Ballots, Meals, Advertising and Programming the Ballots all increase because they have those costs increase because of the 4 elections. That's pretty straight forward as well.

Kelly DeFeo stated she had a question on the elections and this was another thing on Hale's Location; did Rhoda (Quint) ever figure out the amount that the extra costs that we have for having the elections, the extra ballots and extra stuff that we do. Rhoda stated actually because the law changed and the Town of Conway can now bill for what it costs to administer the elections for Hale's, they are keeping track of the time it takes to process Absentee Ballots, the time they will be spending at the polls and they will have a bill for Hale's, actually for Carroll

County to cover those costs. Kelly stated so they will be able to figure all that out and Rhoda answered absolutely.

Chairman Sordi asked if that amount was included in the Revenue side of the budget or was it something that would be added on later. Earl Sires stated they will probably make an adjustment once they have an idea. Lucy Philbrick stated she hadn't looked at Revenues yet.

Rhoda Quint stated the other side of that being, she is hopeful that the Secretary of State will relieve the Town of Conway of that responsibility as they have requested to do.

#### LIBRARY

Tara Thomas made the presentation for the Library. Tara stated to piggyback on what Earl (Sires) said, they are overseen by the Library Board of Trustees which is 7 elected officials, who by statute can not receive compensation. They are not required to present their budget to the Town Manager or Selectmen by law, however they do so; they think it is a great benefit to the process and to the people and she was very happy to work with Earl and the gang.

Tara Thomas stated they start their budget process in August; she and staff sit down, come up with figures and then start talking with the Trustees in September and then they present a working draft to Earl (Sires) and Lucy (Philbrick) in October and then the Trustees finalize it the end of October, early November and then they present to the Selectmen and then that brings her to the Committee tonight.

Tara Thomas stated she would start off with a reminder before going over the budget. The Library's Budget was level-funded in 2010 and 2011. At Town Meeting in 2011, money was put back in to cover rising oil costs. As Earl (Sires) mentioned, it is an \$18,815.00 increase. Before anybody at home or in the room has a coronary over that, let her elaborate a little bit and talk about how all of it needs to be raised and appropriated and that this year the Trustees will be contributing an additional \$5,000.00 in addition to the revenue they take in which will bring taxpayer burden down to an additional \$14,090.00. Turning to the budget in the book, as far as staff what you are seeing there is still reflecting a 4.5 hour reduction to staff time. Their normal hours of operation were reduced two years ago by 4.5 hours and that will continue. What you are seeing are merit increases which is what has gone into the rising costs of staff and then you are also seeing an increase in health benefits even though they have the same policy as the Town and their amount went down, but they had a staff change from being a buyout to being a person taking a 2-person plan and that's a \$3,000.00 difference for them.

Tara Thomas proceeded with Collection by stating that they had not increased their Collection budget line items in the past 6 years despite the rising costs of materials over the same 6 year period. What the Trustees took a look at is to start increasing it slightly; \$1,000.00 increase to the Adult and Juvenile line items which basically translates to about 67 more books in those categories at an average cost of \$15.00 apiece. There is also an increase to the Audio/Visual line items as well and the electronic materials because the downloadable audio participation

fee through the fee is increasing as well. As far as Operations, that is going up. In order to meet fundraising for 2011, they had decreased the Operations line item to the bare bones, if you will; they took a risk and it hasn't been pretty. They've had a number of issues arise in the care and maintenance of the building as well as with technology. They've had ice damming, they've had electrical wiring issues outside, and they've had server issues. This increase of just under \$4,000.00 is \$3,940.00 for those line items really is fulfilling those contractual obligations they have as well as trying to deal with the problems they are having particularly with the heating/air conditioning units as well which have been problematic.

Tara Thomas concluded the brief overview by saying that the Trustees voted to contribute an additional \$5,000.00 which brings their total contribution to \$45,000.00 between Library Revenue and then the additional \$5,000.00 that they are doing which brings their total budget to \$465,115.00, but as she said, it's really a \$14,090.00 increase to taxpayer burden.

Bill Marvel asked what the total visitation was and Tara Thomas stated they didn't have the final numbers but she could state that it was over 100,000 based on January through November. Chairman Sordi asked how that was compared to the previous year. Bill stated it was 110,865 and Tara agreed. Tara further stated that the year before that it was 114,000 and again, what you are seeing is a decrease in the number of hours that they were open so that should be taken into consideration. Bill asked about circulation. Tara stated it looked like it was going to be about 85,000. Bill stated he had asked for Tara's reports, the monthly reports. Tara stated they are on the web site and she did not receive any kind of request. Chairman stated that was his fault as he had forgotten to ask for them. He looked at his notes when he went to set up for the meeting and realized he hadn't asked for them. Bill stated he would stop at the Library and get them. Tara stated they are available on their web site as well. Bill asked if there were any Grants, bequests or gifts this year. Tara stated they got two Grants this year that the Trustees oversee and both were for the Henney History Room related materials; a display case and archival supplies and they received two other Grants where it was funding towards programs. Bill asked if there had been any other bequests or gifts and Tara stated no, other than people generously donating money in their donation box.

Mike DiGregorio stated he wanted to follow up on the first two questions Bill (Marvel) asked. What does a visit mean to the Library and circulation too. Tara Thomas stated a visitation is anyone who walks into their building in order to use their services. It could be whether they check out a book, it could be whether or not they use the computer, it could be a reference question. Mike asked how that was counted. Tara stated they have an electronic counter at the front door. They do not count anyone who enters through the side door during programs. They can't catch it all. Mike stated the basic premise is if there's 200,000 counters then it is divided in half. Tara agreed they divide it in half nightly.

Mike DiGregorio asked about the circulation. Tara Thomas stated basically anything that is checked out; that's how they count it. Circulation is a

fancy way of saying a book was borrowed or a material of some sort. Mike stated that would probably be a little more accurate in the sense that you have records of what people take out. Tara stated not necessarily; it's accurate in who's using the collection, but so many people will come in to ask a reference question or to attend a program or to be on the computer and some people, more and more, are coming into the Library as their third space, so to speak. They've got work, they've got home, they are coming to the Library to do other things in quiet. She didn't think it was necessarily a more accurate representation.

Chairman Sordi stated out of curiosity, operating hours compared to 2010, more or less for 2011 and then what their plan is for 2012. Tara Thomas stated it is less and it's going to stay reduced by 4.5 hours so it will be 52.5 hours total; they used to be at 57. Whether or not the Trustees will take a look at whether those times they've been using for the past year and a half are what they want to keep them at is another issue, but the Trustees did decide to keep the operating hours reduced.

Chairman Sordi stated that he noticed the Salary and Wages on the detailed budget, the 2011 budget was \$240,551.00, the 2012 is \$250,000.00 and then under that there is also the merit increase that's shown. The increase of \$10,000.00 for Salaries and Wages given that the operating hours are staying the same. Tara Thomas stated it's merit increases that they are giving this year. Every employee was eligible for up to a 3% merit increase this year, depending on their performance. They do use the same matrix that the Town uses.

#### SOLID WASTE

Paul DegliAngli presented the Solid Waste Department Budget. Chairman Sordi asked that he do a general overview and then Joe's (Mosca) question could be discussed. Paul stated he thought Earl (Sires) hit the nail on the head; the budget is pretty much the same with the exception of the Wages line item which is a position and a half, not one position, it's a position and a half. They had their Recycling Attendant retire a couple of seasons ago and they thought as an experiment they would see how the rates went in that person's absence so it wasn't filled. They then had Eric Meador, who everyone knows from the Scale House retire and, as Earl said earlier they tried to see how that would work and they ran into some problems. They have also noticed an upswing in the amount of recyclables being thrown in the trash so this budget has re-funded a position and a half.

Paul DegliAngeli stated this budget also has a slight increase on Equipment Lease and that's because they are required under their Permit from the State to cover the trash that's placed; you place some cover so that the wind doesn't blow it away, etc. Cover being soil or soil type material. They haul their construction debris to a recycling facility in Epping and they back haul shredder residue, the part of the construction debris recycling that's not usable in a waste energy in bio-mass. They were using that as daily cover instead of sand or paying for it and they had to stop that practice because that product had too much sulfur and was producing hydrogen sulfide and no one was pleased with the odor. They are back to using dirt, for lack of a better term, which comes off of their construction projects and they annually rent a Reid Screen-All from

whomever in the excavation world to sift this material and now that they are no longer using shredder residue from the recycling companies, they have to rent the equipment for longer to produce their own cover. That's why the increase is there.

Paul DegliAngeli addressed Joe's (Mosca) question concerning hours and whether being opened two consecutive days could offset this position and a half. The half position was 20 hours a week; in a regular week there's 40 hours and in their people's week there is 45 to 50 hours because of the way they are open. Having two consecutive days off, let's say Monday and Tuesday, would mean that their staff would not get overtime, but it wouldn't mean that he could do without an extra person. They tried having this one less person as an experiment and it wasn't working for them in the budget. Interestingly enough, through attrition they have a long term employee who has announced retirement, some may or may not have seen the ad in the paper, they are actually going to try for awhile to operate shorthanded, just moving the talent around. They can't work at the Transfer Station however with only the 3 people as they've tried to do this past year, it's just not working for them. They plan to switch resources from the Landfill, see if that works. This budget however is asking to restore the Labor to the 2010 level.

Joe Mosca stated given what you've said, if you eliminated the overtime and still added the position, what would the difference in cost be if we closed two days a week but still added the position, you're going to eliminate almost as much overtime as you're creating in wages. If you have 3 people at 10 hours a week, that's 30 hours at time and a half is 45 hours, it should be a wash at least for the 1 person. Paul DegliAngeli stated let's get to the math a little bit. It's mandatory 45 hours a week, so it's 5 hours; they do have those weeks when it's higher because they bring them in on a Monday because they are adjusting the cover on the landfill. Keep in mind, unlike practically all towns in the North Country, they have both a Transfer Station and a sanitary lined landfill. Sometimes when they are closed at the Transfer Station, they bring those people in and go across already. There is still the overtime that will always work; storms they have to come in and clean up the facility, etc. Last year, Joe mentioned being at the Deliberative portion and you may remember there was considerable discussion about how much overtime and how much was Sundays and how much was the extra guy, etc., etc. They calculated that and at that time they were talking about the remaining of the year, the figures that they were looking at about \$36,000.00 and closed Sundays was about \$20,000.00 or half a man year; that's what they had in there.

Joe Mosca stated mandatory overtime of 45 hours, is that because they are working 6 days a week. Paul DegliAngeli stated yes. Joe stated if, during contract negotiations, you closed 2 days in a row, would they still have 45 hours or would it go to 40 hours. Paul stated no they wouldn't; under current contract language, they owe them two consecutive days off. They have not ever had two consecutive days off, they've had a day and a half, if you will, and they've accepted that by getting 5 hours of overtime. That's something that needs to be in a negotiation and after they went through that, keep in mind that this is not the first time this has come up - this is the third time in his tenure, and he always thinks it is a good idea, but it was his impression that the people wanted it the way it

was, they didn't want to give up that Sunday, but it doesn't make a difference to him, he does what the Selectmen decide to do. Joe stated his impression was that people wanted Sundays to remain open and not necessarily not close a different day during the week. Anybody whose down there on Sunday morning, there's a line out front before the gates open. It's probably one of the busier mornings that the Town has, so to close it doesn't help the people in the Town. To close on a Tuesday, to him, may be a benefit, that's all he was saying to look at it.

Ted Sares stated last year there was quite a discussion on what's good for the employee and what's good for the public. That came up and the Selectmen, as he remembers and he did attend a couple of meetings on this, came in favor of the employees because they had come to expect a certain level of overtime and even though it sounds in theory wrong, if you look at those jobs the expectation is that they will get "x" number of hours for overtime, that's what they're expecting and that's what they base their life on and that's what they base their living on. To remove that in negotiations creates a major problem and he's coming down on the side of employees here.

Ray Shakir asked if Paul (DegliAngeli) was saying that the primary reason for \$150,000.00 differential is one employee. Paul stated no, that's not what he was saying at all. If you look at your tab, go to page one of Solid Waste and look at the second line item down, 1650 - Solid Waste Wages, the request was \$247,840.00; \$21,000.00 is for the one-half position for a Recycling Coordinator and then the remainder would be the full-time position. Through attrition, the new person will not be paid the same thing as a 30 year employee so it's going to be, in reality, somewhat less than that. Ray stated the bottom line is a \$150,000.00 differential. Earl Sires stated yes, in large part staffing but other things contribute to that.

Chairman Sordi asked on the 2011 Actual, was that as of the end of the year. Lucy Philbrick stated it was not through the end of the year. Chairman stated that's not the total year yet, can't use the 2011 Actual as the final number for 2011. Ray Shakir stated so we have another two weeks. Chairman stated the 2011 Budget was \$678,862.00 and the Actual is probably going to be around another \$20,000.00, \$30,000.00, so let's say \$660,000.00, so you're talking \$100,000.00 or \$110,000.00 increase. Paul DegliAngeli stated he was showing a budget request of almost \$100,000.00 more. Earl Sires stated he had \$101,009.00 for the increase. Paul stated he was hung up on the \$150,000.00 number. Earl stated 60% to 70% of that is staffing.

Bill Marvel stated he was not sure he fully understands the interchange between Joe (Mosca) and Paul (DegliAngeli) but he thought Paul stated \$20,000.00 is the approximate total of overtime at the Landfill. Paul stated that was just the Sunday component. Bill stated that may still apply to what he was thinking. He was thinking that if trying to eliminate the Sunday overtime, if we were trying to do that by adding a person, wouldn't that \$20,000.00 be essentially eaten up by the benefits of that new person. Paul stated it would; they can't eliminate overtime by adding a person. Their problem isn't the extra 5 hours because it's 6.5 hours a week or 5.5 hours a week, their problem is that they are too short with vacations, sick time, they had two surgeries, a broken leg,

there just wasn't enough people. That's why the adding, if he understood Bill's question. Bill stated he thought he misunderstood what Joe was suggesting perhaps.

Ted Sares stated we're beating around the word and the word is burnout. With the reduced staff, he thought they were suffering burnout and if not and he was in charge, he would direct Paul (DegliAngeli) to do something else; but if the issue is burnout which is what Mike (DiGregorio) indicated two meetings ago, then he thought they were on the right track. Paul agreed with Ted. He worked four weekends this past season, two in July and two in August, to see.

Earl Sires stated he thought Ted (Sares) was correct that burnout was an issue, safety is an issue; they have to have two people doing certain tasks because of safety and people on vacation is hard to cover. One thing he wanted to mention was that because of all of the discussion last year about changes to the staffing, hours and so on at the Transfer Station and Landfill, they had some input from the participating towns of Albany and Eaton and as you will recall, this is a Solid Waste District composed of three towns, and like many things the operating By-laws and so on of how this District is suppose to work are not entirely clear but the other towns are expressing an interest in having more significant input into these discussions and the Selectmen through the year reconstituted the Solid Waste District Board; it hadn't been real functional. They reconstituted that and it's started to meet and they have made a couple of statements about operations at the Transfer Station and have deferred or referred to this District Board. He thought part of what had been going on this past year there's been this broadening of interest and now there's a whole other governmental process in play that looks at the operations. They are working through that and there may be some recommendations for next year, but there haven't been any for this year.

Paul DegliAngeli stated regarding staffing he just wanted to say that 19 years ago he came to work for the Town and they've reduced the staffing at the Transfer Station by one person and so for 18 years that worked out pretty well. Last year they tried something and reduced it by one person, but that's not working for them.

Ray Shakir stated he wanted to make sure that he was understanding something. Ray asked Paul (DegliAngeli) if he was suggesting that working an extra 5 hours a week was going to burn somebody out. Paul stated no, he was suggesting that working an extra man short is what their problem is. Ray asked how did the burnout become an issue. Paul stated they have 2 people doing the job of 3 people. Ray stated which accounts for the 5 hours a week additional. Paul stated no, that 5 hours is because of the schedule the people have chosen. They are open half a day on Sunday. It's a 45 hour a week work schedule; that 5 hours isn't the issue, it's 2 guys doing the work of 3. Ray stated so it's the additional workload contributing to the burnout, not the additional time. Paul agreed.

Joe Mosca stated his issue wasn't with bringing more people on, his issue is he was led to believe that through negotiations they would look at closing two days in a row, that's what he was led to believe last year and that's his issue. His issue has nothing to do with putting more

bodies on because he thought the people were needed over there. His issue is whether they are open 5 days a week or 6 days a week and he was led to believe something as a member of this Budget Committee last year and now is being told that it isn't going to be looked at. He feels like he was snookered.

Paul DegliAngeli stated he guessed it would be possible to have a non-binding referendum to see what hours the people want, try that. They will adjust to whatever the people want. What Joe (Mosca) is suggesting is actually less expensive.

Dick Klement stated he was led to believe or perhaps he misunderstood, in using dirt rather than hauling this stuff back for free, he kind of got the idea we were spending more money but he really didn't see more money in there for coverage material. Paul DegliAngeli stated the money they are spending is on line item 1763, three up from the bottom, it's called "Equipment Lease". Dick stated so basically it's \$3,000.00. Paul agreed and stated he just needs to rent the Reid Screen-All for longer each year because rather than take the surplus from our construction jobs and give them to people looking for fill, they haul it to the Landfill and they have to screen it to make it suitable for cover. He guessed one could say there's more money, he's using fuel more on the Highway Projects but out of this budget really what he needs is to lease the Screen-All longer so that they can screen that material and make it suitable for cover. He is not buying gravel or sand. Dick stated don't you then have that person that's running that equipment or more than one person running the equipment, you're losing people time to provide this fill. Paul stated he was, but those people are staff and they are part of the overhead so he is losing potential productivity some place else, but they've gone from 3 people at the Landfill to 2 people at the Landfill and if they pull this off and add the person at the Transfer Station kind of keeping staffing the same, then they are thinking about potentially having to hire seasonally because he can only do that type of work during the non-winter months so they may experiment with that. Again, that's all covered in the Labor line item. It's just the equipment that they don't own. At the Landfill they have two Loaders, a Compactor, trucks, etc.; they don't own a Reid Screen-All nor can he justify owning one for this much each year.

Mike DiGregorio stated he wanted to make a comment on what Joe (Mosca) was talking about. Joe was absolutely right during those discussions and he would have to say that he, as a Selectman, dropped the ball and kind of forgot about what Joe was talking about. Part of that discussion he thought had to do with when they discovered the Contracts with the other towns and the whole process with how that worked and there's contracts saying they will be open for certain times and so on and so forth; so when that came to light, he would have to admit that they kind of forgot what Joe was talking about. He will say that they are in the final stages of negotiation, but they are still in them and he will take a look at the Contract language as it stands now and see if there's anything that they can do to make any adjustments. Again, they are in the final stages and he would see what they can do. Mike apologized for not looking into that sooner.

Chairman Sordi stated the relationship between the benefits and the salary looks like it is about 2:1 ratio, is that pretty typical across

the Town. Earl Sires stated it's usually about 40% and it can vary and the Solid Waste costs are shown in their budget separately for benefits because it is a District and they apportion all of the costs out. If you had a higher number of people with Family Plans, the ratio might be higher. Chairman stated he just wanted to make sure that he was reading it right.

#### HIGHWAY DEPARTMENT

Paul DegliAngeli presented the Highway Department budget. Paul stated usually they say the budget is up by this percent and the past few years it's been a request of less than the previous year around 1.5% to 2%. This year they are asking for a 4.6% increase and that has to do with the following line items: Street Lights - when they shut off lights, they reduced the budget from \$90,000.00 to \$50,000.00 and it turns out that the cost is more like \$60,000.00, so plus \$10,000.00 there. Hired Equipment - the Selectmen have increased the number of sidewalks being maintained and that's plus \$8,300.00. Pavement - plus \$66,000.00; pavement is usually level funded at \$386,000.00, last year it was reduced to \$350,000.00, a reduction of \$36,000.00. They produce a spreadsheet and when the Committee gets to Capital Reserves, members will have a spreadsheet of the planned work, both pavement and reconstruction, for the next 3 years and in order to keep pace with both the Conway District and the North Conway Water Precinct, both of whom received ARRA Funds, the American Reinvestment and Recovery Act otherwise known as stimulus money, they were going gang busters for the last few years and it behooves the Town to keep pace because they pay about 20% on the dollar to get that road rebuilt and repaved, the Federal Government pays the rest. The spreadsheet demonstrates that he could not keep pace with them without this additional \$30,000.00. They reduced last year's by \$36,000.00 because they did not need that. They have projected needing another \$30,000.00 and he projects the year after this to bringing that number back down. The last item is Radios and Repairs - there has been a switch in the radio world, going to digital and they have changed their radios as they have bought new vehicles and they are now at the FCC deadline, two years from now, and have taken the remaining number radios and will do half this year and half next year for an additional \$3,750.00.

Paul DegliAngeli stated there was an additional \$10,000.00 in the School Bus request - they way their budgeting works and Lucy (Philbrick) will be able to tell the members more about this, but they have to actually show what they intend to spend even though there will be revenue coming in from that. If you don't know, the Service Department is a department under Public Works; Highway, Solid Waste, Parks and Grounds service and the Service Department is a mechanic's garage and they maintain the fleet for the Highway Department, the Solid Waste Department, the Police Department and the School Department. They take care of 18 buses for the School, so that's Revenue coming back in, but they need to show approximately how much they are going to spend in parts, so there's that.

Chairman Sordi stated notwithstanding the Pavement increase, they are probably only looking at a \$9,000.00 increase over last year. Paul DegliAngeli stated last year they really tightened their belts, had they stayed he would be asking for level funding at \$386,000.00, so the

numbers to add to it would have been \$33,750.00, \$10,000.00 for Street Lights, and \$8,000.00 for the increased sidewalks, so \$22,000.00. Chairman stated there were decreases also; decrease of \$10,000.00 in Labor and so he is looking at the bottom line.

Ted Sares asked what the big hitter was and Paul DegliAngeli stated it was the Pavement, it's a one year hit. Ted asked if there was any way to reduce that. Paul stated they tried; when the members get to the Capital Reserves, we'll talk about that and you'll see the plan. Ted asked what would happen if you didn't do it. Paul stated a stitch in time is what they are up against and would have to pay more to get it done later. What's happening with the Water and Sewer Projects is we just pay for the overlay at the end. Earl Sires stated so instead of rebuilding the whole street, all they have to do is the final top. Paul stated it's new pavement because they are tearing up the road, putting in new infrastructure. Ted stated if you didn't do it at all, what would be the consequence, there wouldn't be any legal consequences, any restricted regulatory consequences. Paul stated no.

Chairman Sordi stated if the Water Department goes ahead with their work and we don't put that final coat on, we've got manhole covers sticking up. Paul DegliAngeli stated the Town would have to tell them to put them down and then the Town would have to raise them later when it comes time for the pavement.

Ted Sares stated he would make the statement even though it was just an observation, but the Water Department is a huge cost to a lot of things. It is a trigger and generator of monster costs that people are not really looking at any more. Chairman Sordi stated true, but we're also getting a lot of money from the Federal Government. Paul DegliAngeli stated we got all this Federal money; we're doing really well. This is really a win-win and this ripple effect from the \$36,000.00 they took out last year and this ripple will pass this season. There is no more ARRA funding and their Projects are slowing down. Chairman stated at least for right now, the Water Department has been ongoing for at least the last 3 or 4 years that they've been doing Water Projects up in that area.

Ray Shakir stated he spoke to Paul (DegliAngeli) earlier this year about roads that required reconstruction; could Paul advise if there were any roadways that will be reconstructed this year and how many miles. Paul stated the mileage he may have to get back to Ray on and he was wishing he had made a sheet for everyone. Earl Sires stated the Committee would be going into this in more detail in a few weeks when they have all of the spreadsheets, but Paul should be able to answer Ray's question tonight. Paul stated on reconstruction, Ray may remember from their conversation, that they differentiate between maintenance and reconstruction. The reconstruction plan for 2012 is Thompson Road, Prospect, Chadbourne, Sunset and Champney and how much mileage he couldn't say right off the top, but he could tell that it has a budget of \$400,000.00. Ray stated that those roads don't have any subsurface facilities, correct. Paul stated Thompson is a Water and Sewer Project; Prospect has both water and sewer, it's in the Precinct; and Sunset and Champney, water and sewer; Chadbourne, watered and sewer. Ray asked if those facilities were going to be operating during reconstruction and Paul stated yes. Ray stated that's major bucks, major.

Mike DiGregorio stated that he agreed with Ted (Sares), a lot of the driving force of what they do when they replace roads is from the Precincts and when they replace their sewer. Paul (DegliAngeli) is right; they definitely get a good bang for their dollar because a lot of the soil that was used years ago doesn't meet today's standards for longevity so it's kind of sub-par. The alternative, if you go to some of these towns that choose not to piggyback and do these projects together with the sewer, you'll see when you drive into some of these towns these narrow strips of cracked asphalt the entire length of the road and in fact, his sister-in-law where she lives is a great example, the entire town has these one or two foot cracks everywhere because the Town and the Sewer Department did not work together and boy they are the roughest roads in that town you can imagine because water gets into them, they crack, they break down, they don't last. Is it a lot of money? You're absolutely right, but he thought Paul was doing a good job keeping an eye on it and working well with the Precincts in order to make sure the Town is saving money during these projects.

Maureen Seavey stated that these roads would probably have to be done over even if they didn't do the sewer. The Precincts are paying for the basic part of the road and the Town is paying for the overlay. Basically, in the long run, the Town is getting it cheaper. Paul DegliAngeli stated the Town was paying about \$.20 on the dollar literally.

Chairman Sordi stated it's accelerating some of the costs. If they weren't doing the water and sewer projects next year on the streets mentioned, would we have been doing those roads now or are there other priority roads that they would have been doing. Paul DegliAngeli stated if they hadn't had water and sewer projects, those roads would have been done 5 to 7 years ago. They're in bad shape. Please take a trip over Thompson Road and see. Chairman stated fair enough; that's a great answer.

#### GOVERNMENT BUILDINGS

Paul DegliAngeli went over Government Buildings. Paul stated there's a Capital Reserve for Government Buildings for their maintenance and upkeep and this is just really ongoing operating, not too much happens there. Chairman Sordi stated the budget went down \$13,000.00 or the proposed budget is \$13,000.00 less than 2011 and he thought that was good. Paul stated they are making a projection. For the new Budget Committee members, when you're talking about over time, you're talking about salt, calcium chloride, you're talking about hired equipment for snow pick up and you're talking about fuel and he's being asked in October what it's going to be for the next year. What they do is use statistics and then they use "what's fuel pricing doing" and then when it's all said and done, you put on a blindfold and pin the tail on the board. They have Town Meeting in March/April, the Deliberative portion in March and these are the line items that historically may or may not get adjusted at that time. They like to think that these numbers are conservative.

Paul DegliAngeli proceeded with Garage Heat and stated that they are certainly looking forward to that going down. As members know, they completed the rehab of the Service Garage. They had been heating a

completely uninsulated building with very old equipment and today was a milestone because their fuel oil burner came on today in the new Garage. Thus far it's been working on the waste oil burner. Previously they would have had three burners working to keep it running, but it's all re-insulated, it has radiant heat in the slab and it's working quite well.

Chairman Sordi stated he had two quick questions. The first is, if he remembers correctly, they were talking about the Garage and running three burners and it was melting the snow so fast that there was never any snow on top of the Garage. Now that they've improved the Garage and they've insulated it, there's probably going to be snow up there. Do they know if the roof can handle that snow load. Paul DegliAngeli stated as you can imagine that was something that he looked into; the old roof had to support dead loads; the old roof is now a collar tie. They evaluated the walls and the walls are strong enough. There is now a pitched roof on that facility; there's trusses and a metal roof. There's R50 in the overhead. On a cloudy day, it holds the snow; the snow doesn't move. They have to wait for the sun to come and then the snow slides. They know it will hold it.

Chairman Sordi stated the other question he had was if there was something in there for a drop lock box or something like that. Earl Sires stated that is something that is an idea that Rhoda (Quint) is working on and Karen's (Umberger) question was what are the details on this and Earl's answer was that they had budgeted for this drop box where it is still a project that they are looking at. The idea is it to be a payment box like you see at businesses or banks. It's a slot and it's secured probably at the back of the building so people would drop their payments off after hours which has a couple of advantages. If you want to go and do it after hours and also it creates some efficiencies in Rhoda's Office to come in and have a stack of things all ready to go. Rhoda Quint stated they have many out of state taxpayers and they arrive on the weekend and the building is closed. In the past they had sent people when the tax payment was due on a date certain such as December 1<sup>st</sup> and those out of state taxpayers if they are running close to the deadline to go to the Police Station to pay their bill and she would retrieve that. She thought this would be a convenience not only for the out of state taxpayers but also for the local people that might arrive at the building on a Saturday or Sunday or a holiday. Chairman stated any way to get the money easier. Earl stated he wasn't going to say that. Bill Marvel asked if this means the Post Office is shutting down altogether then.

Mike DiGregorio stated he just wanted to reiterate what Paul (DegliAngeli) just said because we've kind of passed over it kind of quickly when it comes to the furnace. For those people at home that didn't understand or the people here, they get waste oil from various places and avenues and they have a furnace that just uses waste oil for free. They also have a furnace that they buy #2 oil and today was the first day that the oil they buy was used. Everything so far this year has been free. He wanted to thank Paul because Paul put an awful lot of effort into figuring out how that building was going to be insulated and the procedures that he wanted the contractors to use; clearly he made some good decisions. Again, this number of oil will hopefully drop dramatically for next year; they put these numbers together some time ago. Hopefully next year they will see a major difference in that.

Earl Sires stated it's not that they are done and have used up all of the waste oil which is kind of a conversation he and Paul (DegliAngeli) had, it's that this is the first day that the waste oil furnace in and of itself was not able to heat the entire building so they had to have a supplement from the purchased oil. The waste oil will continue to be used through the year. Earl asked Paul if there was enough for the whole year and Paul stated he didn't know, they would have to see. Paul stated they used to run three burners in there and any time it was below 20 degrees, they lost ground. So a morning like this morning, you would go in there and expect the temperature in the Garage to be in the low 50's with three burners running full tilt, 77,000 BTU's an hour being pumped out. They went in there this morning and it was 62 degrees about 5 feet off the floor and it's 63 degrees about 2 feet beneath the roof; a 1 degree temperature swing. Chairman stated that was fantastic. Paul stated that because they are below 20 degrees, the second burner came on; there's a waste oil burner and two fuel oil burners. Chairman stated the waste oil is the only oil that is being generated through the Transfer Station. Paul stated correct plus they are a service garage.

Mike DiGregorio stated that even though the other furnace came on today, they are only using a third of the amount of waste oil that they used to use. Paul DegliAngeli stated they didn't know that yet; they try to use up all of the waste oil. Mike stated he knew that, but he was just saying they weren't burning through it nearly like they were. Paul agreed.

Paul DegliAngeli asked when the meeting on the Capital Reserve was going to be held. Chairman Sordi stated there was a meeting on the 11<sup>th</sup> and then the next meeting with the Town after that would be on the 30<sup>th</sup>. Earl Sires stated they could do the Capital Reserve Funds on that night.

#### OTHER TOWN MATTERS

Earl Sires stated they had a variety of other departments; he would like to say there's nothing hugely significant in any of them but that's probably not the case in some people's mind. He was going to run through some of the departments and give an overview. This is really going to follow along the discussion and the Narrative and if there are any questions, please ask them as he goes through this.

Earl Sires proceeded with Assessing and advised that budget increased by 6%; some minor adjustments and it mostly has to do with staff increases and hours to the summer data collection person that they use. Legal is one of the areas where they are increasing from \$40,000.00 to \$50,000.00 and he noted that it is based on projected needs for 2012 and those projected needs are largely associated with Transvale; so there's \$10,000.00 right there that they are budgeting for that.

Earl Sires proceeded with Employee Benefits which had already been talked about and the fact that their insurance had gone down. Retirement contributions have gone down. Planning and Zoning, Tab 8, that does increase by 9% because they are increasing their Code Compliance Officer by 200 hours and again this is Transvale related. Government Buildings was just talked about. Cemeteries - there is nothing really in that budget. Property and Vehicle Liability Insurance, Tab 11, is up less than

\$100.00 from \$59,000+ to \$60,000.00 and that's based on their projected premium. That's what they pay to insure the buildings, vehicles and equipment. Police Department will be discussed at an upcoming meeting. Ambulance was talked about and as he noted the total amount of the Contract will be \$154,000.00 if it is approved by the voters. They have budgeted one-third of that in this Operating Budget.

Earl Sires proceeded with Fire and Rescue and the largest item there which is the Non-Precinct Fire Agreement, line 1355. For 2011, it was budgeted at \$262,000.00 and it decreases slightly to \$256,000.00. The Non-Precinct Fire Agreement is an arrangement, an agreement between the Town of Conway, North Conway Water Precinct Fire and Conway Village Fire District to provide fire services to areas of the town that are not located within a Precinct that provides fire service. Those that live up along the West Side Road, people in the south part of town, and other areas of town that don't have fire service provided by the Town per se so they operate through this Agreement and the funding formula is based on the combined budgets of Fire and Town and it's distributed according to assessed value of the non-precinct areas. It's only paid for by and only assessed to those that don't live within a Precinct. If you live within a Precinct, you don't pay this amount. Ted (Sares) and himself pay and others. Anyone who doesn't live within a Precinct pays this and those that do live within a Precinct don't. It is an Agreement that is up for renewal this year through a Warrant Article. The Selectmen are recommending a 5 year extension. The Precincts are in favor of that. This is something you will see through a Warrant Article and we'll talk about that later.

Earl Sires proceeded with Building Inspection, Tab 14, increases by about 5%; part of that is staff compensation and then there is some other minor operating expenses. They are not budgeting additional hours or monies in this department, but their Building Inspector is going to have and has had his hands full over the last few months with the Transvale Acres situation and he will continue to be busily working on that over the next few years.

Earl Sires proceeded with Highway which Paul (DegliAngeli) talked about. Solid Waste was talked about by Paul. Health Department, Tab 17, includes some minor stipend for their Health Officer and kennel fees for impounded animals, dogs that by law they are responsible for taking care if they are apprehended running loose.

Earl Sires proceeded with Welfare being a department that we've talked a little bit about at other meetings; they have increased it by 15%, in particular the actual direct services line has increased from \$35,000.00 to \$45,000.00 and they'll see how things look in March when we go to the Deliberative portion because at the last meeting there was discussion about the demand and services and so on and that's continuing. He would add, not that he wants to get into that discussion again unless members want to, but in November they did pay a lump-sum payment of \$3,000.00 to a couple of different Food Pantries in Town that they had budgeted for so that was part of the increase and he hadn't realized that at the time it was being talked about. They are budgeting some additional assistance dollars there.

Earl Sires proceeded with Parks and Recreation and John (Eastman) will be here next week. Tara (Thomas) talked about the Library. Tab 21 is Patriotic Purposes and that is a budget that handles funding for a variety of patriotic purposes, i.e. 4<sup>th</sup> of July, some Veterans Commemoration activities during the year and they have level funded that. There will be some discussions, at the Selectmen's Meeting and in the paper it talked about the Selectmen creating a group to talk about events in Town and how they're funded and how they're managed through the year so there may be some changes to the 4<sup>th</sup> of July as we go through the year.

Earl Sires proceeded with the Conservation Commission, Tab 22, and their budget decreases by 28%. They have elected to do fewer projects this year. As their Chair, Paul Pinkham, mentioned they felt this was a good year to reduce their level of effort and their level of the budget and that's what they've done.

Earl Sires proceeded with Debt Principal and Debt Interest. As he mentioned before, a significant reduction there of \$315,000.00 less in Debt Principal and Interest decreased by \$13,000.00 so there is about \$330,000.00 less in debt payments in service this year. There is nothing in discussion at the Selectmen level at this point about any major capital projects that would be requiring a bond issue any time soon so they don't anticipate additional Long Term Debt being requested. They do have a number of relatively significant maintenance items at some of the facilities that will be talked about that will be proposed to be funded through the Capital Reserve Funds, but there is no thinking about building new buildings at this point or anything like that.

Ted Sares stated at the end of the year he assumed there would be a surplus; that's what it looks like. Earl Sires stated a minor one. Ted asked where will the surplus go. Earl stated that will go, thankfully they have had surpluses in the past, it goes into their Fund Balance so if there is a net change in the Fund Balance year to year, for example last year it was \$600,000.00+ they contributed and the Selectmen chose to use \$350,000.00 of that to count as Revenue in this 2012 year to reduce the tax burden. They have left some in there; it's sometimes called a "rainy day fund". There's been some concern, and Mike (DiGregorio) has been one of the people that's concerned, that it has been drawn down somewhat over the last 4 or 5 years so they have retained some of that to try to build that reserve and maintain it at the recommended levels of the State. It is actually 5% to 15% they say and the Town is at about 7% now; not unhealthy but not extra healthy but they don't want to continue to see that drawn down either. As Ted mentioned, there's a variety of reasons for having that fund. It's basically the balance, the checkbook balance at the end of the year, that's what's left, it's not cash. The current balance is somewhere around \$2 Million. Lucy Philbrick stated it was just shy of \$2 Million. Earl stated it's not cash, it's receivables on taxes, it's a variety of things. To the degree of cash reserves, those are the kinds of things had they needed to draw on outside for extra funding like Irene, they could have used that through a legal process to take care of some of those things. It's also used as Lucy has pointed out many times in the past as a cash flow account. The Town collects the monies from all taxpayers for all taxing entities in the Town and they are obligated to distribute those monies whether they have collected them

or not. They have to have a bit of cash flow cushion to manage that process as well. When you get \$2.5 Million at any given time, they need to make sure they have the ability to handle that.

Ted Sares asked if the Town uses tax anticipation. Earl Sires stated they have and asked Lucy (Philbrick) to what extent they did it this year. Lucy stated she thought they borrowed \$800,000.00 in the Spring. Earl stated they only had to do that one time and the interest is minimal. Mike DiGregorio stated he thought that the number was closer to \$2 Million that they borrowed. Lucy stated they had a Line of Credit for \$2 Million; they only used \$800,000.00.

Kelly DeFeo asked if they could ask questions on anything or would they be covered at another time. Chairman Sordi stated members could ask questions on anything or questions can be asked next Wednesday before the presentation of the Rec Department, the Police and the Precincts.

Kelly DeFeo stated on the Emergency Services, just to understand exactly what we are paying for with the difference between the North Conway Ambulance and the Conway Ambulance. Earl Sires stated for 20 years at least the Town has voted to provide funding for ambulance service in Town and it has kind of evolved over time, but basically the idea is that the Town per se does not provide an ambulance service. Conway Village Fire District provides ambulance service within their District and there is a private business, North Conway Ambulance that provides services as well. Over the years, the approach has been to provide funding for those services to allow them to maintain a level of service that the Town in general feels is appropriate. Conway Village Fire District provides ambulance service to basically the southern half of the Town and North Conway Ambulance to the northern half of the Town.

Kelly DeFeo asked how they were reimbursed; here is \$77,000.00 budget but then there's \$25,000.00; how is the difference made up; do we just go to \$25,000.00. Earl Sires stated what's happening is if you look at the total 2011 Budget, the total is \$154,000.00, \$77,000.00 for each of the outfits. What's happening this year because the Contract is running out, the only amount that they know that they need to fund right now is through April and that's one-third of the year so that's about \$25,000.00 of the \$77,000.00 that they each get. When and if the Town approves the Contract in April, the entire amount will be put in the Operating Budget to the tune of \$154,000.00. This number, if the voters approve it, will change to \$77,000.00 and \$77,000.00 for \$154,000.00 instead of \$25,000.00, \$25,000.00 and \$51,000.00, if that makes sense.

Kelly DeFeo asked if these ambulances are only responding to the Conways or do they respond to other places. Earl Sires stated the Conway Village, and he's getting a little bit out of his area, but Conway Village responds to the southern part of Conway and Albany. They have a Contract with Albany as well, and he didn't know if they provide service any where else. North Conway Ambulance is a private service and they can respond any where that they are called. Kelly stated so it's a private service that we're paying the same amount of money for as the service that we provide in Conway. Earl stated yes.

Chairman Sordi stated it sort of goes along with the decrease in the budget that you're showing for the Ambulance Service from like \$152,000.00 to like \$54,000.00 so that's not a true reduction. What happens if the voters don't approve. Earl Sires stated then anyone anxious to have ambulance service; what he would say is this: their understanding is that without this additional assistance the level of service, the number of ambulances, the number of staff in town available, would decrease and so the level of service to the Town would decrease. Chairman stated this was a Warrant Article he assumed and Earl agreed.

Kelly DeFeo asked if they provided information that can be verified for that; she sees that the ambulances are associated with the Fire Department; she was trying to see the kind of relationship there was; we provide the buildings. Earl Sires stated he would provide a copy of the Agreement. In the past there was a lot of information that was stipulated on how things were suppose to go, call response, times and all kinds of stuff. Five years ago the Agreement was modified to just basically it provides funding and they are required to have a certain level of ambulances available. At the time, the Selectmen and the Town didn't feel like they were in a position nor did it make any sense for them to try to manage or stipulate how an ambulance service was run because they don't do that. In fact, they felt there might even be some liability there where they were saying these things had to happen and if they weren't happening and they weren't making sure they happened, then they would be liable. Basically, it was shifted to "you all provide" certain kind of ambulance, technicians and certain kinds of equipment have to be available and in exchange for that you get this money. That's really what it says now.

Kelly DeFeo stated but they are also billing for the service and collecting all of that money. Earl Sires stated they are. Kelly stated if anybody's had an ambulance pick them up at their house, that's quite a bit of money. She was just wondering because we are really supplying \$154,000.00 a year for two ambulance services and that's quite a bit of money. She thought it behooves us to look and see that we are getting what we're paying for. Earl stated presumably the operators of those services will be at the Town Meeting or they can be invited to come here. Kelly stated if we're supporting that much, we should be allowed to know what they're taking in and what their costs are and all of that other kind of stuff. She thought that was reasonable.

Chairman Sordi stated the Contract is going to be a Warrant Article and the ambulance representatives will be at Town Meeting. Earl Sires stated if he was them, he would be there. Chairman asked Earl if the Committee needed to ask them to be there because it is critical that that's approved and so that we can educate the public.

John Edgerton stated there was a couple of things; this is not ambulance service, this is to have the service available and that's all it's for. It's so that the two services have enough equipment and enough manpower so that when an ambulance is needed it will be there. It's not going to your house, that's not what it's about. The other thing is when it was the other way around and the North Conway Fire Department had ambulance service and White Service handled Conway, it's just reversed now. We've always supported it for the last 30, 40 years we've supported ambulance

service, to have service available. Kelly DeFeo stated she wasn't against having ambulance service available, but she was saying that was a lot of money to be shelling out. John stated it was a lot more than that before. Kelly stated you're looking at everybody to try and save money here, so let's just not pick and choose what we're looking at to save money, okay.

Chairman Sordi stopped the exchange between John Edgerton and Kelly DeFeo. Kelly stated she had a valid request and she thought anybody that is contracting with our Town should be looked at in the same scrutiny that anything else is looked at. Chairman stated he agreed.

Mike DiGregorio stated you (Kelly DeFeo) just hit the word on the head; you have to keep in mind that they are contractors for the Town. There is no law that says that you have to provide ambulance service in town, unlike the fire service which the Town has to provide. You are clearly welcome to look at any of the books certainly in the Conway Precinct because it's a public document and you're welcome to look at that at any time and he will assure that they expend a lot more than what they are getting in this. In his opinion, the Contracts that they have with the Town actually costs them money, although they try to recoup that in fees when they transport somebody, but he believes both Steve and the guy from the North Conway Ambulance Service, and Mike asked Earl (Sires) to correct him if he was wrong, weren't they only collecting around 50% to 60% of what they were billing out. Earl stated he couldn't remember off hand. Mike stated it was horrible the amount that they send out to collections and get nowhere; judges throw it out, it's amazing how little they recover from what they try to recover. He would imagine that North Conway would show what they do, but he didn't really know because they are a contractor. The reason the Precinct doesn't come here is because they are not wholly within that area so they're not required to come before us unlike East Conway or Redstone are required to come before us. Clearly, if you have questions, you can go down there and look at any of those books, but he thought if she really looked into it she will find that the Town is getting a really good bang for their buck. If he recalls, years ago it was put out to bid and he was not sure how many responded but they were no where close to what Conway and North Conway were willing to do it for. He couldn't remember how many ambulance services responded, but it wasn't a lot, but the money was substantially higher.

Earl Sires stated they didn't get a great response and the other thing he would point out is that this last 5 year Contract at \$154,000.00 he thought the prior 5 years was \$235,000.00 total. So, they were working at kind of bringing the amount down.

Chairman Sordi stated he thought two things; number one our responsibility as a Budget Committee is to ask questions about every line item on here and if we have questions about it, we should. He didn't care who was on the Budget Committee. There are people on the Budget Committee that haven't been here before and they don't know what some of us who have been on it know, some have been on it for a long time. If you have questions about any line items here, your duty is to ask questions about it. Secondly, he thought it was important that the Committee understand what goes into this which is why he thought it would be good to have them at the Town Meeting, not only to understand what we are

paying for, but also to educate people that hey, this is something that is important. A couple of years ago we ran into the Town Garage and he wasn't going to revisit it, but the education part of it wasn't very good, people were confused. We need to make sure people understand this because if it gets voted down, it could have a significant impact upon safety within the Town of Conway. Having them at the Town Meetings he thought would be an important step. Chairman asked Earl (Sires) to ask them to there. Earl stated he could ask them to come to one of the next two meetings and he will e-mail the Chairman a copy of the proposed Contract. Chairman stated the next meeting would be great.

Dick Klement stated having had more ambulances respond to his house over the last 6 months, he can appreciate this. His question is since Conway is a government agency vice the North Conway response, why are we putting a Warrant Article out for them, it's apples and oranges, so why is there a Warrant Article covering both a government agency and a non-government agency. Earl Sires stated the Warrant asks that the voters approve the Town disbursing monies to each of these two entities. That gives them money apart from anything they raise themselves in Conway Village. Likewise with the private company, we're giving them checks every quarter. Dick asked if it was one or two Warrant Articles. Earl stated it was one Warrant Article; it has been in the past any way.

Mike DiGregorio stated he just wanted to comment. Keep in mind Dick (Klement) that even though one's a government agency, the Town is hiring two contractors to do this work, that's what this is about. Conway Village Precinct is ultimately a contract of the Town of Conway to provide that service. They don't have to provide it.

Maury McKinney asked if historically this has been an expense item that has been a Warrant Article or has it appeared in the budget. Earl Sires stated every time the Contract has been renewed, every 5 years, the law says that any sort of multi-year financial agreement has to be approved by Town Meeting. What happens is, just as they are doing this year, the Selectmen are saying "will the Town approve a 5 year agreement". If they do, then for those 5 years it's included in the Operating Budget after that. Maury asked do we put our ability to provide consistent, reliable, professional standard emergency care to our citizenry at risk by putting it to a Warrant Article. Chairman Sordi stated we don't really have a choice; it's a contract. Earl stated it's a law that says we have to do that.

Doug Swett stated this whole thing came up seriously about 4 or 5 years ago and there was a heck of a brouhaha about it and some of us went up to see, and this was when Tinker Keisman owned that up there - it's exchanged hands now, we went up there to see what they offered and were amazed, they had a house next door where the people that were on call slept and it was a very, very well run operation. What it is today, he didn't know since it's been sold; he would assume it's the same. Think hard before you do something to push this out of the way. Chairman Sordi stated he agreed; it wasn't something he would want to vote "no" on.

Mike DiGregorio stated that goes for Conway Ambulance too or Conway Rescue. Doug (Swett) is absolutely right. In North Conway they have a building for the employees to sleep in; they are there 24 hours a day.

Conway has the exact same thing; they are there 24 hours a day; they sleep in the building at night and in his lifetime they have only had to call Rescue once, this was prior to his wife being a Paramedic or EMT, what an amazing response. Anybody that's had to use the service in this Town, he's had the luxury, not luxury, to work all over New England in his job and have literally had to work inside Fire Houses doing all sorts of data circuits and things like that and these guys are professional.

Kelly DeFeo asked if the ambulances respond to fire. Mike DiGregorio stated anytime there is a fire call, an ambulance goes; whether there is a Paramedic on board, he was not sure. Mike further stated any time there is a fire call, if there's a structure fire that goes out, there's an ambulance going and he's almost positive about that. If there's a Fire Alarm activation, he can't say they roll an ambulance every single time because a lot of them are false. They send somebody out there to determine if there is a fire and then the ambulance would roll.

Kelly DeFeo stated because Conway isn't private, it's the public, when they respond to calls and they do get and they go for that service obviously as a regular ambulance would do, that money is put back in the general budget; how do you account for that money they are making for that. Mike DiGregorio stated it's their budget. Chairman Sordi stated it's their budget, they have to manage it. Kelly stated so if they earn that money, it goes back into their budget, the ambulance budget. Is that all part of the Fire District, part of the Conway Fire Department. Mike stated to Kelly to keep in mind that you are hiring a contractor to cover the Town; we are not involved. Let's say someone goes out to Stark Road, you are asking the Fire Department to make sure they are going to cover that call. That's all you're doing. You're hiring them to say "yes, we are going to cover that call" and then they treat that call just like they do if they are in the District. At his house on Pollard Street, he is guaranteed that they are going to come to his house because he lives within the Precinct and they are going to bill him, he's going to pay that and it's going to go into their revenue side. If someone's out on Stark Road, the Town is asking them to guarantee that they will go out there; that's what that Contract is for, that's all it is. Any revenue they create goes back into the Village District Precinct as revenue and the Town of Conway has nothing to do with that because the Town is just asking them to guarantee that service out there.

Chairman Sordi stated basically it's a lost leader type thing; we are paying them some money to get the ambulance service available and then they are making up the rest of it by billing insurance companies, but they're not over billing, they're trying to make a small profit, but not over bill because they have to compete against other ambulance companies. Mike DiGregorio stated they are actually right in line with North Conway. Conway is actually a little less aggressive when it comes to going after revenue; sometimes he wishes they were a little bit stronger especially somebody who lives within the Precinct. To him, there are a lot of unnecessary calls that take place, a lot of those people that go on those calls don't necessarily have the means to pay for it so they just kind of write it off. He, personally, wishes they would be more aggressive, but he's not a Commissioner.

Kelly DeFeo stated that's what she's looking at; we are paying for something, this is a reimbursable service, somebody's getting reimbursed for it whether they're going after it aggressively or not, that is a reimbursable service and the funds are going somewhere to pay for that service because they wouldn't be a private company if they weren't making a profit. You can say it's not a big profit, they're really scraping by, but there wouldn't be private companies doing it if there wasn't a profit to be made. She was just saying, we're paying a good amount of money for two ambulance services and she just wants to make sure what we're getting. Chairman Sordi stated we can ask more questions of them. Kelly stated that's the thing, you can pay more and more, it's less and less, but it's a service that is reimbursable and is provided and if they're not getting paid, not going after that money, they really should be going after that money because, as you said, people can use it as a, you know, they'll call for any little thing or it could be a very reasonable thing they're being called for. Again, a service that the taxpayers of Conway and North Conway are paying for. That's a large amount of money for a private company to provide a service. Does every town subsidize their service? She thought there was private companies that don't get subsidized, but are providing services.

Mike DiGregorio stated Madison just went through some new Contract negotiations and he believed the last he knew they were going to combine with Freedom, Tamworth and Madison to get a Contract and that was \$100,000.00 a year. He didn't know if that ended up going through, but those were the numbers that they were looking at. Again, all they're doing is guaranteeing somebody will be there when the alarm goes off; that's all they're doing.

Chairman Sordi stated he didn't have the experience in New Hampshire, but he knows that when he lived elsewhere for towns that hire private companies to provide ambulance service, they sign Contracts and they were paying that money up front. If we weren't paying that money, if we had our own ambulance service say volunteer or whatever, we would be spending similar types of money based on what he saw when he was living in Connecticut. We'd be paying similar amounts of money every year just to maintain that ambulance service and then every time they do a call, there's a cost associated with that and that's what's getting billed to the insurance company. The question becomes: do we pay money to maintain an ambulance service on our own or do we pay it to a firm that knows what they're doing. It's almost a similar type question that we had with the buses. You can contract out the buses or you could maintain your own bus fleet, but you're going to have that base line cost that you're going to have to pay to have that service available on an as needed basis.

John Edgerton stated it's a small portion towards the fixed costs of business. Chairman Sordi stated it does go towards fixed costs, but he didn't know if it was a small portion, but it goes towards the fixed costs.

Earl Sires stated there was a question a minute ago about what other towns do and how it works. The last time they went through this, someone mentioned ordeal or something, but the last time there was a lot of stuff. He was tasked with trying to figure out how this compares to what is done in other towns and what he found was that there are so many

variations, i.e. are you an urban area, a rural area, is it a volunteer department, a paid department, cooperative agreements, level of service, that there was really no way he could come up with any comparable, he couldn't find another case that was similar to this that he could come up with any kind of comparative information for. His answer is that it's all over the map.

Kelly DeFeo stated she might be curious about Wolfeboro because they have a private ambulance and she was just curious; they are of similar size, they shift a lot of patients, it's a resort area. She knows this came up down there, but was not really sure what they pay for it or anything but we would probably be in a similar situation that Wolfeboro was. A private company moved in, they utilize either and she was not sure if they pay for them or not. They ship a lot of patients; that's a lot of the ambulance service is taking patients from Memorial to Maine Med or other places, too. It's not just responding to houses, it's a shuttle service for patients that are being shipped.

Mike DiGregorio stated that only North Conway shuttles. Conway does not. Earl Sires stated this doesn't supplement the shuttle side of this. Mike stated it has nothing to do with the shuttle, in fact there are actually two different businesses; one is an ambulance service and one is a shuttle service and they have, he believed, 4 or 6 ambulances altogether and 2 of them are used for rescue purposes and the other ones transport. Kelly DeFeo stated she was saying that's their business. Mike stated what he was trying to explain was that there are two different businesses down there. One of them clearly is making all sorts of money when they're transporting, that's huge money; the other one he wasn't so sure about.

Mike DiGregorio stated he wanted to give one more example: he has a sister-in-law that lives in an area of a couple of hundred thousand people so there's clearly a lot of need. That particular town contracts out their entire ambulance service, not rescue, ambulance and they don't get any funding from the town; however, he was talking to one of the Paramedics or one of the Managers and they are extremely aggressive in going after that money to the point where they put liens on people's houses, they take their house, they do all sorts of stuff in Court because they are going to get paid, plain and simple and we don't get involved in any of that in this town. That would be interesting to see if anybody would start doing that. He didn't want to go down the road where the Town was starting to take people's houses, but that could definitely happen. Kelly stated a private company could do that. Mike stated any company can do that.

Chairman Sordi asked Earl Sires to confirm that the ambulance personnel would be at next week's meeting and if not next week, then maybe on the 30<sup>th</sup>. Earl stated he would see what he could do; he would send them the invitation.

Bill Marvel stated he had a constituent question that he promised to ask, but it occurs to him that it could be interpreted a couple of different ways so he will give both interpretations. Earl Sires stated that he would give two answers. Bill stated he thought he knew the answers to both of them but the question as is phrased is "Do Town employees expect a raise every year?" Now that could be a psychological question or could

mean is there a contractual mechanism such as at the School sometimes there are increases built in. Earl stated in their Union situation if they have a multi-year Contract obviously there is an expectation year to year. It has typically been an annual Contract. Ted Sares questioned "annual Contract" and Earl stated one-year Contract, more often than not. Earl further stated the reality is that there is no guarantee because every year is a different year. The practice of course has been that they have a pay plan that they offer and say this is our Town Pay Plan and if the Pay Plan is adopted year to year then the expectation is from the Town to employees if they perform well, they expect them to perform well and the expectation from employees is "if I perform well then I will be rewarded". His two answers are: the reality is that there is no guarantee year to year, however he suspects that most employees at least if not expect, hope to be given a raise every year and the Town's philosophy is that they promote performance and doing the best job possible and they try to reward as much as they can. Chairman Sordi asked Bill if that answered the constituent question and Bill thought it did. Earl stated he would be happy to go after it again. Ted Sares stated he would just as soon not get into that business. Earl stated there's no guarantee, but the expectation, the practice has been that they have a Pay Plan. Ted stated to expect pay for performance and at the same time have a 1, 2 or 3 year Contract is as disingenuous as it gets. Earl stated the Budget Committee for some years haven't been in favor of one year. Ted stated that's mainly because nobody understands pay for performance; you're talking to somebody who does. Earl stated he thought a multi-year would be a more preferable situation. Ted stated a multi-year Contract would be great, 3 years, 3% up front, 2% and zero in the third year; not back loaded, front loaded. There are different ways to answer that question; that's a hot ticket for a lot of people.

Maureen Seavey asked if the pay increases are based on merit, not flat rate, merit. Earl Sires stated basically depending on your performance and depending on where your actual salary is in relation to the average for that position that they calculate, raises can be up or down, can get any where from zero to 5%, the current Plan that they've been operating under since he's been here, has been zero to 5%. High performers, relatively low paid, are eligible for up to 5%, most people get less than that. Low performing people do not get that. This last year people's raises were any where from zero to 5%. Maureen stated so the people on the lower end of the scale might get a 5% because that's not as much as a person on a higher level might get a 3%. Earl stated it's set up so that someone that's earning relatively less compared to the average for that position, usually a newer employee gets a little bit more to try to move them a little quicker. They hire at 87.5% of the average so the low end range is less.

Ted Sares stated everything is predicated on the middle of the range and people start at a certain point, as Earl (Sires) said, and what you get is determined by a number of variables. One is performance, one is your position in the range and one is how much is available. Usually in a situation like Earl has, you'll take a percentage of the annual salaries, or however they do it, and that creates a money pool. Out of that money pool you pay the merit, usually it will end up that extra cent. Some people might get 5% and if somebody gets 5% then somebody else ought to get zero and if somebody gets 4%, somebody will probably get 2%. At the

end of the day the average will probably be 3%. Earl stated that was what they use, 3%. Ted stated it's not that complicated, the complicated part comes on how do you measure performance. That's the complicated part, but it's not all that difficult. Ted further stated that he thought Earl had done a great job, the Town had done a great job and the School as well, but the problem becomes in a lot of towns and he wasn't saying here, is that you say "all right, you've got 10 people on this, show me their average increase" and invariably it's all going to be the same. It's so hard to give somebody less than somebody else.

Earl Sires stated to Bill (Marvel) that maybe to answer his question again, they don't have a situation or a Pay Plan that is seen in a lot of places which is basically if you showed up for the year you get 5% or 4% or 3%, it's not an automatic situation. Ted Sares stated that's very common too. Chairman Sordi stated the sad thing with a system like that is that a newbie who has poor performance could theoretically get the same increase that person that's been around for 30 years that has as great performance because that person is at such a high level of the range. Ted Sares stated but then that person at the high level you want to stretch out longer, maybe give them their increase.

Chairman Sordi stated it was almost 9:00 PM. Mike DiGregorio stated he wanted to make one quick comment. Ted (Sares) was absolutely right in how do you justify that evaluation and differentiate between people and he asked that question the other day and it was kind of ironic because the three people that he asked about performed in three different categories from up here to down here and he was glad to see that Earl (Sires) and Paul (DegliAngeli) really do evaluations. As a Selectman, it is important to him that they do that and ironically the three he wanted to see were all different. So it was really good to see that they do a good job.

Ted Sares stated he thought being cut off like that, he wanted to comment on that. That's an area that a lot of people don't understand in this Town, the pay performance and the way we pay our employees, and he thought it really needed an explanation some time in a lay person's terms. He can explain it better than anybody he knows. To be cut off, he doesn't like that.

**Ted Sares moved, seconded by Bill Marvel, to adjourn the meeting at 8:50 PM. Motion carried unanimously.**

Respectfully Submitted,

Iris A. Bowden, Recording Secretary