

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
January 18, 2012**

A meeting of the Municipal Budget Committee was called to order at 6:32 PM in the Professional Development Room at Kennett Middle School with the following members present: Joe Mosca, Acting Chairman, Doug Swett, Dick Klement, Betty Loynd, Bill Marvel, Ted Sares, Maureen Seavey, Ray Shakir, Kelly DeFeo, Greydon Turner, Joe Mosca, Mike DiGregorio, John Edgerton, Brian Charles and Karen Umberger (arriving late). Excused: David Sordi and Danielle Santuccio. Absent: Maury McKinney. Also present: Dr. Carl Nelson, Jim Hill, Janine McLachlan, Lynn Brydon, Pat Swett and John Robart.

Mike DiGregorio led those present in the Pledge of Allegiance.

Ted Sares moved, seconded by Mike DiGregorio, to have Joe Mosca be the Acting Chairman for tonight's meeting. In favor: 14; Opposed: 0; Abstain: 0.

Due to the absence of both the Chairman and Vice Chair, Greydon Turner opened the meeting. Greydon stated that due to conditions that the Chairperson has to be an elected official, he opened it up for nominations. Ted Sares stated that given that Joe (Mosca) was the Vice Chair last year, he thought Joe would be perfect for it and nominated him for the position of Acting Chairman.

Acting Chairman Joe Mosca asked that everyone limit their side conversations so that only one person is talking at a time; everyone try to talk into a microphone and wait to be recognized by the Chair which will be him for this evening. Chairman stated he would try to make sure that he got everybody and if he didn't, wave wildly and he will make sure to get to that member.

OLD BUSINESS

Greydon Turner stated that he had a couple of questions that Mike (DiGregorio) and Chairman had asked at the last meeting concerning the Redstone Fire Department. As far as the insurance goes, Workman's Comp increased \$1,102.00 and part of the increase was \$502.00 which was an increase premium for the truck they just purchased. Also Mike wanted to know what they had for qualifications; they have 7 people with an FF1, 4 as FF2, 3 for Air Pack and 7 Pump Certified.

NEW BUSINESS

Acting Chairman Joe Mosca reminded everyone of the meeting on the 25th at the Middle School and we will be focusing on questions that come from this evening's meeting.

SCHOOL REVIEW

Dr. Carl Nelson passed out replacement pages to the members present and went over where each page was to be placed. The reason for the

replacement of so many parts of the Budget is because they managed to negotiate a rather sizeable decrease in their health insurance in the Conway School District, actually with the Harvard Pilgrim Health Plan, one that equates to \$550,000.00 so members can see how significant the health insurance impacts any of the budgets. It has done the same throughout other Districts that he represents, but it's a big chunk here. That, coupled with the fact that they retired a bond this year of \$601,000.00, they have a budget that now results in an almost \$1.2 Million reduction over the previous year's budget, not including Warrant Articles. That represents a 3.73% decrease.

Dr. Nelson stated that what he would like to do is go through what he thinks are the major portions of this Budget and overview those for the Committee, point some things out. They have now given the Committee all sorts of new information to look at and ask any questions to him or Jim (Hill) that members may have tonight, but he would also invite members as they look through that the rest of this week and weekend, to ask additional questions either through the Chair or e-mail Dr. Nelson directly and he will try and establish answers so that when we meet on the 25th we're spending time valuably and he will have the people that need to be here for a specific question. If it's about the Middle School, Kevin Richard will be here. If it's Special Ed that people have questions on, Pam (Stimson) will be here. He won't drag everybody out, but if those are people the Committee wanted to see then they'll be here and are ready to be here next week.

Ted Sares stated he had an observation and he wanted to do it at this point that Dr. Nelson mentioned the bond maturity and to him that's not managing a budget that's simply a maturity of the bond and you knew that the minute it was floated. Dr. Nelson agreed. Ted stated the other is absolutely the management of a Budget which was the reduction in health insurance and he wanted to draw that very clear distinction because later on, even though he likes what he sees, he personally is going to pull that bond money out because to him that doesn't mean anything because we knew that was going to happen 5 years ago or whenever. What means something to him is the insurance.

Dr. Nelson had the Committee go to Tab A first which is the first item they asked members to replace. Everybody should be on a blue sheet of paper. Tab A really gives you the budget in a one capsule look and it really summarizes each of the Units and they have Units 2 through 10. For instance, Unit 2 is Special Ed, members can see Unit 3 is the High School and if you go out, you can find out what their adopted Budget was for this year, what the proposed Budget is and what the increase or decrease in that particular Unit was. Members will note that Special Ed right off the top has a \$458,000.00 decrease in the Budget and that can be explained through Tuition that we are not having to pay because either students have moved out of the District or are no longer in a residential setting. What members see on that page, that Summary includes the negative or -5.3% decrease in the Health Insurance which he has to give Jim (Hill) and himself a little credit for going through a rather lengthy negotiating process with the insurance company but getting it to a point that they think is really to their advantage. There is another piece to that that he just wanted to mention and that is that when you change health insurance companies you can't go back to that health insurance

company for two years. So what happens is that they could give you a good rate for one year, they've got you on board and then the next year spike your rate to make up for the difference. Because they are with the same company, they now have the option to go out to two other companies that are out there in the health insurance business. If they spike the rates on them next year, they at least have some ability to move and negotiate with another company or two. He thought that was a major piece of it; the insurance company doesn't have them over a barrel for the future.

Dr. Nelson further stated it also includes the Teacher Retirement increase which was a 2.3% and remember that whole deal with the State, then the State has shifted the responsibilities to the local Districts. That cost an additional 2.3% on the Teacher's Retirement contribution that has to be made to the Retirement System and that's included in the reduction he was just talking about. It also includes for the Administrators and troops who received a zero increase last year which is what the Social Security increase was last year and it includes the Social Security increase for them which is 3.6% and that's to be determined by the Board at a future date, but the Budget does contain that. As you look down you will see that Kennett High School is up slightly, \$87,000.00; the Middle School is down by \$217,000.00; the Elementary Schools are all up slightly, \$58,000.00 at Conway Elementary, \$33,000.00 and \$26,000.00. The Technology Unit, Unit 8, is up by \$4,300.00. The Career/Tech Center is up by \$9,000.00 and then Unit 10 which is where the bond was located is down by \$721,000.00, \$601,000.00 would be the retirement of that bond.

Dr. Nelson proceeded with the next page to a Summary of all of the Units. He thought Page 1 was really the capsule form of it. Dr. Nelson asked members to go to the first white page in Section A; the Board did add a couple of programs. His direction to the Administrators was keep the budget at a flat line or reduce it where it can be reduced and if they had a request for any special items that would be made separately. There were several requests and they are listed on this page. Members can see that there was an additional fourth team which was a request by the Middle School Principal and that was put into a Warrant Article and will be discussed later. There was an additional teacher at Pine Tree requested and that was not placed in the budget, they will use Federal monies for that. The Board did reinstate a 5-hour Hall Monitor position as opposed to a full-time position and they did reinstate a Career Tech Guidance Counselor at 40% as opposed to a full-time Guidance Counselor and that equates to about \$30,000.00 that they added in Programs.

Chairman Mosca stated on the Elementary teacher at Pine Tree, how long is the Grant; is it a one year Grant or is it something for the future. Dr. Nelson stated the Grants vary; for instance, this past year they had an Ed Jobs Grant that they used for a couple of different positions and he will point those out as he goes through here. These Grants will come from Class Size Reduction; they have had that each year and they think they will have it for a longer period of time, but how long he couldn't tell. Chairman stated his concern was adding the teacher, being funded through a Grant is great, but eventually the salary is going to be born by the taxpayer more than likely. De. Nelson stated depending on what the enrollment does; if the enrollment stays down then the answer would be no and that's why they actually have this, there's a single section in Grade

5 or 6 over in Pine Tree this year. What will happen is they are anticipating that the way the numbers are going to roll, they are going to have Kindergarten numbers that will make two sections so they are going to use the Grant money to put that position on. If that doesn't happen, then they don't need to add another section.

John Edgerton stated this happened 6 years ago when an inequitable distribution of students put an undersized class at Pine Tree and everybody knew when it happened 6 years ago they'd have to reinstate that teacher when that class graduated if, of course, the incoming class is an equal distribution. It's pretty hard to have 15 students in each class all the way across the 3 schools when you don't know where they live. Six years ago we knew we had to put this teacher back in. Dr. Nelson stated they haven't; the teacher will be there through Grant-funded money not through tax money. Dr. Nelson stated he thought they should be using Federal money where they can to help the tax relief issue. John stated we knew it had to be reinstated anyways.

Ray Shakir stated he just wanted to make it clear that Grant money is tax money. Dr. Nelson stated yes it is through the Federal Income Tax. Ray stated it's tax money. Dr. Nelson stated if we don't use it, somebody else will because their money goes away, they have to return it to the State. If they don't use it, somebody else will.

Bill Marvel stated on Page 1, the \$217,000.00 reduction at the Middle School, does that reflect the moving of the 4 teams to a Special Warrant Article. Dr. Nelson stated it reflects some of that, not in total; a couple of different things that have happened at the Middle School. He thought there had been a reduction of an Aide as well, that had nothing to do with the team. Bill asked how much of that \$217,000.00, ball park. Dr. Nelson stated \$96,000.00.

John Edgerton stated the School Meeting that he went to showed that the Middle School had moved all of the teachers from Section 4 into 1, 2, 3 except for two teachers and that's where the reduction is. Dr. Nelson stated that was correct; that's what happened.

Dr. Nelson proceeded with Tab F which is Special Education. Dr. Nelson stated members were given a new page on Special Education. Budget Committees in the past, and he assumed this Budget Committee also, has always wanted to see this broken out separately, so they've done it again this year. You can see that it represents about 20% of their Budget, about \$6 Million, and this year he was glad to say it was down and if you go through that you can pick out the points of where it has been reduced. He likes to point out this particular page to people.

Mike DiGregorio asked if Special Ed was down, had they done something different or have kids moved on. Dr. Nelson stated either kids have moved on or moved out, the biggest chunk of it is tuition. There's been some reduction in Aides, but the biggest chunk of it is tuition. Mike stated there was talk a while ago about trying to keep stuff a little bit more in-house too and that's not happening, right. Dr. Nelson stated they've done some of that, they have some of that going. There's a number of different things; if you look down through that page and go over to the

far right hand side and look at the parentheses you will see which ones have been affected by that.

Dr. Nelson asked that the members turn to Tab G, Revenue, which is always an interesting one; that should be blue as well. At the top you can see where they are estimating in Revenue an unencumbered balance of \$114,000.00; an unencumbered balance on expenses is estimated at \$287,000.00; the Cat (Catastrophic) Aid they are estimating \$260,000.00 and that's 60% of what they would normally get and that's what the State has suggested they use. Driver Ed is zero now in terms of Revenue, the State used to contribute to that, that doesn't happen any longer. The big chunks under Tuition, that's down about \$450,000.00 from the \$9.4 Million to almost \$8.9 Million. They are still moving ahead on the tuition side of it.

Dr. Nelson stated you can see Construction Interest is down now to zero because they've closed that account out. If you total up the Revenues from local sources you are going to find that they are down by about \$285,000.00 and that's due to the 1:1 Aides that are reimbursable Aides for the most part or other Special Ed services that if they reduce it on the expenditure side then they are also going to reduce it over on the Revenue side. All in all you can see that the Budget does reflect an almost \$1.2 Million downward fashion from the \$33 Million of the previous year. That's at the bottom. Conway pays of that \$31 Million or almost \$32 Million about 45.7% of the total budget that they use in the Conway School District; the sending towns pay about 31% and the rest comes from Adequacy Funds and things of that nature.

Mike DiGregorio asked Dr. Nelson to repeat what Conway pays. Dr. Nelson stated 45.6% approximately on \$31.9 Million or \$32 Million. What they are going to do and he has asked Jim (Hill) to do it is a pie chart so that the members can see where all of the Revenue sources come from and he thought that would make it clearer. Jim has done it in the past and it's looked really good. They will put one of those together for the next time he meets with the Committee. Dr. Nelson further stated that he does like to mention that because they are certainly utilizing fund sources from other towns.

Dr. Nelson proceeded with Tab H, Estimated Tax Rate, which should be on a blue page, not white. Ted Sares stated the asterisk indicates that this doesn't include separate Special Articles, is that true for the two left-hand columns on the last page. Dr. Nelson asked if Ted was referring to the Revenue page and Ted stated he was. Dr. Nelson stated that would only be true for this item over here, only for this year because that's the only part that's asterisked. Don't forget, last year almost all of the Warrant Articles got wiped out. Ted stated it's apples to apples but it's oranges to apples as well, it's both. If you somehow put them back, restored those then it would be apples to apples and chances are your requested Articles for this year would be different than they were last year. Dr. Nelson agreed. Ted stated this year they are going to be the same as they were last year but with some changes. Dr. Nelson stated some of them higher. Ted stated by definition they have to be; that's going to be tricky when we get to that. Dr. Nelson stated it will be the tricky part of it; that whole DRA thing that happened last year where they

disallowed this and they disallowed that and wouldn't let them use the Default Budget has complicated things quite a bit.

Bill Marvel asked if we were ready for an overall observation. Chairman Mosca stated if Bill was ready, members were ready to take it. Dr. Nelson stated unless members wanted him to finish up with the tax rate and a few of the other things. Bill stated he wanted to make sure his math was right about something. He had three items, three big savings items. The Bond was \$601,000.00; Health was about \$500,000.00 and Dr. Nelson stated \$550,000.00; and \$458,000.00 in Special Ed, that's \$1.6 Million and we are how much less than last year, \$1.1 Million. Dr. Nelson stated \$1.17 Million. Bill stated so despite all of those savings, we are still up another \$500,000.00. Dr. Nelson stated he didn't see them being up \$500,000.00, he sees them being down \$500,000.00. Bill stated there are two ways to look at it and he rarely takes the optimistic view and it was the \$31.9 Million, without the Special Articles, and that's about \$1.1 Million less than last year's Operating Budget. Dr. Nelson stated about that. Bill stated yet they have \$1.6 Million in major savings, just those big savings items, but if there was an otherwise level funded budget the difference would be \$1.6 Million not \$1.1 Million. Dr. Nelson stated he didn't know how to respond to that.

Dr. Nelson stated he wanted to go through the tax rate piece which is the Estimated Tax Rate, Tab H, and the Budget alone is at the very top and what that indicates is that there'd be a \$.69 decrease per thousand in the tax rate as it currently stands or 6.16% decrease in the tax rate. The Warrant Articles as you see here have three zeroes at the top because the negotiations haven't been completed on all three of these; there's a tentative agreement, they haven't been approved by the Board. Only CESP has been approved by the Union at this point. The Teachers Union and AFSCME Union are going to be voting tomorrow night. He will be able to have figures in there for the members. Without those first three figures, you can see that the Warrant Articles will add an additional \$.13 per thousand if you added all of those. His estimate is after they get through with all of the negotiations and it's done and it's agreed upon that you can add to that \$.13 another \$.30 and that would be what the tax rate would increase to if everything were to be approved, the negotiated Warrant Articles as well as all of the other Warrant Articles that you see.

Ted Sares questioned \$.13. Dr. Nelson stated \$.13 is what it is without the labor contracts. He believes that it would be approximately between \$.40 and \$.45 more. Ted stated minus \$.13 decrease for a net increase. Dr. Nelson stated the net increase if everything were passed would be \$.45 approximately. The \$.13 is represented and he was guessing another \$.32. Ted stated so it's the Warrant Articles that are the kicker and Dr. Nelson agreed.

Ray Shakir stated he always thought it rather strange that the inedible major maintenance costs are proposed as Warrant Articles instead of being included in the base line budget. Since those costs would significantly impact the base and since voter approval is virtually a certainty in those major maintenance areas, could that tactic be kind of like a veiled attempt to hide the true magnitude of the base Budget. Dr. Nelson stated no, it's not; it's straight forward. It gives, in his view, the voters an

opportunity to say "yes" or "no" to these certain items that are in there. Ray stated that's true, there's no question about that, but as you well know, the voters are definitely going to approve all of the major maintenance. He didn't think there had been a case where they hadn't. Dr. Nelson stated that's not true, they lost a maintenance Article a few years back. They had made a choice and said "no, we're not going to do that". Ray questioned that happening in major maintenance areas. Jim Hill stated he couldn't remember what it was, but yes, they have had them lost.

Mike DiGregorio stated although he wholeheartedly agreed with Ray (Shakir) in maintenance money being in the Operating Budget and his reason for that is that it should not be left up to a year to year issue whether you're going to take care of a building or not. His feeling has been and always will be that once the voters buy something, whether it's a building, a bus or whatever, then it's the School Board or Selectmen's responsibility to take care of it. That being said, there have been times where maintenance contracts have failed. In fact, he thought it was 4 years ago they attempted to have one for around \$300,000.00 and the purpose was to start building a fund where when we get to a roof, get to parking lots and we get to all of these major expenses that are coming, we're going to have money put away for that. That failed. They dropped it down to \$100,000.00 which seems to have been a little bit more palpable; however, \$100,000.00 doesn't cover it. You have a \$500,000.00 worth of square feet you're suppose to take care of; \$100,000.00 a year won't even come close to that. In fact, he doesn't even know if we'll be able to replace the roof when the life expectancy gets there. Whether it takes the entire \$2 Million to replace the roof will be another question, but \$100,000.00 a year just doesn't do it.

John Edgerton stated he addressed it with the Police Department; when you put a maintenance item in and it's turned down, the law says you can't do it. What should happen with DRA is that the money should come off of the bottom line of the Budget if you do it. The law is very specific and the Police Department understood that, they put maintenance as maintenance. You've got \$275,000.00 in maintenance Articles and \$175,000.00 in renewed Contracts or renewed Building Maintenance Funds. You should either have Building Maintenance Funds for maintenance or you have Warrant Articles that do the job. He didn't see both and he would recommend that they either turn down one or the other when it comes time to vote.

Doug Swett stated it was mentioned some weeks ago by him and some others that there should be two budgets under one heading here. You shouldn't be able to play around with maintenance costs. We know what happened to this school here years ago due to the lack of maintenance. It was never voted on and he understood that but this maintenance thing shouldn't be tied into education per se.

Ray Shakir stated he agreed with John (Edgerton) and didn't agree with Doug (Swett). It should be tied in with education, it's the schools. What he would suggest is simply that major maintenance not be put into any Warrant; what he would suggest is that it should be put into the maintenance section of the budget and there should be a sub-section that indicates exactly what the maintenance is for. It's as simple as that; he didn't think that it follows the flavor of what a Warrant should be by

indicating something that has to be done to be proposed as a Warrant. It sounds ridiculous to him; if you need a roof, you need a roof. He agrees with John.

Mike DiGregorio stated to Doug Swett, correct him if he was wrong, but he thought what Doug was trying to say is that maintenance shouldn't be in each individual unit. He thought what Doug was trying to say was that it should be out on its own, entirely a separate unit which may even be what Ray (Shakir) is saying. Ray stated that was exactly what he was saying. Mike stated several years ago he tried to have that done and it didn't go anywhere; however, Technology was pulled out and now more or less it's on its own. He agrees that it should be pulled out on its own but until it is, this is what we're dealing with and if we're willing to adjust their bottom line budget to compensate for these Warrant Articles that may be another story and maybe we can discuss that but for now they still have to worry about getting maintenance done.

Ted Sares stated the problem existed last year before the DRA issue because these things were presented as Warrant Articles so the problem has continued for a year. The roof was needed last year, it's needed this year probably more by one year so the discussion on whether it belongs in the budget or as a Warrant Article is kind of academic. He could take a position on it, but why are we discussing it. We're looking at Warrants from last year that didn't get passed because of the DRA and the 10% Rule that triggered the DRA Ruling and now we're facing the music.

Chairman Mosca stated he thought the discussion is a good one because he thought what we're trying to say here is that some of these things should be in the budget and as a Budget Committee we may be more apt to approve an increase in the bottom line budget for some of these maintenance articles and maybe he is reading that wrong, but that's what he thinks he is hearing.

Ted Sares stated again he goes back to last year, there was some discussion and it wasn't approved by the Budget Committee.

Greydon Turner stated this also kind of applies to the Town level too. Take for example the idea of the Ambulance. Should that necessarily be a Warrant Article, shouldn't that be built into the Budget for the Town. It's not just the School that he thought was facing this issue, but overall perhaps the way we are budgeting.

Chairman Mosca stated he thought the two issues were completely different because one is the School and Town and one is an ambulance service that is a private entity and he thought you have to have an outside contract with that. He thought it was two separate points.

Bill Marvel stated he was just going to agree with having it in the Budget because that, just as a budgeting measure, it makes you more responsible for everything that's in the budget. He thought that was one reason Warrant Articles have expanded over the years, it relieves the governing body, at least the governing Board, the over sight Board, of the responsibility of including or not.

John Edgerton stated the hospital thing was a contract, that's why it's in there; not that it's a Warrant Article for hospitals. The other thing is, somebody brought it up last year, the Warrant Article to do the roof at the Elementary School was passed, but it was unfunded by the State so it's quibbling if they did it legally or not. It wasn't suppose to be done when they took the funds away; they still did it because it had to be done. Anything that has to be done can't be a Warrant Article. You're screwing yourself.

Mike DiGregorio stated he thought John (Edgerton) already pointed out that the Ambulance Contract is just that a contract and once it's approved, it goes into the Operating Budget. Greydon Turner stated he understood that; he was trying to use that as an example and it was obviously a poor example. Mike stated when we talked about the number because this is \$100,000.00 or so for this maintenance thing. Several years ago there was discussion that the Budget Committee really likes the Maintenance Trust Funds that the Town uses. They put a certain amount of money away every year. The Budget Committee has always approved it and the Town has used it for maintenance issues. It's relatively low, but it also equates to the assets that the Town owns and when you look at the assets that the School owns, if you just strictly kept it in percentagewise with what the assets are of the School and what the assets are of the Town, the money that should be put away if you compared apples to apples is about \$800,000.00 a year. Now at the time when that was brought up years ago everybody's eyeballs rolled around and said there's no way we're doing that, there's no way we're putting away that kind of money to take care of the maintenance. So they came up with this and it is just so inadequate to solve the problems that we are going to run into in a few years. He personally is in favor of trying to get an entirely separate Unit out, but we can't tell the School to do that but his feeling is that it should be a total separate Unit, all maintenance goes in there and that's where he stands. That number would be quite large.

Dick Klement stated just to clarify, the Town can carry over money, they're allowed to do that. The School can't unless it's in a Trust so that's why they have these Maintenance Trusts so that they can accrue some money should a big problem arise. So that's a reason to have a Trust; the other one is separate, we need a roof here and that there; the discussion on whether that should be a Warrant Article or in the Budget, he appreciated the discussion and he would like to see it in the Budget, but that is the reason they have the two separate buckets.

Chairman Mosca stated he would like to have Dr. Nelson finish his presentation and then we can move on from there.

Dr. Nelson stated he just had a couple more things. He asked that the members turn to Tab C, Default Budget, which members didn't have before so this is the first look at it. The Default Budget is \$46,000.00 less than the proposed Budget. In past years sometimes the Default Budget has been the same or sometimes higher than the proposed Budget. This year it's \$46,000.00 below the proposed Budget and it's a standard budgeting procedure for a Default Budget.

Ted Sares asked about the utilities being in the Default Budget and if they were contractual. Jim Hill stated no. Ted stated didn't you sign a

contract at the beginning of the year on some of those. Jim stated not on Public Service or the Water Precinct, no they don't do that. Dr. Nelson stated it's pay as you go. Jim stated even with the fuel the only thing that he has is a cost per gallon, he doesn't have any obligation to buy a certain amount of gallons. Ted stated you don't have a contract at some point during the year. Jim stated no. Dr. Nelson stated all we do have is the lock in price. Jim stated the price per gallon is locked in, but he was not obligated to buy 250,000 gallons. Ted stated what he was getting at is that the Town deems that a contractual situation, he didn't know what the reasoning was, but he was pretty sure that's a fact and they don't include it in their default and this has existed for years. There's a difference between the Town and the School as to how they consider these items and, of course, if it were to lower the default it would be he thought good because the frustration of having a Default Budget about flat or higher, \$40,000.00 less in a \$32 Million Budget is nothing, but the frustration of having that is terrible, just awful. As a Budget Committee member it just renders you impotent because if people vote against the Budget they get a higher Budget. It's been a terrible frustration over the years. That would be one way to look at it, so he implored Dr. Nelson to look at that with Mr. Hill.

Dr. Nelson stated that the last thing he would like to point out is to go to Tab B, Warrant Articles, and members should see a Summary and let's stick to the Summary of the Warrant Articles, that's the basic substance of it, we don't need to read each one. Of course you have your Budget which is Warrant Article #2 and then you have the next three Articles that are really the ones required by Tuition Contracts, we get so much of that money back, this is Conway's contribution to each of the Maintenance Trust Funds: High School, Middle School, Elementary and the sending towns make a contribution as well to the Trust Funds. Article 6 is the AFSCME negotiations and he believed that would be a multi-year contract as well. Article 7 will be the CEA which is the teachers' contract. Article 8 will be the CESP which he also believes will be a multi-year contract. Article 9 is Project Succeed. Article 10 is the School Building Maintenance Fund for \$100,000.00. Article 11 is the Capital Reserve for buses and this is where they had to double to \$186,000.00. Article 12 is the Technology Warrant Article. Article 13 is the Air Handler on this roof. Article 14 is the Spec Ed Trust Fund. Article 15 is to support 70% of the Sous Chef position at the Career/Tech Center. All of the Articles that he just mentioned with the exception of the negotiated contracts because they haven't been voted upon yet, the Board voted 7-0-0 to support.

Ted Sares asked if the Sous Chef was new, was it an additional body. Dr. Nelson stated no, the position has actually been partially Grant funded and partially funded out of the actual money that they make at the Career/Tech Center. Ted asked if it had been there last year. Dr. Nelson stated it was there in a Grant funded position last year, not as a Warrant Article. Ted stated so now we're at that stage where Grants become possible budget items after they get approved as a Warrant Article. Dr. Nelson stated if they get approved, yes. Ted stated this again and he calls everyone's attention to, there's no such thing as a Grant that goes away; it becomes a line item in a budget. Dr. Nelson stated unless it's voted down; if it's voted down, then it's gone and he didn't know how that would fair.

Dr. Nelson stated the Sous Chef was funded by Ed Jobs money from last year as was the next position, the Student Advocate position at the High School that deals with their at-risk youth. This was supported by the Board 6-1-0. The next item is the full-day Kindergarten and that would be 3 teachers at each of the Schools and that was \$162,000.00 and that was supported by the Board 4-3-0. The next item is the replacement of the roof at John Fuller. The next item is the replacement of a roof section right here at the Middle School. Warrant Article 20 is the addition of a 4th Team to the Middle School Unit, right now that's composed of 3 Teams and we've had a little discussion of that before and that was supported by the Board 4-3-0. The last is the non-binding referendum on the closing of an Elementary School in Conway. Those are the Warrant Articles that they propose at this point in time.

John Edgerton stated on Article 20, you've already moved the teachers into 1, 2 and 3 and he really thought the Article should be turned down. On 21 it's even more important; you have a bunch of people that don't even have kids in the School to make an emotional vote on it. In order to have substance, you're going to have to show how much money you're going to save, what are the pluses and minuses in closing a school. That's what the Administration and the School Board should have done. How much money is going to be saved? Is it going to be saved; \$1 Million off the top is probably going to be pretty close to what's going to be saved. You have to consider that by closing one Elementary School alone, you may be able to balance the classes more evenly so that you don't have the unbalance you've had in Pine Tree. That's not even a money basis, but the other thing is you go from 6 in each class to 5 and it raises the number of students in a class by 3. It's still 17 or 18 per class and that's not outrageous and these are money things. There's a study that should have been done a long time ago about closing an Elementary School. Which one gets closed should be up to the School Board and the Administration, not the public out there who don't even know what's going on inside the school.

Dr. Nelson stated that study was done; there was a Committee put together after the Municipal Budget Committee suggested same and that's available on-line if you want to look at it. Chairman Mosca stated the study was an in-house study and we've discussed at length having an outside firm come in and do a study. Not that we don't think that the town folks can do the study themselves but sometimes an outside eye coming in and looking at it has greater impact.

Bill Marvel stated what Joe (Mosca) was talking about, our discussion about the outside contractor looking at the closing of a school was one of only two votes that he's seen here, barring votes for adjournment, where we voted unanimously, probably for different reasons, but we all wanted to see an outside study that included such things as an appraisal of the various buildings and that sort of thing. His question was for Jim (Hill): last year didn't you want to replace 2 Air Handlers. Jim stated no; there was an Air Handler that was on the Warrant last year and then he warned that there would be another one coming the following year that was even bigger. Bill asked if they got the one last year. Jim stated no, that got cut off by DRA so this is the Air Handler that passed by the voters but got whacked by the DRA. The big one is still left out there. Bill stated that brings him back to the question Joe asked last year and

he tended to agree with him when he asked if it wouldn't be more efficient to do them both at once. Jim stated they are in proximity to each other; this one was \$55,000.00 and that other one was close to \$250,000.00 and between Andy (Grigel), the Maintenance Director, and Jim, is if they put out a Warrant Article you're talking over \$300,000.00 at one whack. He'd rather get one at a time and have a little less economy to scale than get none. Bill stated he thought they were more comparable to each other. Jim stated no.

Betty Loynd stated what she wanted to say is that she didn't know if any of the Elementary Schools could take a significant number of more kids so she was wondering if we would have to build a new Elementary School to do this.

Mike DiGregorio stated if he recalls a conversation when he took the information that we voted on to the School Board and the discussion that took place around that. If you recall, we kind of wanted them to put a dollar figure out there at the same time to say if you're going to have this out there, let's have a study done. His recollection, and Carl (Nelson) and Dick (Klement) can clarify, was they felt and he thought Randy (Davison) was kind of leading the charge and he can't say that they voted on it but he thought Randy was leading the charge that they typically have surplus money or money left over at the end of the year and if this passed they would look at using that money to fund a real study. That was his recollection of the conversation. Even though he kind of disagrees going that way because he thought when you don't budget for the known things that's irresponsible and just hoping that you have money left over and using that to him he thought it was better if you know you're going to do something, but their argument is that if this doesn't pass, they don't want the Warrant Article sitting out there. Dick stated Mike (DiGregorio) is correct in his recollection except Randy did in fact say that, nobody else took up any comment on it.

Ted Sares stated he also used the argument of in-house committee that had done a study on it and he went back and forth with Randy (Davison) for about 20 minutes on that and made the comment that in the corporate sector you would never use an in-house group to do a study on closing one of their plants, get an outside group from another division to do it.

Ray Shakir stated assuming that there's going to be an outside entity that's going to study that possibility, would you explain the criteria by which that individual company is selected. Dr. Nelson stated the criteria would obviously be to advertise or do a request for proposals in the field and he would assume that the Board or Committee that the Board would appoint would evaluate each of those submittals and make a choice on those. Ray stated so it's also evaluated in-house. Dr. Nelson stated you've got to select a company from some place and somebody's got to do that. He believes that is the Board's responsibility. Ray stated it could also be the Budget Committee's responsibility. Dr. Nelson stated if they chose to have a Committee and have community people with Budget Committee people on it that would be whatever they requested, that could be done. Ray stated he was just trying to find out if there's movement there. Dr. Nelson stated for instance they have a Principal position that they are looking to fill at John Fuller, they have a larger committee that's composed of some in-house people, community people and he would assume

that it would be something similar. Ray stated he wouldn't dispute hiring the Principal to be outside of the rule book being the school people themselves, but he would dispute if the School people themselves were involved in choosing a contractor that would determine whether or not a school would be closed. Dr. Nelson stated he was sure the Board hears that.

Kelly DeFeo stated getting back to the Maintenance Articles in the Budget, was she understanding that what was being said is that when we know we have those expenditures if they put them into the School Budget then we wouldn't try to bring those down or make them offset it with teachers. She thought that would be a good idea to just include it in the budget and have it approved.

Chairman Mosca stated he didn't want to put words in Mike's (DiGregorio) mouth but he thought Mike's point was to have another section, have a 10th that would be for Maintenance and all of the maintenance issues. Again, he didn't want to put words in Mike's mouth.

Mike DiGregorio stated he did say that and he didn't want to make anyone think he was naïve and what could happen because you simply could cut the new Units. Just because it's in the Operating Budget doesn't mean we are actually going to do it. We clearly drove this old school that we are all in to the ground over the last 4 years because people didn't take care of it properly. It's not a guarantee that you're going to take care of something just because it's in the Operating Budget because it's going to stop here and other places because people are going to say "no, it's just too high; we're not going to spend that money, start reducing". One good thing about putting it out there in a Warrant Article is when it fails, then Administration gets to say we tried, we tried to take care of that and you didn't want to do that. It's not our fault, it's the voters fault.

Dick Klement stated if you were to put the \$250,000.00 that's not in Maintenance Trust into the Budget and we walked in here this evening and said we cut \$700,000.00 here, \$500,000.00 there and our budget is up or is only reduced by \$800,000.00, then there's the why is it only reduced by \$800,000.00. The maintenance gets lost in the \$32 Million somehow and then there's a push back to say we need to cut something to get that number down. Whereas if it comes in as a separate Warrant Article there's an "okay", "if you need it" and they pass it, it's there. He personally would prefer to see it in the Budget, but he can see why you have to put it into a Warrant Article when you have to come before a Board such as this.

Jim Hill stated to sort of piggyback on what Mike (DiGregorio) said, having them in the Warrant Articles if the voters say "no", they say no, they don't do it, they've done their best. But the opposite is also true. If the voters say "yes" to that roof, he gets that roof and that roof gets done. Andy Grigel and he have been clawing and scratching for 15 years to get these roofs replaced, get these buildings up to where they should have been before. If you go and put these into the Operating Budget and this group or the Board comes back and says they need to cut \$500,000.00, then that is on the table and even if the voters may want to do that roof and if it's in the Operating Budget and it's cut out of

there, he doesn't get that roof. If it's in a Warrant Article, he fights for it, he justifies it, he shows the pictures of what it looks like. Once that passes, that roof gets replaced.

John Edgerton stated he disagreed. First of all, we can't cut anything as a Budget Committee out of your Budget; we can effect the bottom line, but we can not take a section out of here, that's against the law. The law is very specific when you put a Warrant Article up and you've got a leaky roof, you want to get that leaky roof fixed. If you put it in a Warrant Article and it doesn't pass, you can't fix the leak. That's like saying you've got leaky pipes all over here and you want to put it in a Warrant Article to fix the leaky pipes. It doesn't make sense.

Chairman Mosca stated to John's (Edgerton) point, we can effect the bottom line but, and he's going to be the devil's advocate now, if the maintenance items are in the Budget, the School doesn't necessarily have to spend the money on it because they can move the money any way they want to. Point; Counterpoint. Jim Hill said thank you.

Mike DiGregorio stated just to follow up on the Chairman's point and he has a lot of respect for Dr. Nelson but he's Dr. Nelson of education, not Dr. Nelson of the Maintenance Department. It's typical of educators to go after maintenance before they go after education. That's just the way it is; they're there to teach people. In the past, in his opinion, that's what Principals have done, they've said I've got to make some cuts here, I can cut some maintenance stuff out. We all know, everybody in this room should know what the old school looked like, because of those decisions. They were cutting things out of the maintenance budget because they wanted to keep an education budget. That's just what they do.

Doug Swett stated they built a new High School and he pushed for a pitched roof and metal and it didn't go because it was too expensive. He suggested that when they do a roof now, they better put a pitched roof on and have it over with. People say they're dangerous, but Fryeburg Academy's got them and they're not killing too many people a year.

Chairman Mosca asked if there were any further questions for Dr. Nelson and if Dr. Nelson had anything else to present to the members. Dr. Nelson stated he invited members to send him any questions. Chairman stated anything members come up with between now and next week, they want to get them to David (Sordi) as Chair and he will forward them to Dr. Nelson.

Dick Klement stated Carl (Nelson) had already mentioned, the work they did on the health plan. The Bond retirement, he found it interesting that it was questioned today whether the Bond retirement was part of the reduction when nobody on this panel directed the question to the Town officials about what happened to the \$300,000.00 Bond that was retired and was spent. He finds that interesting. He would like to say that the drop out ratio is down; last year was 1 individual. Dr. Nelson stated .11%. Dick stated they have made tremendous strides, most of that is due to the Eagle Academy and the GED Program as well as some other things that have gone on. The SAT scores are up; the AP scores are up. He has two answers for the Budget Committee that were asked of him. He was asked about out-of-district placement and how many kids in Kindergarten are out-of-district placed; 4 this year, 4 last year and 1 the year before.

On homeless children, there are currently that they know of 22 homeless children in the District; 6 in Elementary School, 6 at the Middle School and 10 at the High School. Additionally, some 25 students are involved with DCYF. That gives you an idea of the hurdles that have to be overcome and what the school is currently doing when you have a drop out rate that's that low and you have this many homeless children. There's a lot of people doing a lot of things to help those kids out. He really applauded the School for that.

Ted Sares stated regarding Dick's (Klement) comment about the Bond. The fact is we not only went at Earl (Sires), he believes he said to Earl that he really hadn't managed this budget down. What you've done is respond to complaints from the people, but you haven't managed anything down. So we did address it that day.

Chairman Mosca stated he would offer that Ted (Sares) did say something; however, the way this Board has gone after the School Department last year and it has been brought up again this year on retired Bonds that the \$350,000.00 plus or minus that the Town has retired and is still in their budget this year wasn't really addressed with the same vigor and he'll leave it at that.

Ted Sares stated the issue with Bonds over the years has been, the real issue has been when a Bond is retired and then a new one is floated right after, that drives certain people crazy, including him, or just crazier, because it's like okay we'll just wait and then do it all over again. They didn't do that this time which was great; maybe they're breaking that crazy chain.

Mike DiGregorio stated he just had to point out that the Town's Budget is down substantially, but there are other departments that, as you know, they have no control over. One's up 11% and the other he thought was 4% or 5% which brought their budget up substantially because of it. They tried to make a lot of cuts last year and some of them didn't work so well; some of those came back in this year and they still kept things down. He just wanted that out there. As you all know, he brought up the subject of trying to combine some governmental agencies within the Town and that's a great subject that happens because the Town doesn't have control over certain budgets. It's a good thing to debate on whether the Town should or not. Ted Sares stated he'd favor that.

Chairman Mosca stated he didn't want to get into the Town Budget tonight, we're discussing schools and asked that the members move on.

Pat Swett stated she knew members discussed the Sous Chef and she didn't know if members had been in to Mineral Springs Café, but if that position is not funded she feels the Culinary Arts will go out the window. If you haven't been in there, you need to go and see what these kids are doing. It's remarkable.

Mike DiGregorio stated to Dr. Nelson that he briefly touched Technology and he will probably have more questions about it next week, but there have been some changes in technology. What's going forward with technology and the changes in that department. Dr. Nelson stated Dale (Anderson) has restructured that department to fit what he wanted it to

look like in terms of personnel. He will ask Dale to be at next week's meeting so he can address those questions directly and give his rationale for it. He thought that was probably the best way to handle it.

Dr. Nelson stated that's what he was hoping the Committee would do; he didn't want to bring everybody in, but if there's specific areas that you want to concentrate on, let him know and he will bring them in next week.

Chairman Mosca stated he knew Dr. Nelson did a brief overview of all of the different schools and asked if Dr. Nelson wanted to get into anything with any more depth as to what's on the Agenda or did he feel comfortable with the way everything is in the book. Dr. Nelson stated he felt comfortable with that, but if there were questions, he wanted to hear them and he wanted to bring in the people members needed to talk to and Dale (Anderson) will be one of them. Chairman asked if there were any further questions of Dr. Nelson this evening.

John Edgerton stated a study was done by the School Board and Administration on closing an Elementary School. He still thought the ability for the Administration to do an in depth study is there. He didn't know if we had to spend \$300,000.00, but somebody in the School Department should be able to do a real study and he didn't think it had been done yet.

Mike DiGregorio asked where did anybody come up with \$300,000.00. John Edgerton stated well whatever it is. Ted Sares stated \$20,000.00. Chairman Mosca stated let's not speculate on something that we have no idea what the cost is going to be. John stated the item is he thought that somebody in the School Administration should be able to have the ability to do a real study.

Greydon Turner stated he disagreed with John (Edgerton) because then it's going to be biased again and he thought it needed to be unbiased and he could bring up an example of the busing this year that was kicked about in the beginning of the year. A study came back and even then some members said we still don't buy the results in the study. He thought it still needed to be an unbiased outside opinion. Chairman Mosca agreed wholeheartedly. John stated because it was biased, yes.

Chairman Mosca asked if there were any other comments from the members or if there was any public comments. Lynn Brydon stated she was a School Board member and she appreciated all of the work that the members had been doing and she was sure the members appreciated all of the work that they had done on the Budget. In regards to the Elementary School closing, that study was done with the public. There were parents, there were community members. Chairman stated we understand that, we've been through it, we've all seen it, we've all read it; the problem is that there is sometimes bias when a study is done and all we're asking is that if the possibility exists that an outside study be performed and good numbers be given. We understand that a study has been done.

Lynn Brydon stated she was not arguing with any of it. She just feels that it should be up to the voters to make that decision on whether or not they want them to proceed with that study. Chairman Mosca stated what you are putting out there is an emotional question, you're not giving any

facts. Ms. Brydon stated she thought that everything on that Budget could be an emotional question for anyone. Chairman stated he did not disagree with her. Ms. Brydon stated she thought that to single things out was wrong; that's her opinion. Chairman stated by putting something out that is completely an emotional issue, nobody wants to close a school, but the reality could be that one should be closed. Without the proper documentation, it's hard to make a decision and that's all this Committee was asking.

Lynn Brydon stated if you are aware of what's going on in the classrooms now and if you know the numbers and you look at those numbers and you think about closing a school and adding those numbers, spreading them out between two schools, you are obviously going to raise those numbers in the classroom and we're not talking about having 19 children in a classroom because if you have 20 students in a classroom at one school and you have two of those classrooms in one school, do the numbers and think about it. You're going to add 20 more students, 10 more students per class, you're going to be talking about 28, 29 students in a classroom. She knows he disagrees, but we'll have a study if that's where the voters want to go. She disagrees that it's an emotional thing. She thought people could make their decision because it is the public and the public can make the decision just as they did with the Middle School and cutting a team. They did cut a team this year, but there's no fast and quick rule about having 300 students in a Middle School and having the teams set up any way anybody wants. The voters have the right to make the decision whether you think that's an emotional decision or not that's again your opinion. Her opinion is that the people have the right to have their voice heard. That's all she was going to say.

Dick Klement stated he wanted to ask a question because he did not know the answer to this question, when we, as a Budget Committee, vote on these Warrant Articles, do we vote on a non-dollar Warrant Article. Ted Sares stated no. Dick stated then the Budget Committee in effect can not influence the way it's written or the outcome. Mike DiGregorio stated not unless you attach a dollar figure.

John Robart stated this is a compromise, for a few tens of thousands you could have a professional already evaluate the work that's already been done and start from there rather than doing a study de novo. He didn't think it would cost that much, it's just a suggestion.

Ray Shakir stated he didn't believe it was a valid option because that individual has to deal with the facts that was generated by something that could be contrived as bias to begin with. They would be working from the criteria that was formulated initially which could be construed as bias.

Chairman Mosca asked if there was any further public comments or comments from any members.

Karen Umberger stated she thought this was going in line with some of the discussion that she just heard but she thought we need to know where we stand on class sizes versus what the State standard is for each grade in that it perhaps would help us as a Budget Committee to understand where we are and where we think we should go. The same thing at the High School

because you hear comments that some class sizes are 30 and some class sizes are some other number and so she didn't know if it's the difference between the regular classroom and the advanced classroom or if it is some other way and so she thought in order for us to come to grips with what we are looking at here that class size is extremely important. The third thing is as she looked at revenue, just for Conway, we're spending she believed a little bit over \$11 Million and the revenue for Conway was around \$5 Million or maybe a little bit more than that but out of the difference that we receive in revenue from the Adequacy and the State money that we collect, we have this other number in there and she knows there are some things in Revenue that the State doesn't cover, for example sports activities, that's not part of it; she didn't believe transportation was included in that.

Karen Umberger further stated that what she is looking for is that this tax money that we are paying, how much of that goes to reduce class sizes, how much of it goes to sports, how much of it goes to something else so that as we are trying to come to grips, and by the way she was not particularly concerned about it, she thought the School Board had done a very good job on the Budget this year, but she does feel that that's something that we need to really look at. That was the only thing that she had. She did think that sort of thing will help us in looking at the Elementary Schools, looking at whether or not we should eliminate a team at the Middle School, whether or not we've got the right mix of people at the 9th Grade level, if we're offering the right kinds of courses and that's sort of where she is coming from with that question.

Ted Sares stated he was not so sure that the answers lie in Concord as much as they lie in doing the best of class study and again relying on his corporate experience whenever they looked outside they would do best in class, find out what so and so did, use that as a benchmark and go from there. Find out what Exeter does, find out what Bedford does, find out what other High Schools do or Grammar Schools; find out what the ideal room size is and ratios are. That can't be that difficult. He couldn't imagine that being that difficult, maybe he's naïve.

Chairman Mosca asked if there were any further comments and thanked Dr. Nelson, Jim Hill, members of the School Board that were here and the public for coming in and thanked the members for a job well done.

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

Respectfully Submitted,

Iris A. Bowden, Recording Secretary