

**MINUTES OF MEETING  
MUNICIPAL BUDGET COMMITTEE  
February 6, 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, Maureen Seavey, Ray Shakir, Greydon Turner, Joe Mosca, Mike DiGregorio, John Edgerton, Brian Charles, Karen Umberger, Danielle Santuccio and Maury McKinney. Excused: Ted Sares and Kelly DeFeo. Also present: Dr. Carl Nelson, Mark Zangari, Amy Frechette and other members of the public.

Brian Charles led those present in the Pledge of Allegiance.

Chairman Sordi stated he had a couple of preliminary comments; there was a lot to do tonight and he had a couple of handouts to pass out. One of the things that we have to do tonight is the Default Budget for the Town which we will do later. Right now let's focus on questions for the School so that we can get everyone out of here as soon as possible and then we'll head on to all of the other stuff that we need to do like Minutes, the Default Budget and a couple of other items.

SCHOOL

Chairman Sordi stated Dr. Nelson handed out answers to questions that had been forwarded to him and the Chairman believed that answered those questions. There were two issues: general comments about the School and then we wanted to talk about the Kindergarten Warrant Article, that was the other topic that was mentioned last Monday night at the meeting.

Karen Umberger stated she would like to get through the answers to the questions. Chairman Sordi stated that was fine, but what about Kindergarten. Karen stated she would be happy to listen to the Kindergarten. Dr. Nelson stated most of the answers are pretty straight forward, they are in red. Dr. Nelson stated there's our experts on Kindergarten (indicating Mark Zangari, Principal at John Fuller Elementary School and Amy Frechette, Principal at Pine Tree Elementary School). Chairman Sordi stated there were a couple of people that said they wanted to have people that could talk about the Kindergarten Warrant Article here this week.

Ms. Frechette stated first there was a question about the dollars and cents of the Kindergarten that they are proposing on the Warrant. The total amount accounts for 3 full-time teachers at roughly \$52,000.00 and \$4,500.00 total for the three Elementary Schools on supplies, books, etc. That's where the \$162,018.00 comes from. Karen Umberger asked if that was one per Elementary School. Ms. Frechette stated that's correct; 3 Elementary Schools, one full-time teacher at each and \$1,500.00 at each school for books and supplies.

Chairman Sordi asked if that was going from half time to full-time. Ms. Frechette stated currently they have 1 Kindergarten teacher in each of the buildings but they have a morning program and an afternoon program.

They will be servicing the same amount of Kindergarten age students just a full-time program for both sessions.

Joe Mosca asked if that was 3 full-time teachers in addition to the teachers that are there now. Ms. Frechette stated that was correct. Chairman Sordi stated you're going to go from two half-time classes that are serviced by full-time teachers to full-time classes in each school requiring an additional teacher in each school. Ms. Frechette stated that's correct. Joe asked if the number of students was doubling. Ms. Frechette stated no, the number of students is staying the same. Joe asked then why do we need double the teachers. Ms. Frechette stated because currently there are roughly 34 or so in each of their buildings. Sixteen go in the morning session and the rest go in the afternoon. Joe stated he got it; it wasn't sinking in but now it is.

Karen Umberger stated so at each school this will require one additional room. Mr. Zangari stated yes. Karen stated so this has an affect on the Warrant Article that has no cost associated with it which is the closing of an Elementary School because if you now require 3 additional rooms in the Elementary Schools that limits the ability to close an Elementary School. Chairman Sordi stated he thought the Warrant Article says, and asked Dick (Klement) to correct him if he was wrong, but it's just basically asking whether the community wants the School Board to look at whether it's feasible to close a school or not. John Edgerton stated it's an emotional issue. Chairman stated if that passes, that would be looked at as part of it and may be a reason you wouldn't be able to close a school.

Ms. Frechette stated she thought what people needed to realize that currently in their 3 buildings they don't have a vacant classroom just sitting there totally empty. All of the space is being utilized for classrooms, for computer labs, for Special Education classrooms, those kinds of things, Music, Art, etc. By adding an additional classroom for the extra Kindergarten session, they will be having to be creative in terms of how they are going to move things around and shift things on how people share space so that they do have enough space available for an extra classroom. Right now, in all 3 of their buildings, there's not just an empty room.

Bill Marvel stated does that not raise the question of whether there is not an implicit facilities cost then since this puts more strain on already strained facilities, a cost that is not included in the estimate. Ms. Frechette stated she didn't believe so. She can give an example of a creative shift that they could do in terms of moving things around. Currently they each have a Computer Lab and they are looking to increase the ratio of computers to students in which case their lab will be more mobile, built into everybody's classroom and certainly that's a long term goal, but right now a Computer Lab is taking one whole classroom, a worth of space. They have Special Education classrooms that are shared with their Reading Specialist and things like that that can invent themselves within their existing classrooms to make space. She didn't think there was an additional cost to facilities necessarily. Mr. Zangari stated clearly there's a space commitment with any expansion of programs so that has to go with it. In the short term it doesn't look like that's a critical item, but he couldn't tell the members in the long term there

may be some impact from that, but space is needed for it in order to do it.

Mr. Zangari stated the Committee had asked for the research and he wasn't going to go through that but would leave copies. He did have general comments about the research. Early research on whole day Kindergarten was very mixed and inconclusive often and it turns out there was many flaws with the research design. It's really hard to isolate the factors that you have to isolate because you can't have the same group do both. So it was trying to get the proper comparisons. As they refined the research models, there did begin to be a very positive impact of having whole day Kindergarten. The other major problem, and this is good for them in their research of it, is if you had a poorly designed half day Kindergarten and you simply doubled it, you were not going to get the desired effect because you didn't have a good program in the first place. There are definitely guidelines and recommendations for the kinds of changes to be considered in the Kindergarten programming and that was also part of your questions. This one happens to come from British Columbia and they chose it because it's so comprehensive. It addresses some of the research, it addresses some of the do's and don'ts in trying to structure that program.

Chairman Sordi asked if they were going to leave that for the members and Mr. Zangari stated they were. Ms. Frechette stated they also have another study for the members, it's shorter with a quick Synopsis. Chairman asked out of curiosity, is that document copyrighted or can he make copies of it. Mr. Zangari stated you can make copies.

Mr. Zangari stated the other piece that he would like to throw in is about 55% of the public Kindergartens nationwide are now full day and the jury has been out on it.

Chairman Sordi asked if there was a recognition of full-time Kindergartens in Concord and how much they are reimbursing School Districts if they do go to a full-time Kindergarten. Karen Umberger stated what's required now is half-day Kindergarten and that's what's funded. Mr. Zangari stated what's interesting is that the State of Michigan, he believes they are the first, are now mandating full day Kindergarten in the State of Michigan and it does impact what you are talking about there if schools choose not to do it, they're not going to get their full allotment. Karen stated we just passed the Kindergarten mandate a year ago. There had been no funding prior to that or any Kindergarten because it was not required and then they passed something so that everybody had to have Kindergarten.

Chairman Sordi stated the funding for the full day Kindergarten, will we also be compensated for students that are coming from outside of Conway. Will Albany and Eaton also be paying for full time or will they only be paying for half time. Dr. Nelson if we go to full time, then their responsibility would be full time.

Ms. Frechette stated they are here presenting the educational perspective on the whole thing. They get several students who have never been exposed to any sort of school experience coming into Kindergarten in any given year because they've never been to a Day Care or a formal Pre-School

program. They also get kids coming into Kindergarten who have come from half day Pre-School programs who are ready to read for example so the range of academic ability and exposure is just huge. They really believe that by having students there in an extended day for those lower level students and also for those students requiring some academic enrichment it will really help to kind of even the playing field for them and allow the School to intervene more appropriately and more quickly for those students who are struggling while also having more time to enrich those students who are ready for that. There is also some Special Education costs savings potentially with out-of-district placements and things like that.

Karen Umberger stated the other question she had was on the course of study; what are you planning to do for that since there's nothing standard out there. Mr. Zangari stated they've talked about some of the guidelines that are in this. It isn't just doubling the academic tasks and what they talk about is a window of opportunity cognitively that kids have at that age that we're missing out on and the basic concept development. A direct answer to Karen's question is that they would have to develop that, the guidelines will be highly constructive, exploratory with a lot more student based activity that will allow them to develop a broader base of general concepts.

Chairman Sordi asked if the cost for that was an internal cost. Mr. Zangari stated yes; they are not buying a program. Ms. Frechette stated that the Kindergarteners currently are using the same curriculum that they use up through Grade 6. They have a literacy curriculum that they use consistently and the Math curriculum is consistent between the three Elementary Schools. An all day Kindergarten would follow that same model that they are currently using for their half day kids.

Karen Umberger stated it will be interesting to and perhaps she would ask that the Superintendent take a look at where the 3<sup>rd</sup> Graders are today, educationally in Math and whatever and what effect this has on the students four years from now. In other words, if in fact Kindergarten passes and the concept is that you provide them with more opportunities, better reading skills, better Math skills, better language skills, that could in fact when they reach the 3<sup>rd</sup> Grade testing time frame, we should see an improvement in those scores. She did not believe in testing in Grades 1 and 2. Mr. Zangari stated there are results there.

Chairman Sordi stated understood, but that's going to be up to the School Board to do it and he imagined in 3 years we will be looking at the same type of questions on how the Middle School was reorganized and whether the cost for that was borne out. He imagined we would be visiting the same thing in a few years, but it will be up to the School Board and Carl (Nelson) to demonstrate that it is serving its purpose.

Mr. Zangari stated that was exactly the goal; they want these students to maintain the gains this brings about one, two and three years out and want to be able to show that. Ms. Frechette stated both academic and social and behavioral goals as well that you can't necessarily measure in test results.

Karen Umberger stated the reason that she was concerned about this is that in our last budget we did provide additional money for 3<sup>rd</sup> Graders that aren't performing up to grade standard as an attempt to help them out. She is concerned if in fact we do go to all day Kindergarten and hoped she would still be on the Budget Committee in 4 years and she will be sure to ask the questions. If not, she'll come in the audience and ask her questions.

Mike DiGregorio stated Karen (Umberger) brings up a very good point about what's going to happen in a few years and it's one of the things he believes gets lost in the shuffle of education because a lot of people focus on what's happening at the High School rather than what's happening at the Elementary Schools and he says this because years ago there was a huge study in town that a lot of people know about it, the Student Success Task Force that took place. There was so much data that came out of that study and how important it was for 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Graders to be at grade level before they moved on and prior to the Governor changing the drop out age, the Study proved that for children that were behind grade level in those first 3 years were 80% more likely to drop out of High School when they got older and it was clear to him during that Study and reading that stuff that if we focused on the Elementary Schools and getting the kids early that we could recover those funds and the money that we spend later on because we spend so much resources at the High School level trying to get back to where they belong before they move on. So it would be nice in his mind whether we all support Kindergarten or not, he thought it was a good thing and it would be nice to be able to see in 3 or 4 years what this investment has done to pay off. Clearly we have to focus at the Elementary Schools, even though they do a great job, it's nice to see what they are doing, it does get lost in the shuffle because we focus at the High School.

Chairman Sordi stated just so the viewing audience understands, if the Warrant Article is approved this year and we go to a full day, then the cost for that will then be wrapped into the normal Operating Budget next year. Dr. Nelson stated that was correct. Chairman stated this isn't a Warrant Article for every year, this is a one time Article. Dr. Nelson stated that was correct.

Chairman Sordi thanks Ms. Frechette and Mr. Zangari for coming in.

Dr. Nelson stated he wanted to start with the handout he had. There were some questions on Kindergarten and Mark (Zangari) and Amy (Frechette) answered the dollars and cents of it. Three teachers at \$52,000.00 apiece and another \$1,500.00 in supplies.

Dr. Nelson stated there was a question about the Student Advocate and the current 70% of the Student Advocate funding is in the General Fund Budget. Karen Umberger asked if that was because the person is going from a part-time to a full-time position. Dr. Nelson stated no, right now it's funded by a Grant, the second half of it, the 30% was funded by Ed Jobs and previous to that it was funded by ARRA; 30% has been Grant funded one way or another. Karen stated so the Grant is going away. Dr. Nelson stated the Grant is going away and now the question is will the voters vote to fund it because right now he doesn't have any more Grant money to apply to it. Karen stated she did not realize that it had been Grant

funded. Dr. Nelson stated only 30% has been; 70% has always been in the General Fund Budget. Karen Umberger stated the Warrant Article doesn't say that this is replacing a Grant. Dr. Nelson stated it isn't this year; it did a year ago. It's replacing Ed Jobs funds which comes from the Feds. Karen stated she thought that when we went from Grant funding to regular funding no matter what it was that that was supposed to be stated as part of the Warrant Article that this is replacing Grant money. Dr. Nelson stated he didn't know if that was necessarily the way the Warrant Article was written, but they have done that, that's exactly what they have done is indicate previously funded by IDEA and ARRA funds. Karen apologized and stated she must have missed that.

Dr. Nelson proceeded with the next item, the CEA Contract question. He has given the members the differences. If you take the average teacher's salary in Conway of about \$42,000.00, 2% plus the \$600.00 for Proficient or Distinguished, you're coming up with \$14,040.00 and this year for the same Distinguished or Proficient in this year's contract the number is \$15,003.00. Another question about the CEA Contract had to do with raising the starting salary now to \$30,000.00 and how much additional funding will that cost the District and that was \$4,407.00 for those few teachers that would have to be elevated to meet that requirement. Karen Umberger stated so this \$4,407.00 is part of the \$359,000.00. Dr. Nelson stated it was part of the \$359,000.00, that's correct. If you look at the breakout he has given to the members already, in the Warrant Articles it breaks out the funding and you'll see on line 3, \$4,407.00, but it is broken out in that cost out sheet given to the members.

Dr. Nelson proceeded with the Deductible Pool. Based on their experience, he thought they'd had only 2 people in all of the Units now fall into the double deductible situation; that's it. They were able to reduce all of those as part of the negotiations, therefore there's less of a cost for the Contract, less of a taxpayer cost, but they would have had that money left over as a Fund Balance because it wouldn't have been spent.

Dr. Nelson proceeded with the CESP Contract. It was asked what was the driving factor for the \$40,000.00 increase. The increases are always looked at: what did you spend this year and what is that going to be next year. There are four factors that enter into the \$40,000.00 difference. One is the \$26,000.00 savings in health insurance, that would have been a deduct; the second one is a deduct of the Deductible Pool that's in year one, that's why year one is so small \$13,000.00. There have been some increases of about \$4,500.00 in longevity, people have now qualified for longevity and once the Contract's in place they are entitled to that and the last one would have been the remaining of about \$8,000.00 would be employees changing level. In other words, it's broken up Level 0-1 as that one hourly rate, then once you get to your second year of Level 2 as well as the percentage being tacked on they get a slight increase. If you look at the Warrant Article for the CESP, you'll see how that works. Actually if you look at the Summary Sheet on the front, it's got it. It would be people going from one Level to the next. There's a difference in that.

Dr. Nelson proceeded with the next question which had to do with the Life Insurance increase on the CESP Contract and that was \$1,927.00 cost. Dr. Nelson continued with the Thanksgiving Wednesday being a vacation day and

that it does not reduce the number of days they have in the year, it still remains at 187 for teachers.

Ray Shakir asked if we skipped number 7. Dr. Nelson stated sorry, yes we did. Ray stated it says 77% of your employees work less than 40 hours. Dr. Nelson stated most of them work 35 hours. Ray asked if they were considered part-timers. Dr. Nelson stated no, they're considered full-time in accordance with the Contract, once you get over 30 hours he believed they were considered full-time. Ray stated but they realize all of the benefits of someone who works 40 hour plus. Dr. Nelson stated all of the benefits, yes; obviously they don't make as much money because the others are working a few more hours. Ray stated bottom line is they enjoy all of the benefits. Dr. Nelson stated yes.

Dr. Nelson proceeded with the number of people who qualified for the stipend for not using any sick days or personal days. Last year it was 37.

Karen Umberger stated she wanted to go back to Thanksgiving. It doesn't make any difference to her whether they have the day off before Thanksgiving or not, she just wanted to know where in the schedule is that day going to be made up. Dr. Nelson stated it's added on to the end of the schedule. Each year it will tend to be different depending on what the calendar is. It may be they start earlier or it may be they end later, depending on when Labor Day falls. Karen stated right now you schedule the students for 185 days. Dr. Nelson stated 180. Karen stated and how many do we get for snow days. Dr. Nelson stated if they take a day off, they add it to the end. They don't have any built into the calendar; they just add it on to the end. Karen stated so we're not changing vacation time other than the Thanksgiving vacation, but everybody will now have the Wednesday off. Dr. Nelson stated he still has to find 180 days. John Edgerton stated you get Wednesday, Thursday and Friday. Dr. Nelson stated that was correct.

Bill Marvel stated he guessed that answered his question because he missed that. He was thinking it was the day after Thanksgiving which would be logical, but you're taking the day off before Thanksgiving.

Chairman Sordi asked members to focus on budget stuff. This has nothing to do with budget. This is what we're here for, to focus on budget. Bill Marvel stated the question's there, that's the only reason he asked. Chairman stated he understood that, but we're getting hung up on a question that has nothing to do with budget. The School Board is responsible for setting the number of days the students and teachers are going to go to school. If we have questions about financial issues, then let's focus on that.

Dr. Nelson stated back to number 10. These are the people, in accordance with the Contract, if they don't use any sick days or personal days there's a stipend involved, about 37 qualified for that and it will vary from year to year, but it stays right in that neighborhood.

Dr. Nelson proceeded with the question asked about the number of people taking advantage of the FSA Program. Anybody who is on the HMO Health Plan is taking part in that. If you're on the HMO Health Insurance Plan,

you get the debit card and that debit card is part of the FSA Plan, so they're all taking advantage of it unless they're on something other than the basic HMO. Karen Umberger stated as she read what it said in there, she thought it said the employee could contribute to something. Dr. Nelson stated it's limited only to the deductible amount, whatever that may be. Karen stated the deductible amount is what they are considering the Health Savings and if they don't use, do they get reimbursed. Dr. Nelson stated if they don't use it, it goes back to the District. If he has \$500.00 on that card and he only uses \$400.00 of it, \$100.00 stays with the District on this Plan.

Dr. Nelson proceeded with the last question which was a question on the Reading Program at the Middle School and High School. It is the same silent reading only for the High School and Middle School. Elementary Schools still do it, but it's not a contractual issue there. They use the 5<sup>th</sup> day, which is Thursday, 35 minutes for the Professional Learning Community work which means teachers are working in a group in their subject area, like all Science teachers working together, all Math teachers and so on and that's only one day a week on Thursday.

Dr. Nelson stated those are the questions they had and responded to. If there is anything else he could answer for the Committee, he would be more than happy to give it a shot.

Chairman Sordi stated we heard from the Police Commission on how they establish the budget for dealing with changes in status for benefits. Some going from a single to a double to a family plan. How do you budget that within the School Budget to deal with situations like that. Do you put a budget in there for what you have right now or do you also put money in there in case there are changes within status. Dr. Nelson stated they put in exactly what they have now. If they have a new position opening, somebody's retiring and they don't know what the replacement will be, they usually put a two person Health Insurance Plan in there. Sometimes at the administrative level they will put a three person, a family plan, as opposed to a two person.

Dick Klement stated to amplify, he thought the School system has an advantage over the Police in that they have a heck of a lot of employees so the economy of scales is such that one or two more doesn't do much, but one or two more for the Police given the small number could have a catastrophic affect. Chairman Sordi agreed and he understood that, but he was just curious on how they did it.

Chairman Sordi thanked Dr. Nelson for coming in.

#### TOWN

Chairman Sordi stated that completes the hearings on the School Budget. We've finished up the Town, we've finished up the non-profits, the Precincts and the School. There are a couple of final things that we need to button up tonight before the Public Hearings next week. First off he passed around some information he e-mailed to members today, but he brought copies in case members didn't have it. Actually, the first thing members were getting was something he did not forward, he just printed out copies and it's information from the Police Chief that he sent to

Earl (Sires) after the meeting last week. The second thing you are going to get is the Agenda for tonight and a couple of other things that he would go over real quick.

Chairman Sordi stated there was one thing he wanted to mention to the members and he believed that he forwarded it to the members earlier today the Legal Services non-profit that appeared before us on Saturday. He read the following e-mail from Jeannette Haney:

"Thank you so much for your time and interest shown at Saturday's joint meeting. It was a very interesting session. However, we would like to correct an error made in the discussion of our 2010 Budget. We did not have a surplus of \$5,000.00. We actually had a deficit. Actual income was \$25,435.00, Actual expenses \$31,542.00 leaving a deficit of about \$6,000.00. Our printed Budget accurately reflects those amounts. For 2011, the half year, they show more income than expenses. This was due to our Director, Supervising Attorney and Treasurer not taking their stipends budgeted for; \$2,200.00 was paid out. However, another \$5,200.00 should have been paid, but was not. To see our real financial situation, I am hopeful that you will take another look at our printed budget."

Chairman Sordi stated just to let you know that e-mail came out and members with e-mail should have a copy of it in your inbox. He sent it to the members earlier today.

Chairman Sordi stated all members should now have a copy of the Agenda in front of them. We have to go over a couple of Minutes. We've done the School information already. Our next meeting is going to be next Wednesday night at 6:00 PM at the High School in the Auditorium. It's going to start at 6:00 PM with Public Hearings for the different Budgets: the Precinct Budgets, the Town Budgets, the School Budgets and the Budget Committee meeting. The Budget Committee meeting that night will be relatively short, but we will have one. He will let members know that last year we spread the meetings out by 30 minutes. At 6:00 PM the Precincts start; at 6:30 PM the Town starts; and at 7:00 PM the School starts. If those meetings don't take half an hour, then we just adjourn until the appointed time for the next meeting. We may have some down time in between each of the Public Hearings for the different budgets. For the new members he wanted to let them know about that.

Chairman Sordi stated on February 16<sup>th</sup>, the next night, beginning at 6:30 PM here, we are going to begin deliberations on the different budgets and we have to vote on all of the different budgets that night. We'll do the Town Budget, the School Budget and then the Warrant Articles. Since the Town and School Budgets will generate the most discussion, he's guessing, we'll do those first and then we'll get into the Warrant Articles. The way we worked it last year was we voted first on the Budgets submitted by the Town or the School to see if it will pass and if it didn't, then we would go into alternative budgets and we will follow that same process. It doesn't make sense to argue about a Budget if it's going to be voted for. That's going to be next week.

Chairman Sordi stated if a member is interested in submitting an alternate Budget for the Town or the School and it gets voted down, as an example let's say the Town Budget gets voted down and you want to make an alternative, bring printed information with you to give to the Committee so that they can see what you are proposing. Take a look at what's in the Budget, the motion will be made for the Budget that has been submitted, if that fails and only if that fails, will we entertain alternate Budgets and if you want to propose an alternative budget, if you're intending on voting let's say "no" to the Town Budget, bring an alternate Budget with you that has suggested cuts that we could then arrive at a revised Town Budget. So let's have that because we have a lot of people on this Committee this year and he wanted to try to have it as organized as possible as we go through the deliberations.

Chairman Sordi apologized for printing so small on the documentation passed out but on the right hand side of the front page is the Budget Hearing document list which will continue to grow until we probably get through the Deliberatives. On the back side, he put a table that shows the status of the various Minutes that we are eventually going to have to approve. We've approved all of the Minutes for the 4<sup>th</sup>; we're going to finish up on the Minutes for the 11<sup>th</sup> tonight and do the Preliminary Minutes for the 25<sup>th</sup> tonight. The final Minutes for January 18<sup>th</sup> will be voted on next Thursday night. That just gives you an idea of where we are and you'll probably be getting more Minutes this week. Before we go into the Default Budget discussions, let's go through the Minutes.

#### APPROVAL OF MINUTES

**Karen Umberger moved, seconded by Joe Mosca, to consider and accept the Minutes of January 11, 2012. In favor: 15; Opposed: 0; Abstain: 0.**

**Mike DiGregorio moved, seconded by Joe Mosca, to consider and accept the Preliminary Minutes of January 25, 2012. In favor: 15; Opposed: 0; Abstain: 0.**

#### DEFAULT BUDGET

Chairman Sordi passed out the proposed Default Budget prepared by Earl Sires.

Karen Umberger stated before we move on to the Default Budget, she did think just for knowledge that we should put in that on the 16<sup>th</sup> voting on the Precinct Budgets because those have to be approved by the Budget Committee. Chairman Sordi thought that was done the night after. Karen stated no. Chairman stated we would have to vote on those tonight. Karen stated it's not listed on the Agenda. Chairman apologized he was not understanding what Karen was saying.

Chairman Sordi stated that there is no attachment to the e-mail from the Chief (Wagner), it's actually the text below. He did ask Earl (Sires) about that.

Chairman Sordi stated all members should have in front of them the suggested Default Budget which he received from Earl (Sires) and on the back side is some additional information on the tax rate calculations and

the impact it would have on the tax rate. We really need to focus on the Default Budget right now. Chairman asked Karen Umberger to explain and go through exactly what the Default Budget is suppose to include.

Karen Umberger stated the Default Budget is last year's Budget plus Union negotiated Contracts that are approved, it's any increases to salaries, it's any outstanding Contracts that you might have that need to be paid and then it's minus one-time purchases. That's basically what's to be included in the Default Budget.

Chairman Sordi stated what we have in front of us is what Earl (Sires) has identified as Contract issues at the top, at the minus side is the one-time costs so the Default Budget that he's suggesting is \$8,873,888.00 which is about \$250,000.00 less than the proposed Budget. How much wiggle room, do we even have any wiggle room. Karen Umberger stated you have whatever you want to do. It's our responsibility to set the Default Budget as long as there's a worksheet. There is a worksheet that you have to fill out and she was sorry that there was no one here from the Town to discuss this tonight. But there is a Worksheet that you have to fill out showing what each of those things are. For example, she doesn't have a clue where the \$247,000.00 for Salaries & Benefits for the Police came from. She has no idea because the Warrant Article last year for salary increases was like \$40,000.00.

Chairman Sordi asked if the Committee needed to have another meeting prior to the Public Hearings to go through the Default Budget with Earl (Sires). Karen Umberger stated she thought if the Committee met at 5:30 PM next Wednesday. It's not like it's overly complicated, but we should've at least had somebody walk us through it to know what those costs were. Chairman stated he would schedule the start next week at 5:30 PM so that we can review and vote on the Default Budget and he would ask Earl to be there at 5:30 PM and we can go through it.

Dick Klement stated to build upon what Karen (Umberger) said and let him ask the question, in the Default Budget if you spend \$6,000.00 in postage stamps last year and for this year you increased it to \$10,000.00, is that subject to the Default Budget or not. In other words, do you go forward on your calculation and say it was \$6,000.00 last year it should be \$6,000.00 this year for the Default. Mike DiGregorio stated that would not be part of that. Karen stated that's in your figure of \$8,873,888.00; up at the top it started with last year's Budget so the difference between the adopted Budget last year was \$9 Million and this year they're asking for an increase and she assumed that the postage increase would be included in that difference. Dick stated right, but his question is if you increase your postage, does that become subject to the Default or not.

Chairman Sordi stated the Default Budget starts with last year's Budget, so any increase this year is irrelevant. Dick Klement stated good, so if we increased it by that \$4,000.00 hypothetically should be a take away to reduce the Default. Chairman stated no, he believed it was one-time costs. If the normal operating costs are increasing then that's not a one-time cost. Dick stated okay.

John Edgerton stated if he remembered right, last year's Budget plus or minus debt plus only contractual commitments that have to be met for the following year. They have to be under contract. Chairman Sordi stated he would find out about the \$247,000.00 and see what that represents.

Ray Shakir stated the whole idea of the Default Budget, at least his understanding and the understanding of a lot of people he has been speaking to, is that it was suppose to be a fallback which theoretically is suppose to be less than the proposed Budget. If anybody's been reading *The Union Leader*, especially today, they'll see there's a number of towns where the Default Budget actually is larger than the proposed Budget which really doesn't make any sense to have a Default Budget. The point he is trying to make is that there has been legislation introduced this year, there's so much wiggle room in the definition of the Default Budget that they wiggle into a higher number than the actual proposed Budget. That's just a fact, the numbers don't lie.

Chairman Sordi stated he didn't care about that. We have an issue we have to deal with here, the politics of it and he knows we could have a discussion for days about the politics. Ray Shakir stated he wasn't talking about politics; he was talking about legislation that's being introduced so that everybody knows. Chairman stated understood, but this Default Budget, do we have questions about it.

Brian Charles asked for an example of what is considered to be a one-time expense. John Edgerton stated it's referred to as debt, you either increase or decrease your debt as the one-time expense that comes off the Default Budget. Just so we don't have to do it here, page 53 of *The Basic Law* that all members got, at the bottom there's a whole page to read on the Default Budget and it explains it very well.

Mike DiGregorio asked John (Edgerton) where he got *The Basic Law*. John stated that all members got a copy of it. Chairman Sordi stated it was handed out the first night, you would've gotten a copy of it and he may have e-mailed it to Mike also. Mike stated what he was going to say, instead of us sitting here debating about what should or shouldn't be in it, we'll get a copy of the law and read it. He does know that there is legislation, but it hasn't passed right now so that's not what we follow. We follow what is in there. Chairman Sordi stated he knew that was a huge issue. Mike stated it is a huge issue because some people don't want certain things in there and other people think it should be in there. Chairman stated in fact we had a higher Default than a Budget a couple of years ago and same with the School Budget a couple of years ago. Mike stated it happens and it's not because people are to be dishonest about it, it happens. Follow the law, it's as simple as that.

Karen Umberger stated she imagined the reason they have included Elections for \$9,100.00 is because we have more elections this year than we did last; however, how does that fall under contractual requirements and she would like Earl (Sires) to address that. Chairman Sordi stated he thought Earl said something about that during our discussions. Karen stated she knew we have to have elections, she's not arguing any of that.

Chairman Sordi stated if anyone had questions about the suggested Default Budget or suggestions, get them to him and he will print them all out and

bring them with him next Wednesday night. He will follow up with Karen (Hallowell) and asked how much notice had to be given when changing a meeting. Mike DiGregorio stated 24 hours. Karen Umberger stated he had plenty of time. Chairman stated he just wanted to make sure that we had enough time to add that half hour in. Chairman stated we will start at 5:30 PM to do that.

#### OLD BUSINESS

Mike DiGregorio stated there was a couple of things with Warrant Articles; the dollar figure for the PEG Trust Fund was \$130,000.00 and that money is raised from user fees and not in taxes, just so everybody knows. The wording of the Police Warrant Article was repaired; apparently they sent it to Earl (Sires) and Earl forwarded it down to DRA and that's where the mix up on the wording occurred. Karen (Umberger) was right that fund was gone. The new wording is in there and he didn't know what it was off hand, but the correct wording is in there for the correct Grant that they will be applying for.

Mike DiGregorio stated you may or may not have seen on Valley Vision, they talked about and actually did change the wording of the Recreational Warrant Article. It is now Parks and he thought it was Maureen (Seavey) that had brought that to their attention. They tried to start that with some funding from the Recreational Revolving Fund that exists today that you guys have heard about, but DRA said they couldn't do that. Basically they are trying to find an additional \$20,000.00 that they could start that Warrant Article with and DRA said "no, you can't do it that way". So that's going to come up at the next Selectmen's Meeting to fix that. Chairman Sordi asked when the next meeting was and Mike stated they cancelled tomorrow because there wasn't much going on so it won't be until next week. Chairman asked if it would be before the Public Hearings and Mike stated yes.

Karen Umberger asked if the reason the DRA would not accept it was because we didn't have a Capital Reserve Fund for recreational vehicles at this point or was it because there's some restriction between Revolving Fund money and other money. Mike DiGregorio stated it was his understanding it was the way it was established years ago is different than what their intent was going to be for it going forward. They said no, it was established differently and you can't change that. You will have to check with Earl (Sires) on that. Karen stated she would like to know and maybe Earl could just send a note out to Dave (Sordi) on what the problem was with that. Mike stated he didn't see anything in writing either, Earl just left him a voice mail. Karen stated so that we can understand; she thought it was a good idea to use the extra money in the Revolving Fund if it's there, but if we can't, she would like to know why.

**Joe Mosca moved, seconded by Betty Loynd, to adjourn the meeting at 7:25 PM. Motion carried unanimously.**

Respectfully Submitted,

Iris A. Bowden, Recording Secretary