

**PRELIMINARY MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
July 31, 2013**

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 Joe Mosca, Danielle Santuccio, Maureen Seavey, Peter Donohoe, Maury McKinney, Bill Marvel, Doug Swett, John Edgerton, Michael Fougere, Greydon Turner, Stacy Sand, Dick Klement, Frank McCarthy, Dick Pollock and Steven Steiner. Excused: Brian Charles and Mark Hounsell. Also present: Earl Sires, Town Manager; Lucy Philbrick, Town Finance Director; Dr. Carl Nelson, Superintendent and Evan Lucy.

Greydon Turner led those present in the Pledge of Allegiance.

Bill Marvel stated some members may have heard that there was a little change at the Library and there's been another change as of 2-1/2 weeks ago and that was when their new Director, David Smollen, came and he's going around to the various Town entities, meeting people and Bill figured why not come meet us and so he has. Chairman Mosca welcomed Mr. Smollen and asked if he had any words of wisdom for the Committee. Mr. Smollen stated he just wanted to listen.

APPROVAL OF MINUTES

Greydon Turner moved, seconded by Dick Pollock, to accept the Minutes of April 24, 2013. Danielle Santuccio asked for a copy of the Minutes as she believed there was some place that says democracy and it was supposed to say something else and that it was actually a substantial correction.

Chairman Mosca asked if all members received Stacy's (Sand) changes. Chairman stated to Stacy that the Minutes are verbatim so a lot of the tense changes won't be changed because they are verbatim as we speak. He was that way his first year and he made the same changes she made, but everything is as we speak. Stacy stated they weren't in quotation marks; that's why she put it down.

Bill Marvel stated he thought he had some but thought he had his unmarked copy.

Stacy Sand moved, seconded by Steven Steiner, to table the Minutes until the end of the meeting. In favor: 15; Opposed: 0; Abstain: 0.

TOWN REVIEW

Earl Sires stated he knew the Town was on the Agenda for mid-year because they are half way through their Budget year, but he also wanted to talk a little bit about last year and how things ended up there. The Town has had their Audit completed and he wanted to go through it briefly and if members had questions, great; otherwise he will just hit the highlights and we can get to the 6-month report.

Earl Sires stated the first thing in the packet is a letter from their auditors to the Board of Selectmen. It covers a variety of things, it comes along with their annual Audit and he thought all members were aware

that municipal entities are required by law to have an outside auditing firm come in and check the books for a number of reasons to make sure that they are doing things appropriately and according to the law and to assure the public that they are managing the funds appropriately and then also to provide recommendations if they see things that need work. He could say in the general sense that their Audit this year was pretty much the same as every Audit they've had since he has been here and that has a lot to do with Lucy Philbrick's financial management. It's what's called a clean Audit, meaning that there were no significant findings or no issues of concern. What this letter does is basically go into that a little bit more. The first section "Qualitative Aspects of Accounting Practices" is just what he talked about: they found that all of the Town's accounting practices were appropriate according to law and no problems there. Were there any "Difficulties Encountered in Performing the Audit", down at the very bottom, meaning did they have trouble getting the information from our staff and they indicated no they did not.

Earl Sires proceeded with the Audit letter of "Corrected and Uncorrected Misstatements"; were there problems or misrepresentations or inaccuracies and this shows that there really weren't many. There was one adjustment that totaled \$87,000.00 and that had to do with the fact that the Town took for taxes the Kearsarge Metallurgical site. Once the Town became the owner, make sure I get this right Lucy (Philbrick), the Town had to write-off the amount that they held in the Fund Balance and as a collectible. Lucy agreed. Earl stated basically that was an accounting issue that the Town wasn't particularly aware of because it was a unique situation, so they just said we had to do that and we did it.

Earl Sires proceeded with the Audit letter of "Disagreements with Management" stating the Town didn't have any disagreements with the way the Town saw things and the way they saw things. We represented things appropriately, so on and so forth. They didn't have any major findings or issues. They did make some recommendations for the Library; we've had similar recommendations in the past that funds be deposited more frequently. That was no big deal. That's one of the things he always looks forward to see is if there's any suggestions they can make for us to improve our operations. Again testimony to Lucy (Philbrick) and Lori Roode's expertise in manageability.

Earl Sires proceeded with a year end report. Earl stated that on page 3 of the handout, upper right hand column, the first several lines are Revenue. If you look at the bottom total, \$270,354.00 Revenue in excess of their projections. The Town benefited from the fact that some things happened that they didn't expect that were to the good. There is \$154,000.00 in tax revenue; this is from property tax. Earl further stated that Lucy (Philbrick) will say that is a rounding error in that the tax rate has decimal points so we collected a little bit more than we had expected. Licenses and Permits: car registrations did a little bit better than they thought and Charges for Services was for School Bus maintenance. Any way, the Town up with \$270,000.00 revenue in excess of their projections.

Earl Sires proceeded with Expenditures by asking the members to drop down to the total column, \$191,495.00, that is the amount by which they under spent their Budget. How did we do that or why were they able to do that? In one instance in the General Government line, members will see

\$64,000.00 approximately that they did not spend and that's a result largely of what is called a premium holiday from their health insurance. Lucy Philbrick stated it was a contribution holiday. Earl stated the short story is that their insurance pool was found to have used some funds from their health insurance premiums to start another segment of their operation that turned out that it wasn't really appropriate. So they were ordered by the Courts to give that money back to their members. We benefited from that to the tune of about \$60,000.00. Likewise this year because that same pool, the reserves have grown over time such that they are greater than they feel like they need. The Town will be getting also an actual cash rebate this year to offset their health insurance. That will be a good thing for us as well.

Earl Sires stated the Police Department under spent by \$96,000.00. That had a lot to do with Earned Benefits and Health Insurance and that kind of thing. Not a huge amount actually on a several million dollar budget when you think about it, but they did end up under spending. The Town over spent in Highways and Streets and that had a lot to do with increased vehicle maintenance. The Town is starting to see the same kind of things with their fleet that the School has seen with their School buses. They've been trying to extend the use life over time, longer and longer, and they have gotten caught in a couple of situations where that really didn't work out. So a little higher expense there.

Earl Sires stated in Sanitation, the Solid Waste Department, they had \$53,000.00 under spent and that was primarily, as you will recall, they had budgeted for some staff that they didn't end up hiring until well into the year so that was the savings there. All of those things added up to \$191,000.00 in under expenditures; \$270,000.00 in excess Revenue means that at the end of the year the Town had \$461,000.00 that went into the Fund Balance. You could say that we did everything that we needed to do and he thought they accomplished all that they needed to do and ended up being able to contribute \$461,000.00 to the Fund Balance.

Earl Sires proceeded with page 4 of the handout asking members to look at the top where there was a little sheet that talks about how the unassigned Fund Balance changed through the year. The Town started with \$2 Million, the Selectmen used \$390,000.00 to offset taxes of that Fund Balance which they have traditionally done in the last 10 to 15 years. There was a Revenue surplus last year, as he just mentioned, and under expended with a few other little things, they ended up with a Fund Balance for the year end 2012 of \$2,195,344.00. The Division of Revenue Administration for the State recommends that towns have between 5% and 15% of their total Budget as a Fund Balance. We are carrying about 8% or 9% he thought with that \$2 Million and we are sort of on the low to middle range to what's recommended. That is a good thing that creates some ability. If we end up with a similar year, it looks like the Selectmen will be able to have some funding to contribute to offset the taxes again at the end of this year. That's pretty much the summary of last year. He thought the Town did a pretty good job getting everything done. They had some money left over, they didn't spend everything that was budgeted and they are putting that back in the bank and it's available for use to offset taxes this year. That's it in a nutshell.

John Edgerton stated getting back to Kearsarge Metallurgical, the bank turned it over to SBA because they didn't want to foreclose; SBA didn't want to foreclose. The Town got special compensation from the Courts not to take a tax deed; EPA came in and cleaned it up over the last 30 years. When you sell it, is all of the money the Town's or does some of it go to the Feds for cleaning up. Earl Sires stated that, as he thought the members may have read, they have a Purchase and Sale Agreement on that property and they hope to be selling it in another month or two and the purchase price is \$118,000.00 and that will come to the Town as far as he understands. They have been told by FEMA that if they had a windfall in the sale, the Town may have to share the wealth, but he doesn't believe that an amount just above what was owed on taxes is going to be considered a windfall. It's a good question and yes, they will take that money as Revenue this year.

Frank McCarthy stated he understands that this is just a mid-year review, but the Police Department a couple of years ago ended up with \$66,000.00, \$68,000.00, \$70,000.00 in excess and they went out and spent it on items that there was no defined line item for, nor was there an appropriation made for those things. Has something been done in the meantime so that can't happen again with this \$90,000.00 so far that is still in there. Earl Sires stated that's a good question and you are right. There was considerable discussion at Town Meeting and else where about that whole issue and, he believed, last year the Police Commission committed to not spend money if it was not needed and was left over. So, really Frank, what this is showing is that they did not spend that \$90,000.00, that money has now been deposited in essence into the Fund Balance of the Town. They did not spend it; they lived up to their word. That's a change, yes or I mean that's what's changed from a few years ago.

John Edgerton stated on the Ambulance, Line 4215, you've got only 34% left. Was there a reason why Ambulance was over expended so far this year. Earl Sires stated he was getting to this year. John stated it's only halfway through. Earl stated let me work through this year and we'll get to your question.

Earl Sires asked the members if there were any further questions on last year. Earl proceeded to discuss this year's Budget by stating that the Town's Budget has a number of different Funds. He talks mostly about the General Fund because that's where most of the money is and what most people are interested in hearing about. The Town is 6 months through this year. As an aside, the Revolving Funds are 3 different Funds that he was prepared for because Karen Umberger always asked about this and he'll have to call and tell her about it. One is the Rec Revolving Funds where they take fees from Rec programs and deposit them into the Fund and those are used to support and offset the General Fund Budget in the Rec Department. This year the Selectmen did choose to use some of those funds for other expenses, including the Skating Rink and a security system at the Rec Center so that they will have a better handle on whose on site and make sure that we understand that there aren't any intruders or anything like that on the site. There's a balance of \$7,000.00.

Earl Sires proceeded with the Solid Waste Revolving Fund. The Town charges for particular kinds of waste that they have to pay to dispose of and that Fund handles that activity. They have accumulated and actually made some

money on that Fund over the years and they have \$65,000.00 in there. Earl suspects one of these years members will see that the Selectmen suggest allocating that toward improvements at the Transfer Station or the Landfill. The Police Revolving Fund was particularly important when there was a lot of construction activity in the streets 7, 8, 9 years ago. It handles the commercial duty and charges for commercial duty. The Town charges the contractor to pay the Officers out of this account. The reason for all of these accounts is that these are specific fee-based functions that fluctuate through time so they are set aside in a separate Fund and accounted for there so that it doesn't impact the General Fund in the sense of having fluctuations in there for something that's totally fee-based and therefore really doesn't impact the Tax Rate. The idea is to isolate those from the General Fund and it makes the General Fund a little more consistent through time.

Earl Sires proceeded to talk about the General Fund. Earl asked the members to turn to page 5 of the handout and explained this is the 6 month report for their expenditures by Department. Earl pointed out the lower right hand corner showing 53.5% of funds remain and they are 50% through the year at this point of this report so they are operating about where they typically operate 2% to 3% under budget as they move through the year. Earl pointed out that most Departments are in that 50% to 55% remaining range. The Legal Department is 43% so that's a little under and that is reflective of the ongoing demand on that Department related to compliance cases in the Transvale Acres area of Town, exclusively related to that at this point. That's all we're dealing with in the Legal Department.

Earl Sires proceeded with Ambulance at 34%. The Town pays 3 payments during the year; they have paid the first 2 so they have 1 left there. That was John's (Edgerton) question and John agreed. In the Welfare or General Assistance line, they are running 65% remaining and, as you are all aware, that tends to be a seasonal function so we see impact in the winter and early Spring and impact in the late Fall, largely related to fuel and housing and those kinds of costs. He suspects as we move through the rest of the year, they will begin to spend in a more rapid rate in that Department as well.

Earl Sires asked if there were any questions on the expenditures, it's pretty straight forward at this point. He didn't see any major challenges in the next 6 months.

Steven Steiner asked what was happening with the Hannaford lawsuit. Earl Sires stated it continues. He believes they have appealed possibly to the State Supreme Court. It goes on.

Dick Klement stated not strictly Budget, but just a question that's been irritating him since he saw it. We have an individual who, he guesses, used to be a fireman, used to be a policeman, now isn't anything from Massachusetts that was heading down to Albany, did a u-turn and came screaming into Town and hit a light pole in Center Conway. Earl Sires stated he was wondering where Dick was going with that and that he got the call at 1:00 AM that power was out at Town Hall. Dick stated his question would be from a revenue perspective or cost perspective, we called a bunch of people out to resolve this problem, people without power for a period

of time. He's without power no big deal, but if somebody has a respirator, that is a big deal. If this individual actually committed this offense and is found guilty, can we get some money back to pay for all of this stuff that we spent money on or is the judge going to say "you were a bad boy". Earl stated probably the latter, but he will check. The other interesting thing about that is that there has been an operational change in Fair Point and they stage their repair crews now out of Lancaster, NH and so that happened at about 11:45 PM and the repair was completed at 9:00 AM, so there was a 9 hour outage and the Selectmen are going to talk Tuesday about that and express their displeasure because, as they said in the letter to Fair Point, it happened in the middle of the night, not a big deal; if we were down for 9 hours during the day time, Town Hall or any where else, we'd be out of business for 9 hours.

Chairman Mosca asked how much longer we were going to have Lucy (Philbrick) with us. Earl Sires stated she can tell you to the day. Lucy stated 6 months. Chairman stated we are going to miss you; we know we still have you, but we will miss you.

Chairman Mosca thanked both Earl Sires and Lucy Philbrick for coming in.

SCHOOL REVIEW

Dr. Nelson stated after a rather rocky start to the beginning of last year's school year with Special Education over \$300,000.00 in the red, members will remember that he froze the Budget in the Fall, and he is happy to report that they have come out of this with a \$600,000.00 Fund Balance which the members could find on page 3, second column in. Members will see \$613,000.00. While the books aren't closed yet and won't be closed completely until September because they are still receiving some bills from last year, that's a pretty good guesstimate what the Fund Balance is going to be. Members can add to that some where around \$200,000.00 to \$225,000.00 in Unanticipated Revenue which will bring the total amount over \$800,000.00 that will be able to be used to offset taxes this year. They are pleased about that. The Committee received two good reports, one from the Town and one from the School saying they are in good shape as they end this year.

Dr. Nelson stated the big hitters in terms of areas where the Unanticipated Fund Balance comes from is Regular Education on page 1 and that's \$214,000.00 and on page 2 down towards the bottom, members are going to see that in Operation/Maintenance Plan Services they saved \$192,000.00, \$112,000.00 of that was because of the electrical costs. They switched the carrier and made some changes in who they were purchasing electricity from and saved themselves over \$100,000.00. Under Transportation they saved \$115,000.00 about \$12,000.00 of that on fuel from what they budgeted; \$35,000.00 in repairs. Remember the School went out and bought that new bus and it really saved \$35,000.00 in that area and another \$20,000.00 in parts, that's over \$50,000.00 in those two particular areas.

Frank McCarthy stated that he has an acute hearing problem and he would ask that the Chairman remind everybody to please speak up so that he can hear what is going on. He would appreciate it. Chairman Mosca apologized and asked everyone to try to project.

Mike Fougere stated on that note, he would like to make sure that we get with our movie person here. They've got microphones that are speakers that tie into this and he thought we really need to look into that and have those set up, sort of like a PA System. Laura of Valley Vision stated there are those in that room that is used occasionally. Chairman Mosca stated that's the School Department's. Laura stated they are not ours (Valley Vision's). Chairman agreed. Dr. Nelson stated they could set up the PA System. Chairman stated hopefully that would be set up for the next meeting and he would work with Dr. Nelson. Mike stated he would volunteer to come early to help get it set up. Greydon Turner stated if we are going to do that, perhaps we could also do something in the theater area since it is historically hard to hear out there as well. Chairman asked Dr. Nelson to just speak up a little and Dr. Nelson stated he would be happy to.

Dick Klement stated if he remembered correctly, several years ago Mike DiGregorio, as a Selectman, said that since they were changing over the audio equipment at the Town Hall that something would be made available for the School use. He did not know where that stands at this point or whether it was a non-starter. Chairman Mosca stated he couldn't answer that; he remembers the conversation himself but he could not answer that question. Dick stated perhaps the Selectmen's representative would take that up. Stacy Sand stated she knew nothing about it. Chairman stated it was something when they were with Time Warner and the cable and PEG that there was some extra money or something and they were going to look into buying different equipment for use by all of the different departments and everything. Mike (DiGregorio) spoke about that a couple of years ago when Dick was on the Board, the School Board's rep as a matter of fact. Dr. Nelson stated they could help with that, they have the stuff to do it.

Stacy Sand suggested that Frank McCarthy change seats for tonight so that he could hear him (Dr. Nelson) better. Dr. Nelson stated he would scream louder and that he didn't have too much more to say. Chairman Mosca stated he didn't think it was just Dr. Nelson, it was everybody.

Dr. Nelson stated on page 1 they are still showing under Special Ed a deficit of \$157,000.00 and that's going to be close to \$120,000.00 as they finalize the numbers. All in all the news is good, they are going to have \$600,000.00+ in money they did not spend this year and between \$200,000.00 and \$225,000.00 and maybe even a little more than that in Unanticipated Revenue. So \$800,000.00+ will help offset the taxes. Chairman Mosca stated fantastic; good news, we love good news.

Dick Klement asked Dr. Nelson when would the Committee be getting the first estimate on what the revenue is going to be from the sending towns. Dr. Nelson stated November.

Maury McKinney stated to Dr. Nelson that he had talked about \$50,000.00 in the Pupil Transportation line and he was wondering what some of the other was. That's a great job. Dr. Nelson stated there's a number of areas where members can see savings. He just pointed out the big ones. Maury asked if they had changed any routes and Dr. Nelson stated no. When you talk about transportation, that's mainly about \$55,000.00 in repairs on buses, both

in the labor costs and the parts costs and another \$12,000.00 in fuel. Those are the big hitters.

Mike Fougere stated to Dr. Nelson that he had asked last year about getting numbers on what the cost is for this Committee's paperwork. He would like to get that out in the open and he would like those numbers just to show the difference of going all electronic, going 50/50. He thought about the possibility of buying Readers at least for the Board to show what kind of savings with just this Board would have in saving paper would generate annually because once you've bought them, we're adults and they should be fairly well taken care of. Chairman Mosca stated operative word is should. Chairman asked Dr. Nelson if he could come up with a cost and obviously it would be a rough guess. Dr. Nelson stated he could probably come up with the cost of what the paperwork is, the other side of it he could possibly look into. Mike stated you're looking at hours in just printing plus the cost of printing which all could be handled in an e-mail. Dr. Nelson stated he could get the Committee one side of it. Chairman stated not all of us are that savvy.

Dick Klement stated more to the point it's not so much the cost of the paper and he agreed that it was probably pretty high, it's the one he's got dated 4 November; he has this one here that's dated 3 November and everything's the same except for one number and did he grab the right one when he went out of the house. That's the problem that he has because they keep re-running these numbers because they haven't finalized things, neither the Town nor the School, until it's the eleventh hour. He thought that's where the savings would be if you could get it electronically off of the web site, either the School or the Town, and just download it. This is a pretty simple thing to do and a set of instructions that's probably half a page long could lead people to do that and if somebody doesn't have electronics at home, then we could have somebody just do it for them, just put a stick in there and download it. He thought we may be on to something here and it doesn't cost much to investigate it. Chairman Mosca stated he didn't disagree with Dick. On another Board that he is on, they did away with paper and they all have I-Pads.

Mike Fougere stated what brought him on to this was he just read something on a screen that there is a school in New Hampshire that's gone all 12 grades and have gotten rid of all of their paperwork and all of their kids have gotten it and they are saying that they are already seeing a savings in one generation. Something to think about.

Chairman Mosca asked the members if there were any further Budget questions for Dr. Nelson. Chairman thanked Dr. Nelson for coming in.

APPROVAL OF MINUTES

Dick Pollock moved, seconded by Dick Klement, that the Minutes of April 24, 2013 be accepted, as amended. In favor: 13; Opposed: 0; Abstain: 2 - John Edgerton and Steven Steiner.

Chairman Mosca proceeded with the Minutes of April 24th. Danielle Santuccio stated that on page 5, third paragraph, eleventh line, change "democracy" to "bureaucracy".

OLD BUSINESS

Chairman Mosca stated to John Edgerton that we all have his e-mail address that he has given to us. He didn't know how John was not getting the e-mails. John stated the name is on there, but there's no e-mail to go with it. Chairman asked if John was clicking on the right box. Bill Marvel stated he wondered if it was the junk mail filter. He has his set quite high and any multiple e-mails go into that. Chairman stated he thought what John was saying is that he is getting e-mails, but for some reason the attachments aren't coming through. John stated he gets the Town's, he gets them all from the Town. Chairman asked John if he gets the ones he sends and that he can make sure that John gets the attachments.

NEW BUSINESS

Chairman Mosca stated that he had a bunch for New Business. Mike Fougere stated go for it, maybe it will inspire the members.

Chairman Mosca stated over the last month, month and a half, there have been several articles in the local paper having to do with the schools. One of them was moving the 6th Grade to the Middle School and that it would cost the Town approximately \$408,000.00 to do that in Revenue from the sending towns. Dick Klement stated for clarification it was 5th and 6th. Chairman stated it was just 6th, that's what was reported in the paper. Dick stated he believed that's in error. Chairman stated he was just stating what was reported in the paper. From his perspective, and he was not speaking for the Board but was speaking for himself. From his perspective the only need of moving the 6th Grade to the Middle School would be if we are going to close a school.

Chairman Mosca further stated that gets him to his second which was an article last week where Mark Hounsell tried to get the ball rolling and maybe closing Pine Tree. His (Mark's) thoughts behind it would be to put Grades 1 through 3 in one of the Elementary Schools, Grades 4 through 6 in the second Elementary School. Chairman further stated that he did not think that would work based on space and he thought that's why they needed to move the 6th Grade to the Middle School so you would have Grades 1 through 5 in the two. By closing one Elementary School, rough numbers, it's about \$1.1 Million, \$1.2 Million in savings to the Town. So if you're losing \$400,000.00 in Revenue but you're gaining \$1.1 Million/\$1.2 Million in costs, you're still up \$700,000.00 to \$800,000.00 a year. He really thinks it is something that should be explored and was sad that Mark wasn't here tonight. He does agree with Mark that Pine Tree should be the school to be closed, but his reasoning from Mark's is completely different. Right now the Town Hall needs work; it's not big enough; they're looking at buying or renting other space and everyone in Town is used to going to that side of the Village for Town business. If Pine Tree were closed, convert Pine Tree into a new Town Hall, when you're doing the work you can also install the emergency generator and make that the Emergency Shelter, all in one fell swoop. To him, it's something that makes sense. We are going to have to spend money to do it, but in the long run, we'll have a better building, we'll have an Emergency Shelter and we're not spending money on a building that is 100+ years old that needs a lot of work. That's his thinking and he wanted to get that out.

Chairman Mosca further stated that he went to a School Board meeting about a month or so ago and they were talking about eliminating an Administrator at that meeting and they voted to try to eliminate an administrative position for the next School Year. At that meeting, one of the members of the School Board made the statement that the teachers' average salaries in this Town are way too low and it was based on a statewide statistic that showed the average of the towns and the average of the State, but he thought you can't just look at that number when you are looking at average salaries. You have to look at average starting pay and you also have to look at average years of service because if a town, and there's at least one of our neighboring towns that has an average teacher at 20 years of service, that's going to bump the average salary up versus our Town which averages 12 years and that's going to bring the average salary down. Just to say the teachers on average are making less than the State number, when you look at the other statistics involved, he thought those tell more than that one number. He was not saying the teachers are paid not enough or too much, he was just saying you can't base something on one number, on one statistic and the person who made the statement is on the Teacher Negotiating Committee. It scares the h*ll out of him that those words came out of that individual's mouth and they are negotiating. If he was on the teachers' side and heard that, he'd be salivating. Again, he's sorry Mark was not here and he would try to have a conversation with Mark, but he thought you really need to look at everything, you can't look at one thing and, like he said, it bothered him. Those are some things he wanted to get out and if anyone wanted to chime in on any of his thoughts or if they had their own thoughts, please feel free.

John Edgerton stated he was at a School Board meeting and they were discussing 6th Grade going to the Middle School. One of the comments made was it would cost some money and the other comment was the negotiation to the separate participating towns would take time. They've had 5 years and they haven't discussed it. It appears they haven't discussed any of the Contracts over the last 5 years. They've not been thinking about putting the 6th Grade into the Middle School for 5 years. When that Study was done back in '99 or whenever it was or '09, there wasn't anything in that Study that said 6th Grade doesn't belong in the Middle School. His view is 6th Grade in the Middle School advances the children to a better educational system than the one teacher system. The Middle School right now is producing by the records really outstanding students going to the High School. It's the students' benefit to be in the 6th Grade at the Middle School. If it costs us \$400,000.00 for one year to put them in there to get them better educated, he thought it was worth it. Chairman Mosca stated it's not a one year cost, it's an every year cost. John stated until negotiations with the sending towns is negotiated, so it's not forever. Chairman agreed.

John Edgerton further stated the other one was: there was a comment made, changing the subject because the Chairman changed the subject, concerning the teachers. There was a comment made during the School Board meeting that was "what has to be done so that the Teachers' Contract will pass" and one of the School Board members said we have to not impact the tax rate so that the taxpayers turn all the Warrant Articles down. If that makes a difference.

Dick Klement stated to clarify a couple of things, one of the reasons we wanted to have that study and the reason the questions were so exhaustive was because this body said that the School Board was biased in its decision and would predispose the outcome. If you want to get a real answer, you have to ask enough exhaustive questions so that you come away with a full answer and not a half answer. The comment, as you (Chairman) made that came out of the School Board to reduce an Administrator, that would raise teachers' salaries, that would raise teachers' salaries approximately \$50.00 a year to get rid of that Administrator and secretary; \$100,000.00 is \$100,000.00.

Dick Klement further stated if you wanted to close a school, and this is his opinion, you've got 750 +/- kids K through 6, you take 100, 125 and you throw the 6th Graders into the Middle School, you still have over 600 kids left to stick in Conway El and John Fuller if you close Pine Tree. That's going to take them right up to there (Dick brings his hand to his nose). You've got to move the 5th, there is space to move the 5th to the Middle School, so you have 5, 6, 7, 8. That's where the \$400,000.00+ hit comes from. It's \$200,000.00+ if you move 100 kids, \$400,000.00+ if you move 200 kids. The Contract that we have with the sending towns is a 20 year Contract. If we want to move the children there, we would have to go to those appropriate towns and that would be Albany, Eaton, Tamworth and Madison because they send their kids up. They are going to want money back; you know they're going to want money back. They think that Conway did a number on them when they signed the current Contract. They bring it up every year at their Town Meeting. They are going to hold our feet to the fire and want to keep the same formula that they've got going. He was not saying that's enough to turn the subject off, he was just saying that's what it is. So there's \$400,000.00 that's going to have to stay there. If you don't turn the closed down facility over to another agency or sell it, then you still have to pay maintenance on that facility to heat it. You have to keep the water hydrant system working which means you have to heat it to about 50 degrees in winter and that costs money. You have to have somebody come there and check the locks, mow the grass, fix the broken windows and all of that stuff. If you are going to close it, you want to get rid of it. Your (Chairman) idea about the Town he was sure they would welcome that, then they could have another building for sale right next to the other one and leave that there for 7, 8, 9 years. Dick further stated he had been sarcastic enough and apologized.

Peter Donohoe asked Stacy Sand as the Selectmen's rep to this Committee if there was a timeline that's been identified that the Town would need or desire to vacate the existing premises. Stacy jokingly stated last year; basically right now they have come up with a plan on what needs to be done and most of the focus has been on security because that's the biggest issue in the building that exists and they have done some of those things. That's been the big focus. Now the next thing is storage and they are looking at reinforcing floors and things like that. Right now a lot of the storage is in the attic and it's all on the outside retaining walls and basically it is pretty much at capacity. The basement can't really be used because it's underground and it's not dry. They have actually toured a couple of other sites looking at other possibilities. She knows they have also talked about the possibility of building on Town owned property by the Police Station. She just read that the Police Station might need to expand, so a municipal complex over that way could be a possibility if the

school is not available. They have also talked about Pine Tree when the school closings came up. It's close by, it certainly has the capacity, it would be easy to fix it from a security stand point so that the employees are safe.

Peter Donohoe asked if the Town could integrate the Rec Center into Pine Tree as well. Stacy Sand stated probably not because they pretty much utilize the space they have. That's not to say that the gymnasium couldn't be used for recreational activities, but the Recreation Offices and Teen Center and such like that could possibly stay where it is because there are ball fields and such, but that doesn't mean that you couldn't utilize the facility for additional recreational purposes.

Peter Donohoe asked specifically about the time line; is this a 2 year thing, 5 year thing. Stacy Sand stated we need to see what the Budget can bear, she guessed, is what they've been thinking. They've looked at buying another building; they've looked at other things and it's basically first aid at this point. Something needs to be done fairly soon in order to be able to handle the record keeping and also staff is pretty maxed out in terms of their space.

Peter stated in a follow up question to that which he guessed was a broad question just so that he understands, if he was a taxpayer and the Town was faced with the prospect of buying a new municipal complex and putting up a bond versus buying Pine Tree for instance, the proceeds from the sale of Pine Tree to the School District would be an offset, correct. Would it balance, would it equalize to the taxpayer, what happens in an instance such as that when Pine Tree is purchased by the Town and the School sells Pine Tree. Chairman Mosca stated good question and he would love to say that he has the answer, but he doesn't. He would say that it would be Unanticipated Revenue for the School Department, so yes it would lower their tax rate, but obviously it should be a zero but not necessarily a zero because once you buy the building you have to make changes to the building. There's going to be some costs, but are we better as a Town, are we better off if the building became available. Are we better off looking at it and make the changes or are we better off buying another building or building another building. Peter stated he was just thinking as a taxpayer: bond versus upgrade costs. Chairman stated it's still going to be bonded to buy it. Maybe we'd get a better deal from the School Department and maybe not.

Bill Marvel stated he was wondering and maybe Dick (Klement) could answer this: would the revenue that the School realizes from the Town from a purchase of something like Pine Tree, be absorbed in part by the sending towns. Dick stated the only people from the sending towns that go to Pine Tree are the Eaton kids and there's about a half a dozen of them so there's not much there. His question would be more a legal one and that would be Pine Tree School he believes is Town property. If it is currently Town property and the School says "I'm not using it", he thought it just gets signed over. He's not a lawyer and didn't know how it was written up, but he didn't think this was a money transfer per se, he thought it just moves from one hand to the other hand. Chairman Mosca stated so the School Department assets become the Town assets. Dick stated he thought so but again he was not the person to say that legally. Chairman stated that was

something he would look into by asking the question to Earl (Sires) and Dr. Nelson and see how different the two responses are.

Mike Fougere stated the Town has this Fund Balance of \$2.2 Million and where the PD gave us back almost \$90,000.00, he didn't know if it was appropriate or not, but was there any way, without creating a precedent, that we could give them back \$15,000.00 for the Revolving Fund they wanted to start. Chairman Mosca stated that's something that has to be voted on by the Town and the taxpayers. The taxpayers voted against it so until they put it back on the Warrant, it's a dead issue. John Edgerton stated can't do it. Mike stated it was a question that's all.

PUBLIC COMMENT

Evan Lucy stated first of all it's nice to see you all enjoying your summer. Hopefully no members owned horses because it's been a terrible hay summer, but if you want to do some landscaping mulch will be cheap.

Evan Lucy stated to Dick Klement that the only question he had because he doesn't attend the School Board meetings, he believes as a previous member and/or Chairman, the \$200,000.00 approximately per year per class, 6th Grade, and another \$200,000.00 for the 5th Grade perhaps, does that include the transportation changes that would have to be made or is that just the facility. Dick stated that additional funding, and it's by individual student not by the class per se, but that individual funding is solely based upon the sending town agreement that we have "x" number of students in the school so we pay "x" amount and they pay "y" amount. The additional transportation costs are over and above that; however, if you've closed the school and you have the students go to a school by locality rather than age or grade, then he didn't think there would be too much of a change in transportation costs, a little bit more but not much. If you have them going to different schools, for example the suggestion, which he thinks is a great idea, of K through 3 in one school and 4 and 5 at another, he thought that's cheaper in terms of paying teachers because you don't have to have as many classes. He thought you get bus transportation problems when you do that, but he didn't know how much it would cost additionally or even if it would cost additionally.

Evan Lucy stated he thought everyone understood why he asked because right now both the School District's buses, and that's not just true of Conway, true of the other towns that have buses, we're running them longer and harder; certainly costs are not going down. That is certainly an issue because when he hears a Grade or two coming here, he doesn't necessarily hear 10, 11 or 12 year olds riding with 13 through 18 or 17 year olds on the same bus, ergo we would need double the transportation at least to this facility, realizing of course we're going to save some transportation costs going to the closed facility. By the way, at first when he heard this he thought Pine Tree was the best Elementary School, it's the newest, it's the most modern, it's the most complete. Certainly to have the Town occupy it is a bonus just for that reason, less to put into it other than the operating sort of changes.

Evan Lucy stated that's why he brought up the transportation. He hears rattle trap buses making extra trips and we know how our weather can be so fickle up here. Are we now going to cancel school in the Grammar Schools

and he guessed that was really an administrative decision and you cancel schools everywhere. He sees mixing of ages. He went to double sessions long time ago when he was a young person and it was no big deal to have the High School bus pick them up at John Fuller and take them home. H*ll they were our brothers and sisters and cousins and such, but some people may not look at it that way.

Dick Klement stated he thought there would be some calling if you're going to mix a significant number of ages on the same bus. There would be a call for some Bus Monitors and that would be additional if that was seen to be necessary. None of this is simple and cut and dried to figure out.

Evan Lucy stated he understood and the locality issue has always been a favorite of his uncle's and he didn't disagree, but by the same token enrollment is dropping and we're asking the Schools which he thought was correct to decrease the amount of staff they need, whether they be Administrators or teachers. That is reflected in the fact that the population is going down and if the population is going down do we need three houses to keep two brides in. Thank you Mr. Chairman.

Doug Swett stated that Dick (Klement) mentioned that the towns are disappointed in the Contract they signed, this 20 year Contract. Now those towns looked into their own systems and was very dissatisfied with what they found out and they joined this thing. He hopes this town never falls for their game because if you're talking about the word "co-op" somewhat, then it's not in Conway's favor to be in a co-op at all.

Dick Klement stated the most significant point is that we are 12 years into the 20 year Contract and the way the Contract is written he believes is 2 years before the end of the Contract Conway can determine whether it wants to continue or not, as can any other town. If in 6 more years Conway says "no thank you" then there will be about 700 children not being educated in Conway unless we had separate side agreements in which case you would close a whole lot of buildings. Six years for a decision is not that far away. Chairman Mosca stated if you've read the agreements, all of the agreements allow for changes to be made to them at any point in time by a side letter agreement.

Doug Swett stated we're already talking about putting a new roof on a new High School for \$1 Million and then you hear \$2 Million. He wonders if we can afford to do all this stuff at one time. You've got to keep a roof on the High School. Some argued to put on pitched roofs and they wouldn't buy that idea saying that it wouldn't work. Well, Fryeburg Academy makes it work.

Bill Marvel moved, seconded by Dick Klement, to adjourn the meeting at 7:35 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary