

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
January 8, 2014**

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: Chairman Danielle Santuccio, Maureen Seavey, Bill Marvel, Doug Swett, Michael Fougere, Stacy Sand, Dick Klement, Frank McCarthy, Steven Steiner, Dick Pollock, Maury McKinney, John Edgerton and Mark Hounsell. Excused: Joe Mosca, Greydon Turner and Brian Charles. Absent: Peter Donohoe. Also present: Earl Sires, Town Manager; Ann Michelle Ames, Commissioner for Redstone Fire District; Albert Eaton, Commissioner, Nancy Leavitt, Treasurer and Clerk, Ray Leavitt, Chief for Center Conway Fire Precinct; Gary Pendexter for East Conway Fire Precinct; Ed Bergeron and Carl Thibodeau for Eastern Slope Airport Authority; Theresa Kennett for Mount Washington Valley Regional Collaborative; Janice Crawford of Mount Washington Valley Chamber of Commerce; Lucy Philbrick, Finance Director; Lily Gilligan, Finance Director; Tom Holmes, Town Assessor; Rhoda Quint, Tax Collector; and Paul DegliAngeli, Public Works Director.

Mark Hounsell led those present in the Pledge of Allegiance.

APPROVAL OF MINUTES

Dick Pollock moved, seconded by Steven Steiner, that the Minutes of December 18, 2013 be accepted. In favor: 13; Opposed: 0; Abstain: 0.

Stacy Sand stated that "Syndy White" should be "Syndi White".

PRECINCT BUDGET REVIEW

Redstone Fire District

Ann Michelle Ames, Commissioner, made the presentation to the Committee. Ms. Ames stated that the bottom line they are asking for is \$2,000.00 less than what they received last year.

Stacy Sand asked why is it \$2,000.00 less. Ms. Ames stated because they had some capital improvements for the Buildings & Grounds, they had to put in a drainage system and they had extensive truck repair. They don't plan to do any more building improvements this year.

Chairman Santuccio thanked Ms. Ames for coming in.

Center Conway Fire Precinct

Albert Eaton, Commissioner, Nancy Leavitt, Treasurer and Clerk and Ray Leavitt, Chief made the presentation to the Committee. Mrs. Leavitt stated their Budget this year is going to be \$174,775.00 which is down \$14,000.00 from last year. As members will see from the note at the bottom, the actual figures are not complete as of this date because they are still waiting for invoices for the 2013 purchases.

Chairman Santuccio asked if they knew approximately how much in invoices they still had out. Was that figure on the sheet some where. Mrs. Leavitt stated no and she didn't have them right off the top of her head tonight.

Dick Klement stated your truck payment is down from \$36,800.00 to \$19,500.00, is this the last payment on that truck. Chief Leavitt stated exactly.

Frank McCarthy asked that one of the microphones be put on the presenter table. Mark Hounsell stated he wanted to make a note that this is probably the worse room in the town for acoustics. Chairman Santuccio stated so noted. Chairman agreed stating it is pretty bad as she was having trouble hearing as well.

Chairman Santuccio thanked Mr. Eaton, Mrs. Leavitt and Chief Leavitt for coming in.

East Conway Fire Precinct

Gary Pendexter made the presentation to the Committee. Mr. Pendexter stated their Budget from last year only decreased a couple hundred dollars. Over the last several years they have been replacing equipment, turn out gear and all of that is expensive. They are doing better with everything, but they did spend less than what they anticipated last year.

Chairman Santuccio thanked Mr. Pendexter for coming in.

Warrant Article for Eastern Slope Airport Authority

Ed Bergeron, Carl Thibodeau, Vice Chairman of Eastern Slope Airport Authority and Theresa Kennett, Mount Washington Valley Regional Collaborative, made the presentation to the Committee.

Dick Klement stated we just received this tonight and he didn't want to discuss it tonight. He wanted to read it. Chairman Santuccio stated it's just the presentation. We can ask them to come back again. Mark Hounsell stated that doesn't even make sense. They are here now and he would like to hear what they have to say. We've had 3 ice storms in a row and we can't sit here and listen to these fine people give a presentation on something that affects the town as much as this. Chairman stated let's listen to the presentation and if we need them to come back, we'll call them to come back.

Ed Bergeron stated they were here tonight to ask the Committee to approve a Conway contribution of \$10,000.00 for the Eastern Slope Airport and he would try to give a quick over view of the packets that the members have and obviously they would be more than happy to come back if there are more questions at some point in the future.

Ed Bergeron stated that the Eastern Slope Airport Authority for those that may not be too familiar with it is that it exists in Fryeburg, ME. It was developed in 1960 by a group of citizens from Mount Washington Valley, then known as the Eastern Slope Regional Area, to determine a new location

for an airport since the White Mountain Airport, which existed where Settlers Green is now, was not considered suitable for expansion, lengthening the runway, more airport traffic or an instrument approach. The site was chosen as the best site for an airport and not because of the location of the state line or the town that it was in. The best location turned out to be where the current airport is presently in Fryeburg, ME. This required passing of legislation in both states; there were similar bills in the House in New Hampshire and in the Senate in Maine, both bills passed both houses in both states. The Airport was chartered in 1960. In the package members have a copy of the By-Laws of the Airport, he didn't have the original Charter but certainly they could provide that to the Committee. Members will see through this presentation that the Eastern Slope Regional Airport, although located in Fryeburg, benefits the Mount Washington Valley to a great extent. Included in the packet is the number of aircraft based at the Airport, mostly owned by residents of New Hampshire, you will see the Airport geographic area and the towns included, both in Carroll County and in Oxford County, roughly an equal number in both counties, the users of the Airport and how the Airport is operated. They currently have a Budget this year of \$120,000.00, a copy of that Budget is included in the package and that Budget on the income side includes \$10,000.00 from the Town of Conway contribution. That's an assumption they have made and it makes their Budget balance. Members of the Airport Authority are all listed and, as you can see, there are many of Maine and New Hampshire and it was his understanding they were going to have a few more members join them from sending towns in New Hampshire.

Chairman Santuccio asked Mr. Bergeron to expand on what that membership means. Mr. Bergeron stated when the Airport Authority was created, the Charter for the Airport Authority included all of the towns of the Eastern Slope Region. Basically the towns that are now in the Mount Washington Valley area on this side of the border and the towns in Oxford County on the Maine side of the border. All of those towns were to have a representative to the Airport Authority, not all towns send a representative to the Airport Authority, but they are eligible to send a representative to the Airport Authority.

Carl Thibodeau stated along that same vein, he thought it was important to note that Fryeburg has 3 representatives and Conway has 3 representatives - there are 2 representatives appointed annually by the Board of Selectmen and 1 representative that is sent over from the Chamber of Commerce. He is a Selectmen's representative, Mike Valladares is a Selectmen's representative and Mr. Bergeron is the representative from the Chamber of Commerce.

Carl Thibodeau stated some things he thought that are critically important in the survival of this Airport are things you don't give a lot of thought to on a daily basis. A lot of Med Flights take place out of the Fryeburg Airport. They are getting more and more frequent because a lot of the Med Flight companies are now hesitant to do off airport landings with their equipment so they prefer to get to the nearest airport if at all possible. There was one that just took place out of here not too long ago for an automobile accident that happened in Chatham. They transported the individual to the Fryeburg Airport by ambulance and he was Med Flighted out. There have been organ donation flights taking place out of there. It

is kind of important to note some of the critical nature of these flights. Some of the other flights that take place out of there that aren't as critical are pet flights, dogs and cats get flown in and out of there. People are probably the most important thing to get flown in and out of there.

Carl Thibodeau stated thirty-five percent (35%) of the people that come to the Airport sign in as their destination being the Mount Washington Valley. They got some information that isn't in the package; today he received in an e-mail that the impact on the economy of the Mount Washington Valley from the flights that originate else where and land at the Fryeburg Airport with a final destination of the Conway/North Conway area is about \$260,000.00 a year economic impact on the Mount Washington Valley.

Carl Thibodeau stated he thought it was quite important and something the members needed to understand is that this airport is part of the transportation infrastructure. It has always been supported by the Town of Conway in years past and for whatever reason it did not get supported the last few years. We're here asking you to support it again. What they are going to do with some of this money is put up a new terminal building and that will take place over the next 3 years: 2014, 2015 and possibly 2016. This will bring the Airport up to a standard that needs to be met in order to encourage more and more people to fly in and out of this Airport. They feel that this Airport is a very important factor in the future economic growth of the Mount Washington Valley. Some of the businesses that have located here in the past have located here because of this Airport and Conway contributed a large sum of money to the initial construction of this Airport. They contributed a large sum of money the last time the Airport expanded its runway. They're not asking for a large sum of money, but they are asking for Conway to contribute starting this year and hopefully following on into the coming years to bring this Airport forward into the future.

Carl Thibodeau stated they have managed to gather a lot of support in the last two years from the Mount Washington Valley Chamber of Commerce and Mrs. Kennett has an organization known as the Mount Washington Valley Regional Collaborative and they have had several discussions regarding the Airport and its role in what the future economic development in Mount Washington Valley will be and they feel it's going to be a critical part of the future economic development of Mount Washington Valley. Because they have a limited amount of time, he will turn this over to Mrs. Kennett who will now explain their view point.

Theresa Kennett stated the Mount Washington Valley Regional Collaborative is sponsored currently by four organizations: the Mount Washington Valley Chamber, the Economic Council, Housing Coalition and the White Mountain Board of Realtors. The purpose of the Collaborative is to improve economic growth and sustainable development in Mount Washington Valley. They recognize that improving things one community at a time is a difficult proposition at best, so their goal is to bring communities together to determine regional priorities and then to work to help those priorities be addressed.

Theresa Kennett stated they started convening people in May. They conducted two surveys: a business environment survey which was administered to the business community. They targeted 100 businesses, 72 responded. They targeted 38 elected officials and 24 responded. In those surveys transportation infrastructure and the Airport rose to the top as a priority. They conducted one-on-one interviews with community and business leaders and again transportation infrastructure and the Airport rose to the top. They had 3 forums: one on May 5th where they talked about the current conditions, economic conditions, development issues we have in Mount Washington Valley; on June 25th they convened people again to give them the survey results; and on October 31st they convened community and business leaders again to discuss priorities that they had gleaned from the surveys, the interviews and the previous forums and then to prioritize those. Transportation infrastructure and the Eastern Slope Regional Airport ranked very high as priorities.

Theresa Kennett stated a lot of times we sort of let progress happen to us versus working together to determine what it is we want to have happen. As they had these community discussions, it became clear that the Airport has in the past been an economic driver, very quietly so, Dearborn and now Hunting is here because the people who started that business and who bought that business could get in and out very easily. They had access to the Valley to their destination within minutes of landing at that Airport. Same thing goes for Cranmore - we would not have seen the last sale of Cranmore had those people not been able to have easy access to our Valley. The Airport will continue to be an economic driver, it will continue to be a factor in where businesses choose to locate and how well they operate after they locate and it will continue to be a factor for this growing population. Even if you don't have a plane and never intend to take off or fly into the Fryeburg Airport, it really does impact the quality of life that we enjoy here in the Valley and such that at each and every one of these convenings: they had in May 68 community and business leaders, in June they had 40 and in October they had 78 Mount Washington Valley community and business leaders who believe that transportation infrastructure is paramount.

Theresa Kennett stated they recognize the value that the Eastern Slope Regional Airport has to us and so we're here tonight representing the organizations that sponsor the Collaborative to encourage you to fund this. We need to take regional action here and this is one way that we can address one of our priorities as a region. We can't wait for the State of New Hampshire or Washington to solve our problems, but we need to solve them together and those problems and priorities do require money and she thought this was a very, very wise investment for each and every town in Mount Washington Valley to make including the Town of Conway. Thank you.

Dick Klement stated you included in your report, and we just got this this evening, the incoming flight traveler destination data. If he looks at 2010 to 2013 for Conway, the percentage of flights and number continues to go down. In 2010, 60% of the flights were destination Conway and in 2013 it was 25%; whereas the number of flights has been kind of even and, if you would, in terms of numbers, 250, 350, 300. Why is the number going down; do you know.

Ed Bergeron stated he thought they could only speculate, but aviation just like everything else is cost driven and the cost of aviation fuel whether it's low lead for small planes or Jet A for larger planes is going up at an incredible rate so he thought pilots were flying more judiciously would be one of the reasons. He also thought overall numbers are down at all airports.

Dick Klement stated if he looks at the other destinations, they are up in terms of hard numbers. It started at 110 in 2010 and now in 2013 it was up to 195; that's what's holding the numbers semi-even if you would, they're going other places, unless the data is not correct. Ed Bergeron stated the data comes directly from the pilot log-in sheets.

Chairman Santuccio asked if they say why they are going to a certain place; would you even have access for information like that. Ed Bergeron stated they don't have commentary on those log sheets. It's strictly where the flight originated, where they're going after they leave Eastern Slope Regional Airport, the number of people on board and the type of aircraft.

Bill Marvel asked Carl Thibodeau about the figure of \$260,000.00 impact; is that on Conway or is that on the region. Mr. Thibodeau stated that's on the Conway/North Conway area. He thought the overall impact, and didn't have that piece of paper in front of him, but the overall impact of flights into the Airport was around \$650,000.00. He just got this information yesterday so bear with him and \$260,000.00 of that was people that were destined for the Conway/North Conway area.

Bill Marvel stated years ago he mentioned to Mr. Thibodeau the revolving beacon that keeps him awake at night; why has he not seen that so much lately. Mr. Thibodeau stated the revolving beacon was turned on at dusk and off at dawn. It is now set on a system where the revolving beacon doesn't come on until a pilot keys the runway lights. You won't see that until some one is 10 to 15 miles out and keys the microphone to activate the runway lights. Bill stated he knew it was out of rifle range.

Maury McKinney stated he was glad that the Eastern Slope Airport Authority is bringing this back as a Warrant Article. He does consider it a wise investment, it's easy money and he thought there is actually a very positive return on this investment. He is going to support it enthusiastically and he looks forward to reading the rest of the document.

Dick Klement asked if the Eastern Slope Airport Authority had received the questions for the non-profits. Theresa Kennett stated this is a Selectmen's Article and it was her understanding it is a Selectmen's Article that has received support from the Selectmen and they are placing it on the Warrant. That's her understanding.

Dick Klement stated to Stacy Sand that as the Selectmen's representative were they going to send the Eastern Slope Airport Authority the questions to answer. Stacy asked what questions need to be answered. Chairman Santuccio stated she didn't think it was the same. Dick stated so we are not considering this a non-profit. Chairman stated no, it's a Warrant Article. Stacy stated it's a Selectmen's Warrant Article and in the past it has been part of the Town Budget and that's the intent to make this

again a part of the Town Budget by making it an annual contribution from this Town. Dick stated so the purpose of a Warrant Article is a one-time vote to accept it to be incorporated into the Budget. Stacy stated right. Dick stated he would still like to have them answer the questions.

Earl Sires stated he couldn't hear everything, but apparently the question is "are the questions for the non-profits going to be submitted to the Airport". They hadn't planned on doing that because, as Stacy (Sand) was mentioning, it is a Selectmen's Warrant Article. They have forwarded it and these guys are here answering questions now and he was sure they would be happy to answer any questions that are brought forward but they hadn't planned to send them because they are actually not as appropriate for this organization as they would be for your non-profit organizations from the community. In fact, why they were treated in the past as a non-profit is something he has wondered about since they are actually a quasi-governmental organization and that they're made up of a group of local governments and not a non-profit organization.

Mark Hounsell stated Point of Order; isn't it the case that we're holding just a presentation on this and the fact it's a Selectmen's Article is a totally different vehicle than a petitioned Article which has to be signed by 25 people and that's a whole different set of laws if he might submit and it doesn't have anything to do with what we are talking about. Chairman Santuccio stated she would agree. She didn't think it would be appropriate for the non-profit requirements to be placed on the Airport because it's a Selectmen's Article.

Stacy Sand stated she would also like to add and had hoped that Carl (Thibodeau) would have addressed that one of the things that this \$10,000.00 will do and match with the other towns. She didn't know if anyone saw that in the Budget the return on Federal money for improvement at aviation facilities is 90%. Carl Thibodeau stated it's 90% Federal, 5% State and 5% local. Stacy stated so our investment of \$10,000.00 is actually worth ... \$180,000.00 of Federal money and another \$10,000.00 of State money.

Dick Klement stated so that's \$200,000.00 of taxpayer money. Stacy Sand stated that's correct. Mark Hounsell stated it's money so people can come here and build something.

Chairman Santuccio stated there's obviously a lot of interest in this and we just got these documents today and she will probably invite questions like this to either come by e-mail to her or to Chairman Mosca and maybe we can forward them to Stacy (Sand) or the Selectmen and if needed, we could invite Mrs. Kennett, Mr. Bergeron and Mr. Thibodeau back rather than everyone bombarding them tonight when members really haven't had a chance to digest all of the documents if that works.

Mark Hounsell stated he was all for this and this was fine. We have to do something so people can earn some money, but what he hears in everyone's presentation and what he'll hear at Town Meeting is how good is this for the business community and yet we remain in a state, in a community, in a town that woefully under pays people and minimum wage seems to be their lot in life. He would hope that as these businesses fly in and do whatever

it is they are going to do, that they remember the working man and working woman.

Theresa Kennett stated higher wages require that we need a boost to our economy. There was a time when the Mount Washington Valley Chamber of Commerce didn't even really want to talk about diversifying our economy. In a heavily tourist based economy, there needs to be diversity to provide economic opportunity for young people and for those of us that continue to make our living here. She was not saying that increased prosperity won't bring higher wages in the tourist industry, but she is saying what would really be our saving grace with regard to economic growth is a diversified economy and transportation infrastructure is key to that process.

Mark Hounsell stated wouldn't you think with the State not doing the Bypass and they're never fixing Route 16.

Chairman Santuccio stated this is just getting way off topic at this point. As she stated before, if there's specific questions to what was presented in both the paperwork and this evening, she would love to get those to them and have them come back when everybody has been able to digest. There are some people who are not here, like Chairman Mosca, who would probably have some questions after seeing the documents.

Maury McKinney stated addressing economic sustainability, just looking at the ordinary income lines for 2014, 2013, how sustainable is the Eastern Slope Airport Authority and what are the numbers as far as profit and loss for maybe the past few years. Chairman Santuccio stated we have a Profit and Loss on the back. Ed Bergeron stated the information is in the package. Maury stated he sees that for 2013 and 2014, but when we talk about sustainable economic development for an area/for a region, you want to look at performance over a number of years and he just wanted to see some Profit and Loss numbers for the last year. Mr. Bergeron stated the Airport basically runs on a break even basis. Being a quasi-government agency, they have to. They supplement, as was mentioned, their projects with 90% Federal funds, 5% State of Maine and 5% local share and traditionally coming up to 5% local shares have been their problem with every single project they have done. Their basic operations for the Airport run about the same year to year, so the Budget doesn't change very much.

Steven Steiner stated he wanted to know about the Jet A fuel that we are now able to sell, right. Ed Bergeron stated yes. Carl Thibodeau stated they've been selling it for about 6 months. Steven stated Flight Base Operations. Mr. Thibodeau stated Fixed Base Operator. The FBO has sold some 6,000 or 8,000 gallons of jet fuel since they got the thing up and running back in June. Steven stated that means jets can fly in, get fuel and come in and enjoy Mount Washington Valley. Mr. Thibodeau stated and in fact they are. Steven further stated that he wanted to thank all three presenters for vindicating his platform, he appreciates it. He can't believe it, everybody thought he was crazy. Even the State of New York is giving out free tax for 10 years. He thought he was talking about that 2 years ago too.

Janice Crawford of the Mount Washington Valley Chamber of Commerce stated she just wanted to answer a specific question that was asked about can they give a specific story of how this has impacted business and Mr. Hounsell brought up jobs. Mark Hounsell stated wages. Ms. Crawford stated in the packet members will see a testimonial from Brian Charles who owns North Conway Music Center. Without the Airport, he would not have sold a \$40,000.00 instrument that someone on line found that he had and they flew in to buy it and a second opportunity to sell a \$10,000.00 instrument. He has employed 2 young people which we all know how hard it is to get young people to move into the Valley, people who have moved from Rochester, NY interested in music and instruments and they just know how to fix everything. They would not have moved from Rochester without a decent wage. She just wanted to give the members that anecdotal information so that the members can see that it is very tough to get that from a flight sign-in and they were fortunate that Brian just answered it and they were able to share it tonight. That's happening for a small music store; you can imagine what is happening for a lot of businesses in the community. Thank you.

Carl Thibodeau stated he would like to go back to Mark's (Hounsell) comments and briefly address this. Regardless of what you see for historical data in this packet, it is their sincere hope and belief that by developing further this Airport that they can move the economy forward. They have stories, there are dozens of them and they don't have them all in the packet, but we all know what they are, at least the ones who have been involved with the Airport, about businesses that have located here, businesses that have developed here, businesses that have been sold because they had the ability to get in and out of here via the Airport. The goal here and moving this forward is to fund the Airport on a consistent and regular basis to move the Mount Washington Valley forward over the next decade or two decades or however long we should happen to live by virtue of having additional transportation infrastructure available to those who choose to use it. If this is done correctly, and he believes they now have a Board of Airport Authority in place that is comprised of business people and have the ability to move this forward and to do it correctly, this Airport can be a great benefit to the Mount Washington Valley and they're looking to the future and not the past regardless of what historically has happened, they believe the future or part of it at least lies with the development and the proper use of this Airport. Thank you.

Ed Bergeron thanked the Committee and advised that they would be happy to come back and that all of their e-mails are listed on the cover.

Chairman Santuccio thanked everyone for coming in.

TOWN BUDGET REVIEW

Earl Sires stated good evening and Happy New Year. He stated there were a number of familiar faces: Paul DeliAngeli, Public Works Director; Tom Holmes, Assessor; Lucy Philbrick, soon to be former Finance Director; Rhoda Quint, Tax Collector. Earl stated there was one new face that he wanted to introduce as well: Lily Gilligan, the Town's new Finance Director. She has been with the Town for about a week, comes to the Town

with an excellent work history and experience apropos of the position, excellent educational preparation and he thought the members would enjoy getting to know her as we work together over the next few years. He thought that those at the Town have every expectation that she'll carry on in this position according to the example and the standards that Lucy (Philbrick) has set up over the years. They look forward to her work with them and for them in the community.

Frank McCarthy asked Earl Sires to not move the microphone further away but bring it closer. Earl stated it is a rough room and he apologized.

Earl Sires stated this is the Operating Budget of the Town of Conway for 2014 proposed to you by the Board of Selectmen. This book is very similarly organized as those that you have seen in the past. For any of you that have not seen this before, he just wanted to point out that the first section includes a Budget Narrative, an over view of the Budget, a summary of what's going on in each of the Departmental Budgets and then the last part of that Narrative section is Exhibit 1 which shows you by department in summary form 2013's Budget and Actual Expenditures into December and then what's been requested in 2014. It also shows percentage increases and dollar increases of these requests. Following that under the tabs are the various Departmental Budgets in detail and then following most of those detailed Budgets is a variety of different back up material for your review and consideration.

Earl Sires stated as he has said this is what is being proposed by the Board of Selectmen and comes by way of a process that starts in September with staff preparing Budgets, it then comes to Earl's office where he reviews them and works with the staff and they get that to the Selectmen. The Selectmen spend November and December working on it and then he forwards it to this Committee.

Earl Sires stated in terms of over view of the Budget, the total proposed Budget is \$10,136,403.00. That's an increase of just under \$450,000.00 over 2013 or about 4.6% over last year. Again, all of that information is reflected in Exhibit 1 in the Narrative. To break it down by the component parts, the Budget submitted by the Police Department increases 7.4% or \$245,000.00 and, again, this is the single most significant or largest increase in the Budget due largely to increased employee costs. That is the theme you are going to hear as we talk about all of the Departments through the Budget process. The Budget proposed by the Library Trustees for the Library increased by about 8% or \$37,000.00 and the Budget under the purview of the Selectmen and Town Manager increases by just under 3% or about \$168,000.00.

Earl Sires stated what's a little different about this Budget this year as opposed to Budgets over the last several years is there is no new proposal for programs or staffing. It's pretty much a status quo Budget in terms of level of service and in terms of not having any new programs that haven't been discussed or decided upon in the past. There are new things in here that they are this year having to fund. There has been hiring in the Police Department. They've brought some functions like sidewalk maintenance in-house over the last couple of years and those things change the constituency and the dollar value of some of the Budgets. Nothing in

this Budget for 2014 has a new program. What we are looking at is kind of paying the bill for these decisions that have been made over the last few years. As he said, the Budget story this year is employee costs and benefits.

Earl Sires stated if we look at Page 2 where the increases are, he likes to usually have a set of increases and then the decreases, unfortunately this year the decrease side is not very lengthy. Significant increases: benefits, health insurance and retirement of about \$105,000.00, that's in the Admin or the Town Manager/Selectmen section; Police \$244,851.00, again largely employee costs; Highway \$25,000.00, just sort of general issues of staffing and some other things; Solid Waste staffing \$25,000.00; Parks and Recreation \$17,000.00 almost \$18,000.00, and a lot of that is due to decisions made last year to bring the Skating Rink in as a Town function and that adds about \$11,000.00 of that \$17,800.00; Library, again \$34,000.00 in employee costs. Everyone experienced the 14% increase in Health Insurance and as we get into this further, we'll talk about changes in Retirement contributions as required by the State and so on.

Earl Sires stated for Decreases, his list of three is going to get shorter tonight because he is going to ask that the \$7,000.00 he was going to reduce from the \$70,000.00 Legal Budget from last year be added back in because they received a notice at the end of the year that the rates charged by Hastings, Malia are going up 10%. That's equal to the amount he was going to reduce it by so he will be proposing that that Budget be flat. Government Buildings/Heating, \$6,000.00 is a pretty meager savings overall but he wanted to point it out in particular because it's a result of the energy efficient work that Paul (DegliAngeli) and staff have done at the garages with new heating approaches in waste oil and insulating the Service Garage. Insurance is \$17,000.00, that's largely a result of a recalculation of the way the rates are established. Not a lot in terms of savings.

Earl Sires stated that's the over view; 4.6% increase or \$450,000.00 largely due to employee costs of insurance, retirement and so on. That's the overall story and, he had a list but wasn't sure who was up next.

Mark Hounsell asked if the Selectmen have voted to increase that \$7,000.00. Earl Sires stated he will be asking them to do that. Mark stated there's no official asking tonight. Earl stated no.

Assessing Department

Tom Holmes, Assessor, stated that the New Hampshire Constitution requires that the Town re-value all property at least once every 5 years to market value or at least more often as the Selectmen may direct. 2014 is the Town's revaluation year. Every Town and City in the State has been put on a 5 year cycle. The Town last did it in 2009 and here we are facing it in 2014. Ordinarily in order to hire out to do a revaluation of this type, it would cost between \$60.00 and \$70.00 a parcel at going rates or about \$500,000.00 for the Town of Conway. The Town has been able to avoid that cost due to ongoing data collection verification programs that are represented by Line 532 in the Budget which means that he has a couple of summer people that they've trained to go out and check their data. When

they have a reasonable suspicion or expectation that the data is largely reliable then they can do a tremendous amount with the existing staff and, for the most part, with the existing Budget.

Tom Holmes stated this is the way they have been doing it for 20 years; however, he can tell the Committee that it is getting harder and harder to do each revaluation. It used to be that he would do the work and the only people between him and the tar and the feathers would be the taxpayers and if they didn't like his work, they'd let him know. That was the check and balance, dealing directly with the people of this community and he can tell the members that he has never ever been unpleasantly surprised at how good the people of this community have been about telling him if he is doing something right or wrong. For the most part they understand that he is trying to do it in the most unbiased way as possible.

Tom Holmes stated over the last 5 years since the 2009 revaluation, the guidelines that the State uses to oversee his work have become Standards. Standards means that they must do them and they must do them in the way that the State wants them to do them and they must document how they have done them. If they don't, there are penalties that are attached to such Standards. At the same time as they created these Standards, they removed the requirement that had been proposed originally way back when after the Supreme Court decision to help the towns out by funding this for doing a lot of these increased mandates. They just removed that requirement and said towns are on their own. He didn't know if any towns were suing for unfunded mandates, he didn't know what the arguments are, but going into this year they have a tremendous amount of more work to do with existing Budget and staff. He is going to try and pull it off and if they ride him out of town on a rail, so be it. He has been here 20 years, but the fact is he is not comfortable, and he's going to get controversial here, but he's not comfortable doing this Massachusetts style of assessing, with the State overseeing him and looking over his shoulder and telling him how property should be valued in this town and it's gotten to the point now where some times the documentation to show the State what he's done exceeds the time and work effort that it took to do the original work and that's creating pressure on his department. To the State's credit, they have done a great deal in streamlining on-line access, on-line forms, simplifying forms, and that sort of thing, that's helped some what, but they are still feeling the pressure. That's the over view.

Tom Holmes stated he has tried to keep his Budget as close to the same as possible. They have added a second summer Intern so there's an increase there on Line 532. The other aspect of this revaluation he's concerned about is that there's been a remarkable lack of non-residential sales, commercial sales, mostly sales in the Lodging and Retail Industry that's representative of this Town. Without those sales with which to hang his hat, he's shooting at a dart board blindfolded. There are 3 legs to the appraisal stool: cost, income and sales comparison approach and although there is no legal mandate that the landlords give him their rents and expenses, he is going to ask and do some research this time, to try to develop that other leg of the stool, the income approach to property value because we don't have a lot of sales out there with which to make a sales comparison approach. You have to use the most reliable data out there which is why even though in the appraisal business some properties are

most likely done by the income approach, if a landlord doesn't have to tell him what he's getting for rent or what his expenses are, how reliable is he suppose to do that type of approach. In the past, he's used other metrics, sales comparison approach type metrics like for restaurants, sale costs price per seat, retail sale costs per square foot, hotel room sale costs per room and that has worked out remarkably well because there were a lot of sales.

Tom Holmes stated take B&B's for instance, in the last 5 years we've had one sale. In 2004 there were 8 sales. He could look at 8 sales and see that 2 weren't conforming, looked kind of funny, and throw those 2 out and rely on the other 6 that seemed to be the median and come up with pretty good values for B&B's in this town. Now, when he's only got 1 sale, is it a good sale, is it a funky sale, was there something behind the scenes that he's not aware of. It is very hard to rely on that kind of stuff. These are the challenges we are facing in that sector of the real estate market in town. What he is concerned about is, because of the recession, because we've been bouncing along the bottom for 2 or 3 years, that he may have to lower commercial property values significantly in some areas: Mom & Pop Lodging might be one of them, who knows. He won't make a final decision until the data is in there, but his suspicions are that if we have to lower some property significantly, then that may cause a shift to the homeowner which may cause the residential tax bills to go up due to his efforts, not due to the budgetary expense efforts. On the other hand, Wal-Mart just paid \$1 Million an acre for Chicks and he's hoping maybe they can make up some of that difference.

Dick Klement stated there was a question not related to Mr. Holmes, but it was Selectmen to the Police Department about how much money they were going to pay their summer hires or Cadets or whatever it was, what do you pay your Interns per hour. Tom Holmes stated about \$12.00 per hour; one has a little more experience than the other so there is a bit of a differential. He did the research on what these positions usually pay, some people have full-time assistants like this that do data collection which generally runs in the \$20.00 per hour range, but that's further south in the State and he compensates his people in other ways in that they can come in any time they want, they can have any day off they want, it's an extremely flexible position. One of them works within the School system and just does this part-time for him during the summer and starts after school closes and goes back a week before school opens. He's worked out for 4 or 5 years. The other person is a recently retired school teacher. They're very intelligent and they're very good with public relations when they're knocking on people's doors. He's gotten several unsolicited comments about their visits into people's homes, a very sensitive area asking "can I come through your house", that kind of thing. They are well worth that money in his opinion.

Dick Klement stated he was not saying it was too much, he was trying to figure out why it is all different. Thank you.

Stacy Sand asked if Mr. Holmes would actually call them temporary employees versus Interns. Mr. Holmes stated they are temporary, seasonal. Stacy stated so Intern is probably not the appropriate term for those employees. Mr. Holmes agreed.

Chairman Santuccio thanked Mr. Holmes for coming in.

Elections and Registrations

Rhoda Quint, Tax Collector, stated members would see on Page 4 that she has an increase for 2014 and this is specifically because in 2013 the Town had one election, the Town election. In 2014, they had originally planned to have 3 elections: the Town election, the State primary and the general election in November. As we all know, Ray Burton passed away and, as a result of that, 2 more elections have been scheduled for January 21st and for March 11th. What you see in front of you for increase or her request for this year, she has to ask to increase that a bit further because when Earl (Sires) and she originally met they didn't know if there would in fact be a race. We now know that there will be a Primary race on the Republican side and, as you know, due to election law changes, there is additional staffing that is required at the elections in order to fulfill the requirements of each voter having an ID and so on and so forth. Having said that, she is requesting an overall additional \$800.00 to her Budget, specifically for the Moderator which she originally asked for \$150.00, now asking for \$250.00, an increase of \$100.00; for the Ballot Clerks she originally requested \$1,600.00, she is increasing that by \$500.00 and requesting \$2,100.00; and meals for the Ballot Clerks and everyone that works the elections, she originally asked for \$300.00, now asking for \$500.00. It averages about \$100.00 per election to furnish water, coffee, etc. for the workers at the polls that day. Basically what members are looking at for an increase is due solely to the number of elections that we will have in 2014.

Chairman Santuccio thanked Mrs. Quint for coming in.

Planning and Zoning

Earl Sires stated that is pretty much a level funded Budget. It increased by less than 1% as a result of changes in the net between the staffing regular increases in compensation and some minor changes in line items. They are starting to reduce the hours of the Code Compliance Officer based on the fact that they do believe that they have sort of crested in their effort in Transvale Acres as they are sort of on the down side of that so they don't see a need for those hours as they have in the past.

Dick Klement stated not specific to this one but in general, the different areas are in different formats. Bill Marvel had asked that the School provide a listing of each employee and their salary. In the Highway area and in the Solid Waste area the Town has provided that data, but not for any other areas. Earl Sires stated correct. Chairman Santuccio asked Dick if he was asking for that information. Dick stated he would like to know why would two areas have that data and the others not. Earl stated he believes Paul (DegliAngeli) uses his staffing himself to prepare his Budget because he has a significant number of employees. The other Budgets, typically Assessing has 2 something employees, the Town Manager's Office has 2 employees and so on and so forth. In the past when it has been asked for they've provided all of that detailed information with respect to salaries, but he hadn't done it as a matter of course unless

requested. Chairman asked if Dick was requesting it and he said he was and he would ask the same of the Police Department, the Library and those other folks.

Frank McCarthy asked what the actual cut off date was for 2013. Earl Sires stated this is dated 12/18 and there's about 2 weeks or so left in the year. They prepared this for submittal to the Budget Committee in mid-December so it's through mid-December.

Finance

Lucy Philbrick stated before starting she would like to say it's been a pleasure working for the Town of Conway and it's been an experience every time she's come before the Committee as a group. Bill Marvel stated she didn't say what kind of experience.

Lucy Philbrick stated for 2014 the request is down by a miniscule amount. For the most part that is due to the fact that in 2013 they had budgeted for significant overtime for the Bookkeeper that was going to step into her position and they had budgeted for 2 months for a replacement to work with the Bookkeeper to train. Those things did not happen. For 2014 they are just going to have a Finance Director step into her position, they did not need to budget as much money. They did however in the audit line have to budget for a single audit because of the Federal money the Town has received mainly for the Transvale Acres project. If you receive more than \$500,000.00 in Federal money, you are required to do an additional single audit and the Town has received more than \$500,000.00. The Info/Technology line is up a bit and in addition to their regular computer replacement schedule, they have budgeted some money for printers since most of the major printers are approaching 10 years old. That's all she has.

Chairman Santuccio thanked Lucy Philbrick for coming in and added that it has been quite an experience with her as well.

Public Works

Paul DegliAngeli stated he would start with Highway and that the bottom line in his Budget request is 1.25% over last year.

Bill Marvel asked how the h**l did you manage that. Paul DegliAngeli stated Highway Equipment was \$123,000.00 last year and this year it's \$91,000.00 and that's entirely attributed to the fact that they've brought side walk maintenance in-house. If you go line item by line item, you'll see that things are on par.

Dick Klement asked where the income was shown; the School pays money for parts. Earl Sires stated it's shown on the Revenue Report which they'll have for the Committee before the end of the season. Paul DegliAngeli stated to Dick that if he turned to School Buses which is the very last part, as he understands the whole Chart of Accounts and the way the DRA requires the Town to do this, he has to show what he is going to spend but, as you know, that allocation is not out of the Town's Public Works pocket, it is out of the Town's pocket ultimately because the Town charges the School for those parts. Likewise they charge the Police Department,

Solid Waste Department, all of the departments that they provide service for.

Solid Waste

Chairman Santuccio stated to Earl Sires and Paul DegliAngeli that there are not secrets. Earl Sires stated he was suggesting that they also talk about one of the answers to the question about the Landfill and Recycling.

Paul DegliAngeli stated there were two questions and one of the questions, and he didn't recall how it was written, but it was to the effect of "does recycling save us money". Chairman Santuccio stated is it profitable. Mr. DegliAngeli stated for a profit is a term that businesses use and they, as a municipality, are a not-for-profit. They don't make profit. He thought the correct way to phrase that question is "does it save us money or does it cost us more money". Either way, it's opposite sides of the same coin. Over the last 3 years we've generated about \$170,000.00 in the Solid Waste Department. Of that, recycling from the household is about \$75,000.00 in income. He says from the household because they've taken metals out of that. If you want to include metals recycling, we're over \$100,000.00 of revenue. From the household, bottles, papers, cans, etc. we are generating about \$70,000.00. As a result of the Town's commitment to recycling and therefore the Selectmen's policy of recycling enforcement, we've brought the trash rates in Conway annually from 10,000 tons to 3,500 tons which means Phase I of the Landfill lasted us 8 years and during those 8 years we were doing 10,000 tons annually. They've just built Phase 3, they haven't started using it yet, but will start filling it towards the end of 2014, the beginning of 2015. They built it this summer and it cost \$1.6 Million to build. That \$1.6 Million investment would have lasted you 8 years, now it's going to last you 24 years. If you do that math, recycling is saving the Town over \$200,000.00 a year and landfilling that at that price is still the cheapest way for us to go. The landfill space to build Phase 3, that space cost \$22.00 a ton. For him to pay to haul trash over the mountain to Berlin or to Gorham, would cost between \$52.00 to \$54.00 a ton tipping fee and he still has to truck it there. The least cost option for us is to continue to use the Landfill and an even lesser cost option is to do everything we can to make that Landfill last as long as possible and that's what we are doing right now.

John Edgerton stated that means if somebody wants to not do separation and conserve the property, it would cost them about \$50.00 a bag to make it cost effective. Paul DegliAngeli stated he was not following the question and asked if John meant was it paper bag. John stated no, trash bags; if somebody doesn't want to separate for recycling, the question came up "why are we recycling, why can't we just dump the trash in, why can't we pay a fee for a bag". Mr. DegliAngeli stated you can pay a fee and let me back up for just a minute. The fee you pay is to a private hauler who will haul that out of town for you and you don't have to recycle. That sort of service exists. He remembers there was another question of "what services does the Town subcontract". That's one of them. There's no reason for the Town to compete with the other Landfills who are not interested in preserving Landfill life, they're interested in revenue because they are for profit businesses. That option exists to everyone in Conway today. A large amount of people have exercised that option. He said earlier that

the Town has gone from 10,000 tons annually to 3,500 tons. Trivia question: when we were doing 10,000 tons, how many tons recyclable were we doing. The answer: 3,500. Now, the Town has gone from 10,000 tons of trash to 3,500 tons of trash, how many tons of recycling are we doing. The answer is 3,500 tons. It didn't change. The people who were recycling back then are the same people now. They're just still going to the facility because there's no reason to fine them or take away their Permit because they participate in the program. The balance left, they exercise their right not to recycle. There are options out there. There are companies providing that service so he didn't see any reason for the municipality to a) duplicate a service or b) compete with someone who's providing it more efficiently privately.

Chairman Santuccio stated that's actually a pretty fascinating statistic.

Dick Klement stated he happened to be at the trash off putting point the other day and there was a Forest Service truck, one of those green trucks with a forestry sign on it, and there were 2 sports there emptying the truck into the Transfer Station. They chucked in a fiberglass canoe and they chucked in some signs of Mount whatsamacally, the big brown things, and he doesn't understand why these guys are a) even using the facility and b) why in God's name are they throwing a canoe in there. Yes, if you have a person there that's monitoring the facility for logical things, things that stand out or jump out, why are we even letting these people in there. Paul DegliAngeli stated good question. We do have a Ranger Station in Conway. They do have a symbiotic relationship with the National Forest, tourism, etc. Those signs unfortunately he can't recycle with construction debris so they are trash. The canoe, other than the ones that are high impact plastic, he can't recycle and even those he can't recycle today because they haven't yet purchased their new baler which would be strong enough to break something like that down. They pay the fee commercially to dispose of those items. Every thing that they can find an outlet for other than burying because that's what they are doing here folks is burying it and if any one would like a tour, he would be happy to show any one. There are still some things that he still can't get rid of in another way and you've picked two of them. If the Solid Waste Committee thinks that we shouldn't take the National Forest Service things for tipping as commercial, then we'd stop, but as he has said, the Town does have a relationship with them. Whereas, for instance, they don't have one with the unincorporated township within our borders. When those folks are identified, they are turned around.

Maury McKinney asked how the current Baler was performing; it looks like it is running on its last legs. Paul DegliAngeli stated it is running on its last legs and both of those legs have been broken but they've got some real good welders in the Public Works Department that fixed it. They've taken bids for Balers and he has 2 personnel who are going tomorrow to Lebanon to see the low bid baler in action and they plan on buying it pretty soon. The Baler has worked every day that they are open for the last 25 years and it's only because they've got good mechanics and a fellow on staff who learned the trade of welding when he was in the Navy and the Navy is serious about their welding since their boats are held together that way, he does a great job.

Government Buildings

Paul DegliAngeli stated this year's Budget request for Government Buildings is 6.1% below last year's request. Anticipating Mr. Marvel's question of how did we do that, he drew the members attention to Garage Heat. Two things to note there; they've asked for \$10,000.00 this year, last year they asked for \$20,000.00 and only used \$4,800.00. The reason for that is the year before was the first year that they operated the new Service Garage, the renovated Service Garage, and the renovated Service Garage has traditionally burned waste oil. In renovating it, two specific things: they insulated it, it was never insulated before and they changed the heat from furnaces that blew hot air to radiant and slab heating. They weren't able to burn all the waste oil as they had in previous years so it built up. They decided to buy a second waste oil furnace and put it in the Storage Garage which is where all of the plow trucks and Highway Department equipment and vehicles are kept. This building is nominally insulated; it's not great, it's a steel building but they had such a surplus that they burned through and that's why they only spent that. They are guesstimating around this number, but it's a good number and seeing as the Department line item is 6% below last year, it seemed like a good starting point. They will have to track it and see how they do now because they are back to using up all of the waste oil and then paying for fuel. The only other thing that he can note is that in 2011 he thought that line item was \$40,000.00. That's working out for them.

Chairman Santuccio thanked Mr. DegliAngeli for coming in.

Other Town Business

Earl Sires stated they were happy to talk about anything else that the members may have, but at some point are they going to get a revised schedule so that he can let the Department heads know when they are actually going to be scheduled. He didn't expect that tonight, he would like to have something as soon as he can. Chairman Santuccio stated she would e-mail Chairman Mosca when this meeting was over.

Frank McCarthy stated he would like to make an observation and he is going to have to look a lot deeper into it, but 25 Departments listed here and of the \$450,000.00 in increases, close to \$400,000.00 of it comes from just 3 of those 25. He is going to have to look into them pretty close. Chairman Santuccio stated probably the same ones as every year.

Dick Klement stated to Frank McCarthy that he thought it is a deeper thing because if you go back to look at the over all benefits which are all lumped together for health, that applies to a number of those Departments. While their individual line items are down, the health benefits are up which is what's driving that total cost, it's people.

Maureen Seavey stated she had asked Earl (Sires) earlier today about the 2% increase in Retirement, is that just the difference, it wasn't a whole year long and also what would be another State mandate if we pay more next year. Earl Sires stated he was going to defer to Lily (Gilligan) on the Retirement question. Earl stated hard saying, the Legislature just

convened today. Earl stated FYI: Lily has a background in running a large Retirement Fund in Massachusetts so this is right up her alley.

Lily Gilligan stated the increases in the New Hampshire Retirement System were seen half way through 2013, so now you are seeing the full affect for those increases for the full 12 months of 2014. The total amount of money that you're looking at is approximately \$82,000.00 between employees and Police. The employees went up 1.97% last July 1st and the Police went up 5.35%. The rates are already posted for the New Hampshire Retirement System and determined through June 30, 2015 and they're the same rates, the July 1, 2014 through June 30, 2015 are the same rates that are in effect through this June 30, 2014. It is highly likely that you'll see increases mid-way through 2015. That is very possible, but is not known currently. There is no way to opt out of the New Hampshire Retirement System or Social Security, they're both mandated and required through the 218 Agreement that was signed in the 1950's by the Town of Conway with the Social Security Administration. The New Hampshire Retirement Agreement was done in the 1980's. She had actually asked as a new employee why does she have to participate in two defined benefit plans, couldn't she just select one of them. She inquired through the New Hampshire Retirement System and Social Security Office as well as Health and Human Services here in the State and the answer was "no, you must participate in both".

Maureen Seavey stated the Police do not pay into Social Security, they only pay into the Medicare portion of it now. Lily Gilligan stated yes, that is through a special RSA with the New Hampshire Retirement System law. Maureen stated we've always paid in, the Town paid a certain portion but the State paid a portion. The State gave us their portion as far as the Police, the Fire and she thought the Town too that we had to pay. Lucy Philbrick stated teachers. Maureen further stated are we not paying all that they paid and they're not going to be telling us we have to pay more than what the State had paid before. They might increase the percentage that the Town pays itself but not anything that will come from the State, so no increases from the State. Lucy stated the State no longer pays any thing towards Police, Fire or Teachers.

Mark Hounsell stated what this amounts to is an organization, the New Hampshire Retirement System, being able to tax or effect the property taxes. There's nothing we can do about it. We have just been taxed ladies and gentlemen by the New Hampshire Retirement System, an appointed Board.

Lily Gilligan stated that the New Hampshire Retirement System is in great need of some corrective action.

Chairman Santuccio thanked Earl Sires, Lucy Philbrick and Lily Gilligan for coming in. Earl Sires stated he believed he would see the Committee next Wednesday.

OLD BUSINESS

Stacy Sand stated we had talked about something the Chairman was going to have to submit to the Legislature and she didn't remember the details of that. Chairman Santuccio stated it was regarding the Default Budget and Chairman Mosca was going to work on it. She thought he had sent an e-mail

to everybody or maybe she just got it, but he had spoken with Karen Umberger and it's too late for this Session he was told by her to submit that. It would have had to be done in November. It was concerning the Default Budget only reaching a certain amount maybe not less than 2% less than the actual Budget. She thought that was a non-starter for this Session.

Maureen Seavey asked if anybody wanted extra copies of the Town's answers to the questions. Chairman Santuccio stated she didn't know Maureen had them. The answers were passed out to the remaining members. Mark Hounsell asked if the Committee should go over the answers while everyone is here. Chairman stated the ones that were here tonight basically answered the questions.

Bill Marvel moved, seconded by Steven Steiner, to adjourn the meeting at 8:02 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary