

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
January 4, 2016**

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, Doug Swett, Pat Swett, Bill Marvel, Bill Masters, Peter Donohoe, Mark Hounsell, Jim LeFebvre, Mary Seavey, Christopher DeVries, Terry McCarthy (arrived at 6:50 PM), Dick Klement, Danielle Santuccio, John Edgerton and Pat Kittle. Excused: Frank McCarthy. Absent: Greydon Turner. Also present: Iris Bowden, Recording Secretary; Earl Sires, Town Manager; Lilli Gilligan, Town Finance Director; Tom Holmes, Town Assessor; and David Smolen, Director of the Conway Library.

John Edgerton led those present in the Pledge of Allegiance.

APPROVAL OF MINUTES

Jim LeFebvre moved, seconded by Mark Hounsell, to accept the Minutes of December 2, 2015. In favor: 10; Opposed: 0; Abstain: 4 - Danielle Santuccio, Pat Kittle, John Edgerton and Dick Klement.

TOWN BUDGET REVIEW

TOWN MANAGER'S REPORT

Earl Sires began by wishing all a Happy New Year. This is the presentation to the Budget Committee of the Operating Budget for the Town of Conway that is proposed and recommended by the Board of Selectmen. For those that are new and for those at home to tell you where the Town is at in this process, this Budget was prepared and submitted to the Budget Committee by the Board of Selectmen based on a Budget that the Town Manager and the Town staff presented to the Board of Selectmen back in October, late October early November. The Selectmen worked on it through November and December and have modified that Budget and have presented it to this Committee tonight.

Earl Sires stated that the packet that the members have contains a variety of information. It is very similar to what the Town has been doing over the past 10 or 15 years. The Town has added a couple of things this year. There is a Table of Contents and, as usual, the first part of the packet is a Narrative which is a written overview of the Budget, Summary of the Budget and then a Summary by Department talking about what those Departments do and the changes in the Budget for that year that takes you to page 23. On page 23 there is one of Earl's favorite charts which shows each Department, the amounts recommended at various points during the process and dollar changes and percentage changes for each of those Budgets. He refers to that a lot which is actually on page 10; he thought he had said page 23, but it's on page 10.

Earl Sires stated over the last few years they have shifted from providing backup behind the detailed Budget for each Department, the Town now has a right hand column that tries to provide that same level of detail, but in a more useable form. Earl thought it creates a more user friendly packet.

Earl Sires stated that Lilli (Gilligan) has added Revenue this year which is on page 24. The Town has tried to give the members the whole picture: what they are projecting for Revenue and what the Selectmen are now proposing to spend. The Budget that is being presented for the 2016 operating year is \$10,614,105.00 which is an increase of about \$270,000.00 over last year and a percentage increase of 2.6%.

Earl Sires stated this Budget, as we've talked about before, contains three major elements: the Police Department Budget, the Library Budget and the Selectmen/Town Manager Budget. Each of those three pieces of this Budget are overseen by different elected Boards. The Library is overseen by the Library Trustees; the Police Department is overseen by the Police Commissioners; and the Administrative Departments are overseen by the Selectmen and the Town Manager. When one looks at those three pieces, the Police Department Budget increases by 3.1% or \$111,000.00 largely due to employee costs. The Library Budget increases by 3.7%; it's a smaller Budget so their increase is about \$18,000.00 again largely due to employee costs. The Town Budget, the Administrative Budget, increases by 2.3% or \$141,000.00 basically.

Earl Sires stated those members who have been on the Committee before are aware that there is a Default Budget that is calculated and presented to the voters in April. Basically the voters can choose the Budget Committee's proposed Operating Budget or the Default Budget. As members will recall from last year or many years past actually, the Town will provide its recommendations, Lilli (Gilligan) does this and she has done it by line item this year in the Budget so the members can see how she calculated it, but he would just remind everybody on the Budget Committee that by law this Committee is the entity that approves the Default Budget and the members are free to review State law and work through that formula to come up with a number that the members think appropriate. The number that the Town has provided, that Lilli feels is appropriate is \$10,652,253.00 which is actually \$38,000.00 more than the proposed Operating Budget.

Earl Sires proceeded to state that the proposed Budget doesn't really include any new positions or programs except the Victim Witness Advocate position in the Police Department which the voters approved in 2015. That has now been added as full year round position.

Earl Sires proceeded with significant changes in the Budget of in a summary fashion as, as he said, the Library of about \$18,000.00 and that's labor. Elections and Registrations increases by \$16,555.00 because we have four elections this coming year; everything from Town to Primaries and the National Election. Employee Benefits increases by \$66,850.00; the Town received an increase in the Health Insurance of just over 9% this year, but that calculates, at least in the Employee Benefits Budget to about a 7% increase in the Budget. It also impacts the Police Budget and the Solid Waste Budget as well. The Police Budget increases by \$111,000.00 and

again, as he has said, it is mostly labor costs and Health Insurance. The Highway Department increased by \$39,793.00, again labor and part of that is due to a position that was approved by the voters last year as well - the Engineering Inspector position.

Earl Sires proceeded with decreases which he wished there were more, but there are only two. The Legal Budget decreases by \$25,000.00 which is projected on what the Town sees is out there. The Town had a spike in that Budget over the last few years due to a lot of compliance and zoning issues in the Transvale Acres neighborhood and are down to one remaining case that has gone to the Supreme Court. The Town is hoping that case gets wrapped up soon. Everyone feels comfortable in reducing the Legal Budget.

Earl Sires proceeded to state that the other decrease in the Budget is that the insurance decreases by about \$22,000.00, but that is actually a function of changing the schedule of payments. Earl asked Lilli Gilligan to explain the change. Lilli stated that the Town is switching from a July to June pool to a January to December pool in order to receive the known figures for budgeting in early September as opposed to begging and pleading with them at the end of October to get those numbers. Because the Town has already paid through June 30th, this does involve an increase overall, but because it's only 6 months instead of 12 months, there's a cost savings for this year.

Chairman Mosca stated next year we are going to be up by \$50,000.00. Lilli Gilligan agreed and further stated in 2017 there will be an increase because it will be 12 months. Earl Sires stated he guessed that's not really good news.

Earl Sires further stated that the Town is looking at about a 2.6% increase overall and they have scheduled the Library tonight and Assessing. Chairman Mosca stated yes, Library, Assessing and Finance. Earl stated Lilli (Gilligan) would like to talk about Revenue and, if the Chair didn't mind, have her go next so that she could shift right into Finance. Chairman agreed.

REVENUE

Lilli Gilligan stated she handed out updated Revenue sheets this evening to the members because the Revenue document she gave to this Committee along with the Expenditure Budget was in mid-December. Because there is so much money received in the month of December, primarily Rooms and Meals Tax which was \$484,000.00+, she thought this was a column that really needed to be updated so that the members could recognize those Revenues.

Lilli Gilligan stated the bottom line of 2015 is not completed as of yet; there are still the last three days of tax collections, Town Clerk functions, any interest that's owed, and bank statements have not yet been provided. That number will go up a little bit. Currently the Town has collected in non-tax Revenue \$3,881,203.00 which is \$111,000.00 more than was budgeted and expected to receive this year. That surplus will go to Fund Balance, so that money will immediately impact the Fund Balance.

Lilli Gilligan stated the proposed Revenue projections she has presented to the Town Manager and then to the Board of Selectmen and the Board of Selectmen agreed that \$3,518,722.00 would be appropriate for 2016 initial projections. When she says "initial" it's because the Board of Selectmen re-present the Revenues anticipated to the Department of Revenue by September 1st every year, the deadline for that. They use that figure in order to have a better known number when they set the Tax Rate, so that enormous chunks of money don't end up going towards Fund Balance, but it immediately impacts that year's Tax Rate setting.

Lilli Gilligan stated to give the members an idea of the different items that are collected in Revenues, it ranges any where from different types of taxation that are not necessarily real estate but types of land use, timber tax if you are cutting trees on your property, gravel tax and then there are a few properties in town that are payments in lieu of taxes. When an individual pays their taxes late, there's a 12% interest charged and, if it is through lien processes, there's an 18% interest charge. So, as the members could see there was over \$326,000.00 collected in interest alone in 2015. That's a significant amount of money that's collected through late payments in property taxes.

Lilli Gilligan stated that there are fees associated with Zoning regarding signs, regarding Tent Sales for businesses. The motor vehicles is the biggest money maker; motor vehicle registration will be, after the last three days of the year are booked, over \$1.7 Million collected. If everyone went out and purchased a new car, that would be greatly appreciated (laughter) so that the Town could see those revenues immediately. The Building Permits was pretty high this year; there were several larger projects that were unanticipated at the beginning of the year that occurred late in November when they pulled their Building Permits.

Lilli Gilligan stated the Police Department has several types of revenues ranging from Pistol Permits to Fingerprinting and their biggest money maker is Alarms, whether it's an alarm that has gone off and they've had to respond to it or just their annual registration of alarms as well as Accident Reports that they charge the individual asking for Accident Reports. Marriage Licenses is something that is collected through the Town Clerk's Office. Vital Statistics, the Cable Franchise Fee, as you know, \$110,000.00 of that \$129,600.00 collected in Cable Franchise Fees from Time Warner customers went directly to the Warrant Article to support PEG, Channel 3 which we are all watching here. The surplus is just General Fund Revenue. The Rooms and Meals Tax is a complicated formula that will remain a mystery from the State. The Town was given \$484,160.00 at the end of last week and that is paid once a year.

Lilli Gilligan stated that the Highway Block Grant Money is paid quarterly and the Town was paid by the State \$235,000.00 in Highway Block Grant. The State also gives the Town money, sometimes it is zero as the members could see and sometimes there is two payments in a year. This year there was one payment of \$6,378.00 for the railroads that are owned by the State that run through the Town. The Solid Waste Fee for A/E, A/E stands for Albany and Eaton. Albany and Eaton are charged the same way that the Conway residents are charged; it is based off of their property values, so that is why the Solid Waste Budget includes Employee Benefits and the insurance

costs associated with running the landfill so that those communities are charged fairly for the running of the landfill operations. Last year the Town charged \$102,080.00 and next year the Town will be charging \$125,774.00 to those two communities and that's based off of an increase in the Solid Waste Budget as well as an increase in their property values versus Conway's property values.

Lilli Gilligan stated the reimbursement of school bus maintenance is charged to the School, that is in order to fix their school buses as well as keeping their diesels plugged in at the Highway Department, so it's the cost of running that electricity meter that's charged, the Town charge all of those costs associated to fixing school buses and keeping them plugged in and charged up quarterly to the School.

Lilli Gilligan stated the reimbursed Recreation; almost all of that is charged to the Town of Albany who also uses the Recreation Department and they are charged the same way that the Solid Waste calculation is done. It is based off of their property values.

Lilli Gilligan stated that the Fuel Reimbursement is brought in from people that are filling up at the gas or diesel pumps in town; these are all coded so that the Town knows who is using gasoline or diesel. Center Conway Fire fills up at the Town's gas pumps; the Animal Control Officer fills up at the Town's gas pumps; the School buses in different areas, then the Town calculates that, give the School that amount owed and they pay that directly to the vendor of the gasoline or diesel that they are using as opposed to running it through the Town and then running it through them, but it is the fuel coming out of the Town's tanks.

Lilli Gilligan stated the income from Planning and Zoning is for the Application Fees for those types of Boards. The income from Town Office is primarily from photocopies and scanned documents, those larger huge maps and that sort of things. This year the Town instituted a Notary fee of \$5.00 per notarization and have collected \$565.00 in notary fees.

Lilli Gilligan stated Solid Waste Recycling and Hauling; those monies are brought in from all of the hauls; the Town trucks and employees haul things like mattresses and roof shingles and tires and that sort of thing which is why individuals are charged for those items at the dump and then those monies go into the Recycling Revolving Fund and when the hauls are done, each haul is charged to that Recycling Revolving Fund and those monies are then transferred into the General Fund to support the hauling of non-recyclable material.

Lilli Gilligan stated that income from Highway primarily comes from plowing Eagle's Way as well as the Courthouse is charged for plowing, sand, salt and maintenance of those parking lots and a large portion of this was unanticipated, it was through a great amount of work to sort out the old Driveway Bonds that were placed in the performance accounts years and years ago and were monies that were considered abandoned because they did not follow through on the project that they said they would do so that \$500.00 fee was defaulted to the Town. The monies were never transferred to the General Fund, so there was \$33,000.00+ that came in that occurred

late last Spring/early last Summer. That's why she is not anticipating seeing that same amount of money in the 2016 year.

Lilli Gilligan stated the cost for non-recycling items when an individual is charged for bringing non-recycling construction materials or propane tanks and that sort of thing to the landfill, those monies collected go directly to the General Fund to support General Fund activities. The Solid Waste Fines are collected when people are caught not recycling and issued a fine in order to continue utilizing the Transfer Station because it's a mandatory recycling facility.

Lilli Gilligan stated the sale of Town property includes several vehicles that was sold this past summer as well as three tax acquired properties. Based on the properties that the Town has in its possession now as well as any vehicles, the Town is anticipating that the Budget would be about \$80,000.00, not at the amount collected this past year. Interest Income is from bank statement interest. Court fines are Police income from when Police Officers are required to be present for Court.

Lilli Gilligan stated the Health Insurance dividend is interesting because the Town's Health Insurance, the group that the Town buys the Health Insurance from has a complicated way of giving back the monies that are, in essence, over charged based off of experience. They have a formula for how much they feel is safe to keep in their pool of money for 18 months of experience and if you don't experience it as a group, the money is returned. The Town has collected or been paid over \$400,000.00 in the last several years by the Health Insurance company. Two years ago when the insurance rates were stated that the premiums were going up 10%, based off of the pay back to the Town, the rate of increase was minimal, if at all, but the Town doesn't know what those amounts are going to be until the Town is into the year. Right now the Town knows that in the first 6 months, it will not receive a check from the Health Trust so she is projecting safely that it is possible in the second half of the year \$15,000.00 might be paid. This is how much the insurance company told the Town to project for this past year when the Town was paid \$85,343.00.

Lilli Gilligan stated the registration holders are sold at the Town Clerk's Office for when people want to have the little plastic envelope for their motor vehicle documents to be kept in their car.

Lilli Gilligan stated the Library funds are paid by the Library from monies collected. A large payment was made today for monies that the Library charged the Town of Albany for their use of the Library. The Library does not charge based on property taxed the way the other charges are done. The Library does it based off of usage. The other monies are the non-resident fees.

Lilli Gilligan stated on the Conservation Funds, the reason why she is projecting that will be zero next year, but the Town has received money in 2014 and 2015. The way the Conservation Funds works is that if there is a timber sale on conservation land owned by the Town of Conway, the money that is in the expenditure budget to support the Conservation Commission is fully covered by that timber sale and then anything in excess of that goes into the Conservation Funds used later to acquire further land or for

the upkeep of land that the Town of Conway owns. That happened in both 2014 and in 2015.

Mark Hounsell stated he liked the layout, he liked the spreadsheet and that was a good presentation on Revenues. Lilli Gilligan stated thank you. Mark stated he was going to ask the first half of a question that is going to have to wait for Paul (DegliAngeli) to get here, but he was looking at the Revenues for Solid Waste recycling and he is rounding up just for conversation. Going after the expense budget, in 2014 it was \$766,000.00, in 2015 it was \$810,000.00 and the Town is budgeting \$814,000.00, and this is a Paul question, for 2016. The Revenue from recycling looks like it is nose diving; \$120,000.00 in 2014, \$102,000.00 for this past year and the Town is projecting \$80,000.00. The question: is there a point where the Town needs to start looking at whether or not it's worth the operational costs to continue this type of operation. Mark further stated that he was probably not saying it very clear. If you look at that, there's an intersection where you might want to be saying it's not worth it; but then again, as was pointed out there's a decade of getting people used to recycling.

Earl Sires stated to Mark (Hounsell) that it was a good question and it's definitely worth looking at. If Paul (DegliAngeli) were here, Earl was sure knowing Paul that he had already looked at it and would have a more direct answer. Earl does know that these markets are cyclical, one minute cardboard is through the roof because China needs all of the cardboard and the next minute it's in the cellar because they don't need anything, so it's up and down and so you never really quite know where things are going, so it is hard to predict. It has been in a downward trend. The other part of the puzzle though in terms of cost savings and revenue is the fact that recycling has a benefit in maintaining the longevity of the landfill which saves the Town money on that side of the coin as well. You would have to through that capital part in there too. The Town can certainly look at that and Earl was sure that Paul would have more of an answer than what Earl had.

Mark Hounsell stated he knew that a couple of years ago there was some talk about Single Stream Recycling and he wasn't too warm to the idea at first, but if the Town is losing money, and it looks like they are. Earl Sires stated the Town is always open to re-assessing and looking at things. When the Town looked at Single Stream, the problem was that the trucking made it not quite feasible just to get it there.

Bill Marvel stated he had a general question for Earl Sires. Before he came in, he looked over the Town Reports for the last 10 years and he found that the Town Budget, since 2006 to the 2016 proposed Budget is up about 22%. The Police Budget part of that is up 72%. The Library Budget part of that is up 36%. When you subtract the Police and the Library from the Town Budgets of 2006 and 2016, the rest of the Budget is only up 3.4%. He guessed his question was while everyone else has been spending freely how the h*ll have you done that. Was he missing something.

Earl Sires stated just lucky he guessed, but he would have to look and see. Part of it is that the Town has been paying down Bond Debt, that's part of it probably, even though it's a Long Term Debt, it shows up in the

Operating Budget for the Town per se and he thought he would answer that and it is not in any way a comparison to what other Departments are dealing with, you look at the Town's increases of the years and it is largely staff and he guessed he would argue that the Town pays people well and the Town has people that are conscientious and work to save money and keep expenses down. The Town is a pretty frugal operation; the Town hasn't had some of the challenges that the Police Department has had and they've made cases for needing additional staffing and they are facing challenges that frankly the Town hasn't faced. The Town has had a down turn in some of its operations: planning, zoning and development and that kind of thing, so there's a variety of reasons. Earl hadn't really looked at that and was pleased to hear that. He will look into it more to see what is also there.

Dick Klement stated following on what Mark (Hounsell) started to ask, is it possible when Paul (DegliAngeli) comes in to give this Committee the cost of recycling because the Town pays for trucks, pay for drivers to go back and forth, pay for the diesel fuel and all of that other stuff, so where does the cost line intersect the Revenue line and is it costing us more to recycle because we are paying people and keeping trucks running. He would like to have that information available and if we did this we could possibly save some money.

Earl Sires stated the Town could certainly do that. One thing that he could say is that he didn't believe anyone has ever said that recycling pays for itself. It has always cost something, but he will get that for Dick (Klement).

Mark Hounsell stated he didn't believe for a moment that it's a dollar to dollar thing; it's just an indication with it dropping that at some point it may not be worth it to be doing it the way we are doing it. It's not that we should stop. There is the environmental impact and there is the impact of the landfill. At some point, maybe it's cheaper to use up the space now.

Earl Sires stated he would talk about that with Paul (DegliAngeli) and he was sure that Paul would have information for the Committee.

Peter Donohoe stated on the interest on late tax payments, this 12%, has that been changing; is there a maximum allowable by law; is there a consideration for break even point where the interest rate would be too onerous; has there been much of a discussion about that.

Earl Sires stated those rates are required by State law actually. The Town really doesn't have any choice. Tom Holmes stated as Earl has said it is a statutory amount; it's 12% for the first 6 months an individual is late and bumps up to 18% thereafter until it is paid off. Mr. Holmes further stated it is onerous and there is currently a Bill in the Legislature to remit 12% when somebody gets an abatement to kind of equalize that out. Right now if he gives an abatement, they get 6%. Earl stated that was a good question, thanks.

Chairman Mosca stated the Land Use Change Tax and the Yield Tax; why was there such a spike in 2015 versus 2013, 2014 and what is being projected

for 2016. Tom Holmes stated he was actually going to touch on that in his departmental issues. The economy has turned around. All of a sudden people are cutting trees and subdividing property and converting Current Use land to developable land and that's having an impact on the Revenue coming into the Town.

Earl Sires stated he would throw in really quick that that's one of the pieces of this positive trend where the Town is starting to see where non-tax revenue for the first time in 6 or 7 years is starting to increase which takes the burden off of the tax side of the Budget. It's a good sign. That's part of a positive picture.

Chairman Mosca asked if there were any further questions and advised Mark Hounsell that his question would be the last one. Mark stated he has waited all year for this and he had two questions. On the reimbursed Fuel income, why if you only collected \$8,000.00 this year do you expect to collect \$15,000.00 next year. Lilli Gilligan stated the cost of fuel went down this year. Mark Hounsell asked if Lilli expected it to double next year. Lilli stated she expected it to be as much as last year, so she is projecting 2014 gas prices in 2016. Mark stated it's good to be optimistic.

Mark Hounsell stated on Solid Waste fines which kind of scares him. Two years ago in 2013 it was \$190.00 and next year, we've already broke \$1,000.00, and you're looking at \$1,300.00. He has heard that it is pretty tough over there. That's a lot. Earl Sires stated two or three years ago the Town hired a Manager for the Transfer Station and one of his jobs was to increase enforcement. Mark stated yes he has. Earl stated this is the way the Town has chosen to deal with the mandatory recycling. It has increased.

Mark Hounsell stated the other thing he would say is that \$500.00 in Notary fees sure does underline the fact that you're a frugal bunch. Earl Sires stated Bob Barriault a few years ago wanted the Town to take a serious look at fee increases and they did it wherever they could and that was one spot that the Town got \$500.00.

FINANCE DEPARTMENT

Lilli Gilligan stated the Finance Budget is on page 12 and the Finance Budget includes the salaries for Finance and Tax Collections. The Treasurer position is a stipend that's paid to an elected Treasurer. The Audit, the Town is under Contract for 2016 and 2017, so when she says YE 2016 that's the audited figures of 2016, so that audit would be conducted in the year 2017. The Budget Committee costs is the cost of paying for minute taking. The Finance Salaries are for herself and her Bookkeeper. The dues are for the Tax Collectors Association and the Government Finance Officers Association. Info Technology, the Town has decreased that by \$5,000.00 based off of the items that are planned to be purchased. That is items for Information Technology throughout all Town departments that are not Library and not Police, so that supports the computer systems over at the Service Garage as well as the Landfill, the Solid Waste Department, Recreation and all of that.

Chairman Mosca asked why did the Town not spend what was budgeted this year. Lilli Gilligan stated this is spending through 12-17 and she did bring the updated sheet for, and she gave it to Earl (Sires), this is through A/P booked through today and Information Technology has now spent \$30,217.52. The Town will keep the 2015 books open for almost 7 more weeks in order to receive and pay invoices that were for items received in 2015, but invoicing was not yet in hand in order to book that. As the process continues, she will continue to update the sheets; that's why she updated the Revenue sheets so that she would be able to give the members that information because that's almost a done known, whereas the A/P and payroll is a moving target for the next couple of weeks. Earl Sires stated the practice has been with that particular line, \$30,000.00 or several tens of thousand of dollars, to wait until mid December. That's one of the Town's little cushion areas if they are having trouble with a lot of salt and labor and a snowy winter, the Town holds off doing anything there, so they wait and see and if they are looking good, they go ahead and buy.

Mark Hounsell stated you (Lilli Gilligan) talk about bringing the members updated information, just logistically, how are you going to identify them with different markings on your updated version. He was just trying to avoid confusion. Lilli asked if he was writing notes all over them and would it create problems if she created a brand new spreadsheet and brought it in. Mark stated it wouldn't if you put on it "this is a brand new one". Lilli stated she would have dates at the bottom, like she has on this one. Mark stated he just didn't want to have a bunch of them and not know which one he was looking at. Lilli agreed.

Dick Klement stated this the first place that we've started talking about salaries. This year the old folks are getting a Social Security raise of 0%; the Military pay raise is 1.3%; the Civilian Federal pay raise is 1%; Military Retirees get 0%. He is understanding that the State of New Hampshire workers are getting 2% and he couldn't confirm that, but that's what he has heard. Is it possible, he can't break out how much, he didn't want each person, but how much the additional salaries, he believed they run around 3%. Earl Sires stated 2.5%. Dick asked if the members could get that total dollar value of the increase, plus as a separate line item the additional impact value, that would be the additional the additional Medicare, Social Security, Retirement and all of that other stuff. Earl stated so you want total staff increase from one year to the next. Dick stated just in pay raises. If you hire a new person, you can't count that. He would like it for the Police Department and the Library as well. Lilli Gilligan asked if Dick wanted that for 2015 versus 2016.

Mark Hounsell stated Point of Order. He thought we had a meeting two weeks ago where we talked about questions that we would formally ask as a Board. Chairman Mosca stated you can ask questions until the Budget is closed. Mark stated he was talking about requesting information to one member or all members. Why do we need to ask if we were going to ask questions as a Committee when we can do it anyway as individuals.

Dick Klement stated actually when we started putting these questions together, none of us had any idea what was in these books and we are just seeing it for the first time when we received this. How could we develop

questions when you don't know what they're doing, so that's why he asked the question.

Mark Hounsell stated so why did we meet two weeks ago. Dick Klement stated he was going to ask the same question to the School. Mark Hounsell stated in addition to the ones that have been sent out. Chairman Mosca stated we have done this for the last three or four years, added on as we go along.

Earl Sires and Lilli Gilligan both stated they could do it, maybe not by Wednesday. Lilli asked if Dick (Klement) wanted just labor from 2015 to 2016 or do you need it broken down by department. Dick stated the Police separate, the Library separate and everybody else is one big bundle. He was just looking for the pay raise, not that you hired somebody and that person gets added in, that's not an increase in salary, that's an increase in personnel. Earl stated any position that started in 2015, they will not use. Dick agreed.

Lilli Gilligan stated on page 13, there are several mandatory Workshops for the Tax Collector's Department and given that the Town has a fairly new Deputy Tax Collector, these trainings are critical to that person's success. The next line is Tax Collector's salaries - this is broken down to where half of the elected position is in this as well as all of the Deputy positions plus 80 hours of tax entry assistance. That's dragged out over 4 weeks where the two biggest weeks at each tax collection time 20 hours for two week time frames for early June and early December are utilized and deeply appreciated in order to get the monies collected that day into the bank that day. The other half of the elected position is in the Elections and Registrations Budget.

Lilli Gilligan stated the Tax Redemption Fees are for fees owed to the Registry of Deeds when processing liens. The cost of liens is for the research required in the liening and deeding process. Tax billing is the Town uses a direct mail facility to print stuff and mail out the tax bills. That does not include the cost of postage, that's just the cost of printing envelopes and stuffing. Mileage is for all of the travel for all of the different Conferences that the Tax Collector will be going to as well as their bank runs which they are required to go daily primarily because the requirement is \$1,500.00 in hand means that it must go in the bank that day and, as you can imagine, Conway's Tax and Town Clerk Office receives more than \$1,500.00 per day.

Lilli Gilligan stated the Bank Fees are the fees assessed by the banks that the Town does business with with regard to ACH's, wires and the checking account for the Town's operation accounts as well as any bounced fees when people give the Town a check that is not good, the Town is charged \$20.00 for each bounced check received. The Town does turn around and charge the individual for bouncing that so it is in the Revenues, but she has to include it as an expenditure here.

Lilli Gilligan stated she should say that this Budget is going up 1.2%. Chairman Mosca stated not enough to worry about.

Chairman Mosca asked the members if any one had any further questions for either Earl Sires or Lilli Gilligan.

Chairman Mosca thanked Lilli Gilligan and Earl Sires for their presentation and for coming in tonight.

ASSESSING DEPARTMENT

Tom Holmes, Town Assessor, stated he supposed the highlight of his Budget this year is that he is asking for software for the first time in 21 years. Twenty-one years ago he came to town with a flat file blue screen DOS data base by a company that had gone out of business in the late 1980's, so he figured it was his. He spread it around Town Hall, gave it to other departments and he used that twice a year to import the tax billing information, assessing information and to seminate it to other departments in Town Hall so they could look it up themselves without having to come to his office.

Tom Holmes stated the Town has managed to keep this thing running, this Q&A it was called, through multiple advances or irradiations in Windows Operating System until last year when the Town went 64-bit Windows, and he forgets, 8 or 9, and all of a sudden he has it on his machine, but he can't update it, he can't bring new data into it. It opens up a little virtual machine on his screen and pretends it's real. Tom Holmes stated he has tried for several months to get it to work and has asked some people who know what they are doing and they can't get it to work either, so he tried to work around it and he tried to develop his own duplicate of it in Microsoft Access using the Town's Microsoft Office Products that are on his machine, and it is clunky, it is hard to learn, he hates it and everybody else hated it.

Tom Holmes stated he finally decided to look around and asked the Town's vendors and some other Assessors what they were using. Low and behold, the Town uses a company for its mapping updates annually and they have a package at the price of about \$4,900.00 for the first year installation and \$2,500.00 every year thereafter. It seems to supply all of the Town's needs in that regard as well as in further enhancements that would allow his department and Planning for instance to work together better and also allow taxpayers to come into his office and do automatic abutters lists; highlight a parcel and all of the abutters are automatically printed for you with their names and addresses and things like that. It seems like a good deal. The Town has had a demonstration. This is also, and he doesn't want to be accused later on of hiding anything, this package, with the flick of a switch, could be used to put assessment data on-line for the public to use. He is not advocating for that at this time. There are a lot of people in town that don't want to see that, including a couple of Selectmen, and he values his employment here. Right now this will be used internally only and the Town will try it out; the department heads will get used to it hopefully and it will replace what the Town has been getting away with for free all of these years.

Tom Holmes stated other than that, meetings and expenses had busted the Budget line item this year. There was a reason for that; in 2014 the Town didn't spend that whole line item because that was a re-val year and he was too busy to go to school. He took one course that year and had to push everything off to 2015. He has to take 40 hours every two years. He took

the balance of 33 hours or something in 2015 and, as well, Dale, his assistant, also had a certification renewal come up, so both of them attacked that line item with vigor and ended up going slightly over. Other than that, he didn't think there was anything out of the ordinary.

Tom Holmes further stated on Assessing Mapping. As he mentioned earlier, he has been cutting the mapping line item down since the recession started, fewer and fewer subdivisions, fewer map changes, less development and that has been coming down for 3 or 4 years in a row and then this year his department busted that line item. That tells him that there were more subdivisions and more property line changes and more needs for the mapping changes, so he has added a little more to that to try and follow the economy back uphill.

Tom Holmes stated he was more than willing to answer any questions about this Budget or any kind of assessing issues that may be on the members' mind.

Mark Hounsell stated that he and Tom Holmes have talked a few times on the equalized valuation of the town, and he believes a couple years ago it was 1.38%, then it went up to 1.4% something, and then it went back down to 1.38% or thereabouts. What's it going to do because it does affect the Tax Rate. When talking about more subdivisions, are we getting more.

Tom Holmes stated that creates more taxable value in the community assuming that property values hold overall. He is currently looking at some issues as he does every year with mobile homes and mobile home parks, but the more you divide up property in this town, the smaller units in the aggregate are worth more than the whole. If you have 50 acres and it is divided up into 40 house lots, those 40 house lots are eventually going to sell for more than the 50 acres of raw land. That increases the Town's tax base; that's the actual taxable value, not necessarily the equalized value. The equalized value is when they compare that to market value through the sale sample submitted every year and they adjust that number. He will trust Mark's (Hounsell) numbers because they are in the ballpark. This is a \$1.4 billion community. New growth does not affect it as much as it used to and it never did affect it as much as you may think it did. At \$1.4 billion you can build 10 Home Depots and affect the Tax Rate by \$.01. It's just not going to steer the ship as much as it used to.

Mark Hounsell stated so it's an antiquated thing to look at because of the size of the town. Tom Holmes stated people think that the commercial developments somehow help the bottom line of their tax bill and he didn't think that was true any more. Mark stated it used to be. Mr. Holmes stated a massive amount of residential development will affect the property tax base, but with that residential development comes a lot of new infrastructure costs and school costs. He was not sure if that helps.

Earl Sires stated that's why the Town is interested in this up tic of the non-tax side of the Revenue. Really where the Town is going to stand to gain in this situation is with non-tax revenue increasing to really take the burden off of the tax side. Tom Holmes stated that is key.

Chairman Mosca asked if his name had been fixed on his tax bill. Tom Holmes stated if it's that way on the deed, he can't; but he will check that. Chairman stated he believed it was a typo when it was put into the system. Mr. Holmes asked if Danielle (Santuccio) did the deed. Chairman stated no (laughter). Mr. Holmes stated he would take a look at it tomorrow. Chairman stated "Joseph" is spelled incorrectly, that's all.

Chairman Mosca thanked Tom Holmes for coming in.

CONWAY PUBLIC LIBRARY

David Smolen, Director of the Conway Public Library, made the presentation of the Library's Budget to the members. Mr. Smolen stated as Earl (Sires) indicated the Library's Budget proposal is 3.7% above last year; although compared to 2014, it's about 1% difference and he wanted to point out that actually there have been some developments recently where they do plan to request a reduction in the proposed Budget. The Electricity line in particular, probably about \$3,000.00. The Library just paid off a loan that they received from PSNH, called the Smart Start Program, where all this new lighting was installed that saved a lot of money on the electricity bill. There was a monthly fee that the Library paid month-to-month, but it has been paid off early. With that being the case, the Trustees will be proposing a reduction in that line of about \$3,000.00. He was also probably guessing, but the oil prices, a reduction in the Fuel/Oil Line. That seems pretty obvious at this point. It is quite possible that the final proposal at some point will be below even 2014.

David Smolen stated some other important things about the Library Budget this year. Members will note \$29,000.00 for Technology. Basically the Library's single biggest expense year-to-year, not including staff of course, is about \$10,000.00 paid to the Library's vendor for what's known as an integrated Library system; that's cataloging, circulation, the on-line catalog. This year the Library is migrating to a new system and that's going to change the bill from about \$10,000.00 year-to-year to about \$3,400.00. This year because they are migrating to a new system, there are a number of one-time costs, like training and they pay for the date of migration, so after those one-time costs are taken care of this year, next year there will be significant reductions there.

David Smolen stated this Budget does meet the Library's needs and he thought it met the needs of the community. Mr. Smolen advised that he would be happy to answer any questions the members may have.

Dick Klement asked about the roof. David Smolen stated he had forgotten to mention something and asked Chairman Mosca if he could go back. Mr. Smolen stated he kind of has his own Budget, but the Merit Account he has budgeted about \$4,940.00 even though in the official Budget there is no more merit accounts. This is just his own personal.

David Smolen stated with regard to the roof, basically the Library's roof is about 115 years old. There is a problem with the roof right now relating to the copper, it's not really the slate. There are soldered joints that are cracking, so that's really the problem. What happens is that it pops basically; they recently had a leak in the roof and it was

sealed and right now that's a temporary fix in that one spot, although he would assume there will be other situations like that where there are leaks where the joints are. The slate is very good and could last 300 years they tell him. There have been a few people who are experts in slate/copper roofing take a look at it. The Library currently has specs being produced that will then invite companies to bid on based on those specs. Slate/copper will cost more in the short run; architectural shingles or whatever will cost less, however the slate/copper roof is going to last a lot longer long term than architectural shingles so it might be double the cost but four times the life.

Dick Klement stated he didn't see anything; was this going to be a Warrant Article. David Smolen stated sure.

Earl Sires stated yes; the Selectmen are proposing that there be a Warrant Article for about \$250,000.00. The Library Trustees have committed to raise about 20% of that. One kind of interesting historical note is that the Library is 100+ years old and the last major roof work was done in the early 1960's. Now here we are in 2015, so it looks about 50 years between major improvements. Hopefully this will last for another 50 years. Dick Klement stated he won't care in another 50 years. Earl stated he wouldn't either.

Peter Donohoe asked was it said in the beginning that you (David Smolen) feel that as a result of some of the adjustments that don't reflect on this sheet that you may come in at or below your 2014 Budget. Mr. Smolen stated that's right, that's correct, they will probably reduce the Electricity line by about \$3,000.00 at Town Meeting. Chairman Mosca stated you can do it whenever you want. Mr. Smolen agreed and stated he was referring to the approved Budget. He was looking at the approved Budget for 2014 which was \$502,000.00 and he apologized because apparently he and Peter were looking at different numbers. The 2014 approved Budget was \$502,000.00, that's why he said he thought they could come in under the approved Budget from 2014.

Peter Donohoe stated understanding that it's a bottom line Budget, it occurred to him that at 3% or almost 4% that most of your line items have gone up. Ten of the 18 line items are increases and admittedly not a lot of them are increases, but the sum total of those increases adds up to a substantial amount.

David Smolen stated his goal with the Budget is to try to reduce areas such as Electricity, but also put more money into the direct service to the public. For example, Library Programs, they have proposed \$5,000.00 for this year instead of \$4,000.00, that's a direct service to the public which takes the form of speakers and different kinds of programming which the public seems to want since they do show up to them.

Peter Donohoe stated he understood and the Heating Oil expenditure, again you have \$11,000.00 on that line item and your expenditure this year is \$8,000.00 and admittedly there's probably still some more, so you see a good couple of thousand there any ways. David Smolen stated he anticipates it.

Earl Sires stated he wanted to piggyback on that. As we have talked about in the past, when we get to Town Meeting, the Town will have recommendations on the Town's Fuel line as well, so the Town expects changes downward too.

Pat Kittle stated he was just curious; so through the 17th of December, the Library is about \$430,000.00 expenditure with a Budget of almost \$490,000.00, where do you think that spending is going to end up projecting for 2015. David Smolen stated right now the Budget is at 6.5% unexpended, or remaining, so that's about \$32,000.00. That does include the loan pay off.

Chairman Mosca stated the line item for Children's Books. In 2014 the Library spent \$5,600.00 and through December 17th the Library has spent \$4,500.00, yet the Library is asking for \$7,750.00 next year.

David Smolen stated there's some technical issues there. Part of the problem there is the way the invoices come into the Library from its main vendor because there are multiple orders that come on a single invoice. They have actually spent more on Children's Books than that. The problem is that it is hard to get a perfect number, an exact figure. The issue is that the invoice may have multiple orders, but then they will assign the whole bill to a single line in the Budget. Essentially there might be a situation where Children's Books end up getting paid for through the Adult Book line, or vice versa. That's part of the problem of frankly having, as the Director, part of the issue there is that he is the Administrator and it takes a tremendous amount of time to work with these things and he is trying to move as quickly as possible on these sort of matters, so that's part of the issue. It's not perfectly clear and he would just look at the bottom line number.

Chairman Mosca stated from his perspective, and he was assuming most of the people sitting around the table, why can't you when you get the invoice say "this should be paid out of" 3 or 4 different line items and break it down. David Smolen stated because it takes a lot of time. Chairman stated the more accurate this is, the better this Committee can serve everybody in town. The way he is looking at it, we can cut Children's Books, we can cut Children's AV, we can cut electronic materials, you (Mr. Smolen) have already touched on Electricity and Heating Oil and Library Programs. That's just the Chairman's take on the Budget and the way things have been expended for the last two years, 2014 and 2015, and he knows that the 2015 numbers are only through mid-December and it could be longer, but if it is not accurate, then to him those line items need to be cut because the Library is not spending the money.

David Smolen stated the Library is spending the money. Chairman Mosca stated right, but it is not being reflected here. That's what this Committee looks at. Mr. Smolen stated the money is being spent he can assure the members. The issue is, as he said, has to do with the way the vendor delivers the invoices to the Library which is cumbersome. That's really the issue there and as he said, the more accurate description there is in terms is the bottom line number. As for the electronic materials, he basically renegotiated something with the vendor which saved \$2,200.00 in this Budget year, but that \$2,200.00 savings wouldn't exist in 2016, the

Library wouldn't get the same savings, but he basically just renegotiated with them and that is a one time savings.

Chairman Mosca stated from his perspective, and he wasn't going to speak for anybody else, but from his perspective he looks at what has been expended in 2014, he looks at what has been expended through 2015 to date and he is looking at what's being requested for next year and saying that it doesn't add up.

David Smolen stated in 2014 the biggest issue in 2014 was the variety of staffing changes that the Library had. Chairman Mosca stated he was not talking about staffing, he was just talking about the other line items because you spend less and less, but you are asking for more and more.

Jim LeFebvre stated the issue that Chairman Mosca was trying to get across was because he is not recording it properly, we can't really tell what is being spent for Children's Books and so forth. David Smolen stated he understood the point and he can be more exact, that's certainly not a problem.

Pat Swett stated she agreed; she really thought Mr. Smolen needed to break those invoices down and put them where they belong, otherwise this Committee can't judge it. Chairman Mosca agreed.

Dick Klement stated additionally we are looking at the expended and we are seeing something right now that is 3 weeks old and until they close out the books, if you will, there could be a whole bunch of money and that's confusing us to some degree.

Lilli Gilligan stated she would be happy to update these sheets for Wednesday night. Chairman Mosca stated that would be awesome and, if Lilli had the time to do it, he thanked her very much.

Chairman Mosca asked if any of the members had any further questions on the Library at this time.

Chairman Mosca thanked David Smolen for coming in and for his presentation.

NEW BUSINESS

Chairman Mosca reminded the members that there was a meeting on Wednesday, January 6th, at the same place and time. Chairman requested the members to take a budget book from the School.

Chairman Mosca advised the members of the passing of Robert Burns, retired teacher and baseball coach at Kennett High School. Chairman further stated he had been advised that the Wake would be held on Tuesday, January 5, 2016 at Furber & White Funeral Home from 4:00 PM to 7:00 PM and that a celebration of Mr. Burns' life would be held on January 6, 2016 at 5:00 PM in the Loynd Auditorium at Kennett High School.

Terry McCarthy apologized for her lateness in getting to the meeting.

Bill Marvel moved, seconded by Jim LeFebvre, to adjourn the meeting at 7:45 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary