

MUNICIPAL BUDGET COMMITTEE

Wednesday, January 11, 2017

Professional Development Room

Kennett Middle School, Conway, NH

Chairman, Joe Mosca called the meeting to order at 6:30 pm. The following members were present: Vice Chairman, Jim Lefebvre, Mike Fougere, Pat Swett, Terry McCarthy, Peter Donohoe, Doug Swett, Bill Marvel, John Colbath, Steve Steiner, Richard Klement, Pat Kittle, and Mike Tetreault, Bill Masters, and John Edgerton (arrived at 7:21 PM). Also present: Lisa Towle, recording secretary, Kevin Richards, Superintendent for SAU 9, Jim Hill, Director of Administrative Services for SAU 9, Becky Jefferson, Director of Budget & Finance for SAU 9, Kadie Wilson, Assistant Superintendent SAU 9, Aimee Frechette, Principal of the Pine Tree School, Rick Biche, Principal of the Kennett Middle School, Janine McLauchlan, Chair of the Conway School Board, Joe Lentini, Vice Chair of the Conway School Board, Chris Bailey, Social Studies teacher at Kennett High School and Co-President of the Conway Educational Association.

Excused: n/a

Absent: n/a

Vice Chairman, Jim LeFebvre lead those present in the Pledge of Allegiance.

Mark Hounsell asked if there is a date set aside for school discussion at a later date. Chairman, Joe Mosca advised that he thinks it is in two weeks as he looked for his calendar but does not have one with him, but he knows there is another one night dedicated specifically to the school. Mark Hounsell noted that we started it a couple of years ago, and will continue? Chairman, Mosca answered, yes. Mark Hounsell said thank you.

Chairman, Joe Mosca asked all those present to state their name when they are speaking as the committee has a new recording secretary and she may not know all of you.

John Colbath advised that Wednesday, January 25, 2017 is when the discussion of school budget is scheduled for and Chairman, Joe Mosca restated the date of Wednesday, the 25th, Mark.

School Budget – All Departments: Kevin Richards, Superintendent of SAU 9 presented the Conway School Budget.

Good evening, Kevin Richards, Superintendent of SAU #9 presenting the Conway School Budget. I do have some handouts for you and we do have some resources here for you this so if there are questions that I can't answer I would ask for resources from the SAU or the Conway School District. You all have your proposed school district budget book in front of you. One of the things I will do before we get into the actual numbers is the direction from the Conway School Board is to develop a needs based budget. We define that as fiscally responsible to support the programs we currently have in place as well as identifying improvement areas in the future. One of the documents that has become part of all we do, Conway, outlying districts is to take a look at that strategic plan. It was an 18-month process to get to this point. Rather than sit on the shelf it is an active document. There are 5 focus areas, number of goals and action steps related to it. We can't address every single one of these at one time, this is a 5-year plan, this is a living document. Included in your booklet is also a review of the strategic plan, monitoring, and evaluation, pretty much telling you where we are at this current point. There is a lot of work that needs to be done but it needs to be coordinated and needs to be a slow process to make sure it is sustainable in the future as well. With that being said that is what we have put into place and I ask that you take a look at that if you haven't, if you haven't taken a look at the strategic plan it was developed by the community with a lot of input, surveys, and there are comparable data points that we refer to. So, when we start talking about teacher salaries, start talking about student to staff ratios there are two comparable groups as well as the state average. One is a group of districts within a 50-mile radius as a crow flies, referred to as comp one. Comp two is a series of 13-14 different districts of similar structure and size of our Conway School District. That means similar socioeconomics, same type of structure and we will refer to that as well.

With that being said, one of the first things I would like to do is, I received a series of questions, well series of questions from Chairman Mosca. Here are the responses to that and what I would like to do is over view the budget but also refer to this later on for you folks. As those are coming around it's a pretty hefty document and we can go thru that. I am going to over view each section. I guess, Mr. Chairman, as we go thru the sections if there are questions pertinent to that section might make the most sense then at the end if you have further questions we will be more than happy to answer those. If you would, the first section, I would like to refer to is section A the red tab, says budget summary. This is exactly what it is it's the summary the bottom line is the bottom line and I think that is a good place to start. The budget is up \$894,987.00 or 2.65% overall budget. This is a finished document that was accepted and adopted by the Conway school board as a proposed budget. This was also done after the board received the needs based budget and directed the administration to trip another \$150,000 out of the budget. So, all of those changes the reductions the \$150,000 is in this packet. With that \$150,000, the only way you can really get to that is by reducing some personnel. So the result was 3.66 positions that were reduced in the budget. Those are positions that are currently filled by people. Those aren't increased to the budget those are 3.66 positions that were reduced along with some other pieces as well and it is important to note that. Chairman Mosca, asked if they

are adding any positions. Mr. Richards answered that there is one position that was added, that is the Family Support Liaison position at Kennett Middle School. When I say that Joe, there are one-to-one aides that were added as a result of a change in services this year. If a student moved into the district and their services require a one-to-one aide lets say, they are in the budget but those are guided by the federal guidelines. Chairman Mosca, asked what's the total number plus or minus. Mr. Richards answered, minus 2.66 positions. John Colbath, asked if 2.66 is FTE or bodies. Mr. Richards answered that it's a combination, there was a half time position that was reduced. John Colbath asked if it was FTE equivalents. Mr. Richards answered yes. So overall that's just the summary page with each unit, each unit being each building, as well as the district wide positions in special education and technology.

If you would please flip the page and I think we get a little more into the detail of things here. What this is again is a summary of the increases to the budget. Just a different way of taking a look at it. If you go below the bench mark there the asterisks across you will see the salary increases overall in the district are up \$58,000. That includes everything, that includes contractual obligations from second year collective bargaining agreements, that includes any other performances as well as all positions. A couple of key pieces that I know you have probably heard of but I think it is important to understand and recognize is the impact of the retirement increases and the health insurance increases. The retirement increase, \$166,000 the health \$477,000. The two of those together account for \$643,000. I hate to do that but, I think to recognize the fact that the difference between health insurance and retirement and the overall increase to the budget is about \$250,000. Chairman, Mosca asked what was the health insurance increase percentage wise. Mr. Richards conferred with SAU #9 personnel at the back table then answered that it is a 10.7% increase in the insurance premiums next year. Some of the documents you received tonight we will go over and it shows the trend over the past 7-8 years that you guys asked for. If we move further down that page you will see that there are increases so the total salaries and benefits again \$666,000 in bold. We move down to total special education increases of \$105,000, most of that is due to change in services for some of our students. The students we have today, I will tell you that we are doing a better job of identifying these students a little bit better at a younger age, but the needs are not the needs they were 10, 15 or 20 years ago.

If you get down to operations of the plant, utilities, water and the sewer you will see an increase of \$21,463, that's due to some increases in the North Conway water precinct. Changes that the billing came to us due to some capital improvement projects that were done in our participation for that typically for the high school is what that comes down to. Dick Klement asked if this is a recurring charge or one time. Jim Hill answered that if they have more capital expenses later. Then you will see further one, Jim can make up for it as the heat fuel cost did go down, he was fortunate enough to lock in \$1.78/gallon for next year. Chairman Mosca, asked why the, I know part of it has to be the increase in North Conway, why is it so much for the high school versus all the other schools. Mr.

Richards answered that Conway is this building is part of the Conway Village Fire District for the water precinct. You will probably see an increase there coming up as well, I know they are discussing that right now. There were a couple of capital improvement projects that took place in North Conway, there was a well pump station that was done and so those were those one-time cost that did increase. Mark Hounsell, clarified that the reason there was so much paid this year, is we didn't get the bills from the North Conway precinct in a timely manner, so this catches us up. In the future, these bills won't have piled up, it was somewhat of a surprise but it is tied to the contract we have with North Conway to provide water and sewer to the high school, they just hadn't generated the invoices till now, which should be quite a bit less, under control in the future. Peter Donohoe asked for clarification, these infrastructure improvements to the high school's plant property equipment or the water precinct. Mr. Richards, answered to the water precinct. Peter Donohoe asked if that was part of a contractual. Mr. Richards answered that it is, everybody pays. I don't know how many different well pumps were done but they had to reestablish one of them, so there was over time. We are pretty clear on moving forward we will have time to anticipate that one-time cost as Mark said.

If you flip the page to the back side and continuing on you will see the total operations, building maintenance, and grounds is down a little bit. Just increases back and forth, some reorganization of the dollars and cents. For example, technology in unit 8, you will see an increase in a couple different places of \$11,000 and \$10,000, but you will see a decrease of \$22,000. Because as we move to different phases of our technology we are putting money into systems and software and less reliance upon upgrades to the actual hardware equipment. So, this is just a different way of taking a look at the summary of increases and again the total increase being that \$894,000. You can come back to this if you generate questions.

Questions:

Dick Klement asked on the back page looking at the equipment and furniture, looking at the high school and middle, school we are getting close to the 10 years since we bought that furniture for the high school yet we are going down in the repairs, are we going to get ourselves in trouble over this. Mr. Richards, answered that he will say there are lines in the budget, Jim do you know was that the utility vehicle? Jim Hill, I think he is looking at the \$13,000, the furniture up there we bought good quality stuff, going on 10 years, so far so good, I have not heard the request for new stuff also enrollments down a little bit. If they have stuff, that's, they can move stuff around obviously. Dick Klement state he would hold that thought for later on because you are proposing enrollment goes up by 40 in the high school.

Bill Marvel stated he heard the 10% plus increase for health insurance, then I flipped over to what you are calling object summary E and I don't know if this is a pertinent figure but you have figure of almost \$7 million for health insurance alone but it is only

about 7 1/3 % more than last year, why that discrepancy is, am I missing something? Mr. Richards answered that we know the guaranteed maximum rate is 10.7, the proposed budget, you are talking \$6,502,000 last year to \$6,908,000 this year. Yeah, that could be real cost based upon changes in personnel that we have hired over the time. For example, in the 2016-17 budget we had somebody who had a two person or family plan and we replaced that with somebody with a single plan that would be a cost savings to the district. These numbers are based upon people we do currently have here. So, we don't budget specifically a dollar per number of people, it would be I am a family plan, somebody else might be a two person, and somebody else might be a one person. Chairman, Mosca asked so basically the overall health insurance is going up 10.74%, changes in personnel may not reflect 10.74% in the line item? Bill Marvel asked if it would fluctuate by \$150,000? Mr. Richards answered, oh easily, easily.

Peter Donohoe asked if they could explain on the back of the second page Kevin, this would be SAU 9 share adopted budget there is \$46,734 line item there, I don't understand what that is. Mr. Richards answered that if there is an increase in the SAU 9 budget there's an increase to all the districts within SAU 9. So, that is a proportionate amount that Conway absorbs as part of the increase. So, the employees in SAU 9, our insurance went up as well which caused our budget to go up, I don't know how much our budget is up this year off the top of my head, but that is a calculation based upon Conway's percentage of the overall budget. Peter Donohoe stated I think I got it thank you.

Chairman, Mosca asked just below the legal professional services and right below that teacher student loan, it's a \$15,000 and \$10,000 line item. Mr. Richards answered that we will talk more about that as we move forward, but in the contract as an incentive in the last negotiated agreement there is an incentive for new teachers to the district to have a loan forgiveness of a \$1,000 per year. So, if you were a new teacher you would get \$1,000 paid to your college loans accordingly for a period of 5 years. Tonight, you will hear that part of the negotiated agreement is to have that expire in the year 2021. Chairman, Mosca noted that he saw that. Mr. Richards continued that those are those pieces, so that number potentially could be \$30,000 next year because you have 15 new people who qualify and take that in.

Chairman, Mosca asked, down a couple more, contract services, transportation rental \$15,355. Jim Hill, answered that is our share of the town garage.

Chairman, Mosca noted that he is now going to jump up to the top because as much as he looks at numbers going up he also looks at numbers going down. Contracted services, grounds is going down \$34,500 and the one underneath that is going down, new equipment, replace equipment \$29,500. Mr. Richards explained that last year in the budget process there were additional projects that were taken on one was the high school baseball fields we don't need to redo those fields again which caused a

reduction, do you know what the other one was? Jim Hill, answered a utility vehicle for maintenance dept. Mr. Richards stated that as Dick said there is a utility vehicle that needed to be purchased to, it had gone through, so were reducing it. Chairman, Mosca responded with, like I said I see numbers like that I want to make sure we don't cut too much. Mr. Richards responded that at the very bottom the principle of debt, you will see that includes the John Fuller bond from last year and that is why that increased by \$87,000. All set to move on. Chairman Mosca, concurred, all set to move on.

Mr. Richards continued the next thing I want you to receive, and this was just done, is the default budget, I ask that you put this in your section C the blue tab which says default budget. If you take a look at the default budget, the default budget is that in the event the proposed budget gets voted down this is what the budget would be for the Conway School District. You can see that because the school board directed administration to cut that \$150,000 out of the budget and with no new positions in the budget essentially, that the difference between the default budget and the proposed budget is only about \$6,500 at this time. Any questions?

Questions:

Dick Klement asked that in the approved budget 16-17 warrant, warrant article 2, was \$2,036,925 yet a calculation for 16-17 you got a flat \$2 million, where did the \$36,900. Chairman Mosca, noted that it was interest. Dick Klement asked if that should be subtracted also? Mr. Richards asked if he could recognize, Becky Jefferson. Becky Jefferson answered that the difference is interest, which is carried into the following year budget. So, the 36 is what was raised for the interest. Mr. Richards noted it was for last year. Becky Jefferson said you will see that on the new article.

Mr. Richards continued that's the default budget. If you could go to section G, giraffe, revenue, the pink tab. So, you can see starting at the very top the unencumbered balance for revenue is a low estimate \$88,500 at this point this is a conservative estimate moving forward. The unencumbered balance due to expenses \$775,000, again those are estimates moving forward. One of the pieces Conway does, the Conway School Board, they elect to keep 2.5%, they made that decision last year, of that \$414,947. Remember, we could use that with the approval of the budget committee in the event an emergency were to take place. So, we don't have any expected reasons to tap into that at this point so it goes into the revenue column moving forward. The estimated school building aid stays the same. The catastrophic aid, again that is tied to our special education and that's an estimate that we have for the services that we do have. Moving down from the federal sources we do have the school lunch program. Medicaid reimbursement again those are services we can apply for, for some of our special education needs, such as speech therapy. Then you will see the next part is the tuition and you can go through the middle,

elementary, and high school. It looks like the revenue overall is up about \$358,000 from tuition.

Revenue from the local sources moving down those numbers transportation, rent, the SAU lease with Conway school district, school lunch program and one of the things you will see is that the revenue is here but there is also the off set in the actual budget that's a decrease, so those numbers are a little bit confusing there. Special Ed services one-to-one aides, that would be for, if a student from one of the sending towns had a one-to-one we bill that out to the sending towns and they reimburse us for that. Same thing with the OT in preschool. You will see the State of NH Adequacy grant, the NH education tax, those are again put into place. Please recognize that the stabilization grant that contributes to the overall adequacy grant the plan is for the State to reduce that by 4% per year over the next 25 years.

Mark Hounsell asked if that was all lumped into the adequacy grant? Mr. Richards answered yes. Mark Hounsell asked would it be possible for us to start tracking that separately as the adequacy grant but also so we can track the impact. Mr. Richards answered that it's about \$730,000 this year that stabilization so a 4% decrease is about \$30,000. Mark Hounsell asked for every year for the next 25 years. Mr. Richards answered becoming increasingly less because 4% of a lower number is. That really is something the north country. The way stabilization works and I don't want to get into it too much, but if you have the number of special education students that you do have there are certain values that go along with that. Free and reduced lunch there are certain values that go that. Reading scores and academic scores at the 3rd grade level, those all contribute to. So, if you have these property poor towns, we know the state adequacy you can't education children for \$3,600/\$3,700 it's just not fair. So, it's really a funding mechanism but reducing stabilization by 4% is not an answer to helping our districts. Mark Hounsell stated Mr. Chairman if we could start tracking that, I guess it's going to happen, so we should become aware of that impact on our district specifically on the reduction of the stabilization grant because that is clearly a cost shifting to local communities from the state. They reduce their taxes and expenditures and put it on us and saying they did a good job, now I beg to differ with them.

So, one of the key pieces that you are taking a look at is the district assessment, that's at the bottom of the revenue that's the amount that has to be raised by the Town of Conway through taxes, there's an increase of about \$837,311.

Bill Marvel stated he noticed revenue from Eagle Academy and the summer school is lumped together here and runs from little to nothing and I am just wondering is there tuition for sending town students who go to Eagle Academy? I mean it looks like it would be almost nothing in this year. Mr. Richards answered that is in the regular tuition rate. There is a credit recovery, which is different than Eagle Academy which

is offered as adult ed. that students pay a nominal fee, not sure if it is \$150.00 per course, but if they are an Eagle Academy night time student its part of the tuition.

Dick Klement, you may be answering this question later on, you gave us a briefing several months back where you talked about a short fall in the food area. So, is it a short fall in revenue or an over expenditure in expenses? Mr. Richards answered that's a great question, so this is the anticipated revenue we see generated through lunch, whether its reimbursable meals, whether its I go in and buy a lunch, so these are the revenue pieces. Our operational costs are, right those are in the budget, to be honest with you Dick it looks we are going to be running the food service program at a deficit of \$150,000- \$200,000. Mark Hounsell, stated you can't even get a good pizza, I shouldn't say that you can't get a Michelle Obama approved pizza.

Moving on, so if I could refer you to tab H estimated tax rate the gold one right next to it. Note that this is based on the 2016 net assessed valuation for the Town of Conway. We know that will change, there is a lot of construction taking place and what not, but that is the number we have to use to calculate the tax rate for this purpose tonight. So, if this budget is approved, essentially if the default budget goes in the effect on the tax rate is an increase of 4.88% or 59 cents to have the operational budget as proposed go through. We will talk about the warrant articles, people get a choice on each one of those warrant articles as they do for the proposed budget. You will see, very quickly we will talk about those warrant articles, but if all those warrant articles, includes the bond, teachers' contract and other pieces it will be an increase to the tax rate of \$1.10 for an overall increase of 9.11%. Those are tax rate, I think most people have a clear understanding of what that is, whether you agree with it or not you have an understanding of what the tax rate it.

I would like to move to tab B, B as in Bob, the warrant articles, well talk a little bit about the warrant articles. I think one of the, again, looking forward one of the pieces that the school board and the administration took a close look at is trying to limit the number of articles that are on the warrant this year. So, you are not seeing the article that we have had in the past the special education reserve fund, that is not on there. You won't see the general maintenance trust fund that's on there. So, really you have the 9 articles and one being to elect the necessary officers, but we will walk through each one of these articles and if you have questions by all means ask those.

So, article 2, this is for bond for the next phase of the mechanical upgrades to our elementary schools. Conway elementary school is next on the list, the scope of work is essentially the very same as that occurred at John Fuller. John fuller and Conway elementary are almost duplicate copies of each other, same time period, same time frame and the warrant is really, the question is for \$2.1 million bond to upgrade Conway elementary school.

Article 3, this is a contractual agreement, part of the tuition agreement. This is part of Kennett High School facilities maintenance fund and that's set at \$54,443. One of the things that will be taking care of, that we will be proposing to be done this summer is the road going up to Kennett High School. It's time for an overlay, which will require the sewer covers and manhole covers to be raised and that will cost about \$100,000 to do that, it's time to do it. In that account, just for your own records, is currently \$538, 688.

Bill Marvel asked on that \$100,000 is that our share? is someone else sharing that cost? Mr. Richards answered that they all, already put money in, so on every town. Bill Marvel stated that he meant the private party. Chairman Mosca stated that the \$100,000 is being paid out of the trust fund which all of the districts paid into. Bill Marvel stated that he was not talking about the school money, that road was shared with an individual, I think that Jim has an answer. Jim Hill answered that we have a contract with Kennett Corp that they pay a share and they will be charged a share of that bond. Bill Marvel asked its not 50/50.

Article 4, again this is a contractual tuition contract, agreement 17k and in that account, is \$172, 28. I don't think there any big expenditures claimed for Kennett middle school at this time. Article 5 is again a contractual part of the tuition agreement for the elementary schools for \$9,900 and in that account is \$89,733. Any questions about articles 3, 4, and 5.

Questions:

Dick Klement asked if we look 3, 4, and 5 what's the Conway cost on that? This is the total appropriation to include sending towns. Jim LeFebvre noted that it is less the offset from sending towns you are referring to Dick correct? Mr. Richards said for article 4 and Chairman Mosca, stated that it would be 17086 minus 7308, so roughly 10k.

Pat Kittle asked these are contractual articles, what happens if they get voted down. The audience answered don't vote them down. Chairman Mosca answered I don't know. Mark Hounsell answered that would be offensive to the sending towns because we would be in violation of a contract they could seek litigation, I am sure we would never get to that. On either side, all the sending towns have it on theirs as well, it's part of the agreement. A lot of this operates on good faith, but you are right if we all didn't, we could be found in breach of contract as could they, so let's not do that. Chairman Mosca noted that he doesn't think that this board has ever not voted to approve the trust fund articles, hopefully that won't be an issue.

Article 6, the collective bargaining agreement with the Conway Educational Association. If I might Mr. Chair, I have the two chairs who negotiated the agreement, Chair of the School Board, Janine McLauchlan, and Chris Bailey, Conway Education Association,

maybe you can give the highlights. Sure, Janine McLauchlan, Conway school board, so when we went into negotiations we really wanted to focus on using the community created strategic plan and how we approached negotiation's this year. So, we identified right away some areas we wanted to really emphasis when we were doing negotiations. That would be our challenges associated with retention and recruitment of our teachers. We also wanted to recognize that the long-term cost in retiree health insurance, we talked a little bit about that tonight. If anybody hasn't heard the figures the retiree health insurance cost the district an estimated \$1.7 million dollars to pay those premiums for those retirees. We have about 156 retirees that are taking advantage of that particular benefit. The other thing we wanted to focus on is professional development. Again, making sure that you know the teachers that we do have we are really putting our money where to, keep them and retain them and making sure they are working at their highest level to the benefit of our students. So, after lots of different meetings and talking about a lot of different things we agreed on a 3-year contract. The contract would address the salary of teachers by increasing the starting salary, the first year to \$34,600, the second year of the contract the starting salary would be \$35,800 and the year three of the starting salary would be \$36,900. In addition to that, you know we have the salary schedule within the contract and there are steps in that schedule, so we also propose increasing the steps, the first year by \$780.00, the second year by \$810.00 and on year three \$850.00. The off-step teachers that are on the contract, so those that have maxed out, they are beyond whatever the highest level step is the 12 year masters. Their increases that have been proposed, the first year would be \$1,700 increase to their salary, year two \$1,800, and year three \$1,900. We did a lot of work and a lot of research in comparing our salaries to the different comparable groups that we established within the strategic plan, Kevin mentioned them earlier. The comp one, being the group that was within the 50-mile radius and comp two being the group of schools or the districts that are similar in size, structure and socioeconomic. This contract gets us closer to what the median salaries are for those comparable, it doesn't get us there but it gets us closer. We weren't trying to get our teachers' salaries to be the highest of those comparable, but we want to get as close as possible to what the median of those groups are and what our salaries are in comparison. We know that this is a multiyear strategy to get those salaries to be competitive, this 3-year contract gets us a little bit further along in that long-term strategy.

The other thing we took a look at and I mentioned, is where can we find some cost savings. Having a \$1.7 million price tag in retiree health insurance, we all felt was pretty hefty. So, what this contract proposes is a long-term phase out of retiree health insurance benefits. It doesn't take away the benefit right away, we didn't feel that was fair to people on the plan now and worked all those years with that plan being promised to them, but it does slowly phase out that benefit, much like last year's contract the language was changed to slowly phase out the longevity benefit. So eventually those long-term savings will be seen by the district as people in a sense age out of the retirement health benefit, so that was one of the approaches we took.

We also and Kevin mentioned this earlier, that loan reimbursement benefit that's currently in the contract we put a stop date on it of 2021. The reason we did that we took the approach we said we always looked at teachers' pay as total compensation. The balance between the dollars in the pocket and the values of the benefits. In the past, we put a little more emphasis on the value of the benefits and less emphasis on the dollar in the pocket and we are shifting that a little bit so we can be more competitive and we can recruit the highest quality teachers we can find. In fact, bringing those salaries up and reducing some of those long-term benefits is actually less expensive for the district to do that as you can probably see from having a 1.7 mill price tag on retiree health insurance. So that was our general approach, those areas, we also wanted to encourage continued professional development to make sure our teachers were the best and the most well trained so we did put some additional benefits and emphasis on repayment or reimbursement of college courses that our teachers are taking. It doesn't provide any additional funding in total, right now we have 50k in the budget but what it does is provide that reimbursement on a more timely basis so that more teachers can take advantage of it. The way it works now is that if a teacher takes a course in the summer they may not get reimbursed until the following June. What we are proposing is a trimester system so if they take a course in the summer they can get reimbursed at the end that semester, the fall the end of that, and the winter the end of that. So, it's just a more timely reimbursement but it doesn't add any cost because it's the same 50k we put in.

So, those are kind of the highlights. The cost you can see from the warrant article for the first year is \$461,926, year two \$468,005, and year three is \$482,627 for a total of \$1,412,558. So, that's a brief summary, I don't know, Joe if you want to add anything on the salary, how we looked at that and Chris if you wanted to pipe in at all that's up to you. Joe Lentini, Conway School Board, what we did look at is the comparable groups and we looked at projected increases based on what their increases have been over the last 5 years and looked at trying, again trying to catch up but not, catch up to the median not exceed the pay of these other districts. As we looked at it, it was very clear to us that we weren't going to reach this in 3 years it will take us 4-5 years maybe a little longer to meet that median salary range.

Questions:

Vice Chairman, Joe LeFebvre asked out of curiosity for the folks watching on TV, what is the median on comp one and two respectively? Mr. Lentini stated I do not have that figure in front of me. Mr. Richards answered that the most recent data, that was used is Conway School District \$42,900, the state average was \$59,900. Average of comp one, which is that north country region \$54,266 and comp two was \$53,054. Vice Chairman LeFebvre asked do you have that for first year teachers, that's where I really am most interested myself, the first-year teachers, what's the median cost for the comp one and two for the first years. Mr. Richards answered I don't have that but could get that for you. Vice Chairman LeFebvre responded, if you would please.

Pat Swett, I have a problem with this 3-year contract, I know in the past the community has balked at a 2-year contract and I think you are putting the whole thing in jeopardy by trying to go 3 years especially with the way the economy is today and everything and I just think you are going to hurt yourselves. Mr. Lentini said I can speak to that, the idea of the 3-year contract was very simply because we are not, our pay rate is still well below the comp one and comp two medians. What we are looking at is a demonstration to people that might potentially come here, that we are working toward bringing them to that level. Not that we are going to get them there, but there was a commitment of the community to acknowledge that we are so far below and try to move us in that direction. So, we would be able to attract teachers who might look at, well I can make more if I go to these other districts, but this community is showing its commitment to at least moving me in the right direction.

Chairman Mosca asked in group one the 50-mile radius, what is the average for the past 3 years in salary increases and what are you projecting out versus what we are projecting through this contact? Last year the pay increase was about 5%, this year it is going to be about the same. Mr. Lentini stated I don't have those figures in front of me, I have them, I didn't bring them. Chairman Mosca stated if you look at the total salary versus what the total contract was worth it averaged about 5%, I think it was 5.06% with my numbers, so I would like to know what the comps are for the comp one 50 mile, what their percentage increases are? (I know there are a bunch of people, I am talking, don't worry about it). If we could get that information I would appreciate it.

Bill Marvel stated, first I have looked at the average salary figures for the other towns, and I am wondering, because averages can be ambiguous and statistics, if you have done any study of the average longevity in each of those districts? I don't see those figures. Mr. Richards answered that is a very fair question Bill. One of the big things that we recognized was the base starting salary is, close to, these other comps. For example, \$35,000 for a starting base salary is not too far, your closer to the median if you are there. What happens, the other districts, their step increases are the median step increase is about \$1,400, where in Conway it was \$700. If you were to compound that over time it takes Conway folks twice as long to get to the comparable salary. So, what is happening is this, even though both started at the same point the other districts were creeping up quite a bit. I don't have, I would have to probably go to the actual districts and ask for the longevity or years of service in that district. There is no state report, I can do it for our district, but I can't do it for other districts there is no central warehouse for it.

Bill Marvel stated that another thing he did suspecting that there were no figures for average longevity. I just took a few other towns that are cities, some of them call themselves, that are somewhat comparable to Conway at least in size although I didn't have their enrollment figures. Berlin is exactly the same size as us they have 41% fewer

teachers. Littleton is 60% of our size and they have 46 or 7% as many teachers. Laconia is 60% larger and they only have 16% more teachers. I think the problem, why you are having trouble getting contracts like this passed is you are trying to employ too many adults for too few students. I have been saying that for years and one reason I supported the contract last year is because it was a one year contract and you made a small reduction in staff, but with a multi-year contract you have the opportunity for at least two years to increase your staff without a comparable. Without anything in return for the tax payer and that was the reason that I said last year, I told Chris if it was a 3-year contract I am against it.

Peter Donohoe asked Kevin or Janine, just so I am clear the health insurance benefits are not included in the salary for the comps, the two comps, in other words what are the health insurance benefit bands in the comps like compared to our health insurance and benefits package. Mr. Richards answered that is a great question and I will tell you that really has been the tradeoff. When Conway's salaries weren't increasing at the rate of other districts, those types of benefits did increase. That's really what they were doing, our longevity schedule, the amounts you can get for longevity is substantially higher than most of the comps. The retiree health insurance that is currently with teachers, I am trying to be as honest with you folks so you get because I think it talks about the strategy they have here. There are very few districts that have the retiree health insurance that the Conway teachers do, so they were paid low but the health insurance was, if you hung in there long enough to the Town of Conway, it probably paid off. The problem is that the salary didn't allow people to stay long enough to reap that benefit. Some did obviously because we have 150 people that are on retiree health insurance. The other thing was, when these benefits went in they didn't expect people to live to 80 years old, you know. Now the strategy from hearing both sides is, we will pay you upfront now so that we can calculate out our long-term liability for health insurance in the future. Same thing with longevity, to reduce longevity now, we will put that in your salary now, but as a district we won't be liable for that ongoing imperpetuity. I think that was really because those were all part of those concessions and discussions and conversations that took place during negotiations.

Chris Bailey, social studies teacher at the high school and I am co-president of the Conway Educational Association. I just to kind of reiterate what has been said a little bit, we kept coming back into negotiations to the idea of fairness and feasibility. Is this fair for all involved and is this feasible? So, we recognized that the overall line item is in the ballpark of where it was last year, we certainly appreciated you folks approving it last year, so we didn't want to come to you with a ridiculous number. The fairness piece trying to put as much money at the beginning as possible to get as close to that competitive median as we could. As Kevin said, to try get the money in the teacher's pockets when they are starting and then they will continue to have that. At the same time while stripping away some of those benefits that will save the district

long term. While keeping those benefits for someone like me who has been making significantly less than those districts around. So, that became the trade off and fairness piece we are discussing. To Bills point about the 3-year piece, you folks of course through this process have the ability to speak to any kind of additions to staffing you know during the budget process. That's not anything that is negotiated with us, more teachers or less that's not a conversation of course that we have. So, we as a union have no control over that, you folks would certainly have that input during the budget process if someone was trying to add teachers you know next year or something in the second year, you guys would be able to comment on that you know during the budget piece.

Steven Steiner my question is Kevin you have this comp one and comp two and we are analyzing against other school salaries. I think that's the wrong way to look at it. I think you need to go to Berlin and see what is the class size. Go to Laconia, what's the class size? I think where teachers are making more money when they leave here, they are going to school systems that pay more money because they have larger student population. They have a class size of 25 or maybe 30, you know we have a class size of 14-15 or whatever it is. So, the comps are skewed in my opinion. I haven't seen, I just know I have been to Laconia high school, they have more than 10 kids in a class. Chairman Mosca stated as do we our numbers I think they are 18-19 for the elementary school, about the same for the middle school and I think it was what 17 for the high school. Mr. Richards said I gave you those numbers. Chairman Mosca said yeah, they are in the book. Mr. Richards just to, again that strategic plan, because that is one of the pieces is staff to student ratio of those comps. You are right Conway school district is lower than the state average, state average is a little bit higher, but ours is actually higher than the north country regional as far as staff to student ratio. I try to be as clean with the data as possible so I go to the same source to pull that out. We did give you those class sizes I think in October or November.

Vice Chairman, Jim Lefebvre you stated that the retirement payment is going to be phased out. Can you give us more detail on how it's going to be phased out? For example, if I came on board this year as a brand-new teacher would I be eligible for the retirement payment 25 years down the highway. Janine McLauchlan answered so in that same tab there is a copy of the tentative agreement. If you look at the tentative agreement page 4, the fourth piece of paper. Chairman Mosca asked article 2931. Ms. McLauchlan answered yes 2931, there is a table that explains depending on your hire date and how many years you taught in the district what your benefit would be. What it currently is if you retire from the district and you have either 10, 15, or 20 years depending upon when you were hired. Upon retirement, you can continue your health insurance as if you were actively employed. The district would continue to pay 80% of the premium and you would pay 20%. What we have proposed is the changes would be phasing it out, so starting with those hired between July 1, 2017 and June 30, 2014, you would still be able to choose that retirement, single two person or family. But for

Medicare supplement plan you would only be able to choose a single plan. Now you can even take a medial supplement at a family level or plus one. If you are hired July 1, 2014 – June 30, 2017 same as above you have to have 20 years. Anybody hired after June 30, 2017 can only chose a single plan at retirement and only able to continue that plan until age 65. Once they reach age 65 they can still choose a Medicare supplement plan but they will pay 100% of that cost. So, it's a tiered phase out of the benefit. Vice Chairman, LeFebvre stated one of the reasons I asked you to go into that detail is again we are talking to the cameras here for the folks watching this on channel 3, they don't have the resources that we have in front of us, so thank you.

Pat Swett for years we have heard that we are losing teaches to towns that pay at a higher wage, but has any study ever been done that comes up with a higher cost of living where these people have gone to. I mean I know I have heard of 2-3 that said oh my gosh I didn't realize how much more it was going to cost me to live here. I mean so maybe were not so far off if we do the study, just a point. Janine McLauchlan answered fair enough.

Chairman Mosca asked the early retirement, I guess I wasn't aware of the, if somebody leaves early they can be paid for 5 years at 30% of their pay. I read that in the paper last week I think and went wow, is that something we would look at phasing out at some point and time. I said this the other night to the town, I brought up a point on Monday night and said I don't want to hurt anyone that is already employed. That's not my intent, but to look in the future and say is this something we don't need in the future.

Chairman Mosca asked on health insurance would there be any thought at looking at through negotiations new hires paying 25% instead of 20% to save the base a little bit. I know other places do that and it's just, throwing that out there. I don't want to hurt anybody who's already employed, but people who aren't employed yet and coming in, if they know what they are getting coming in then so be it. So, I mean I am just looking at future savings. I know that's 20-30 years down the road, but it's still saving, savings in the long run. Janine McLauchlan responded that's a good approach, because as far as not hurting anybody that is already here. That is the same exact approach that we took when we looked at the phasing out of longevity, the phasing out of the student loan reimbursement, and phasing out the retiree health insurance. That's why you see the table now which is seemingly complicated, but it's to protect the current employees and not take away from them. Like you said when someone is coming in brand new that piece of paper is what they are going to be looking at and going forward so that makes sense. As far as looking at changes to the cost share that is always a discussion, it didn't actually come up I don't think in this particular negotiation. We were focusing more on the cost of the retiree health insurance you know once we have that. Definitely something for future negotiations, we did a couple years ago, add an increase in the dental premium cost share so.

Mr. Richards answered that we, they were concerned about protecting the district from the Cadillac Tax. One thing that was put in there is language that protects the district in the event that if bounce up against the so-called Cadillac tax or anything along those lines. Which is important language, I think the conversation is continued around health insurance and take a look at those pieces, but that is one piece that definitely got into the contract. Janine McLauchlan stated to make a point it protects the district as well as the employees because with the Cadillac tax if it ever comes to fruition could be a cost sharing. Chairman Mosca noted that it could be a huge cost to the district, absolutely.

Bill Marvel noted two observations, I noted that provision in the agreement and what it said to me is that it is basically acknowledging that this is Cadillac insurance. The other observation I had was that I often read, well I haven't recently read about it, but just few years ago we were reading about how few experienced teachers we had. We had too few of any real tenure and that always seemed to be discussed in conjunction of easing the hiring of new teachers and that just seems to be somewhat contradictory of encouraging experienced teachers to retire early. Janine McLauchlan responded to Bill's comment, in regards to the Cadillac tax, language we put in there isn't to acknowledge that this plan is at the Cadillac level. What it says is that in the event that the health insurance under this agreement is projected to trigger the so called Cadillac tax. That Cadillac tax is based on the value of the plan the cost of the plan so there is a calculation the federal government deems is at that level. So the language was really more general to say if it ever is projected to trigger that tax. We are not acknowledging that the current plans we have would fall under that right now we are just saying it could. Chairman Mosca said I don't think the plans you have do fall under that , they may but I got running the numbers roughly I don't believe they do.

Joe Lentini added that on the early retirement, part of the contract we are only required to approve 3 early retirements per year. Chairman Mosca asked I thought it was 5? Mr. Lentini answered that it is 3. It was felt, we looked at that, it was felt by administration that it was appropriate to keep that in there, that did come up as part of the discussion. Chairman Mosca asked if someone takes early retirement, do they get to collect retirement at that point and we still pay them for 5 years. Mr. Richards answered if somebody has the requisite number of years, so you would have to work 20 years in order to be able to retire between the ages of 55 – 58/60 whatever it happens to be. They could potentially retire from the town of Conway receive that but not draw from the NH Retirement System. Chairman Mosca said ok for that 5 years they can't draw. Mr. Richards further explained because anytime you retire from the NH Retirement System before the age of 62 there is a penalty for that. Chairman Mosca asked they could go teach somewhere else. Mr. Richards answered they could.

Pat Kittle asked if you got a projection at all about what the retiree medical cost is going to be heading into the future. In other words, how many folks are coming off of

it and how many are going onto it and what that number is projected to be. Mr. Richards answered that is a scary number, Jim Hill did a number study of that and 5 years ago, 2012 – 2016 we went from about 106 people who are 65+ about 65 people joined that so now it's up to about 156/157 people within that 65+. That is one more incentive, I get that it is a concession the teachers made through this collective bargaining agreement. That is that sense of urgency that the board and administration recognized as a big big ticket cost item that you can't project. We did not or somebody did not project 10 years ago, that we would have this number of retirees, so we are trying to control those costs and put measure back on place. Pat Kittle asked to make sure I understand is what you have done now is set us on a path assuming this gets passed we are on that upper climb of the roller coaster, it may go for a while before we crest the top and come back down. We won't see impact of these changes for a long time. Mr. Richards answered that you will see some because in 2014 it went from being here for 15 years to 20 years within the district. So, that was one slowing of the people that could qualify for those. You are right Pat, the same way it went in, I mean when this benefit went in health insurance for a family was probably about \$4,000 per year and it's not at that anymore.

Pat Kittle asked so if someone is 70 years old and instead of being on Medicare they could continue to be on the school district plan. Mr. Richards answered no, its what's called at 65 a Medicare supplement plan. So, it's an additional health insurance plan that people could subscribe to. Pat Kittle asked but the district pays for it. Mr. Richards answered the district pays the percentage of the premium, the 80/20 if you will.

Bill Marvel asked the way it was phrased I wonder if the school board doesn't ever exceed its maximum required number of approvals of early requirements at 3 and sometimes does 5 or 6. Mr. Richards answered it does, yes.

Mark Hounsell stated to put some dimension to this about retirees benefits cost, we are talking the equivalent of operating one of our elementary schools for one year. So, if we are looking at what is the value of this what does it represent, it represents an elementary school. Even though it is going to take some time we have to be cognizant of the future generations and this is a good way to lift a burden from them even though it is going to be perhaps slower than what we would like.

Bill marvel I just figured out how to fund that insurance.

Dick Klement noted that it is spelled out in the article, but people are going to see \$461,000 and although it says the other numbers, the total sum obligated at passing this warrant article is \$1.4 million. So, if we vote this in we are obligating 1.4 million dollars over a 3-year period and of course it is there forever. I think some people won't understand when they see the ballot what is being obligated versus the \$461,000

number. Mark Hounsell answered when they look at the cost for each of the 3 years and compare them to the cost of each of the last 3 years they will find those increases are in the same ballpark. What this does, it admits that what has been increases will continue to be increases. It's not like we are raising \$1.7 million under this one. When you realize that we have probably raised that much in the last 3 years over the period of years. What this does is allows us to plan with this in place and focus on other things. I am very hopeful that the budget committee will spend time and look at the value of this contract and the long range not just the cost. We know the cost is expensive, but it is not out of line of what we have been doing. What we need to look at I believe is the value of this contract as it pertains to equitability to those teachers that we want to hire and have their careers here and to keep them. To also be able to spend more time looking at parts of the strategic plan that often fall to the wayside because every year we basically start a new negotiation process. Passing a 3 year contract, in my estimation I believe, now I am representing the school board, the school boards estimation is good business for all of us especially on the planning side as we do our very best to implement the community developed and the community endorsed strategic plan. We haven't gone off the reservation when it comes to the plan, in fact I think the more time we spend on this, the more questions we ask the more it will be revealed that this is an excellent contract, not just a good one but an excellent one.

Chairman Mosca, I wanted to get back to Dick Klement's point on the wording of the warrant article. I believe in the warrant article I should state the total dollar figure of the 3 years. WE had this discussion, a couple years ago, with the DRA on the police contract and the DRA said at that point and time the article had to state the dollar figure for the 3 years. You may want to check on that. Becky Jefferson answered that we send them to them for approvals. Chairman Mosca said there was a specific question because the articles never had the total dollar figure in it and the budget committee asked why and the town went to the DRA. The DRA said no they should have that. So, they may approve it but if you don't ask the question. I'm almost positive that happened with the police last contract, two contracts ago.

Bill Marvel, I came in thinking I understood that warrant article, now I am wondering if those figures are not cumulative. So, the first year you are going to add \$461,926 and next year with that additional \$468,000 it is going to come to \$929,931. Then finally the third year it is going to be 1million 4 and it is going to be a million for eternity, is that correct? Mr. Richards answered correct.

Pat Kittle that was my point to its not separate its cumulative. Chairman Mosca, said that's why I think the total is \$1.4 million, whatever. Pat Kittle responded not it needs to be like 2.4 doesn't it.

Mark Hounsell stated the practice of multi-year contract is not new to neither the district or the town, Joe mentioned the police contract, but last year the school brought in two multi-year contracts. It is the position of the school board that we would like to do no more than one contract a year because that way we get to focus on it. My personal opinion, by doing a one year contract knowing you are going to do another one year contract, you're not so apt to be focused on what it is you want in that contract. Where if you are looking at you know we are going to do something for 3 years you pay a little bit closer attention to the impact and I believe that's exactly what we have brought because everyone is understanding that we have to cross our t's and dot our I's because this is a 3-year contract, where one year contracts you might be a little bit casual.

Bill Marvel stated I have come to the conclusion that the actual cost of the contract is \$2,342,489 (this figure was later changed to \$2,804,415), if its cumulative. Chairman Mosca asked how do you figure that? Bill Marvel answered because the first year is \$461,926 is that not included in the next year's budget then you add to that \$468,500. Then you have \$929,931 that goes into the next year's budget then you add to that \$482,627 then you have to add in that \$929,931 that you already added in two previous years and now you are at \$2,342,489 (this figure was later changed to \$2,804,415). Dick Klement responded no, no the cost is over 3 years not the cost, in 2017-18, you put 461 in there that becomes part of the new base line then you add 468 the next year which is part of the base line then 482 the next year which is part of the base line. But in year two you are actually adding, year two you are actually adding the 468 to the 461 which is becoming the new base line. Becky Jefferson answered I think you are compounding and adding in twice, so for if we have a 10 million budget and this is a 500k contract the approved budget for next year would be 10.5 million. The following year the budget then if everything is the same would be 11 million and the following year would be 11.5. Dick Klement asked so the total increase over a 3-year period is 1.5, 1.5. You are starting with 10 and adding 5, 5 and 5 at the end of ten if everything is equal you're at 11.5. Dick Klement said he begs to disagree but.

Mark Hounsell said I know we are going to have good conversations about this and about the impact but I thought the days of voodoo economics left with George W. Bush, but your math doesn't work, doesn't work.

Chairman Mosca, you are not adding it twice the total contract value is 1.4, the total contract value is not 2.3 or whatever you are saying. Bill Marvel explained you're paying \$468,926 3x you are paying \$468,005 twice, you are paying \$482,627 once that totals \$2,342,389. The total cumulative cost over 3 years is \$2,342,389. Chairman Mosca stated we will agree to disagree on the numbers I'm not going to sit here and talk about two different schools of thoughts on it be here until eternity. Bill Marvel asked what number would you want to see then from the DRA. Chairman Mosca answered that he will ask the question myself but I think it should be the 3

numbers added together which is 1.4 and change. Bill Marvel responded that the court case that killed multi-year contracts about 25 years ago, was over why the voters did not understand the cumulative cost of a contract and this is a classic example.

Mark Hounsell stated that I am absolutely convinced that this will be talked about enough so that there will be very few occurrences of people who were paying attention that won't understand both sides of this discussion. Chairman Mosca answered, I agree.

Article 7 is just the operating budget that was presented to you folks tonight, that number, well it is on the \$36,240,608, so that's the operating budget. Article 8, article 8 is an article that shows up annually and that is for project succeed. There is a little bit of an increase this year to \$53,998 and that is due to some grant short falls that occurred last year. Last year's number for comparison was \$38,600. So, it's a \$17,000 increase for project succeed and that's for the before school and after school programming for our elementary school students. They will be rewriting and resubmitting the grant to the state for further reimbursement for Pine Tree and John Fuller. Kadie Wilson, stated this year and next year. There is as back up information some highlights for project succeed past the collective bargaining agreement. I don't know if you have any questions regarding project succeed. Article 9, this is part of that adoption sequence for school buses. On the last page within this section it is color coded green, blue, and yellow. Jim Hill will tell you that there is a certain mileage point. We currently have \$47,350 in that account we are asking for \$93,500 to purchase a full-size bus, is that correct Jim? Jim Hill answered yes.

Questions:

Dick Klement asked if bus 16 has been sold or will be sold. Jim Hill answered will be sold. Dick Klement asked so you are going to continue, replacing that bus, but bus 4 is over 150,000 miles, hadn't you previously been buying a bus and a half a year. Jim Hill answered it was before you were on the transportation committee, at one point and time just before you came on the board. There was a, the board changed their policy to, instead of replacing their buses at 10 years, 150,000 miles as a rule of thumb, changed it to 12 years and 200,000 miles. We saw over the course of 4 years the cost of maintenance for our vehicles went up 100%. Then everybody said geez how come your darn bus bills are going up. Well they forgot 4 years ago, they changed that practice, started with you and Rick when you were on the board after we went thru that we went back to that rule of thumb. You will still see that those top 3-4 busses on there are beyond the 10 years and at 160,000 miles also over the 150,000 miles. What I try to do Dick is down at the bottom, that's kind of my goal. You will see a 1/3 of our busses are 0-50,000 miles, a 1/3 of our busses are 50,000-100,000 miles and the last 1/3 are 100,000 – 150,000 miles plus. At one point and time, I call it the rat trying to go through the snake, because we were trying to you know catch up from that error that was made by previous school boards. We got it back down to a point now there is

a good steady stream of new coming in old going out. Dick Klement asked so one bus per year is going to keep us on track. Jim Hill answered no, no, like for example, this year we had two busses a big one and a small one, but what it try to do is plan out in future years to focus on that number year. Dick Klement asked so I am going to anticipate then next year you got the \$93,000 and \$40,000, you will be going for two busses. Jim Hill answered probably Dick.

Vice Chairman LeFebvre asked you used to have a standard special article for the special education fund, that is not here this year. I am curious as to where that fund stands why you decided not to put it on. Mr. Richards answered as mentioned before, but for clarity purposes the school board and the administration felt that the articles that are presented on the warrant deserved focus and attention. We know there are some big ticket items here. We decided at this point that there were two that really, we said we can hold off a year, we are in okay shape put but the priority on these articles here. So, one was the special education trust fund and that has \$402,000 at this time. Vice Chairman LeFebvre asked when was it last tapped. Mr. Richards asked do you know the last time we went into. Becky Jefferson answered I don't believe it has been, I want to say it has not been. Mark Hounsell advised that we came close last year but these people were able to manage it so we didn't have to. Mr. Richards continued the other article was the general maintenance trust fund that isn't on the warrant and that has \$286,000. That will be used for such things as new tags at Conway elementary back in 08 or something like that. Mr. Richards said yes. Janine McLauchlan added that the reason for the general maintenance, now that we have the ability to hold back 2.5%. That can be used for emergencies we have that money available to us as well in addition to the maintenance so we felt it wasn't as critical to put that as a warrant article this year. Vice Chairman LeFebvre asked so realistically therefore your 414 plus the 200k gives you a flex fund of 600k. Janine McLauchlan answered somewhat flexible, the 414 obviously, we have to get approval. Vice Chairman LeFebvre responded approval from us.

Dick Klement you spoke about the 2.5% is that seven towns money or one towns money. Mr. Richards answered Conway only and if we don't expend it, it goes as a revenue source for the following year. So, the one danger is if you draw from that it doesn't show up as a revenue the following year which could have an effect on your assessed tax rate. So, you are better off having it and not needing it. Chairman Mosca added or you are better off to have it and use it then not have it and have to come try to do something special to get it done. Mark Hounsell stated that is the power of the law itself, because it is meant for emergencies, so at that point it takes both committees and the state actually to expend from it. So, it has to really pass the eyes of 3 different agencies to spend so it would have to be an emergency.

Mr. Richards stated so those are the articles.

Chairman Mosca asked if there is anything else Mr. Richards wants to talk about. Mr. Richards answered no, I just want to if I could take 2 minutes. The hand out that I gave you in response to the questions you had asked just for clarity sake, tried to do the best that I could to interpret the information through conversation. If you do have follow up information, feel free to email me through Chairman Mosca to myself that would be terrific. So, the health cost page one really that is the number of participants. Same thing with retirement, you asked for the average, even though some people are on family plans, single and two person, this is the total number of participants. It should be noted this also includes people who are on a health waiver. For example, two people, a husband wife work for the district, one person is taking the health insurance the other person gets what's called the health waiver. Which is 50% of the single premium still saves the district a lot of money, they're included in this as well. Retirement, employee contribution and retirement benefits, 7% is what we pay. So, the question, the follow up question, if it was raised by 2%. The state really determines the percentages for the district and the employee, so we can't, you can't, we can't, the town can't just say you are going to pay this percent or that percent.

Question 4 and 5, there is, and I try again, my try to go to clean data coming out, this was regarding the K-8 could it be housed in the present facility here in Conway, Conway Elementary and Kennett Middle School. A few things to note, so the report that was done by the NH School Administrative Association. The school board hired is online and I refer to that, that is there study. The other piece is using the guidelines for the Conway school district as well as the state guidelines. Please don't confuse the state guidelines say you can go up to 30 with classrooms that are 900 sq. ft. Currently I will tell you that the classrooms at the Kennett Middle School are 550-600 sq. ft. You put more than 24 kids, because we did live in that at one time, that is a jam-packed piece. Also, there were things when that building was renovated, it was renovated for 400 students. It was not renovated, even though we existed with over a 1,000 students at the time. When they renovated, things like the cafeteria, that once served 250 students, I went in there the other day just to check on this report. Because they added HVAC added that entry way the capacity according to the State Fire Marshall is 178 at this point. So, I just want people to understand that reconfiguring is fine but it's not a clean slate. So, I did give you both the guidelines for the middle school according to Conway and the state guidelines. If you want further information please go to the website, I reference it right here SAU9.org website, its right there the full report, that's about 75 pages, if someone needs a hard copy I would be more than willing to print that out, charge Joe Mosca for the cost of copying and then have it for you. No seriously if you would like a hard copy just let me know. Alright, so that's question 5. The next reports that you see, those spreadsheets you are going to see, and when I say pay increase eligible, one of the things that we wanted to make sure, that was the maximum amount that any employee can get at that time. That does not mean that everybody received that, so you will see that with AFS, you will see that with CESP, its based upon evaluation as well. For example, in AFS you can get up to 3%, if you are an exceptional employee and get a perfect evaluation you can get a 2.5%

same with administration and troops so those are the maximum percentages. For admin troops those figures are there. The CEA historically going back you will see that there is a cost of the negotiated agreement but it is extremely difficult other than to go through each individual employee for that 10-year period of time to calculate out the percentage cost. I tried not to do that, what I tried to do was give you some of the pieces. Where you see 0% for CEA and others, that usually means there was no contract approved during that time frame. Also included is the health insurance over the same period. You will see not only the premium for a single person just to give you a feel for it, but also the percent change and if there was a change in the health plan itself. Then you are going to see just total expended health care cost, I think people were asking that. As well as salaries, I think Mr. Klement asked that, total expended, no, amount from year to year. Then you will see some of the enrollment pieces, wasn't sure what other students were, we identified the number of special ed. students, then you can subtract, but I didn't know if there was qualifying statement regarding other students related to that. Some staffing pieces, then I believe Mr. Marvels request for all the salaries for the employees alphabetized and by position.

Questions:

Terry McCarthy asked Mr. Richards can you tell me how many students you have, because I didn't see that listed anywhere. Mr. Richards asked projected for next year or current. Hold on I have it. Mark Hounsell answered that Conway, I got it for each schools. Enrollment in Kindergarten in Conway Elementary in 2016 was 37 projected is 40, two classes 20 and 20. John Fuller 16 was 39 projected enrollment 17 is 19. Pine Tree 16 was 38 and projected is 40. Terry McCarthy asked if those figures included in the overall, figures for the school. Mark Hounsell provided Terry McCarthy with a document that had all the enrollments. Bill Marvel noted that they could make copies.

Dick Klement asked on enrollment the projected enrollment from 2016 going from 750 to 2017 of 791, you are adding 40 folks at the high school? Mr. Richards answered that what we do is we, we use October 1st numbers. So, what happens Dick is, you are right going from October 1st. What happens is the number of juniors that we do have, I would venture a guess based upon the trends that that number will be closer to 760-770. Because as juniors people get to that point where they opt different places, for example we have several students who are graduating early this year. After 3 years, they count in our October 1st enrollment, but last year I think we had 6 -7 students who graduated as 11th graders. Then they do other alternatives at that point as well. Dick Klement asked in looking at this, I am not seeing more kids coming up from the middle school, are they coming from Madison, I mean where are these kids coming from? Mr. Richards answered from all the different schools, so you have Tamworth 8th graders, Bartlett 8th graders and Kennett Middle School 8th graders, so those numbers are rolled into. Dick Klement asked so that's where the 40 comes from? Mr. Richards answered yes.

Pat Kittle asked, not pertaining to this particular document Kevin, but earlier we talked about health care and we have been with the town for the last 3 meetings, their health care increase was 3.8%. I do think there could be some issues with the town folks saying how come the town which is one of biggest employers, the second biggest behind the school is holding their health spending increase to 3.8 and you are 10 point something. Mr. Richards answered that it's the rating and part of it is we have 150 folks that are 65 and over in the magnitude of that. So, in other districts within of SAU 9 who don't have retiree health insurance the rates a little bit less.

Dick Klement, we spoke earlier about food and the cost going up and you were saying that this year again you are looking at a loss of 150k or so perhaps. Is there, can the parents be paying for the food for their children. Mr. Richards answered they are, again what's happening is you have food costs and you have personnel cost that are rising. I know that Brian Coffey, the food service director is trying to recoup through different ways, this is his second year. I don't know whether he has the magic to make that work, but it may be time for you know, you hate to say, taking a look at alternatives for food service provision, but at some point, that has to be part of the conversation. Janine McLauchlan answered that as a result of additional cost, Kevin correct me if I am wrong, but over the past year or two there have been additional requirements and certifications on the employees within those departments from the state and federal government so they can work. So, there's an additional professional development and training expense that we have had to absorb as well.

Vice Chairman, LeFebvre asked, the comments that have been heard is that a lot of food being tossed in the trash, have you folks taken a look at that at all? Mr. Richards answered yeah, I think there was initially when the new guidelines came in, that was the response. Because Joe Mosca and Jim LeFebvre come in and you are getting green beans and you are getting this and you're getting that regardless if you want it or not. It's called a component meal. What's happening is, in the old days you could say double up on the mashed potatoes but I don't want the whatever it happened to be. Now they have to have it and if I don't like green beans I am going to throw them away, I didn't ask for them you are giving them to me. I do know the menus have been more creative. I think that, again Brian Coffey has done a real nice job of trying to get the farm to table, the local vendors. He's trying to get more creative with his menus. He does some taste testing and sampling with the students. I think it has improved, but those guidelines really did have an impact on kids when they first came out because the old pizza we used to love was not the pizza that is served on pizza Friday anymore.

Mark Hounsell noted that it absolutely broke his heart when these guidelines came out and I would go up to one of the trash buckets at lunch time and look and see apples and food, good food in there. Being raised in big family with hard working parents, I knew how hard it was. It's just to see, I think what kind of guideline would guide us to throw away decent food. I

don't know if it has been curbed or not but it is awfully aggravating for me to see it because it is so unnecessary.

Dick Klement asked \$150,000 loss is two people if you could bring that to an even end you could give \$150,000 in raises, you could hire two more people, there are a lot of things you could do. If it costs that much to feed people, then that's what we should charge perhaps instead of further subsidizing that. I am just saying we talk about cutting money doing things and here we are absorbing a 150k loss, when we could ask the people who are consuming the food or throwing it away to pay for it. Mr. Richards answered part of the issue is that you can't jack up the price to the federal government for reimbursable meals. In our schools, some of our schools have 50% free and reduced hot lunch and we get reimbursed, that's why you will see that revenue from the federal government at whatever it is at \$2 a meal. We can't charge the federal government \$4 per meal for reimbursable. That's why you will see under that revenue page part of it is the federal reimbursement and part of it is you and I. In order to catch that up to make up that difference I would say the meal costs would have to be \$20-\$25 per meal in order to recover that and I don't think that people would be paying that much money. Dick Klement stated losing \$150,000 we should be reducing our number of employees to even that out.

Chairman Mosca asked Mr. Richards if he had anything else. Mr. Richards stated I am done I think. Chairman Mosca asked if there were any further question for Mr. Richards.

Chairman Mosca asked could we get the total cost of those teachers in the CEA, what the total salary, total dollar is, 8 million, 9 million, whatever the total is. Mr. Richards answered you bet.

Chairman Mosca noted that if there were any other questions get them to him and he will get them to Kevin and copy Mark and we will get everyone on board and get the answers to us. Alright thank you all for coming out this evening.

Review of Minutes:

Chairman Mosca stated that we have meeting minutes from the 4th, did everybody get meeting minutes from the 4th? Are we ready to vote on the meeting minutes from the 4th?

Bill Marvel moved, seconded by Mike Fougere, to accept the Minutes of January 4, 2017.

Discussion on meeting minutes on the 4th:

Vice Chairman, Jim LeFebvre noted that the leader of the pledge of allegiance wasn't Joe Mosca. Chairman Mosca answered no it was not it was Peter I believe, we can change that.

Bill Marvel noted as a general comment they were commendably succinct. They were quite succinct.

Old Business:

Bill Marvel, I don't know if this is old or not but I wanted to talk to you about questions I would have for the library. The other night I laid off partly because I was monopolizing the floor but you implied that no one is going to understand what I am talking about. Chairman Mosca clarified, no it wasn't we didn't understand what you were talking about, you were going off documents none of us had. Bill Marvel said so if, I may end up doing that again, because I will be going to trustee meetings, a trustee meeting at least. Do you want me just copy those and then copy whatever it get? Chairman Mosca, said no whatever questions you have just give to me and I will give to David he will answer them. Bill Marvel stated they are not questions, they will be observations, I already have the questions because I got the documents in some cases. Chairman Mosca responded well if there are any observations you want to point out to the board, yeah you can do verbally or we can send something around and we can attach it as part of the meeting minutes. Bill Marvel stated and I will just do that once I get the final.

John Edgerton stated in regards to the minutes, I wasn't there so I was abstained. Chairman Mosca noted that we had not voted on the minutes yet, sorry.

Back to the minutes. Chairman Mosca noted that a motion was made and seconded, the only change was that Peter lead the pledge all those in favor of the minutes as amended.

In favor: 12; Opposed: 0; Abstain: 3.

New Business:

Peter Kittle stated that I was approached, I think I actually emailed you Joe. I was approached by the president of the North Conway Community Center who has a conflict issue with the nonprofit night they were scheduled for. He came to me because I was on that board many years ago, I told him I would ask, I don't know what the procedure is but if there is a different time that they could, when he could come. Chairman Mosca answered the problem with that is that it is a dual meeting with the board of selectmen. I don't know what to tell him unless he has someone else who can come in his place. That would be my suggestion, there has to be a second potato. Pat Kittle noted that I believe Ryan Summer can come I think it is just Mark Miller who is the president wanted to

attend as well. Chairman Mosca noted that Ryan usually gives the presentation, it's going to be an interesting go around this year.

Dick Klement asked last year for the North Conway Rec Center you mentioned there is an existing agreement between the North Conway water precinct that they would absorb the costs. Chairman Mosca clarified not that they would absorb the funds, that the rec department can request funds of the North Conway water precinct. That's part of their enabling legislation when they were established back in I want to say 1904, I don't have the exact date, but I think it was 1904. It goes that far back that the rec center could request funds from the water precinct. From the history lesson, that I have been given that took place up until sometime in the 70's when it went to two rec different rec centers. The Conway rec center was originally funded through the Conway water precinct way back when. Basically, the North Conway got their funding from the North Conway water precinct. Once the town took over the Conway the North Conway started asking for money and stopped asking from the water precinct. My suggestion to them was that they should ask for some money from the water precinct and some money from the town. That was just a suggestion I had. Dick Klement asked might we give them that. Chairman Mosca answered oh they have it. Dick Klement finished his question, when they come to give their.

Mark Hounsell first of all I don't think we should call it the North Conway Rec Center, it is a community center, although different, they do different things. I don't know what they are going to bring, they can bring whatever petition they want but I will not vote for \$75,000 if that is what they are asking for. Four years ago, we started saying, start weaning yourself off the town dole, they made no attempt to go from 75 to 70 to 60. We keep asking them, they keep coming in for \$75,000. I guess they figure they can get everyone's vote, but they will not have mine, they could have mine for a different number but it won't be for 75. Chairman Mosca clarified that this board voted, did not support the warrant article last year, I think the vote was 60/40 for the people actually voting. I think the tide is turning and if this board continues to not support it, then I think the voters will finally not support it. Mark Hounsell concurred, I think you are right. Chairman Mosca said I think they need to do something to bring the number down, that's personally. Let's not talk about nonprofits. I will let you talk and I will let you have a comment. No, we are not going to get on non-profits, tonight's not the night for non-profits. Bill Masters noted that the new rec center they have down there, the community center has a \$26,000 tax abatement that we pick up the tax payers in the town of Conway in addition to the \$75,000 we've had, so that's quite a bunch of money when you stop and look at it. Chairman Mosca stated that he knows some of the non-profits are going to be looking for more money this year for various reasons. Mark Hounsell clarified that the only reason I took the opportunity to mention that is hopefully they're watching and if they haven't drafted their petition, I think it has to come in in February, if they haven't figured it they may want to think about what is being televised, it's not going to be clean sailing on the \$75,000, they need to make a good faith effort to wean themselves off.

Pat Kittle I was just going to withdraw the comment, but I have clear direction to go back and let them know the time is the time. Chairman Mosca answered that if it was just a meeting with us I wouldn't mind rescheduling for a different night some other night, but because it's a joint meeting with the board of selectmen I think that's difficult.

Chairman Mosca advised that we have a vacancy on the board. At the December 14th meeting, it was the direction of the board to go talk to the two people who had two votes. That's the way it came back to me as I wasn't at the meeting. It was Frank McCarthy and Bob Drinkall. I went to Frank because he was the last serving member, Frank checked his schedule, the state house is meeting on Thursdays this year not Wednesdays, so Frank has stated that he would be more than happy to serve on the board. I want to take a vote on that tonight and if we vote to have Frank on the board I figure he can pick up real quickly because he has been the closest to it, well get him in next week. Motion to allow Frank McCarthy to sit on the board.

Motion by Mark Hounsell, seconded by Steve Steiner.

Discussion:

Bill Marvel asked did you ask Bob Drinkall? Chairman Mosca answered I did not, I went to the person who was on the board first, or who was the last person sitting. My reservation about Bob, was Bob meets on Wednesday nights I believe, correct? He's on the planning board or zoning, oh its Thursday nights, Bob Drinkhall. I just went to the person who was last sitting on the board, I figure they could pick up faster. I think either one of them could do it, I just figured that Frank was the one here last year, he could pick up from. Bob hasn't been on the board for several years, not that I don't think bob couldn't just jump in, I just thought it was easier to ask Frank first.

In favor: 14; Opposed: 0; Abstain: 1. Motion carried.

Other – open to public for questions:

none

Bill Marvel moved, seconded by Dick Klement, to adjourn the meeting at 8:34 PM. Motion carried unanimously.

Respectfully Submitted,

Lisa E. Towle, Recording Secretary