

# MUNICIPAL BUDGET COMMITTEE

**Wednesday, January 18, 2017**

**Professional Development Room**

**Kennett Middle School, Conway, NH**

Chairman, Joe Mosca called the meeting to order at 6:32pm. The following members were present: Vice Chairman, Jim LeFebvre, Mike Fougere, Pat Swett, Terry McCarthy, Peter Donohoe, Doug Swett, Bill Marvel, Mary Seavey (obo John Colbath), Steve Steiner, Richard Klement, Pat Kittle, Mike Tetreault, Bill Masters, Mark Hounsell and Frank McCarthy. Also present: Lisa Towle, recording secretary, Earl Sires, Town Manager, Lilli Gilligan, Finance Director, Paul DegliAngeli, Public Works Director, and John Eastman, Recreation Director, Chief Edward Wagner, Conway Police Department, Lieutenant George Walker, Conway Police Department / Emergency Management Director, Robert Adair, Chairman of The Conservation Commission, Carl Thibodeau, Vice Chair of Eastern Slopes Airport Authority.

Excused: John Edgerton

Frank McCarthy lead those present in the Pledge of Allegiance.

**Questions from 1/4/17 meeting:** none

## **Presentation of Department Budgets – Town:**

*Conservation Commission:* Robert Adair, Chair of the Conservation Commission presented the proposed budget, and stated that it was in line with what they do from year to year. Last 17 years, except for 2003, the average budget has been at \$18,000. One of the big-ticket items is the wildlife openings on Hurricane Mountain Road, which is something they do every 5 years or so. The commission has received a grant for \$4,000 from Fish and Game to cover most of that cost. Another big-ticket item in the amount of \$6,000 is the creation of easy recreational trails at the Marshall Conservation Area, which was purchased two years ago.

### *Questions:*

Pat Kittle asked why the default budget is so much less than historical spending? Lilli Gilligan answered that the default budget defaults to last year's budget because none of the work is under contract or required. The default budget is \$8,511. The \$4,000 granted mentioned by Rob, will be seen under the grant line when revenues are presented at the next meeting as the grant has been received and therefore is anticipated and expected.

Terry McCarthy commented that she has been hiking up there and it is terrific, great job.

*Police Department:* Chief Edward Wagner and Lieutenant George Walker presented the proposed budget for the Police Department. There is an increase of \$171,712 or about 4.4%. The labor line has an increase of \$98,293 of which \$67,045 was approved by the voters in 2016 for the cost of contract. The benefits line increase; retirement is up \$48,900 due to pay increases and a rate increase effective on July 1, which goes from 26.38% to 29.43% for group 2. Professional liability is up \$18,641 partly due to a rate increase and that they are paying for a fully year of professional liability. Workers Comp is up \$6,133 due to a rate increase and paying for a full year. Vehicle insurance increased \$12,512 due to a rate increase and paying for a full year. There is a \$20,000 savings in medical insurance as they hired two people last year at a lower premium than budgeted for in 2016. This all represents \$164,000 of the \$171,712 or a 96% of the increase.

*Questions:*

Bill Marvel asked if overtime would normally be expected to be 8% or \$115,000 why do you expect only be \$95,000. Chief Wagner answered that the 8% increase is what they have been paying out. Bill Marvel noted that it says it is historically 8% of labor, did I misunderstand your answer. Lilli Gilligan stated that she put that amount in there and had encouraged the Chief to consider increasing his request from \$95,000 to \$115,000 and Chief Wagner felt that because they are fully staffed now he doesn't feel that would be something that would occur. Chief Wagner noted that they are fully staffed and hopefully it will stay that way for the rest of the year and does not anticipate increasing it another 8%.

Frank McCarthy stated that he noticed 16 places where appropriations were exceeded, what is the procedure followed to do that. Chief Wagner answered there is no procedure.

*Fire and Emergency Management:* Earl Sires, Town Manager and George Walker, Emergency Management Director presented the proposed budget for the Fire and Emergency Management. The proposed budget increases by about 4.5% primarily due to the cost in contract of the non-precinct fire agreement(s). This year they have negotiated agreements with the Conway Village and the North Conway Fire to provide services to areas in town that are not served by a fire department. The two warrant articles, one is the agreement with North Conway and the other with Conway. We are asking the voters to adopt a contract and formula which distributes the costs of the fire service amongst the non-precinct areas based on property value. They take the budgets of all five local fire departments to come up with the amount they base the percentage of equalized value upon assessed only to people who live in area of town outside of a precinct. The actual dollar estimates for the years this contract applies to until we get to those years involves assessed values budgets. However, it will be around \$170,000 for each of these services. The amount required to finish the contract they are currently operating under is recommended to be \$332,640. They will be

asking for the \$332,640 to finish out this year's contract as well as to consider the 5 year contracts in the amount \$170,000 for each to handle the situation for coming years.

Questions:

Dick Klement asked what happens if there is a major catastrophe in one of those areas and we expend more money than in the agreement. Earl Sires answered that the providers, North Conway and Conway Village are obligated to provide fire service as they would for their own area. So, if they were to incur a major building fire or something like that, that would be an expense they would have to cover along with the \$170,000 we are paying them. However, if there is a wildland fire its different situation, we would expect and the providers have agreed to cover the normal expenses, being their services and equipment. If we are bringing in outside help, surrounding communities, state or feds, those would be submitted to the state for reimbursement of half of the expenses and the town has a fund of about \$18,000 that would be used to cover the other half. To summarize if there is a building fire the precinct and district have to cover the cost. A wildland fire the state would cover part and the town would cover part.

Frank McCarthy asked what the deadline is for handing in a petition warrant article. Earl Sires answered February 14, 2017.

Earl Sires noted that they also have \$1,500 for fire pond maintenance, which are the ponds located around town which are drawn upon if there is a fire. There is also \$5,300 for Emergency Management which covers some minor supplies, but mostly the stipend for the Emergency Management Director, who has been doing this for about a year and a half and done a great job with training and preparedness.

Mark Hounsell noted that last year they had \$5,000 didn't spend any and the year before they had \$1,900 and spent \$1,985, this year asking for \$1,500. Curious was at \$2,000 then to \$5,000 was there something you had planned to do but didn't get around to it? Earl Sires answered that they had a project planned they were going to cooperate with the fire departments and did not get to it. There had been planned work at the town hall to work on the pumps and fire pond back there but it did not get taken care of. Mark Hounsell asked if the \$5,000 becomes a surplus? Earl Sires answered that it becomes part of the fund balance.

Parks and Recreation: John Eastman, Recreation Director and Lilli Gilligan, Finance Director presented the Parks and Recreation budget. The budget is up approximately \$4,842 or 1.26%. This budget covers recreation, parks maintenance, facilities, personnel office expense, rec programs, dues and seminars.

Questions:

Chairman Mosca commented that the park on the end of Mill Street, Veterans Triangle Park, last Memorial Day didn't get mowed until after Memorial Day and

was about 3 feet high. I was a little bit disappointed that it didn't get taken care of before Memorial Day. We put money into patriotic purposes and I know two different budgets, but what can be more patriotic than a park for veterans, to not have that mowed was a little disappointing. Hope that gets taken care of this year.

Pat Kittle asked according to the summary, the spending was below budget for last year, do we have an update on where we were? The increase of the budget is very small but the difference in the budget request is big. Lilli Gilligan answered that there are several things that contribute to that, first in the parks maintenance line total amount spent year end. Lilli Gilligan mentioned that any payments made this week have not been journaled into her spending for 2016. Currently, the final number on parks maintenance is \$66,773, that is lower because of the warrant article for taking over sidewalks. Talking over sidewalks included monies to hire a full-time person that would be shared between parks and recreation and highway in order to maintain those sidewalks. Historically there was a part-time person in the parks and recreation department who did not work for the highway in the winter so it was just a 6-month summer time position. The warrant article spending for that position was journaled into this parks maintenance line so it's not reflective of the total amount paid for parks and recreation personnel because of that warrant article. The facilities line is \$7,614 spent, recreation personnel is \$249,566 teen center coordinator left and position was not filled for a period of time, the position was filled in November so there were some unspent monies there in salaries. The recreation office expense \$5,513, rec programs \$9,770, parks and rec dues \$635, and parks and rec seminars \$731 for total spent of \$340,613.

Frank McCarthy asked what are you planning to do with the extra \$40,000 you are asking for? Lilli Gilligan answered that the warrant article in 2016 for sidewalks included monies for the parks and recreation and highway shared position which was journaled and given back to this. There is no other warrant article supporting that so this is the amount of money necessary to staff the parks and recreation programs.

Frank McCarthy asked so you have added \$40,000 where? Lilli Gilligan answered they have added \$4,842. Mr. McCarthy asked what are you doing with the other \$36,000? Lilli Gilligan answered that anything that is not spent at the end of the year goes to fund balance. Mr. McCarthy asked to be used to decrease the taxes for the following year? Lilli Gilligan answered yes, this past year the selectmen voted and used \$475,000 to reduce taxes. We have had the same tax rate for the last 3 years of \$5.72. Mr. McCarthy asked why did the selectmen vote on it, it's state law you have to do it? Lilli Gilligan answered that it is state law that selectmen must vote on it. Mr. McCarthy noted that it is also required by state law that you do it. Lilli Gilligan answered it's not. Mr. McCarthy further stated so you are telling me you are adding in \$34,000/\$36,000 so you have extra money and if it's not used you will put into, use next year lower taxes is that what you are saying? Lilli Gilligan answered, for the third time we used the warrant article dollars that was supported. Mr. McCarthy stated you said that was \$4,000. Lilli Gilligan answered I did not. Earl Sires, answered that we need to look at the bigger picture here min

and not focus on this one amount. At the end of the year any monies unspent whether \$4,800, \$32,000 or \$200,000 it goes into a bank account, goes into fund balance. Also, any revenues over what we predicted goes into fund balance this year it will be several \$100,000's. Those monies are sitting in an account and total about 2.5 million and the selectmen can, if they choose to, use those monies to offset the tax rate the following year. What they do is vote to include that in the budget projections for revenue for the coming year. If they do that it can be used, they are not obligated it is at their discretion. Pattern and practice that Lilli was talking about, the selectmen every year since I have been here anyway, use significant dollars of monies left over to give back to the tax payers to offset the revenue the next year. Wouldn't get too concerned that there is \$36,000 left over because actually several \$100,000 left over this year, which is put in the bank and the selectmen can use it to help us all lower taxes following year. Mr. McCarthy asked doesn't state law say all municipal budgets are lapsing budgets? Earl Sires answered, yeah when lapse monies are left over it goes into fund balance because we raised and appropriated the money. Mr. McCarthy further asked when money is left over all of it, unless you have a reserve account, the remainder is supposed to go to decrease amount to be raised by taxes the following year, that's what a lapsing budget is? Earl Sires answered well that's not what law requires or allows us to do. The selectmen are not required, there wouldn't be 2.5 million in fund balance. The DRA recommends that you have somewhere between 5% - 15% of your total budget. Mr. McCarthy interjected those are the funds I am talking about, reserve account, limited certain percentage budget is. Earl Sires noted we are talking about the same thing, money goes in and is available to be used if selectmen decide.

Dick Klement does your budget include the 4<sup>th</sup> of July maintenance on Schouler Park have to do porta potty's and clean up? Mr. Eastman answered that comes under patriotic purposes. So, that cleanup for Memorial Day is excluded from your regular budget. Lilli Gilligan answered that the labor is in parks and recs, the items are in patriotic purposes. Dick clarified that everything parks and rec does in terms of labor is here. Lilli Gilligan answered correct.

*Patriotic Purposes:* John Eastman, Recreation Director and Lilli Gilligan, Finance Director presented the Patriotic Purposes budget. Includes Memorial Day which is primarily new flags that are purchased every year, 4<sup>th</sup> of July everything that goes on at the 4<sup>th</sup> of July and Veterans Day at Schouler Park. The total last year spent was \$22 694 budget this year is 21 400.

Questions:

Mark Hounsell asked last year what was the budget request for 2016 before amended on the floor at the deliberative meeting do you know that number is? Lilli Gilligan answered that she does not have that number. Mr. Hounsell said that is the number he would like to see in this year's request is the number that was included in last year's budget not the figure that was amended on the floor. I think the numb last year represented the fiscal responsibility level of that patriotic

purposed the fireworks on 4<sup>th</sup> July like to see return to that the agreement prevailed didn't reflect the feeling of the community just reflected feelings of the majority in attendance at that meeting of some 90 people. I don't think raising that money meant the selectmen had to go out and spend that money. There was a lot of discussion about the fireworks display and I'd like to see us go back to a more appropriate level and that level would be whatever that request was before the amendment.

Peter Donohoe stated that last year at the deliberative I learned something I did not previously know and that is that the money raised for the fireworks and big events was substantial, that was for the previous year. Do you know the number was last year, how much was raised? I mean how much private donations made in addition to this. You had a sum total of money spent for the big holidays, \$20,694 would have been the town portion but my understanding in previous years the amount of private funds raised exceeded what the town raised by a substantial amount. Mr. Eastman answered that last year we had WMWV as a sponsor and they paid for the entertainment, a value of 4,000. They were a major sponsor; the town had staging and facilities prior to putting anything on entertainment. WMWV, Janice Crawford, Chamber of Commerce Executive Director and I brokered that, had a meeting, they said they would be willing to sponsor and pay for entertainment. It is mentioned in last year's revenues \$4,040 and it is anticipated it will be \$4,000 this year. Mr. Donohoe stated the he recalled during the deliberative a citizen during this debate about reinstating that amount, mentioned order of \$30,000 raised privately that went to this event, maybe I misunderstood. Mr. Eastman answered maybe in the 2015. Mr. Donohoe asked going forward you are anticipating some kind of donation? Mr. Eastman answered right now about \$4,000, but it does not mean it couldn't be more, they would love for that to happen. Lilli Gilligan noted that they are hoping the radio station sponsors entertainment again this year as the true cost broken out for 2017 is \$18,880 and that does not include entertainment. So, they are hoping the radio station does sponsor again and they are anticipating and expecting \$4,000 in donations to offset the \$18,880.

Dick Klement asked how much of that increase would be security? I know that was a discussion item, that you felt you needed more security at an event this size. Lilli Gilligan answered that any labor cost for any event in town is included in the police labor line and is not costed out to the event. Mr. Klement asked all though it is there to support the event. Lt. Walker answered that it is there to support the event but comes out of the police department budget. Mr. Klement stated so it is kind of a hidden cost for patriotic purposes for 4<sup>th</sup> of July? Chairman Mosca responded, I wouldn't say it is a hidden cost and the way it was explained to him last year is that at deliberative or my interpretation is that cost was part of the increase in the budget for patriotic purposes. Mr. Klement noted that was his assessment too but obviously, it isn't. Lt. Walker answered we have always provided, prior to this and many years before, police presence in the park for traffic control and security. Something that has been going on for many years before the 250<sup>th</sup>. The 250<sup>th</sup> because of the amount of people that came into the park and seeing now, we had

to actually add more personnel, which means there has been an increase and that's covered under the police department budget. Chairman Mosca stated that they were also told that there were liability issues, insurance companies said we had to have more people. All part of the discussion last year and part of why some of the increase in the patriotic purpose line interpreted by some members of this board as for those reasons. Vice Chairman LeFebvre asked Lt. Walker to provide a break out of how much money they are spending on the various activities on the patriotic purposes. In other words, dedicated solely to securing the 4<sup>th</sup> of July or whatever the case may be. Lt. Walker noted that they spent for the 250<sup>th</sup> between \$3,000 – \$4,000 in overtime for patriotic purposes in the park. This includes traffic control and security during the event. Vice Chairman LeFebvre asked any overtime? Lt. Walker answered that some was over time and some regular time.

Bill Marvel noted that he called the police about a fireworks exhibit next door to him and the dispatcher honestly said basically good luck they are everywhere.

### **Warrant Articles:**

First Article: Earl Sires, Town Manager and Lilli Gilligan, Finance Director presented the Collective Bargaining Agreement Between the Town of Conway and AFSCME #93, Local 859, Department of Public Works. Proposed to be a 3-year contract. Everything is status quo as there are no additional, new or changed provisions in the contract. It is the same language readopted for 3 years. The current contract and proposal for these 3 years is that the same pay scale we have been operating under for a number of years continues. The DRA said to write this article we have to include a statement that shows the budget increases for each year of the contract. In 2017 it increases by \$4,085 because the raises happen towards the end of the year and 2018 and 2019 will show the impact of an annual increase. We are also told that we need to show the compounding costs of the 3-year agreement. We are adding \$4,085 the first year and that continues into the next two years. The second year we are adding \$24,245 which continues into the third year. All components are added and the total cost of this contract is \$85,596, that is listed at the end of the warrant article. We also have to raise the \$4,085 for fiscal year 2017. That is what this warrant article presents.

### **Questions:**

Frank McCarthy asked if the increases include salary and benefits? Mr. Sires responded that certainly any increases that come as a component of the existing language in the contract so there would be increases in benefits as well. Lilli Gillian further explained that what is calculated here is the cost of a 2.5% merit increase and the effects on social security and NH retirement with those associated raises. Lilli Gilligan further added that when we calculated the general fund budget we didn't have the warrant article written for the collective bargain agreement do to the timing of putting together the budget so the \$4,085 will be reduced out of the general fund requests. So, your recommendation will be \$4,085 less than the Board of Selectmen's because of the timing of all these articles.

Second Article: Earl Sires, Town Manager and Lilli Gilligan, Finance Director presented default for the first article just discussed. The DRA recommends that we include an article that allows the governing body to look at the union contract in case it fails. Something to think about for the coming years contract.

Third and Fourth Articles: Earl Sires, Town Manager and Lilli Gilligan, Finance Director presented the Agreement for Emergency Ambulance Service between the Town of Conway and Conway Village Fire District and Care Plus Ambulance Services, Inc. There are two contracts presented for Emergency Ambulance Services. There are two contracts and this is a 5-year proposed contract for each, beginning May 1, 2017 through April 20, 2022. The financial terms for both contracts are the same, being year one \$115,000, year two \$118,000, year three \$121,000, year four \$125,000, and year five \$128,000. This article also asks the voters to raise and appropriate \$76,667 to give to each provider for the contract year coming. An additional \$27,032 is included in the operating budget for the last four months of the existing contract. Basically, the warrant article asks that you adopt a 5-year contract with the respective amounts for each of those years. Appropriate an additional \$76,667 to cover the May – December portion of year one and notes that we already have \$27,032 in the operating budget to cover the last four months of the existing contract through May.

#### Questions:

Chairman Mosca asked what's the current cost of a contract? Mr. Sires answered \$81,00k he believes each so \$162,000 - \$163,000 somewhere in there. Chairman Mosca clarified that it is currently \$81,000 and next year \$115,000. That's a big jump. Mr. Sires noted that they put out an RFP and had 3 proposals come in to provide services to those areas of town. They had a committee that included selectmen, staff, and some community members and they chose to negotiate with Conway Village Fire District and Care Plus Ambulance. The amounts that were bid were higher than this, so there were some negotiated reductions over what was bid. It goes from \$81,000 to \$115,000 each.

Peter Donohoe asked if the expiring contract was also a 5-year term. Mr. Sires answered yes.

Mark Hounsell stated that he could not support these articles. Reason is they are 5-year contracts. He was hoping that when they got to this year, the town would see the opportunity to come up with a forward-thinking ambulance service agreement that solves several of the deficiencies that I believe have existed for some time. I am discouraged that we are not seeing something like maybe a one or two-year contract at the most and take advantage of the time we have to really dig into the issue of ambulance service and fire service as well. I am not going to be in support of these because of the lost opportunity they represent. Mr. Sires responded that he should have mentioned that they did have that discussion and at the suggestion of the Conway Village Fire Chief that issue is handled by including a 180-day cancellation language in the contract by either party. Therefore, if there was an effort to negotiate another approach over the next year or two the contracts

could be cancelled. Mark Hounsell asked if that was by both parties or one party. Mr. Sires answered and confirmed by Lilli Gilligan that it was by either. Mark Hounsell further clarified that you are saying there is a provision in the contract that should the town take advantage of the opportunities that are before us to remedy this long lasting ill that the town can unilaterally say we are going to do something else now. Mr. Sires answered that is my understanding of the selectmen's direction to us to include in the contract so we did. Mark Hounsell stated that is a 180 day or 6 month. He stated that does change it but he does think that is an issue we have been suffering under for a long time. I would like to think that sometime within the contract, should it pass, the selectmen will seize the opportunity to cancel the contract and fix the problem, I don't believe these contracts do either.

Chairman Mosca stated that he thinks that a 40% increase is an embarrassment.

Fifth and Sixth Article: Earl Sires noted that he had previously presented and discussed the Non-Precinct Fire and Rescue Agreements were previously discussed.

Seventh Article: Earl Sires, Town Manager and Paul DegliAngeli, Public Works Director presented the LED Street Light Conversion Project. We are asking for \$75,000 for an LED street light conversion. We are requesting the voters to provide \$75,000 for us to purchase and replace all of the street lights in the Eversource service area, mostly the southern part of the town, with LED lights. The essential part we expend \$75,000 and within 3 years based on cost savings per year we will get that paid back and then every year after that at current rates we would save about \$30,000 per year. It's an investment we pay back and start saving. Might ask why we are not doing that in the Co-Op area and in my opinion they are lagging behind both technology and kinds of programs communities are looking to use. With their current rate, if we tried to replace all of our lights with led lights in the Co-Op area it would cost us more than we are currently paying. We have been in conversation with them, they say they are working on a rate that would be much more favorable.

Questions:

Dick Klement noted that comes to about \$450 per light. Mr. Sires noted that is with installation.

Pat Kittle asked if Eversource provides funding to help you do that as well. Mr. Sires answered that there would be a rebate. When we raise and appropriate this we will get a rebate because some of this will be offset through a revenue in the near future.

Peter Donohoe asked was there any data to support what life expectancy is for the new bulbs. Paul DegliAngeli, Public Works Director answered that they are looking at 20 years. Peter Donohoe commented that commercial LED is not as good as residential. Paul further responded that the warranty is 10 years and our buyback or payoff is between 3-4 years, so still in black for a lot of years.

Bill Marvel asked if the program was available when the precincts were taking care of their lights. Mr. Sires answered that he believes this is a relatively new program. I can tell you 3-4 years ago when we were talking with Eversource they did not have a rate that they could use to do this, this has been within the last few years. It looks like the Co-Op is hopefully catching up to where Eversource is.

Mark Hounsell noted that this is great, wondering if we are going to see lights turning on in places like Farrington Avenue. Paul answered that if there are lights there now. I would say this, my question is are we going to put lights where some aren't now. Mr. Sires answered that he would encourage discussion with the selectmen for new lights this plan is only to replace existing lights.

Eighth Article: Paul DegliAngeli, Public Works Director presented the Capital Reserve article for Infrastructure Reconstruction. As you can see it is the same no net increase over last year. Note about transferring 250 from fund balance. Warrant description on page 7 of a detailed breakdown of what is proposed.

Ninth Article: Paul DegliAngeli, Public Works Director presented the Capital Reserve article for the Highway Equipment. Again, level funded, page 8 gives details for the planned purchases for 2017. One note the first item on the list vehicle 63 Sidewalk machine number one that's the final payment. We leased to own when we brought sidewalk maintenance in house.

Questions:

Mark Hounsell commented that he felt they are doing an outstanding job in Conway Village. Mr. DegliAngeli, thanked him and said he couldn't take the credit it is the guys we have in the machines. He will share it.

Tenth Article: Paul DegliAngeli, Public Works Director presented the Capital Reserve article for Solid Waste Equipment on page 9. This is a \$5,000 increase this year, which we do every so many years. Look down at the detail we have a number of years at \$115,000 and \$120,000, basically adjusting for inflation. You may remember replacing the bailer a couple years ago, this is the second bailer, we run two at the transfer station.

Eleventh Article: Paul DegliAngeli, Public Works Director presented the Capital Reserve for Landfill Expansion. This is down from last year, we zeroed the line item. The expansion of the landfill at current trash rates are out a number of years beyond our original projection. With some of the other expenses we incurred this year we felt it was responsible to the voters to relieve them here and we believe we have ample time under current conditions. 20-25 years is a long and a lot could change in that time and we are willing to adjust. It was recommended to not spend any this year.

Questions:

Pat Kittle asked if there is a reason you appropriate \$1. Mary Seavey answered that it is to keep it in the public eye and not have it disappear and try to bring back next year. Pat Kittle clarified that it is a place holder.

Twelfth Article: Paul DegliAngeli, Public Works Director presented the Capital Reserve for Town Buildings and Facilities. The interesting thing here would be the Rec Center. Earl Sires commented that they have appropriated \$35,000 to look at the existing rec facility. This is a result of things going on over the last few years. We have had a number of discussions with the school about space and facilities in this building and the building across the way. We have looked at our own facility and expanding it a couple of times. We have looked at buildings on the East Conway Rd as a possible location. The selectmen have come full circle and are interested to find out what they would, how much it would cost and what could be done at the existing building. It will involve a major renovation and rehab, down to the structural members, insulation, wiring, plumbing, etc. That would be one segment of the effort. The thumbnail estimates would be around \$700,000 to \$750,000 to get what we have now rehabbed to a state that would last 25 – 50 years. The second part of the effort would be to look at what would be needed to be added there and how much that would cost as well. They put this \$35,000 warrant article to fund a study to bring in architects and consultants to work with the committee to identify the projects that would go on down there and how much it would cost.

#### Questions:

Dick Klement commented that you have investigated a bunch of stuff for the rec center, talked about buying a building for town hall, the bank was mentioned the other night. Have you had any discussions with anyone concerning the use of the Pine Tree School, moving both the town hall and the rec center there. Mr. Sires answered no one in an official capacity and no official discussion.

Mark Hounsell noted that the school has voted a formal position that would stop any discussion. The formal position of the School Board is that we are using all 3 schools and not available so no sense coming around asking about them.

Mark Hounsell asked about the \$35,000, I know last year there was talk about looking into what it would take to fix up the town hall and that was decided that it would be putting good money after bad. I have the same feeling about the existing rec facility. We could spend the money or we could recognize that the building has served us well. There really is not much you could do to satisfy our long-range plans there, I don't believe. I think in order to do that you should have money in there to get an architect and tear that building down and build a rec center. I really don't want to see us put money into that building, I am familiar with it, I think it is just another example of putting good money after bad.

Mr. DegliAngeli noted that there are a lot of people who share your opinion, at least I have heard from those folks and there are those folks who would like to preserve the buildings we have. I think there are valid arguments on both sides of that. We

have done a cost assessment and in the past, they have proven not to be off more than 5%. We have a number of \$800,000 to take the existing square footage and bring it to code and solve all the problems we have there. What problems do we have there; the past two years I have had porta johns as you can't flush the toilets, there's lead in the plumbing so we can't drink the water, there is no ventilation, say nothing air conditioning in the gym, there is no ventilation, that's not to code, there is no fire protection in the building. This is the building that we put recreation our children, a building of public occupancy and there is no fire protection. Minor details electric is not to code. We bought this building from the school for a dollar \$350,000 ago and now it is time to do more work to it. So, to bring the existing square footage up to code we have a number of about \$800,000. We know that at our current occupancy the building is above capacity. We are running between 150 – 180 kids a day there in the summer. This is a 4-room school house plus the gymnasium. We are above our capacity. To do a little addition, move things around increase the capacity, that's going to bring us to 1.2 million dollars. To start from scratch, we are looking at about 2.25 million dollars. The thinking on the committee to bring in a professional to work with the committee and answer those questions. Not only to determine what the various options are but to also to sit down and help the community, go thru a programming exercise and decide what is our vision for rec. Rec is currently tax subsidized, rec is exceedingly affordable in fact less expensive than daycare and therefore the enrollment continues to climb. Maybe that's as we like it in which case we need to plan. Maybe you have a combination of deciding this is going to be the occupancy and the committee wants to form a lottery, first come first served. I don't know the answers to these questions. We put it in there, there are a number of options. The gymnasium itself is a block building, nothing wrong with it, we would be saving money renovating the block building. The old school house itself, space is limited, it has some historic value, we would be saving structural money, the roof is sound, the framing is sound, but we need to cut it from the inside right to the studs and start over again. So, those are your numbers you know start from scratch new building similar square footage 2.25 million dollars. If you want to increase square footage because you want to add for more kids because you want to add programs for seniors. That is the thinking why we would have a consultant to put a price tag to all those options.

Mark Hounsell noted you gave a long list why this building has served its purpose, the plumbing, electrical, and the lack of fire protection. You got blind spots in there, you got a building that you are trying to make into something, that is just going to fall short. You have a gymnasium that serves a basketball game but doesn't serve an opportunity for people to watch the games very well. Unless, you are expanding the gymnasium you are going to fall short. If we were to build a new building and recognize that this is a good deal for people, there is a chance for us to increase the rates that people pay. Nothing wrong with having people pay for the services they get especially when there is a capital investment put forward. I think it is a mistake to renovate that building, I am not going to support \$35,000 to look at it.

Frank McCarthy noted that he is not against tearing it down and building new. Will the \$35,000 for this architectural study come out with a report somewhat detailing everything you just talked about.

Mr. DegliAngeli responded that's the anticipation not only that and thought more to spend their effort option 1 will cost this and option 2 will cost this. As Mark said the gym is too small you can't squeeze into watch something that \$400,000 addition does a bump out in the walls for spectators, those are two options and it goes up from there. If don't want to support money to renovate we will start the design for the new building.

Terry McCarthy asked how much land is there for future expansion if we are talking a new building I don't see much there when you take in the parking lot? Mr. Sires said there is not a lot you are right, but it is sufficient to construct a new building or add on to this one. Mr. DegliAngeli added that the current gymnasium is at grade from the front, however if you go out back it is terraced and tiered, there is quite a bit of land but it falls off. If we go with the 2.25 million, the new building would be at the lower elevation, so the new entry way would be from the back, therefore what you are looking at from the front wouldn't be any higher than it is today. The gym would be higher because we would excavate it in take material push to back and have a balance. Keeping the Pine Tree School for other rooms or not. Could tear that down because that is a split-level building and have to go up to grade, etc. Could be brought to grade, but the gymnasium thought lower grade and the foyer main entrance would be around back where parking actually is build retaining wall and terrace the parking a couple of levels following the land.

Bill Marvel stated that he often hears what is thought of as excuses for getting rid of something that someone who wants the same thing new. For instances idea of not being able to go watch games. Did we create a recreation department to give kids an opportunity to play sports or to give parents or spectators the opportunity? I don't think if people has originally known this sort of demands that would be piled on to that sort of function, that they would have probably supported that idea in the first place. That sort of thing is always presented as something we are doing for the kids. The capacity doesn't sound outrageous to me. When I first went there, there were 4 rooms, 8 grades and 4 teachers. I know in the lower 6 grades there were 98 kids and about 30 in the junior high, that's what almost 130 kids then. That was adequate then, they fed us there downstairs. Yeah there is no fire protection now, but there wasn't before when the school board decided to put children in there. It is the fire protection that has been enhanced. Any expenses that you're going to have to build a new building, you're going to be spending some of the same money you would have to spend anyway. If you need a well you got to have a well in the new building. If you have to insulate, you would have to insulate a new building too. I tire of seeing people who point to a new rather ugly school building and say we have to maintain what we have and look at one that happens to be older that we have neglected for a while and say we don't need that anymore let's not bother maintaining it and let's tear it down. Well that's ridiculous and contradictory reason. That's all for now.

Chairman Mosca added to the point that Bill made stating we have all of these capital reserve funds for maintenance and solid waste equipment, this and that. Why don't we have a program like that set up for town buildings? Mr. Sires answered that we had monies programed to invest in that building that were removed last year because we started to talk to the school and figured we would wait to see how that turned out. That didn't work out. We came back to the selectmen and said ok all that stuff has to go back in there. It was to the tune of \$150,000 over the next couple of years, for all the things we are talking about. The selectmen said are we going to put money into this thing, what if we put money into this thing and then do something different. Are we going to put money to do one thing then we decide we are going to rehab it which makes other stuff obsolete and a waste of money to fix the building and find out we do have an opportunity somewhere else? They decided before they spend more money they want to know what it is going to cost to bring it up to code. We have been programming monies in there but it had been taken out for another opportunity. On a historical note, it is important to point out that 10 – 15 years ago, we invested a fair amount of money into this building. We put money into it thinking it was a 15-year investment, well here we are 15 years later. So, it isn't like we haven't thought about it, there have been 4-5 efforts to do something. I think part of the reason the selectmen are focusing on this building is they control this building and it's not tied into other issues like is there a school available, is there space here or a building somewhere else that can be used. They can look at this thing and they are in control and can make it happen with voter approval.

Pat Swett has anybody ever considered the building next to the rec. Mr. Sires answered that has happened and if it was a vacant lot that is something that would be feasible but owners have business value on top of the property. We kind of looked at it and there have been some private benefactors that have looked as well and decided it just wasn't penciling out.

Mr. Sires commented that they are looking at that hard at the bank building and hope something will work out that you can take a look at.

Thirteenth Article: Paul DegliAngeli, Public Works Director presented the Capital Reserve Fund for Parks Department Vehicles and Equipment. Mr. DegliAngeli noted that it is level and we don't have any expenditures planned for this year.

Fourteenth Article: Chief Edward Wagner, Conway Police Department, presented the Capital Reserve for Police Vehicles. The warrant article for police vehicles will be \$70,000 in the past it has been \$65,000. The plan is to increase it over the next several years in hopes that one year we could buy two vehicles before we have to buy the next year's model. Every year when it comes around to buying vehicles we have to buy the next year's vehicle. This year we have to buy the 2018 models which is more expensive than the 2017's. The hope is tht in 4-5 years we would be able to buy current year vehicles and save money.

Questions:

Peter Donohoe are you still passing end of life vehicles to the town? Are there any qualifying vehicles? Chief Wagner answered that they do that. Peter noted that he hasn't seen any newer styles show up yet at the town. Our oldest vehicle with the newer body style, probably 3 years ago, so those will be the ones we are replacing. We put 60-65,000 miles a year on them.

Fifteenth Article: Earl Sires, Town Manager, presented the Public Educational/Government Cable Television (PEG) Trust. Another convoluted/ town receives revenue from the cable company. This is called the franchise fee, we receive 130k year from Spectrum. \$130,000 they pay us for the right to put cables in the town rights of way. Monies can be used for any gen fund governmental purpose. The practice in town of the last 15-20 years has been that most if not all money is introduced into a public educational government TV trust fund. Happens monies voted by voters into fund used discretion of board of selectmen for the purpose for which the fund was established, government education, local community access TV. The practice has been that the selectmen have entered into an agreement with Valley Vision a local nonprofit to handle the management and production services associated with channel 3 our PEG channel. The contract has been in the neighborhood of \$103,000 per year. This year we are proposing only \$1 be introduced into that fund instead of a \$100,000+. Over time this PEG fund has accumulated what we would consider excess dollars to the point the beginning balance is almost \$180,000. We are proposing the selectmen would enter into an agreement with Valley Vision using fund balance to pay this year, draw \$178,000 down to \$78,000 and then monies will be introduced into it in the future so the fund will build up. The thinking is that \$180,000 is more than enough, too much really, to have in that fund, it is not needed. The idea is don't put the money in the PEG fund this year let that go to the general revenue and offset the overall tax rate. There are two places the selectmen are trying to buffer increases and that is by not contributing to the land fill expansion, which is a \$100,000 savings and to not contribute to the PEG fund which is another \$100,000 savings. Neither proposal will have an effect on services.

#### Questions:

Mark Hounsell commented that he was wondering when the day would come and the franchise fee paid by cable rate payers would be used as a means of raising revenue to the general fund. It hasn't until this proposal been the case. That money has been paid for by people who purchase cable as a franchise fee and that fee has been used by this town to support the PEG channel. I can see the wisdom of this, if you have enough you don't need more, however I am hesitant to see us break that tradition and start reaching into this pool of funds for general fund purposes, don't want us to get that habit. Is there an assurance that this is a onetime thing until the fund turns \$130,000? Earl Sires responded that Lilli created a spreadsheet for this fund and you will see that we build that fund back up over the next few years. I know what you are saying on the other hand people are always asking why taxes are going up? When is it going to stop? This is one of those areas where we can save money and buffer the increase to keep the tax rate level. Mark Hounsell further commented that his concern isn't that this is a good

move, rather his concern is that we might become addicted to that money to the detriment. We are now crossing into a realm where we are using PEG money for general fund purposes.

Bill Marvel noted that so long as the local meetings are covered it strikes him as no problem because this is an asset we have. I don't see why the town shouldn't benefit from it generally as well in a directly associated manner. If it were to exceed the amount we need each year it wouldn't bother me to see the excess put into the general fund.

Mr. Sires added there is still \$30,000 reserved in the remaining balance for equipment, which leaves \$40,000 for anything else that might come up. We receive \$130,000 a year and use \$102,000 for the contract. Each year there is an amount contributed that will build this fund back up.

Dick Klement asked am I recalling correctly that a number of years ago we spoke about streaming those broadcast over the internet? Mr. Sires answered that some of them are, the selectmen's meetings are, you can go to Valley Vision's home page and look at all the meetings you like. Dick Klement asked so the PEG money paid for by people who have cable are paying for people who don't have cable to access programming. Mr. Sires responded, I suppose you could look at it that way, but if you look at who paid what then there are many revenue streams that are paid by certain people for the benefit of everybody. Building permits are only paid by people building buildings and we use that money for all general fund purposes. Planning and zoning fees are paid only by people developing property and we use that for all sorts of purposes. Car registration fees are largely paid by people registering new cars and those without new cars benefit from that. I think that is a fault argument that this money belongs to cable rate payers it doesn't belong to them anymore than building permit fees belong only to those building buildings. Dick Klement said he would submit the difference is one of a commercial enterprise collecting money that is being used to support other people who are not paying that fund as opposed to government resources, but I see your point.

Mark Hounsell stated that he was curious as to, at one time the contract with Adelphia, Time Warner, or Spectrum, there was a provision in the contract that every so often that had to do an expansion of their services and about 10 years ago, they took cable up to the high school, do they still have that requirement? Mr. Sires answered, no that went away when we renegotiated in 2010. The good thing for us is Conway is that everything is wired and the few places that weren't at the end of the line didn't want it, they are out in the middle of nowhere and don't want it.

Sixteenth Article: Carl Thibodeau, Selectmen's Representative and Vice Chair of the Eastern Slopes Regional Airport Authority, presented the Eastern Slopes Regional Airport article. You have before you the current proposed operating budget for 2017. It has changed only in dollar value, the line items are pretty much the same as they have always been, we don't spend money on anything that isn't necessary to spend it on. I will call your attention to the third page bottom line and if everything comes in

as expected we will end up with \$3,000 left over at the end of the year, this is not a money-making organization by any stretch of the imagination. What I would like to point out is that the majority of people who use that airport are bound for the Conway / North Conway area. That figure was given to you 4 years ago, somewhere between 60-70% and hasn't varied since. One of the things that is very crucial to the airports ability. A couple things have taken place, we now have the ability to dispense jet A jet fuel for turbine and jet powered air craft that has been doing very well for us and has attracted planes in there that normally would not have come because of the length of the runway. Air craft have to come in light on fuel and therefore want to be able to buy it when they are there. Previously they would go to Portland and rent a car. Now they come here because we can dispense jet A and replace what they burned off getting here. So, now they can come in light and leave light which is the reason we put jet A in in the first place.

The other thing we have been working on diligently over the last 3 years is a new commercial hangar building, there is a large requirement for this. There's a steady call for the ability to house larger and more expensive air craft during inclement weather. Aircraft that have called and asked about the facility have stated regardless of the weather they want their plane in for the night. What we have done is put together a plan, if anybody attended the annual meeting of the airport authority, you would have seen an artist rendering of what we are proposing for a commercial hangar with terminal building attached. The cost of that facility is going to be approximately 1.7 million dollars.

We worked diligently with the State of N.H. and State of M.E. to secure \$500,000 worth grants for that facility up to this point. Northern Borders Regional Commission which operates in M.E., N.H., V.T., and N.Y. as an economic development arm of the federal government, gives out grants in those states each year. N.H. recognizes the importance of this airport to this region and N.H. graciously gave up their \$250,000 this year so we could have it over in Fryeburg to help offset the cost of that terminal building. We are currently negotiating with the EDA (Economic Development Authority) for \$750,000 in grant funding. That will take us to the point of where we will be able to bring this project off with the 2 years of our FAA entitlement money. These are monies supplied to all airports in various amounts, generated through ticket sales of commercial flights. When you book a commercial flight a portion of that sale is a federal tax and that is what that money is used for. It is used for the promotion and build out and upgrades of airports. As said the State of N.H. gave up their Northern Borders grant funds, well not all of it, every state got well over a million dollars. They gave up \$250,000 of Northern Borders fund, which is the max they give to any one project, so we could have that money to put towards that hangar building. The state has \$75,000 in transportation budget this year that will also be forwarded to the airport to offset the percentage of local cost involved in a project of that nature. Not all of the money is going to be grant money or entitlement funds some of this is going to be borne by the local tax payer and we are prepared to do that, so is the State of N.H. and the State of M.E.

All that being said it is important to note that we started to attempt a project of this nature about 6 years ago and it did not fly. The overwhelming sentiment between funding partners, Northern Borders, EDA, the congressional contingent and the State of N.H., is that the largest player is not playing, therefore we are not going to. Since the Town of Conway has been contributing \$10,000 annually towards the health and wellbeing of this airport, they have all climbed on board. If the largest player is going to participate they see the value of that airport, therefore we should also participate.

#### Questions:

Bill Marvel noticed that Fryeburg, Lovell and Denmark contribute to the airport, yet the nearest town of Brownfield doesn't, do you know why? Mr. Thibodeau answered I don't know, traditionally I thought they had, that might be an oversight, I will have to look into that.

Bill Marvel noted that the proportion of contribution doesn't seem to be based on the proportion of population. Conway and Fryeburg are the major contributors and everybody else seems to be a token contributor. For instance, Eaton, contributes \$300 and Conway \$10,000, I don't think Eaton has 1/33 of the population, can you tell me why that is? Mr. Thibodeau answered, I cannot. We have asked them for more money and they have turned it down and willing to contribute the \$300 and continue to contribute \$300 same would fall thru for most of the towns on that list. The only town that is a recent addition is Oxford County. Typically, everybody else has been contributing that same amount for many years, we try every year to get it increased. Bill Marvel noted that there is a question mark next to Carroll County, does that mean you are going to ask? Mr. Thibodeau answered that they are in the process of asking Carroll County for the same contribution that Oxford County gives being \$3,000.

Bill Marvel commented that you mentioned a significant capital expansion, I noticed that your overall town contributions run just a little over 10% of your budget. If that budget increases because of capital expansion do you anticipate increasing your request? Mr. Thibodeau answered that he would like to but I don't anticipate that request being granted in many venues. We talked about that this year, Conway did not contribute to the health and wellbeing of the airport for many years. They are now, this will be the 5<sup>th</sup> year, we felt we would leave that at \$10,000. If you would like to amend on the floor at the deliberative session to \$15,000 or \$18,000 we would love to have that, I don't see that is going to fly.

Peter Donohoe commented thank you to the selectmen to continue to maintain this as a separate warrant article. Secondly, this is very illuminating and has shed light on something that I previously didn't have this type disclosure about and it puts my opinion about the use of money from the tax payers in completely different light.

Mark Hounsell commented that he wanted to state something to Frank McCarthy a member of county delegation. In my capacity of commissioner at Carroll County

I will be asking my colleagues to consider matching the Oxford County amount, I don't know how that will be received by the commission. Then we don't know how that will be received at the county delegation. The reason, I have come to the position as I had done that a number of years ago and firmed it up. This airport is an essential part of the infrastructure of northern Carroll County even though some of the towns aren't contributing perhaps what they could, but contributing something. The fact remains that this facility aids us in number of different ways. I support this article.

Frank McCarthy commented that he is a member of the subcommittee and we will be discussing that this Friday and you have my vote. Mr. Thibodeau asked at what level. Frank McCarthy stated the county level.

I would like to throw in one more thing if I may. Mark just brought up a good point as to what this airport contributes. It is an economic development tool that we all know will aid in the economic development of the Mount Washington Valley. What happened about 5 years ago, is life flight, air ambulance service. Life flight air ambulance service over the last 6-7 years has changed some of their attitudes and rulings and are somewhat reluctant to make off airport landings. You used to see an emergency medivac helicopter land on Route 16 or the Kancamangus Highway or anywhere they could get the thing down. They are increasingly reluctant to do that and we have a lot of medivac flights coming in and out of that airport, where people get transported there from various locations throughout the valley. Obviously, they don't do hospital transfers out of there because the hospital has its own registered heliport. If you had a car accident in East Conway and needed life flight, they would land at the airport and wait for the ambulance to transport. That has now become more critical nature than it ever has in the past.

Steve Steiner asked if there is any movement in the interstate commission between both states. Mr. Thibodeau answered they are looking at that. Now that the State of N.H. has determined the value of the airport they really want to have this as part of their airport master plan and consider it as much a N.H. airport as it is a M.E. airport and rightfully so. The majority of the traffic that comes in and out of there goes to the Mount Washington Valley. We are talking with the aviation division of NH DOT with a lady named Carol Niewola, Senior Aviation Planner for the State of N.H. about an interstate airport authority. We are just starting to get that rolling, we had talked a few years back but due to the lack of participation from one of the largest users it fell on death ears. Now that Conway is participating and hopefully you will see the value and continue to recommend it, they are more than interested in forming an interstate airport authority so it will have full sway in concord to continue to have the state contribute funds.

Steve Steiner asked if anybody is talking about trying to get a small commuter airline coming in like Cape Air. Mr. Thibodeau answered not at this point. The next step in order to do that tis to expand that runway to 5,000 feet. We felt that it was more important at this point to be able to house these larger commuter, corporate and some private aircraft that come in. So, we thought the money would

be better spent with a greater return to put up this corporate hangar first. I will also tell you this we were getting ready to move forward with that when FAA came and core sampled the pavement in front of the existing terminal building and determined that to be substandard for the type of aircraft that new building will attract. We ended up spending all of our available funds to put in a new apron in front of the terminal building. Roughly half of the available parking for aircraft was rebuilt this year. Important to note at that juncture that the congressional contingent went to bat for us as we didn't have enough money to complete that project and they got some additional federal dollars. We had 450 the project was 615 the congressional folks got us the balance of the money from the FAA, that project is complete. Now we are going to be moving forward with the building and the next phase is looking at the expansion of the runway.

Steve Steiner commented that to my members, I have been a great supporter of this airport. I think it is so important to this community for economic development. Right now, our tax monies mostly come from hospitality and all our chips are riding on that and I think we need to do as much as we can to support this airport.

Bill Masters asked if the runways will handle commercial traffic? Mr. Thibodeau answered that there are several definitions of commercial traffic. We have commercial traffic in and out of there now with some of the smaller corporate type jets 10-12 passengers. I don't remember the exact poundage capacity, you can't put a 727 in there. We can facilitate a gulf stream 4, 20 passengers, it got in and out of there without a problem. Bill Masters asked maybe a regional airline can be approached? Mr. Thibodeau answered that a commuter airline flying a small regional jet or twin turbo prop that had the 24-30 passenger capability, they can get in and out of there with no problem the runway is long enough and it will handle the weight. Bill Masters commented that the reason he brings this up is about the only way we have to get anything in here including tourist and provisions is over the highways. We are captive to one means of getting people in and out, commercial goods and products and everything else. It seems to me we should be looking at things like this in terms of expanding our abilities to move whatever we want to have in here. Mr. Thibodeau agreed. Let me go directly to the passenger portion of this, freight is not a problem, if we could get a freight forwarders we could put some substantial aircraft in and out of there today. Passengers are an issue, the way these work, it is federal law, small commuter airlines and any other passenger lines are subsidized by the federal government because they can't get enough out of ticket prices to pay them to set up and establish a presence at some of these smaller regional airports. The problem we have with this particular is that it lies within the 45-nautical mile range of the nearest suitable commercial airport, that being Portland, M.E. So, it is going to take a little to bend that rule and attract a commercial airline presence there because of the ticket subsidies.

Bill Marvel asked if it is possible to know who it was that bailed out of the Fryeburg airport after the airspace had been shut down on September 11, 2001? Mr. Thibodeau answered he had no idea.

Seventeenth Article: Earl Sires, Town Manager presented the Year Lease for Solar Energy Farm article. This is fairly straight forward and something we are excited about in town. We have a company that wants to develop up to 8-9 megawatts in solar generating facilities on town property. These properties are the former landfill at the transfer station that is capped and space where the current landfill is across the street that we have no use for in the foreseeable future or is an area that won't be used for landfill for 50 years. This is property that the town has that really has no other utility or purpose. These folks want to do this project in part because they can receive a favorable lease rate because this is property that is not out on the commercial market and the power line goes right thru the property. We have been talking with them for 8-9 months and the revenues both payment in lieu of taxes and lease depending on how much, they want to do 8-9 megawatts. If they did that full amount, we would be generating up to \$90,000 a year in lease and pilot payments. It would be strictly a commercial enterprise, leasing property, doing a solar farm, nice to have in community, the benefit is up to \$90,000/ lease revenue for 20-25 years in the future. They will have to go thru planning board and meet the requirements.

#### Questions:

Dick Klement asked they are going to be taking the energy and sending it over the power lines. Mr. Sires said they are going to be making money. Dick said the energy company doesn't have a way to store that. Not being electrical grid expert, I know that there are ways for them to manage and receive credit and make money. As we get into the project there may be direct wire to our facilities, right now we are just looking at this as a power plant for the grid.

Frank McCarthy asked if they will have the capacity to sell some of that energy to the town? Mr. Sires answered they will make it available to the town or other organizations or governmental entities within the town. We had originally talked to these folks about a deal where we would be obligated to buy power and they would reimburse us and pay us, etc. We didn't really like the deal because we had to commit 20-25 years into the future to electric rates. We backed out of that deal and did a strict lease deal, they would lease the property and sell power on the grid. There is going to be a chance and it will be up to the different organizations to decide whether buying power from them would be advantageous.

Mark Hounsell commented that he thinks this is exciting and he has been waiting for something like this to come to town. I know Interlakes High School just opened up a solar array and waiting to hear how it is going. I think there is something going down in Portsmouth as well. I know the school has looked at one at the High School but it won't fit up there. If this business fails it only affects the town by losing the lease revenue. Do we own it? Mr. Sires answered that we have gone around with them a little bit and the lease will probably be renewable every 5 years and if the use life of the equipment is such they want to re-up.

Eighteenth Article: Earl Sires, Town Manager presented the McMillan Way article. The budget committee would vote on this because there is a financial impact to it. Mc

Millan Way is, if you are over at Home Depot and drive from there over to Common Court by the hotel it is behind the old LL Bean property. That is bordered on either side by properties of the developers and owners of Settler's Green and they are looking to do a large retail/mixed use development in there and would rather not have the property dissected. They are asking the town to vote to abandon that as a town road. They would still be required to maintain that as a private road, so for those of us traveling that would not have an impact on us. As they develop they would have to put another road in that would replace this road. That would be behind where the condos are now and that would have to go thru site plan and planning board approval. The benefit to the town over the next few years is that we no longer have to maintain it. This public road would be replaced by a private road and we would not have to maintain that either. So, we end up losing a segment of road for maintenance.

#### Questions:

Chairman Mosca asked if you would still be able to get around eventually to Home Depot and North-South Road. Mr. Sires answered yes.

Mark Hounsell asked when it becomes a private road is it going to be maintained. Mr. Sires answered by the owner. Mark Hounsell asked if it would be to the degree our fine crew does. Mr. Sires answered that not taking away from anybody else but our crew does the best job.

Chairman Mosca asked if it becomes a private road is there an opportunity for them to stop traffic or is that part of the agreement, they have to let people use it as a public way. Mr. Sires answered that is part of their site plan, that they have to provide access and transit thru their development.

Mark Hounsell asked would it be maintained as a right-of-way? Mr. Sires answered I think they are required to maintain that road as long as they have a commercial development there. I suppose they can raise their development and bulldoze the road at some point. Mark Hounsell asked if it is a private road will we still have legal right-of-way over it? Mr. Sires answered that is a good question. Will we have the right to travel as part of their representations and requirements and commitments to the site plan process. It is clearly not as bullet proof as having a right of way to a public road.

Chairman Mosca stated his concern is if there is no right-of-way for citizens of Conway or others it could shut down Home Depot, put them out of business if there is no road in or out as most people don't use Route 16.

Mark Hounsell clarified when you turn off 16 to go up towards Home Depot is that the road we are talking about abandoning. Mr. Sires answered that when you take the right, you can go left to go to Home Depot or right to go to McMillan when you take that right is when it starts.

Frank McCarthy noted that it then goes out to that circle. Mr. Sires answered yes.

Dick Klement asked wouldn't this have to go before the planning board to get the abutters to concur with this before it becomes a warrant article. Mr. Sires responded that the abutters are the same people, they own both sides. Dick Klement replied that Home Depot is an abutter. I don't know all the details of that, we set it up this way because we thought it was advantageous to the town not to have a road to maintain, however I am sure they would be happy to continue and have them dedicate a road back to the town when they develop either way.

Pat Kittle asked if the road that loops around Settlers Green is a town road or private road. Mr. Sires answered that it is both, there is a segment that is owned by Settlers Green, I think it is the piece over by the apartments, Airport Pines. Pat Kittle clarified they are maintaining that portion. Mr. Sires answered yes, they are.

Nineteenth Article: Earl Sires, Town Manager presented the Elderly Exemption article. This is something the selectmen have been looking at over the last few years it has to do with the fact that elderly folks in town can receive an exemption for property tax and there were certain requirements for income. What they have done is basically increased those income levels a little bit to be able to capture those folks who were on the bubble and didn't qualify. The tax payer must have a net income less than \$28,000 and if married a combined net income of less than \$37,000. Net assets can't be more than \$77,000 excluding the residence.

Questions:

Dick Klement asked if this is a \$500.00 exemption? Mr. Sires answered that it is a percentage, but he does not know.

Bill Marvel noted that the percentage increases as you get older. However, it does not indicate that the spouse has to be a senior as well, does that matter? Mr. Sires answered that he does not believe that matters, the owner of the property.

Mark Hounsell asked if this is the final language of the warrant, there is an error? I think you need the RSA in front of that. I am wondering if there are other things that you may want to look at. Mr. Sires responded that they will look at that. Tom Holmes has actually been working on this so I will speak with him and email you what the actual exemptions are.

Frank McCarthy noted that the term credit was used and there is a difference between exemption and credit. An exemption comes off the value of the property where a credit comes off the tax itself. The veterans get a \$500 credit. The older folks get an exemption of a certain amount of the value of the property in accordance with the rate.

I would like to mention there will be another warrant article, a petition warrant article, that we should know about. The law was passed and signed into law by the governor that will give all veterans a tax credit (named All Veterans Tax

Credit). In order to get the original tax credit for a veteran you had to serve during a particular war time period. That's no longer the case, now any veteran who served 90 days on active duty and received an honorable discharge can get the veterans tax credit. It has to be passed by the legislative body. It will not affect the one that is already in place for the war veterans, it will just add this on if they vote for it. I don't think it will be a big number, only a few years talking about. Since 1990 everybody gets it because the war period for the first Gulf War hasn't officially ended yet. Before that you had Vietnam, Jamaica, Korea, WWII, so there is only a small amount of time and I don't think it will add many to the rolls.

### **New Business:**

Frank McCarthy had a question about the interest on TANS as he knows what the rate is at the County and he thinks we are paying a lower rate. Lilli Gilligan, Finance Director responded that she has not pulled a TAN in almost 2 years. The new rules on TANS 2 years ago, allowed for an interest rate while borrowing and a higher interest rate while using in addition to a fee to pull it. This is why my recommendation to the selectmen every year since then is to maintain a healthy fund balance, because the misconception about fund balance is that it is money in the bank. It is not money in our bank because we have over 2 million dollars in unpaid property taxes. So, maintaining a fund balance in excess of the owed property taxes protects us from having to borrow and protects our cash flow. The school has been extremely cooperative in making sure cash flow is something that allows us not to have to borrow, although it has gotten close. The interest rate to answer your question I don't have the exact number as I said I haven't pulled a TAN in almost 2 years, but the interest rate for having 2 million dollars on hand was at .54% every day to have that money available, then if I used it, going back 2 years, was almost a 2% daily. So, if you use \$200,000 the whole time you are using it you are being charged a 2% daily rate. I don't know what the current rates are and not certain that 2% is an exact figure. Positive that .54% was the amount of percentage rate just to have the TAN. There was also the fee to have it pulled at the bank and that had to be reviewed by attorney. That's what the \$1,500 is just in case we get in a situation.

Frank McCarthy asked about the \$1,500 it says it is an interest rate. Lilli Gilligan answered that it is to pay for the interest rates for borrowing. Frank McCarthy noted that it is written down as being interest. Lilli Gilligan answered yes, it is to pay for the interest on pulling a Tax Anticipation Note, which the Town of Conway has not needed to do in almost 2 years. Frank McCarthy asked what years did you have it down to \$1,500, I thought it was last year and the year before? Lilli Gilligan answered that we had budgeted \$1,500 last year, we are budgeting \$1,500 for 2017. It protects us in the situation where cash flow is at a crunch because I can't anticipate everybody will pay their property taxes on time. If we come to June, even though bills went out in May, and nobody has paid yet, we will have to pull a TAN in order to continue to have business as usual. We haven't needed to do it in almost 2 years but that's where we are at. The \$669 that was spent in 2015 was to borrow for 8 days. Frank McCarthy asked so you are paying that interest on a line of credit without using it. Lilli Gilligan

answered no, it is not a line of credit. You cannot pull a line of credit in that manner and Tax Anticipation Notes for municipalities can only be borrowed for one calendar year. Frank McCarthy responded yes, it is only a 1 year loan, I know that. Lilli Gilligan clarified that in 2015 we only borrowed for 8 days. Frank McCarthy asked and you paid \$1,500 for 8 days. Lilli Gilligan answered no, \$669, which is why we closed it quickly.

Lilli Gilligan, Finance Director mentioned that since we presented the warrant articles and our general fund budget, the warrant articles is a reduction of \$331,000 over last year where the increase is not that much in the general fund budget. We are presenting a total net reduction of 75k between the two. Chairman Mosca asked that does not include the petitioned warrant articles. Lilli Gilligan answered it does not no.

Vice Chairman, Jim Lefebvre discussed that Frank was talking earlier about the Veteran's bill that just passed in Concord. American Legion Post 95 is going to have a representative here discussing that on the 30<sup>th</sup> of January. I will step aside from my seat and be in the audience as I believe that is something that should be done, but I am not going to use my seat as a member of the budget committee to advocate for it. I would encourage you to give them your full courtesy and attention on the 30<sup>th</sup>.

Dick Klement discussed on the petition warrant articles, if they have a budget impact are we going to discuss them. Chairman Mosca answered yes, we have a date set up for the petitioned warrant article which is February 1, 2017. The actual packages are at the Town Hall.

Chairman Mosca handed out answers to some of the questions that had been asked of the town.

### **Old Business:**

Frank McCarthy commented that he was not here for the last couple of meetings, but did read the paper and he does believe that the article that was talked about over the 3-year period and the raises for the school it is going to cost over 2 million dollars. If you bring it out to 5 years and assume that similar raise will come in the 4<sup>th</sup> and 5<sup>th</sup> year now you are talking 5 million dollars. 5 years without a raise is at the 5 million dollars and with raises it is up to 7 million dollars. Mark Hounsell recognized that this is an important discussion and asked that the chairman say with the schedule when this is on next week and when we will be better prepared. Chairman Mosca answered he will and pointed out the article on the agreement between the town and the public works department where they include the compounding cost of the 3-year agreement. They were told to do so in 2014 by the DRA when they had their first multi-year contract. This is what I said the other night to the school board and I will send something to Kevin Richards tomorrow regarding this particular warrant article on the town side. That is the way I think it is supposed to be done and I am still waiting to hear from our DRA representative but she is on vacation. Mark Hounsell noted that he intends to have that conversation as well with the DRA revelation. It may sound like we are splitting hairs but the wording is important. It is not cumulative it is

compounding. Someone can say you are just mixing words, but there is a difference. I think that it is important that we understand as much as we understand the difference between exemption and credit, that we understand the difference between cumulative and compounding. I would like a week as scheduled to address that. Chairman Mosca noted that was fair enough and as he said he will email Kevin Richards tomorrow based on what he has learned. Frank McCarthy noted that he was talking cumulative. Mark Hounsell noted that the law talks about compound. Chairman Mosca agreed that the law does talk about compounding because he has done a lot of research since the other night. Bill Marvel stated that this would not be the first time the legislature misinterpreted the dictionary.

Chairman Mosca stated again that this is one of the things under old business that he was tasked to do and I know we are going to talk about it next week with the school board. I think the presentation with the town and the way they have it set up, the way they were told to do it in 2014 was this way. My fear is that if the school warrant article isn't written that way and it is required and it does pass and it is challenged it could be turned over by the courts. Mark Hounsell stated he appreciates that opportunity for the school board to look into that in a weeks time.

Chairman Mosca, discussed the bond article that was talked about with the school the other night. The bond article is for 2.1 million dollars to redo Conway Elementary. The original presentation we got last year was 2 million to do Conway Elementary and it is up to 2.1 million dollars. To do Pine Tree it is up another \$100,000. To do both schools now we are adding another \$200,000 to the original budget, that if we had bonded it all last year we might have saved money. Interest rates are increasing which is going to increase the cost of what the town has to pay back to do both schools. Just to apply for a bond there is a financial cost for that. I want to reach out to this board to see if there is anyone who would agree with me that we should do one bond instead of two and at the deliberative raise it from 2.1 million to 3.1 million and do both schools at once. It would end up saving the tax payer's money in the long run. If it needs to be done, whether 3, 5, 10 years from now one of the schools is closed its irrelevant. The work needs to be done and if we can save money by packaging it as one contract, I think it is the smart thing to do.

Mark Hounsell noted that he does not disagree with what you say about what would save us money if we did one bond for all projects. We had this discussion over the years and last year we the school board chose a direction. The school board was there was enough discussion around all 3 schools and the most conservative approach was to do them John Fuller, Conway Elementary and Pine Tree. I support that position and I am here to represent that position of the school board. We did talk about the impact of the warrant articles before the people and we felt the best action was to stay on course. Plan to do Conway Elementary and ask for the funding to do that. The question of Pine Tree, my hope is that we will be back asking for that as well. My preferred is that we raise the 4.7 last year, however we are in a community that has a lot of different ways of expressing themselves, but I think it is pretty clear that the slow and steady course we have taken to repair these buildings that have been neglected is one year after year that way we can balance each one. The other point I want to say is

that you can change the dollar figure at the deliberative but you cannot change the purpose of a bond. For you to be able to get where you want to go on the floor I don't think you can do it. You can raise the money but you can't attach it to Pine Tree unless the school board changes the warrant. Chairman Mosca asked the language of a warrant article can't be changed on the floor? Mark Hounsell answered not on a bond, you can change the dollar amount but you can't change the intent and that has to do with noticing people and all the legal stuff. Apart from that I think before you proceeded much further the budget committee may want to take a position on your proposal and then that discussion can go back to the school board to see if they want to entertain that. I again I would not support that I think the 2.1, given you were accurate we would have saved bond money I still think is a better course of action. Another million dollars I think is just too far out there. I think that train left the depot last year when we told the voters we are going for John Fuller we got favorable support on that and in it we said we would come back with Conway Elementary this year. I think to say now that we are adding Pine Tree as well breaks faith with the voters. Chairman Mosca responded I disagree with you, in the fact that if you are looking at the numbers and you are going to save \$200,000 or \$300-\$400,000 over the life of the project then it makes perfect sense to do both at once. Mark Hounsell indicated that the school board vote for this warrant was 4-3 and I think that it is going to be a tough sell to convince the same 4 to go for 3.1, especially since I was one of the 4 and I am not going to do it.

Frank McCarthy noted that he remembers when we went thru this with the 6 million dollars, 2 million for each school and could have gotten it done for 1 million at each school. I think a lot of people went for it the way it is now separated because they had it in their mind that Pine Tree would close in 2-3 years and save that money. I still think that is a lie in the hearts of people and I won't buy it if you go with 2 and I think a lot of the people won't buy it either. Chairman Mosca said here is my problem with Pine Tree, the underground oil tank is at its life expectancy and needs to be pulled. So, you are going to be spending \$200,000 no matter what at Pine Tree whether it stays open for a couple of years or not. It has to be done it is at its life expectancy and from what I understand we have a waiver from the State to leave it in the ground for a couple of years, but it is something that is going to have to be done. If it cost \$150,000 a few years ago to do one at Conway Elementary it is going to cost at least that much to do one at Pine Tree. We are going to be spending the money anyway or at least some of it. Peter Donohoe spoke to this in a professional capacity and that is false. There are people within the current district that don't like the extra maintenance and the hands-on work that some of these utilities require. The state has no rules from DES that says that a tank at life expectancy manufacturers warrant needs to be replaced. As a licensed installer, I know this as I do this for a living. I have clients who have 30-35year old tanks who have decided to live beyond the useful life of the tank. By contrast we have installed some for the State, the state rotates them on year 26. That is just the position the State takes, there is nothing in the rules that says a tank that is 25 years or older has to come out as long as it is normal operating conditions. The tank at Pine Tree was put installed in the late 80's or early 90's so it would be in the 25 or greater. Chairman Mosca stated that is what he was told is that it had to be replaced in the next couple of years. Peter Donohoe noted that "had to" I think is false,

the choice to do that based on do it now and it will be less is something for consideration. I would have to say that I don't agree that buildings the school district owns should be left to neglect. I think if we own them, we need to keep them up regardless of it looks like something may change down the road. I would like to prior to discussing this further is review the semen study to understand what the needs base were related to Pine Tree because it is a much newer school and I am not sure from that exhaustive study that was presented to us last year if Pine Tree would have things done preemptively because they need to be done eventually or if that can in fact wait. I am more in the camp that we do this in segments and understand the value that can be saved with doing a larger bond issue and doing everything at once. I personally do not understand what the needs are at Pine Tree and I want to review that before understanding that better.

Dick Klement noted that he also prefers to see them in separate groups and my rationale is not a financial one, it's looking at all the work that took place at Fuller. Everybody was scrambling at the end to finish up and the teachers didn't have a lot of time to get ready for classes. If we attempted to go for two schools I think we would fail. Chairman Mosca note that the issue at Fuller was that they left all the furniture in all the classrooms, at Conway Elementary all the furniture is coming out. At Pine Tree, they don't have to remove the furniture because what they are doing is changing over from oil to propane and would be wiring and upgrades to electrical. It is more computer wiring. Mark Hounsell noted that they have been over at Pine Tree is getting rid of the pneumatic air control system. A compressor runs air through a line and those rubber hoses are dried and cracked and leak, the compressor is always running and they don't work and we are spending money on electricity. We have things that need to be done at Pine Tree, but I think we should take that slow and easy steady segmented approach because we started down that road. Chairman Mosca stated that he thinks that anything that can save the tax payers money, that's part of our mission as a budget committee. I get the sense that this body does not want to go in that direction so I will drop it at that.

### ***Comments from the Public:***

Daymond Steer from the Conway Daily Sun asked how sustainable the cost of government is when you have big infrastructure needs, new town hall, rehab rec, main street project for the next couple of years, give airport some. In the meantime, we have 5 fire departments, 2 ambulance services, 2 tax payer funded rec centers, 2 water districts and multiple elementary schools. I am just wondering is this sustainable and what can the budget committee do in the long term to sort this all out. Chairman Mosca answered that unfortunately we can't do anything but look at the budget that is presented to us year to year and make recommendations from that. That would have to be taken up with the school board and the board of selectmen as to how they want to proceed. We get a budget and our prevue is to review it from year to year and take it from there. I don't disagree with what you are saying but I think there is a need for a new town hall and anybody that is in that building knows there is a need as it can't be rehabbed to what we need. The rec center is another, it is something that needs to be updated and upgraded, whether we rip it down and build a new one or rehab what

is there and there is a cost but it is going to be spread out over 20 years. The biggest cost that we face are retirement, health care, and labor. Unfortunately, they are tough to cut, we have no control over retirement and health care. If our people stay healthy we get better rates which is what happened with the town. The town's rate is only going up 3.8% because we are one of the healthiest towns in the district. The school is going up 11%, why is theirs different than the town I can't say. The retirement rate is set by the legislature, if they say it goes up it goes up. I would like them to see the employee side of it when they increase the town side of it. I'd like to be able to give you answers but I can't, that is something that needs to go back to the different boards and see what direction they want to go in. Mark Hounsell commented that this is a great discussion and we need to continue it because we are a growing community. A lot of what we are doing here is look at the budgets and how much things cost and I don't think we spend enough time looking at revenues that we have become used to. A big one that is going to hit Conway hard is the legislatures decision last year to begin phasing out the stabilization grants. What that means is that the adequacy money that we get from the state is going to be reduced by 4% under the stabilization grant portion of it for the next 20 +/- years. That stabilization grant is essential revenue so that puts us in our community of a position do we accept that we are not going to have those revenues and stay the course for services that we have built towards or do we cut programs because the State has cut funding. These are the down shifting problems that are real and they are on us now. I think it is important as we discuss budget impacts and tax rates, there are two sides and we spend a lot of time on the cost side but not sure we are as active as we can be on the revenue side.

**Dick Klement moved, seconded by Mike Fougere, to adjourn the meeting at 9:10 PM. Motion carried unanimously.**

Respectfully Submitted,

Lisa E. Towle, Recording Secretary