

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
September 19, 2012**

A meeting of the Municipal Budget Committee was called to order at 6:33 PM in the Professional Development Room at Kennett Middle School with the following members present: Chairman Joe Mosca, Doug Swett, Betty Loynd, Ted Sares, Maureen Seavey, Greydon Turner, Steven Steiner, Michael Fougere, Peter Donohoe, Syndi White (arriving at 6:37 PM), Maury McKinney, Brian Charles and John Edgerton. Excused: Karen Umberger, Danielle Santuccio, Bill Marvel and Mike DiGregorio. Also present: Dr. Carl Nelson, Superintendent.

John Edgerton led those present in the Pledge of Allegiance.

APPROVAL OF MINUTES

Ted Sares moved, seconded by Greydon Turner, to consider and accept the Minutes of August 8, 2012. In favor: 11; Opposed: 0; Abstain: 2 - Doug Swett and John Edgerton.

SCHOOL REVIEW

Dr. Nelson began his presentation by apologizing for not being able to attend the August 8, 2012 meeting. Dr. Nelson stated he would be doing two things tonight: 1) Year End Review of the Budget and 2) he would give a preview of where they are going with the Budget coming up.

Dr. Nelson stated in answer to a question about per pupil cost, he had provided documents on same. Dr. Nelson stated he had provided a variety of documents and would go through them, explain what they are, the Committee has seen most of them at one point in time or another. Knowing this is the very first time that it has been looked at, there will be other questions beyond tonight and he would be more than happy if members wanted to e-mail him or if members wanted him to come back to another meeting at any time and answer any questions, he would be more than happy to do that.

Dr. Nelson started with the first document on top if members had kept the documents in the same order which he hoped all had because he didn't number the documents, is the actual Year End Budget. This is the final Budget Report that they have given to the School Board in terms of the expenditures. Members will note that left in the unexpended funds is \$413,290.01 and that is going to coincide with the number he will talk about later on. This is the final accounting, plus and minuses, the bottom line is they did not spend \$413,000.00. If you go through it and you have questions, write them down, get them to him and he will get back to the members.

Dr. Nelson proceeded with the second document which was done at the end of the school year, the Board Report dated May 14, 2012 and it has to do with the recommendation for unexpended funds, not the \$413,000.00, but beyond that \$413,000.00. One item, Construction Fund, had \$90,000.00 in it and that was the result of the Library Roof and settlement on a

lawsuit. They got \$90,000.00 out of that settlement. They used approximately \$75,000.00 of that to refinish/repave the road with the final coat because it only had a sub-coat on it; the final coat of asphalt and striped all of the parking lots. There is about \$13,000.00 left in that Construction Fund which they plan to use at the High School this year. Hopefully at the end of this year they will be done with that.

Dr. Nelson proceeded with the second listing on the Board Report which were items recommended to the Board that they spend funds on, still keeping within the \$402,000.00 that they indicated they would return to the taxpayers or use to offset taxes. Members have been given a list of those items that were done with additional funding: refinish the High School Gym floor, resurface the Track, all of these things have a life cycle and the end of the life cycle is coming up unless they do some refurbishing. One of the things they don't want to do is get into the same situation they were at in Kennett High School years ago while they were running to try and catch up all the time; they are trying to stay ahead of it. They replaced the Millen Stadium Scoreboard, resurfaced the Tennis Courts which is a lot better than having to put in new Tennis Courts. They did some window work at the Elementary Schools; more surveillance cameras at the High School which has really been working well in terms of curbing the vandalism because everybody knows Big Brother is there. They also did the floor in the Auditorium. He wanted members to get an idea of how they used some of that money.

Dr. Nelson proceeded with a Board Report dated June 27, 2012. If members have been following any of the School Board Meetings, one of the issues they are having is with the School Buses. About four or five years ago, the replacement cycle was changed from 10 year old buses/125,000 miles to a different cycle which was replacing them at a different level. He thought it went up to 200,000 miles or 12 years and they have found that they are having a lot more break downs, they were spending a lot more money on repairs and they were really behind the 8-Ball in terms of solid buses. One of the things they did was ask the Board again to expend some surplus funds on a new 77-Passenger Bus. They also took some money, \$20,000.00, to cover that.

Dr. Nelson proceeded with a Memo from Becky Jefferson to him dated August 22, 2012 which actually gives the wrap up of the end of the year. They have turned back to the taxpayers to offset taxes \$470,000.00; \$413,000.00 in unexpended funds and \$57,442.00 in excess revenue that they received. Both total up to the \$470,000.00. It is broken out as to where the pluses and minuses are. This explains where the excess is coming from. None of the monies on either the School Bus or the other items that they did at the end of the year came out of Special Education. All of the maintenance work came out of maintenance that was left over.

Dr. Nelson stated he thought the documents discussed showed the whole picture of what happened during the last year, closes it out.

John Edgerton questioned the \$80,913.00 spent on construction. Chairman Mosca stated that's money coming back.

Peter Donohoe stated he was interested in the mileage per year, per bus and asked if that number was going up, staying the same or going down.

Dr. Nelson stated it had been going up because there have been additional activities added to that. More important than mileage is hours on a bus; they don't have hour meters on the buses, the older buses. They are going to start installing those. As they have talked with the Town that does all of the work on the Conway buses, they do a great job, an absolute great job, and they are suggesting that the hourly way is the way to go. He will get Peter the miles.

Maury McKinney asked about break downs, how many are seen in a year that require emergency assistance. Dr. Nelson stated they had a brand new bus they had to send back the other day because of an electrical issue and that was brand new, just got here. It is tough to pinpoint break downs, but guessed he could get a total number through last year. What they worry about is having a break down in Manchester. For instance, the hockey team is down there playing a night game and all of a sudden there's a break down; they are back on the road at 11 o'clock with a break down and it's 2 hours to get a bus down there and then get them back. But he can get that information to Maury. He didn't have it right off the top of his head.

Dr. Nelson asked the members to go to the next document which is going to start this year. This Memorandum was handed out to the Board September 17, 2012. He usually puts this in the packets, but since he was going to be here tonight he decided to give it out now. They have direction from the Conway School Board, they are asking at the first pass to come in with a zero percentage increase with only one exception and that exception would be the second year of the AFSCME and the CESP Contracts. They have already been voted on by the people. He does have concerns about that and he was going to give a couple of reasons. They know already that the State is going to up the employer's contribution to Retirement, teacher retirement, by almost 3% and that's going to be a big chunk and by the employee's retirement by about 2%. The employees are the teacher's aides, the support staff, all of the people in SAU are also what they call employees. They know those two are going to go up. He will have a better read on that after he gets what any staffing requirements or staff reductions are. He will know more on October 9th. The second number that they are going to have to worry about is Health Insurance. Last year they were able to negotiate that down and actually had a minus in terms of the changing of the Health Insurance rates. He doesn't know if that's going to happen again this year. They have already started badgering their health insurance company for at least a range that they can work with. They are not going to give a guaranteed maximum, but if they could get a range that would at least assist them in throwing a preliminary budget together. That number, depending on what happens could be \$500,000.00/\$600,000.00 and increase without any changes. The other thing that they have to be concerned about is the fuel oil; it is very volatile. He and Jim (Hill) watch that almost every single day to try to figure out where it is.

Dr. Nelson stated he also attached for the members to look at the Minutes stating what the Board has asked. At some point they will come up with that number.

Ted Sares asked about the concern in Retirement. Dr. Nelson stated the concern is that there is going to be a significant increase in the

Budget, probably a \$200,000.00 to \$300,000.00. If they follow the direction that the Board initially took which was to come in at a zero budget, they are going to have to make that up some where along the line. Something else is going to have to go in order to accommodate what the State is requiring them to do. Ted stated the State is requiring the Schools. Dr. Nelson stated the employer, the School, has to make a higher contribution than what they have been making. There is no change in benefits; not that anybody gets any better benefits, it's just to be able to allow the system to afford the Retirement Plan. Not the employees; the employees got hit last time with a 2% increase. This go around, what they see right now is the employer getting hit. If you remember, the State used to pay 35% and they've backed out of that; they've downloaded that to the local taxpayer. It's a concern that he is pointing out early on and he gave the Board a copy of the proposal, the costs.

Dr. Nelson stated the next item is a Schedule of the Board Meetings that he has given to the Board which is in a draft state right now that centers around the Budget. All members are certainly welcome, the meetings are in the Professional Development Room at 6:30 PM. You will note that they probably won't have an approved Budget until, he is hoping, the December 10th meeting and on this Committee's list of meetings the Budget was being requested for the 14th of November for them to have a preliminary Budget. They won't have a preliminary Budget by then; they won't have one finalized by the Board until December. What he will do is what he has done in the past; any budget materials being sent to the Board that are a draft, he will send to this Committee. At least the members will be able to keep up with where they are going. They are on a different fiscal year than the Town; the Town ends in January, they end in July. There are not a lot of people here during the course of the summer so it's tough to get the Budget together that quickly. If he does that, he believes it will keep this Committee up to date on what's going on. Please feel free to come in to any of these meetings if you would like to participate.

Dr. Nelson stated there was a request by one of the Budget Committee Board members to talk a little bit about the per pupil cost. What he has given to the members is the latest Department of Education per pupil cost for the 2010/11 year, it runs that far behind. Look at the bottom at Conway and it will give you the Elementary Schools cost, the Middle School cost and the High School average cost per pupil and then there is the State average at the top. This is a formula that is suppose to compare all schools evenly in terms of their per pupil cost. If everybody puts the data in the same, then it comes out right and you can legitimately compare one school with another. The wrong number is taking the total number of students and dividing it to the total Budget because there are things that come out of it. For instance, bond issue payments and stuff like that; other things are added such as Grants, Federal and State. It's like doing your income tax, you put stuff in and you take stuff out and come out with a bottom line number.

Steven Steiner stated he had been campaigning all over the county and all over the District and he has talked to a lot of folks in Eaton, for instance, and they are paying \$720,000.00 for 19 students. He would simply do the division on that and it comes out to about \$37,000.00. Dr. Nelson stated if you look at the next document, it will explain that.

Look at the Board Policy called Tuition Costs, Policy EEAC. There is an 8-town agreement for tuitioning kids to the High School, 5 towns to the Middle School, 3 towns to the Elementary School. Conway has a policy that says that no other town, such as at one point in time Hale's Location, they now have an agreement and pay, not by the 8 town agreement but by the formula he is going to talk about. No town in the 8 town agreement will pay more per pupil than an outside town which is sending kids here. They get that from time to time, Hale's Location is a good example of that; they don't have their own school system, they come to Conway and they get charged in accordance with this policy. When turning the page, you are going to see the break down of if you took the numbers, the amount of money that each town had to pay and divided for that particular year the number of students in it and he was looking at the top one, the High School, and he was looking at Jackson. You are going to find that they are the highest; if you take what they're paying for the High School Bond, the Vocational Bond, the Maintenance Trust Fund and then the operating costs, and you add that up, they pay \$611,000.00, they have almost 19.5 kids; divide that into the \$611,000.00 and you're going to come up with a number of \$31,000.00 if you were to do it by per pupil cost. We don't do it that way, but for the sake of that policy they have to generate this worksheet so they know if Hale's Location wants to send 3 kids here and they are High School kids, it's going to cost them \$93,000.00. He then reports that to the Commissioners, who then budget it for them and take the taxes out or however they do, he doesn't get involved with that. You can see the bottom line for each of those; in the High School situation, Eaton is \$16,000.00; Conway is \$11,799.00 at the High School. If you go down to the next level, you'll see the Middle School statistics where Eaton pays \$27,000.00 with only 5 kids going to the Middle School but they've got to pay for the Middle School Bond, the Middle School Maintenance Trust and the operating costs. That's how you figure it; it has nothing to do really with per pupil. The only reason this is done is it's able to determine what outside groups have to pay.

Steven Steiner stated to Dr. Nelson that what he was saying was that for the folks in Eaton to send people to school, 19 students the last time he was told a couple of weeks ago, true. Dr. Nelson stated for November of last year they had 14 students and he did not know what they have this year yet. Steven stated he was talking about total students, not just High School. Dr. Nelson stated in total 27. Steven stated talking with Selectmen and other folks, the bottom line is for him you talk about the bonds and all of that and that means nothing to him at this point. The bottom line is what they're paying out of their taxes each year comes out to be about \$37,000.00 per student.

Dr. Nelson stated he had the agreement and would give Steven Steiner a copy of it and he could read it. It will tell you what they are going to pay on the Bond and the Maintenance Trust Funds for both the High School and the Middle School. They will be paying on equalized value; equalized value being as it's compared with all 8 towns. For the High School and Middle School and Elementary's operating costs, they are going to pay 35% based on their equalized value and 65% based on the number of kids they have in there. You can look at the computations, that's how it happens. The other number he gave to the Committee is not reported any where, they've generated that and, as a matter of fact, when they looked at Hale's Location coming in they used that exact same numbers. They have to

pay at least that much because that's what the policy says and he believes it's a good policy for Conway and that it's good for all of the people that participated in building the High School and the Middle School and maintain them. It doesn't allow somebody else to come in later and get a "real good deal" because they came in after the fact and all of the revenue that they get from outside offsets the costs before they do the division in terms of what each town has to pay.

Doug Swett stated that two groups of these towns prior to building this High School looked into building their own and turned down building their own and signed on to do business this way because it made more sense to them, he assumed, than going the long route and building a school.

Dr. Nelson stated as he said before the reason they generate it is for the outside group coming in.

Steven Steiner stated the other point is this: up in Chatham they send their kids to Fryeburg and Lovell. Dr. Nelson stated they do. Steven further stated they are telling him that the bottom line is if you take all of their students, and there are about 41 kids there, and it's costing them \$17,400.00 to send all of their kids there and they have one special needs kid. Dr. Nelson stated it's \$17,000.00 per student. They have an arrangement, Chatham is also one of his Districts, and their arrangements differ from town to town. Harts Location students also attend there.

Steven Steiner further stated his major concern is that he has talked to a lot of senior citizens and he has talked to a lot of younger folks who own homes, who are being driven out of their homes because of the high School taxes and he just wanted to ask Dr. Nelson if there was something that could be done, he is going to give the Committee a Budget, but it's the School Board giving us these numbers. He is new on the Board, but he is telling Dr. Nelson that the people in this town are hurting and he really needs to start looking at these numbers. Again, not to make fun of the Hallway Monitors, but there is a lot of waste. You (Dr. Nelson) just stated before you have these security cameras; you have Big Brother looking down on these kids. He just sees a lot of waste and he is hearing the folks that are hurting and being driven out of their homes. Dr. Nelson stated he wasn't going to argue the point, he was here to just answer any questions. That's why it is what it is; that's the number used. Steven stated he was going to ask that when Dr. Nelson goes back and talks to his folks to see where they can start cutting and still give good public education.

Ted Sares stated he thought we had an obligation if we make an assertion such as Steven's (Steiner) to back it up. Just to say a lot of people are struggling is fine. He used to say that himself years ago until, as a member of the Data Committee last year, in fact as head of the Data Committee last year that Dave (Sordi) came up with, did some heavy, heavy research and low and behold he didn't come up with that. He couldn't back that up. He thought unless you can document what you are saying, he didn't think Carl (Nelson) had an obligation to come back to us. He thought Steven had an obligation to say "this is what the data says; Carl what do you think". The burden is on he or she who makes the assertion.

Steven Steiner stated if that means you want him to call up the senior citizens and these younger folks that are hurting and state these taxes are killing them, he could certainly get people to fill this room, at least he thought he could.

Chairman Mosca stated that Betty Loynd stated you could probably get just as many people to say the opposite. Betty stated there are people that love the schools, she loves the school. Steven Steiner stated he didn't say he hated the school. Betty stated he was right and understood what he was saying, but what she was saying is that there are people that value the education that they are getting in the High School. You weren't here 20 years ago or 10 years ago before they built the school. This place was a disaster; it was a mess. They have done an incredible job redoing this school and building a brand new High School. We only paid 12% for the entire vocational school; 88% we got reimbursement for. We paid 12%. Betty asked Steven if he had been in the High School, had he seen it, it's gorgeous.

Chairman Mosca stated time out, we are getting way off point here. He wanted to stay on Dr. Nelson's explanation of what's going on. We are getting into budgetary discussions for when we have a Budget in front of us. Let's hold off on those discussions until the time is right and it's not right now.

Dr. Nelson proceeded with the Report Card which was given to each member present. The SAU 9 Report Card came out in April 2012. He would say that 95% of the questions asked about SAU 9 can be answered somewhere in the Report Card. He always carries one around with him so that he can refer to it. He suggested that the members read it at their leisure.

Chairman Mosca stated he thought there would probably be plenty of questions later on. Chairman thanked Dr. Nelson for coming in.

NEW BUSINESS

Ted Sares stated there have been discussions from time to time about absences from the Committee and he thought there was a common understanding that if someone was absent 3 times in a row, they were off the Committee. That's manifestly wrong; that is not so. You can not take a person who is elected out of the office; can't be done. This came up in the Library and that's why he knows because he did the research. He didn't know about appointees, that's a different issue. He guessed there was a hassle a few years back because a guy didn't know enough.

Chairman Mosca stated he did get e-mails from those that were going to be late or couldn't make it and he appreciated that. He does check before he comes to the meetings to be sure he has everything on everyone. He asked that if a member was going to miss a meeting, it was greatly appreciated that they contact either the Chair, Danielle (Santuccio) or Iris (Bowden).

Peter Donohoe stated Dr. Nelson left a schedule of the meetings and asked Syndi White if there was a schedule available for the individual meetings. Syndi stated they should be on their web site under the section

"Calendar" and if he didn't see the committee that he wanted, call Carl (Nelson) or SAU, but it should be on there.

John Edgerton asked about the School Board meeting on September 24th in the Professional Development Room at 6:30 PM. Chairman Mosca confirmed same.

John Edgerton moved, seconded by Michael Fougere, to adjourn the meeting at 7:10 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary