

MUNICIPAL BUDGET COMMITTEE

Monday, January 29, 2018

Professional Development Room

Kennett Middle School, Conway, NH

Chairman Jim LeFebvre called the meeting to order at 6:35pm. The following members were present: David Jensen, Mike Tetreault, Terry McCarthy, Doug Swett, Bill Marvel, Joe Mosca, Bob Drinkhall, John Edgerton, Pat Kittle, Ted Sares, John Colbath, Bill Masters (arrived at 6:40), and John Whittier. Also present: Lisa Towle, recording secretary

Excused: Pat Swett,

Absent: Mike Fougere and Steven Steiner

Mr. Jensen led those present in the Pledge of Allegiance.

CHAIRMAN LEFEBVRE'S OPENING REMARKS:

- January 31, 2018 is the non-profit session at 6:30, please be on time. There are 11 presenters who will have 10 minutes to present.
- On February 13, 2018 all petitioned warrant articles are due by the close of business.
- On February 14, 2018 at 6:00 PM will be the public hearings on the precincts, town and school will be held at KHS. We will be voting on the non-profits and precincts budgets.
- February 15, 2018 at KMS we will be voting on the town and school budgets.

Committee Vacancy:

Two community members applied, however one of them did not meet the timeline as the applications were due January 25, 2018 and the application was received on January 26, 2018, therefore they cannot be considered qualified. I have provided you with the resume of John Whittier who is also here this evening.

Mr. Whittier: I was a finance manager for a large non-profit for 8years, I have a degree in business management and computer technology, and I am excellent with numbers. I would like to know how my tax dollars are spent and becoming part of this committee would allow me to learn more about that. I also hope to add insight and knowledge to the committee on ways to help cut costs and ensure that funds are being spent correctly.

Chair LeFebvre: Read the Budget Committee oath of office to Mr. Whittier who stated he did not have any concerns with the oath.

Chair LeFebvre: Are you currently engaged in lawsuit with the Town of Conway? **Mr. Whittier:** There is litigation, however, I don't feel it will bias me anything to do with budget affects or fiduciary responsibilities. **Chair LeFebvre:** You believe you could effectively discharge of approaching the Town of Conway's budget regardless of your legal issues? **Mr. Whittier:** Yes, I do and very objectively.

Motion by: Mr. Mosca, seconded by Mr. Edgerton to appoint John Whittier to fill the vacant seat on the Conway Municipal Budget Committee. (8-3 [Mr. Swett, Ms. McCarthy, and Mr. Drinkall]-2 [Mr. Mosca and Mr. Masters])

Mr. Whittier was sworn in by Mr. Colbath, Selectmen.

TOWN – FINAL QUESTIONS:

- **Mr. Marvel:** I would like more information about the \$450,000 warrant article for a new communications console, the \$150,000 warrant article for a CRF¹, and the potential \$1.3 million bond and how much of overlaps. **Chief Wagner:** We met with the NH State Police and we are unable to use the tower on Mt. Washington it is not theirs and they pay \$70,000/year to use it. We were also told that the tower would not work for Conway as it is too high. The closest tower owned by the NH State Police is on Mt. Whittier in Ossipee and that would not work either due to its location. After receiving this information, I have had further discussions and I would like to propose that we take a step back, take 6-8 months to figure everything out, come up with a plan to fix this problem, send it out to bid before we do anything, and then put that figure on a warrant or bond. Therefore, both warrant articles would be removed from the Town ballot. There is still a potential for receipt of the \$450,000 grant funds (which would be a part of original \$1.3 million) and if we get it we will use the funds to upgrade the dispatch consoles as they do need to be replaced.

Mr. Masters: What are the chances of getting the grant? **Chief Wagner:** The GMU² for the NH State Police advised me that there is a 20% chance as the unit only has \$1.5 million for the whole State. **Mr. Masters:** Can we get a portion of it? **Chief Wagner:** I believe it is an all or nothing, but we will take what we get.

Mr. Colbath: In previous discussions regarding the communication system it sounded as though the current system was going to implode any minute and the module parts and software were no longer available, how much longer is it expected to last. **Chief Wagner:** We are not saying it is going to break tomorrow, it could last another 5 years, we just don't know and that is why the best thing to do right now is to step back and figure things out. **Mr. Colbath:** Is there an emergency backup plan? **Chief Wagner:** We can use the Sheriff's Department as they are our backup.

Mr. Drinkhall: Are the components still available should the system break down? **Chief Wagner:** I think maybe available thru Amazon or eBay. The good news is that the NH State Police have several of the same consoles hanging around, therefore, I am sure we could borrow one if digital interface went down.

Mr. Whittier: There is appears to be some redundancy. **Chief Wagner:** There are two issues; one it is run by a digital interface unit that is has not been supported by Microsoft since 2011, although we were able to get it up until the end of last year. The second issue, is that our radios work off of Windows 7 and that is no longer supported by Microsoft, so we

¹ CRF = Capital Reserve Fund

² GMU = Grants Management Unit

have to upgrade. **Mr. Whittier:** It is \$400,000 for a software upgrade? **Chief Wagner:** No, it is about \$40,000 for a software upgrade, which is putting good money to bad as eventually we have to change it all out anyway.

- **Mr. Drinkhall:** How have the new large developments and the \$500 tax credit for veterans not involved in armed conflict affected the tax rate? **Mr. Holmes:** All new development the land was already being assessed and last year we picked up 30% of the building as the structures were framed. Where Conway is a \$1.4 billion + community, if we want to spend \$10 million the tax rate increases \$.70 and if we want to build a \$10 million structure the tax rate increases \$.01.

Mr. Holmes provided the following on January 30, 2018 via email; "Every \$10,000,000 in assessed new construction lowers the tax rate 0.048 or just under half a penny."

I anticipate 40-50 veterans applying for the tax credit this year which equates to approximately \$25,000 that is shifted to non-veterans which will have an impact on the tax rate.

- **Mr. Masters:** Is there a finished financial proposal for moving the Rec Center to KMS? **Mr. Holmes:** No, a memorandum of intent has been submitted, both the School Board and the Selectmen voted in favor of it, and each side has passed it along to their attorney to work out the fine print. It is not a done deal and the voters will have a chance to weigh in.

SCHOOL – FINAL QUESTIONS:

Mr. Richard provided documents that responded to questions asked by Mr. Masters' and the projected enrollment configurations at the elementary schools for next year.

- **Mr. Drinkhall:** Would moving the Rec Center and have Pre-K in KMS preclude the ability to move 6th grade there? **Mr. Richard:** No, with the current enrollment in 6th grade they could be housed here. With some reconfiguration and possible sharing of classrooms, we could fit another 120 students at KMS with both the Rec Center and Pre-K.

Mr. Marvel: Are there 120 6th graders or is that the number that will reach max capacity?

Mr. Richard: That would be about max capacity if we moved the 6th graders. **Mr. Marvel:** Putting the Rec Center and Pre-K doesn't preclude moving the 6th graders rather it maximizes immediately. Seems if we are going to move kids from one school to another it shouldn't be done unless there is room to expand.

Mr. Sares: Don't do something now with KMS that would preclude consolidating and closing a school as that is where you are going to save money.

Upon discussion regarding the capacity of KMS it was noted that the building can hold 500 students, 20 students per classroom, and if you were to move the 6th grade you would have some flex room.

Mr. Jensen: In relation to demographics, which is hopeful based science, are you provided with numbers the State projects? **Mr. Richard:** NH has had decreased enrollment and it is very difficult to predict the future. **Mr. Jensen:** Many boards and entities are trying to encourage growth and most people want to live where there is pro economic growth. The odds of having growth without families and without children, seems unlikely. It would be a bold step to change the school configuration when it is not economically warranted to only have to change it again 15 years +/- down the road. **Mr. Sares:** The question is what kind of growth, and I believe this is a go to town for retirement and children aren't coming with them. Real Estate is the best people to go to for a sense of growth. **Mr. Edgerton:** 80% of the people moving into the area are retired.

- **Chair LeFebvre:** Is it correct that we are 8 years from renegotiating contracts with sending towns and 3 years prior to that they can decide to opt out? **Mr. Richard:** 2024 is when they have to notify us if they want to continue and the contracts expire in 2027. **Chair LeFebvre:** If sending towns provide 31% of the student population, should they opt out it would cause an issue with the budget and the school's infrastructure. I know it is 8 years down out, however we should be looking at this potential issue on an annual basis and discuss a contingency plan to lessen the blow to the community.

Mr. Drinkhall: I had heard that Hales Location is looking at sending students to Fryeburg Academy, do you know the total amount of tuition we are getting from them? **Mr. Richard:** They only have 3 students; however, they are not part of the tuition agreement and they pay the highest tuition rate, which is \$34,000 per student. Compared to the budget it is not a large amount, but it is revenue.

Mr. Whittier: It seems that families in the area are younger and have less children.

Mr. Marvel: In regard to sending towns notifying us in 2024 if they want out, are we at the same time required to take them or does the town get another chance to vote. **Mr. Richard:** I believe at the end of 2024 you could notify the districts you are no longer interested in extending the contract. **Mr. Marvel:** That would be School Board directive and in 2027 do the voters get a chance to say "no"? **Mr. Richard:** If they were to extend beyond a year. **Mr. Marvel:** The School Board could take it year by year, avoid a vote of the town, and give sending towns a break.

- **Mr. Edgerton:** Are the State-wide assessment and scores in math and reading within State limits? **Mr. Richard:** Depends on what measure you look at as there are many different assessments to look at as the AP and SAT scores are above average. The scores on the new State assessment weren't good across the State, but that is just one assessment.

Mr. Richard: Regarding the student population, as presented to the School Board, there is definitely a change in demographics in our community. Some elementary schools turned over 25% of the student population already and this does tie into the scores. PTS had 212

students in 2009 and presently have 261; JFS had 250-260 students and now has 210; and Conway El, which is the school with the highest turnover, holds between 240-260. We are looking deeper into how many students start kindergarten and finish 6th grade in the district. Two years ago, less than 50% of the students started and finished in the same school, which is a big transition and impact on students. Administration continues to gather information to present to the School Board.

Chair LeFebvre: With students transitioning among schools within the district, I presume the School Board is most concerned with making sure the elementary schools are on the same sheet of music. **Mr. Edgerton:** You really have no control over uneducated students moving into the district. **Mr. Richard:** It is our job to bring them up to being proficiency and beyond.

Mr. Whittier: Is it possible that Conway El and PTS could be in the old middle school section? **Mr. Richard:** No, that is too many students as this building would max out at 450 and we have 280 there now and even to fit the 5th and 6th graders would be tight. It is important to understand that the useable space is only 22 sq. ft. as the other 20 sq. ft. consists of corridors, an old boiler room, maintenance room, elevator shafts, etc.

- **Mr. Drinkhall:** Around 2011 there were 80+ incidents with police at the high school with students do you know where that stands now. **Mr. Richard:** I would need incident defined as we do have an SRO³, is it a conversation inside or outside of school, police action, report, criminal activity, etc.? **Mr. Drinkhall:** Any negative student action requiring police intervention. **Mr. Richard:** For example, if a student breaks a light, the SRO will intervene, but it is not a criminal act and is handled at the school. The SRO is very involved in bullying cases which has increased.

*The following was provided via email on January 30, 2018 by Mr. Richard:
"Incidents of police response, which includes Truancy/Parent meetings,
PR/Safety walks, lunch duties, morning speed enforcement, end of day traffic are
not documented; 2016-17 was 88 and 2017-18 is 60 to date."*

Mr. Sares: What is the purpose of the question? **Mr. Drinkhall:** I believe one of the problems with education is the lack of discipline.

Mr. Marvel: Was there a SRO at the high school in 2011? **Mr. Richard:** Yes. **Mr. Marvel:** If 80 incidents were reported in 2011 then the number should be comparable. **Mr. Richard:** There are certain things that must be reported to meet State requirements. I will try to track down the comparable numbers and get back to you.

Mr. Sares: Tardiness? **Mr. Richard:** The SRO conducted a lot of home visits that take place when students miss 20+ days.

³ SRO= School Resource Officer

Chair LeFebvre: I encourage both the School and Town to take another look at their respective budgets and start to slice more, especially with the retirement issue as we discussed at the last meeting hopefully you can figure out how to accelerate the situation to reduce the health care costs.

The Town is looking at an \$11 million and the School is at \$37.1 million prior to warrant articles, which when added puts the proposed budget over \$50 million.

Mr. Edgerton: What impact will the school budget have on the tax rate? **Chair LeFebvre:** If only the budget passes it will be \$.24/\$1,000, with the warrant articles it will be \$.48/\$1,000. The school tax rate has increased \$1.34/\$1,000 over the last 4 years.

Mr. Sares: I believe it would be helpful for the community if the town set up models for what the tax rate would really mean based on the cost of a house using the median of \$200,000. **Chairman LeFebvre:** I will do that and present it to the committee.

REPORT FROM THE BOARD OF SELECTMEN REPRESENTATIVE:

Mr. Colbath: To follow up on Mr. Marvel's question about the non-public session last week; the Selectmen's meeting was publicly posted noticing people of the non-public session under RSA 91-A:3 II (d) Consideration of the acquisition, sale or lease of real or personal property which, if discussed in public, would likely benefit a party or parties whose interests are averse to those of the general community. **Mr. Marvel:** Who was the party(s) benefiting interest adverse to that of the town? (A discussion ensued)

REPORT FROM THE SCHOOL BOARD REPRESENTATIVE:

None

REVIEW OF MINUTES:

Stayed until the next meeting.

OLD BUSINESS:

Mr. Masters: I erred in writing Question #6 and I am not looking for the total percentile, rather the percentage and cost for the special education portion. There is \$6.5 million for special education, I would like to know the total number of students involved and what they did. **Chair LeFebvre:** Mr. Mosca can take this question back to the superintendent for review.

NEW BUSINESS:

None

PUBLIC COMMENT:

None

ADJOURN:

**Mr. Drinkhall moved, seconded by Mr. Marvel, to adjourn the meeting at 7:40 PM.
Motion carried unanimously.**

Respectfully Submitted,

Lisa E. Towle, Recording Secretary