

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
January 2, 2013**

A meeting of the Municipal Budget Committee was called to order at 6:32 PM in the Professional Development Room at Kennett Middle School with the following members present: Chairman Joe Mosca, Maureen Seavey, Steven Steiner, Peter Donohoe, Maury McKinney, Karen Umberger, Danielle Santuccio, Bill Marvel, Brian Charles, Greydon Turner, Mike DiGregorio, Karen Milford, Mark Hounsell, Doug Swett, Syndi White and John Edgerton. Absent: Michael Fougere. Also present: Earl Sires, Town Manager; Lucy Philbrick, Finance Director; Lori Roode, Bookkeeper; Tom Holmes, Town Assessor, Rhoda Quint, Town Clerk/Tax Collector; John Eastman, Recreation Director; and Paul DegliAngeli, Public Works Director.

Mike DiGregorio led those present in the Pledge of Allegiance.

Chairman Mosca stated that due to not all members having received the Minutes for the December 12, 2012 meeting, the approval of same would take place at the next meeting.

TOWN REVIEW

Earl Sires introduced staff members: Lucy Philbrick, Finance Director; John Eastman, Recreation Director; Lori Roode, Bookkeeper; Tom Holmes, Assessor; Paul DegliAngeli (Paul D.), Public Works Director; and Rhoda Quint, Tax Collector/Town Clerk. Earl stated there is a lot of information and the Chairman had passed out a bunch of stuff members had requested through individual questions. Members also received a notebook that he is going to work out of tonight and to orient everybody, there is a Narrative in the beginning which is basically a summary and explanation of the Budget in general and then there is a brief summary of what is going on in each individual department.

Earl Sires proceeded by asking that the members go to page 8 which is a spreadsheet that the Town uses throughout the budget process and which is really an Operating Budget Summary. It shows each department's Budget for 2012, what was requested from his office by the various department heads, Library Trustees and Police Commissioners. The third column, the Revised Budget column, is the Budget numbers proposed by the Selectmen and recommended to the Budget Committee. The column to the right of that is the Requested Percent Change which shows members the percentage change over the prior year's Budget that was requested. The final column, Revised Percentage Change, shows you the percentage changes in each of the Departmental Budgets and it also shows in the lower right hand corner the percentage change for 2013 over 2012. The net Budget total is \$9,715,674.00. This is the Operating Budget for the Town of Conway which includes the Police Budget which is overseen by the Police Commissioners, the Library Budget which is overseen by the Library Trustees. We can talk about the Administrative Budget which includes all of those Town departments that are under the purvey of the Board of Selectmen and Town Manager. The \$9,715,674.00 is an increase of \$423,285.00 over last year or 4.6%.

Earl Sires proceeded with the proposed Default Budget which is something this Committee will consider at some point in the next few weeks because the Committee has the statutory authority to approve the Default Budget. As done in the past, Lucy (Philbrick) has calculated the Default Budget to be \$9,625,344.00. The Default Budget is explained in detail on page 9. What that means is that the proposed Operating Budget is about \$90,000.00 higher than the Default Budget. Without going into great detail, unless the members want to do that at this point, the Default Budget is, in essence, the prior year's budget with adjustments for Contracts and things that have been committed to and minus one-time expenditures that aren't going to be there from one year to the next. When they make that adjustment, if the members feel that Lucy's calculation is appropriate then the Operating Budget will be \$90,000.00 more than the proposed Default Budget.

Earl Sires proceeded to break the Budget down into components. The Police Department Budget increases by 7.7% or \$237,000.00 and that's due largely to staff salaries and benefits. Earl was not going to go into all of that tonight because the Police Chief and the Commissioners will be here within the next few weeks to talk about it. Earl pointed out on pages 2 and 3 of the Police Department Budget, or pages 33 and 34 in the notebook, will give members a rundown of where the increases are coming from. Labor, Benefits and those kinds of things in part are related to additions to staff approved by the voters last year.

Earl Sires proceeded with the Library which is shown as level funded. It was level funded when presented to his office. They hadn't made any requests at that time, so his budget submitted to the Selectmen showed no increase. The Library Trustees met with the Selectmen and requested a \$18,712.00 increase and the Board of Selectmen subsequently declined to entertain that increase so their Budget shows a level Budget there.

Earl Sires proceeded with the budget for the Board of Selectmen/Town Manager increased by 3.2% or about \$185,000.00. Some of the significant increases in their Budget is, of course, salary adjustments for the year for all of the departments. There is about \$32,000.00 in an outside appraiser fees and legal fees to defend some abatement cases that the Assessor will talk about. As he mentioned earlier, Lori Roode has been working with Lucy (Philbrick) this year to transition into the role of Finance Director next year so there is some funding in the Finance Department to pay overtime for her do things like being here tonight and to also bring in her replacement in October of next year. The Finance Department has a little bit more funding than usual to handle that transition. Earl thought they were taking a pretty serious approach to doing this and they believe they have the best candidate for the job and they are spending the year working with her hoping that once she is done with the year she still wants to take on the responsibility of doing the job. They all have high hopes for that.

Earl Sires stated the Legal Department increased by about \$36,000.00; \$32,000.00 for the abatement cases and \$16,000.00 is carried in there to pay the Town Attorney to defend those cases and there is also about \$20,000.00 in there to handle a lot of the lawsuits and different legal proceedings coming before the Town concerning Transvale Acres for zoning, flood plain compliance and all of those kinds of things.

Earl Sires stated that the Benefits line goes up by about \$41,000.00; Health Insurance was going up about 4.6% which, in the big picture, was not terrible, but they have averaged about a 2% increase over the last 3 or 4 years or maybe a little less. They changed the way that their insurance company rates them; they are rated on their own experience. Since they have done that, they actually had a decrease one year and have had 1% to 2% increases, so this is actually the largest increase they have seen. There were also some changes in Retirement which can be talked about later. That resulted in about a \$41,000.00 increase.

Earl Sires proceeded with Fire and Emergency Management, and he knew there was a question about the Non-Precinct Fire Agreement, and the costs associated with that goes up about \$15,000.00. It can be talked about in more detail, but basically it's a Contract they have with the two Fire Departments to provide fire service to areas that are located outside of a Precinct or a Fire District.

Earl Sires proceeded to state that Solid Waste increased by about \$26,000.00 which is largely related to staffing. In last year's Budget they had requested staff increases and they have gone and done that and so funding those for the entire year is about \$26,000.00.

Earl Sires stated those things he mentioned, while they didn't account for all of the \$180,000.00 increase in their Admin Budget, they amount to about \$163,000.00. There are no new endeavors, new programs or new staffing other than in Solid Waste which was approved last year. It's pretty much taking care of the same kind of business that they've been doing with the exception of transitioning in the Finance Department, handling the exceptional situations in Transvale Acres with lawsuits and so on, the Non-Precinct Fire Agreement and the abatement cases. That's kind of the overview.

ASSESSOR'S DEPARTMENT

Tom Holmes, Assessor, stated that the abatement appeal cases that are before them today are a ripple effect from the decline of the economy that started occurring in 2007/08. The market at that time was reaching a peak in price in 2007, peak in property transfers in 2006. It took until 2010 for these tax representatives to show up and start circling the Courts, so to speak. They had quite a few appeals on commercial properties even though there was very little evidence that the assessments were either too high or too low. There just wasn't anything going on; it was a dead period.

Tom Holmes stated in this particular request of the \$16,000.00 which seems to be blowing up his Budget, accounts for an expert appraiser who is a little bit beyond his skill level in the appraisal of water parks. It is something they had to go out and do region-wide because of the lack of comparables here in the State and it would probably take a lot of time and travel and many, many man hours for someone from his office, him, to go out and do that and then it would be to the exclusion of everything else. The property in question put about a \$14 Million capital improvement and he did some internet research in determining the assessment, gave it his best and fairest shot and raised their assessment

about \$7 Million. The evidence on the other side is a couple of foreclosures and bank sales and failures of water parks and resort properties down in Massachusetts and they are using them to appeal the assessment. The actual numbers for what the renovations and water park did to the bottom line for this particular property shows that they managed to increase their net revenues by about \$500,000.00. Based on that and he requested that information prior to setting the assessment and they never responded, but subsequent to the assessment and appeal they have since disclosed this information to him and he readjusted their assessment this year based on those numbers. They are still not happy; they have called and asked for a meeting with him; he is meeting with them on January 11th and they are going to try and work out what they can. It is hopeful that he can get a fair deal for the Town, something they can accept, and we won't have to spend the \$16,000.00. He thought most people know his history and know that if we don't need it, we don't spend it in his department.

Tom Holmes stated that beyond that, there are other things in the pipe; there are other lodging properties that have since come forward and they are all represented by tax representatives who work on a commission basis. His experience is that based on that economic model, there's never a quick settlement because every year that goes by increases their fee. It's hard work to get these people to sit down and agree to stuff when it's not in their financial interest to do so. That is his personal opinion. The exposure: they are asking for about \$400,000.00 in taxes back and he doesn't think they will get that. If they end up with about half of that which the Court has a history of showing that's what it wants to do and meets us about halfway, we are exposed to about \$200,000.00. He thought \$16,000.00 was a pretty reasonable investment to try and forestall that kind of abatement, where, in his opinion, so far it's not warranted.

Karen Milford asked if the extra assessment will be for purposes of going to trial. Mr. Holmes stated defending the values, having an expert up there on the stand who has done properties like this in the region and carries with him some credibility and some cost. Karen further asked if there wouldn't be an agreement ahead of time, like if we get this assessment, you would agree to abide by this assessment or anything like that. Mr. Holmes stated that is entirely possible; they are in the discovery and negotiation period right now.

Chairman Mosca thanked Mr. Holmes for coming in.

FINANCE DEPARTMENT

Lucy Philbrick, Finance Director, stated that as Earl (Sires) indicated the Salary line includes overtime for the Finance Director in training and hiring a bookkeeper for November and December. In addition, there was an increase in the Audit line because we are required to have an OPEB (Other Post Employment Benefits) report done in order to have an unqualified audit opinion and the cost of that is \$3,150.00 in addition to a slight increase in the annual cost of the audit. There is a little increase in Information and Technology but, as members can see from the schedule, they are scheduled to purchase 15 computers next year. Earl Sires stated they have been on a rotating schedule of replacing computers

every 4 or 5 years. Basically it is a plan replacement of rotating the machines out much like the vehicles. Lucy stated that it was 4 years. Earl stated they cannibalize whatever they can and they have some spares for back ups and that kind of stuff. It's not a bad idea to maybe put them for sale.

Chairman Mosca stated to the Committee members that they needed to be recognized by the Chair before speaking out and that when they do speak, speak loud enough for Iris (Bowden) to be able to hear what is being said and for the presenter to be able to hear what is being asked.

Karen Umberger asked when Lucy (Philbrick) was leaving, December or January. Lucy stated January 31, 2014. Karen stated the new bookkeeper will be coming on in October or November. Lucy said October 1st. Karen stated so you are looking for that hire and that's for 2 months. Lucy agreed. Karen asked at what level or what pay rate are we looking at bringing them in as. Earl Sires stated as with any position they would start at 87.5% of the average for that position as determined by their survey work with the 30 Towns. He did not have that with him, but would get that information to the Committee. It will be 87.5% of the standard for that position. Karen stated when she looked at the Salaries she couldn't tell how much the increase was or for how long.

Karen Umberger stated her second question was that she realized the Tax Collector's Salary is supposedly split between this and Elections or people that work in Rhoda's (Quint) Office, are all of them split like that. Lucy stated no, Rhoda is split half between Elections and Registrations and half from Finance and then the Deputy is entirely in Finance. The other clerks are entirely in Elections and Registrations. Karen stated so one plus the part-time. Lucy agreed and stated half of Rhoda.

Karen Milford stated her first question referred to the collection efforts. She noticed in last year's financial statements there was \$2 Million+ outstanding in taxes at the end of the year. Does that get collected pretty quickly after year end or does that string out for a little bit. Lucy stated she thought that close to \$500,000.00 went to tax liens, so it was not collected at the time they do the tax liening. Karen stated she was not sure if there would be any benefit by somehow putting more resources in collection efforts. Earl Sires stated one of their revenue sources unfortunately for the people involved is the 18% interest that by law they are to charge on those outstanding taxes. Rhoda Quint asked Karen if by the \$2 Million did she mean in total or did she mean for that tax year. Karen stated she believed that was in total but she couldn't exactly remember. Rhoda stated basically the way it works is in the year 2012 the Town of Conway deeded properties for unpaid 2009 tax liens and that is the way that the law reads, two years and a day after a tax lien has been recorded then the town may deed the property. Obviously that process of notifying the taxpayer that their property is up for deeding is refined only to the year that would be deeded. Personally, she feels that their collection efforts are very good and a lot of that total that the members were looking at from last year also included the taxes, the tax liens that had been owed for Kearsarge Metallurgical, for OCR and quite a difference will be seen in that report this year because those are now off the books.

Karen Milford stated her second question relating to Info Technology with the Actual Expenditures for 2011 and year-to-date 2012 are quite a bit below what was budgeted for each year and she wasn't sure if that was anticipated again for next year or why there was that discrepancy. Lucy Philbrick asked if Karen was looking at through 12/18/12 or at the first report handed out. Karen stated she was looking at the chart that was in the binder; in 2011 Actual Expenditures was \$21,000.00 and 2012 year-to-date which she was assuming was through September was just shy of \$15,000.00 versus more than that which was budgeted. Lucy stated generally they only buy what they have to buy and sometimes an individual whose up for a replacement asks to hold over a computer for a year because they don't want to deal with the new programs. They tend to wait until the end of the year because they have to have a place to take money from if some other unexpected expenditure comes up.

Mark Hounsell asked what would be the downfall of not having an audit completed. Earl Sires stated it is required by law. Mark further asked if it was required to have this additional thing mentioned by Lucy (Philbrick). Lucy stated if you want an unqualified audit opinion, yes which means they give you a blessing. Mark stated he had read them; he was just curious about the adding things on. Earl stated one of the things that he had noticed close to 25 years of being involved in local government and budgeting and management is that the audits have gotten more complex with time and the responsibility that the auditors are willing to accept had declined through time and the government standards for it has continued to add things to get put into the audit each year and the auditors continue to try to push as much responsibility on to the municipal officials as possible so it has been an interesting sort of transition over time. Mark asked if this bell and whistle was the \$3,200.00. Lucy stated it was and that the Other Post Employment Benefits are health insurance for retirees and the Town of Conway does not pay a portion of the retirees health insurance but the rating system of the Local Government Center imposes an implicit rate subsidy on active employees which helps lower the cost of the insurance for retirees and that is their only Post Employment Benefit because the Town does not pay a portion of the retirees health insurance. Mark stated that was like a paragraph for \$3,200.00 and thought maybe Lucy should right the paragraph and keep the money. Earl Sires stated what they are trying to get at is whether there are deferred liabilities out there for communities and even though we don't really have them we have to go through the process of demonstrating we don't.

Karen Umberger asked when the Committee was going to get the Revenue projections. Lucy Philbrick stated she had them, not with her, but she does have them. Earl Sires stated if you had asked, we would have had them tonight, but he would get them for the Committee next week and, as you know, they are adjusted several times during the year. Karen stated she understood.

TAX COLLECTOR

Rhoda Quint, Tax Collector, stated as you all are aware part of the reason for her Budget being lower this year for Elections is that in 2013 we will have one Town election as opposed to the four that we just did in

2012 and that's reflected in the Moderator/Assistant Moderator/Clerks. The Supervisors of the Checklist stays flat because they receive \$3,000.00 regardless of the number of elections that we have in a year. Everything is reflective of the fact that we have one election. It is kind of short and sweet.

Karen Umberger stated the last time she remembers was that we had raised the Supervisor's Salary to \$900.00; when did it go to \$1,000.00. She thought we did that in a Warrant Article. Lucy Philbrick stated it was done in a Warrant Article. Karen stated she didn't remember another Warrant Article that changed it to \$1,000.00. Lucy stated she would have to look back to see when it was done. Lucy further stated that she thought it was \$750.00. Karen stated she didn't remember what the figure was, but she didn't believe it was \$1,000.00 and if it was passed by a Warrant Article, that's how we should raise the salary every time. Lucy stated she believed they requested it because of the change in the way the checklists were done and reporting it through the State. She thought it required a good deal more time and they requested a raise. Lucy stated she thought it was the same year as the year the Selectmen asked for a raise. Karen stated she didn't remember it going to \$1,000.00 and if it did, then she will take her question back, but if it didn't, our process is to use a Warrant Article. Lucy stated it was done with a Warrant Article. Karen stated we should have a new Warrant Article if they are going to get paid \$1,000.00. Lucy stated we had a Warrant Article that raised it to \$1,000.00 a number of years ago. Rhoda Quint stated it has been \$1,000.00 since the New Hampshire state-wide voter registration came on board; she didn't remember the year, but it was easy enough to find.

Chairman Mosca thanked Mrs. Quint for coming in.

RECREATION

John Eastman, Recreation Director, stated he has quite a few pages in the notebook and he was just going to give a summary and then answer any questions. His Budget is up 3.2%; he broke it down in his Budget Summary on page 75. From Personnel total increase was \$7,707.00; Facilities for an additional toilet was \$225.00; Office Expense of \$200.00; Programs - that's where their fuel comes out of for \$338.00; and then the Parks portion which is the maintenance side of their Budget in Parks and Rec of \$1,223.00. It comes out to about \$10,000.00 and in year's past he has gone through line by line, but he can do it however the members want or answer any questions.

Bill Marvel asked what was the discrepancy between his request and the Selectmen's of \$58,000.00. Lucy Philbrick stated Recreation has the Revolving Fund and fees that they collect go into the Revolving Fund and at the end of the year the Selectmen decide how much of the Revolving Fund to use and they are anticipating in 2013 to use \$58,000.00 from the Revolving Fund to offset expenditures. Earl Sires stated when John (Eastman) says his increase is \$10,000.00 that is considering both of those funds; both funds last year, both funds this year.

John Edgerton asked how much the increase in the tax amount was. You are offsetting from the Trust Fund, how much of the Trust Fund did you raise to offset the increase. Lucy Philbrick stated it's still \$10,000.00

because the Selectmen used \$58,000.00 in 2012 to offset expenditures so the Revolving Fund anticipated expenditure will be the same. The addition for the entire Budget was \$10,000.00. Earl Sires stated which all falls in the General Fund.

Karen Umberger asked if there would be a report on the Revolving Funds coming. Earl Sires stated yes.

Chairman Mosca stated on page 59, Schouler Park Utilities, at \$1,500.00 and Whitaker Home Site Utilities at \$3,300.00; why so much difference between the two. It seems that Schouler Park is lit up a lot more than the other one. John Eastman stated actually it's not. Schouler Park is used from the Town perspective, last year other than the 4th of July, the lights were on, but they collect fees for the cost of that; but from the Town perspective, they only use them for the 4th of July. They were operated for the Skating Rink through the Outing Club and the North Conway Community Center for various activities and sports. They do recover the cost of the power from them; they do bill them for that. At the Whitaker property, the bulk of all of the athletics from baseball to softball is done there; starts the first week in May and runs all the way until the first week in October. With all of the adult programs, 85% is adult programs but they charge that out 100%; they pay for the entire thing. He bills them in league fees and it goes into the Revolving Fund.

Chairman Mosca stated on page 70, the numbers don't add up properly. The Davis Park toilet rental for \$375.00 is not in the right column so that when you summarize the total, assuming this was done on an Excel spreadsheet, the numbers don't add up right; that \$375.00 was not captured and the total should be \$9,948.00, not \$9,573.00. John Eastman agreed with the Chairman.

Chairman Mosca stated on page 71, under F - Flag Football Officials - it has 3 at \$20.00 for 15 games; that should be \$900.00 not \$1,260.00. He did not know if something got plugged in incorrectly in the formula or if it should be 4. John Eastman stated it should be 3 and will come down by \$360.00.

Chairman Mosca stated on page 72, under A - Office Expense, Internet Service for the Teen Center. Is there any way we can work with Time Warner to donate that. He knows it is only \$720.00. John Eastman stated it's not just the Teen Center, it's the whole building. He hasn't talked to them, but he did know that they do donate the basic cable TV for the Teen Center. Chairman stated that may be something, if it has never been asked, it might be something they can write off and it's a feel good gesture.

Mike DiGregorio stated it was asked when they were doing the contract negotiations; they provide free TV to quite a few organizations for them, couldn't get the Internet in though. They definitely asked.

Chairman Mosca stated he thought he could answer it himself, but he was going to ask it any way, on pages 73 and 74, the T-Shirt cost, is that recaptured under the T-Shirt Registration Fee. John Eastman stated it was.

Karen Milford stated on page 71 it talks about a Teen Center Coordinator and it mentions 80 hours for 26 weeks. Does that mean there are 2 people working at that job. John Eastman stated what it means is that we get paid every two weeks; the two weeks pay period is 80 hours for 26 weeks, it should be 26 pay periods; the math should add up, but that's what it does.

Karen Umberger stated we have gone back to a full-time Teen Center Coordinator. John Eastman stated yes. Karen asked when did we do that. Earl Sires stated when the voters decided to put the funding back in 2 or 3 years ago. As you know, we had proposed reducing it and then monies were put back in at the Deliberative Session. Karen stated the Teen Center is now open all year long. John stated the Teen Center is open from September to the middle of June and then the Teen Center Coordinator is developed into their Summer Program and does programming through the Summer Program with that age kids, grades 6 through 8, ages 12 to 14.

Chairman Mosca thanked Mr. Eastman for coming in.

HIGHWAY

Paul DegliAngeli, Public Works Director, stated he was going to skip to the bottom line and say that this year's Budget request is slightly below last year's Budget request. Mr. DegliAngeli then stated that he would entertain any questions.

Steven Steiner asked if the sidewalks fell under Highway. Paul DegliAngeli stated it did. Steven stated he had talked with a couple of General Managers on the strip and on one side their sidewalks don't get plowed at all. Mr. DegliAngeli stated that was correct. Steven stated that they should be plowed and asked to know what the deal is. Mr. DegliAngeli stated that this was a subject that's been discussed at 5 different Selectmen's Meetings. Mike (DiGregorio) can attest to the fact that Mr. DegliAngeli has brought this up at least 5 different times as they were leading up to the Budget and you can have anything you want in this world as long as you have the money to pay for it. It was decided ultimately by the Board status quo so that money is the same. The thinking is that we have a sidewalk on one side and that will suffice and we have crosswalks. Whether or not you agree with that, that's how we are budgeted currently.

Steven Steiner asked who picks the winners and losers, the Selectmen. Paul DegliAngeli stated yes; the Selectmen pick which side depending on which street and you are talking about the strip and the side that is uphill that has the stone retaining walls, etc. is harder to manage the snow. It was decided not to maintain that side; the opposite side has plenty of room to move that away and it's less expensive because they can move it away and that's how we made that decision. Steven stated he thought that was kind of unfair especially for a hotel that pays probably \$250,000.00 a year in property taxes that pays for our schools and recreation. These are also workers working for these people for next to minimum wage or working 2 and 3 jobs. Mr. DegliAngeli stated as he said, they discussed it several times; they have budgeted for either a) more service/more work, whatever is decided they will, can do both sides if you wish, but currently it is budgeted status quo.

Steven Steiner asked what it would cost to do the other side. Paul DegliAngeli stated when it came up with the Selectmen it was a larger scope; some of you may or may not know that there have been recent challenges under the ADA Law and how sidewalks should be maintained. This started in Texas and has worked its way to New Hampshire. There is an interpretation of the law that says if there's a sidewalk, you must maintain it. Under that concept, they looked at maintaining all of the sidewalks in the Town. Mr. DegliAngeli asked Steven if he was referring to that question or specifically the other half the strip which is from Burger King to Artist Falls Road. Steven stated yes. Mr. DegliAngeli stated that was \$12,000.00 more. Steven repeated \$12,000.00. Mr. DegliAngeli stated they are currently at \$33,000.00 which they pay a contractor for the sidewalk cleaning; \$33,000.00 and \$12,000.00.

Mike DiGregorio stated it has been quite a discussion within the Selectmen's Office over the years and his interpretation has been that they do have to take care of them during the winter maintenance and that's is the way he sees it and the way the law is written, but he will say it is not clear. They have asked to have it clarified and it still came back not clear. If they decide to do all of the sidewalks, they are pretty much on the edge of whether they would turn that from a contracting experience to an employee because they do have seasonal employees that they could end up keeping the entire year and it would actually probably be cheaper if they did it that way. So they are right on the edge if they pick up a little more sidewalks of doing that. They are going to bring the subject up again at the next Selectmen's Meeting and he asked to bring that up because there have been complaints again for the sidewalks in the existing condition. It's a tough call because if you look at the way the law says, the way that he reads it, you have to take care of them all, but they certainly have some areas that they don't believe anybody even uses them and there are some areas they believe that are used a lot. He believes that they use them a lot on the strip. Some people would say that they don't use them at all on the strip. He personally walked from Burger King to North Conway the other day to see what the sidewalks were like and he is not happy with them at all. He is going to push to have them taken care of even more which is going to reflect in this Budget if he is successful. It is up to the people in this room to ultimately decide whether they agree with those sidewalks being taken care of or not because you are a big part of setting the Budget.

Mark Hounsell asked under the labor accounts, what are the Contract Services. Paul DegliAngeli stated Contract Services includes the sidewalks, includes the snow pick up. He was not sure everyone here is aware that when they plow the snow in the villages, there are these large snow banks and so they come out at Midnight, the Town owns a snow blower, the snow blower is a truck that has 3 horizontal augers much like your own snow blower except that they are 6 feet long and 8 feet tall and it shoots snow like a combine would into a truck. The Town does not own those trucks, they contract that out.

Paul DegliAngeli stated that he noticed as he was reviewing the questions that came from the Committee asking about overtime and contract services. They do contract out many things; those things which would be more

expensive for them to do in-house and can't justify. He can't justify having those sorts of vehicles. The dump trucks that the Town has they are using for plowing and road construction in the summer. Contractors have trailer dumps or tri-axle wheels so they contract that out. Sweeping is in there; in the Spring they have to sweep the sidewalks off; the Town owns its own sweeper to sweep the streets. That is cheaper for the Town because not only do they sweep for a 3 to 4 week period in the Spring to clean up from the winter, but again not everybody may know that they sweep weekly because every time there's a thunderstorm, we have a lot of tourist traffic, cigarette butts, trash, etc. so they are always out. When you look at that, it became cheaper to bring that in-house.

Mark Hounsell stated there can't be much because there is only \$14,935.00. Paul DegliAngeli stated he was sorry but he was responding to Hired Equipment and he was giving Mark the wrong answer. Contract services are things such as surveyors, engineering consultants that are not assigned under Capital to a specific project. If something comes up as a dispute and he needs a right-of-way on a street, etc. its in that account.

Karen Umberger asked if the Committee was going to get the Capital Improvements and how we are going to spend money. She did not see it. Earl Sires stated as he mentioned earlier, they have the Operating Budget and the Capital Budget; the Selectmen are still finalizing the Capital Budget and he suspects that will be finalized next week. The next Budget Committee or the third Budget Committee meeting they should have that for the members. Paul DegliAngeli stated he would be happy to answer any questions that Karen may have. Karen stated she would wait.

Peter Donohoe asked what drives the overtime the most. Would it be the snowplowing. Paul DegliAngeli stated he saw that question as well and he is going to have to go back and look and see by season, but he is going to say yes, snowplowing or winter weather maintenance, that number has been a historical average, and he has been here for a few years now, and we have not actually achieved that number over the last couple of seasons, but it is one of those things where a municipality has essential functions, cut that number and then have a record snow year or something, so they make sure that they have enough. Hurricane Irene, they charged to that number; they had some windy weather and were out because some trees fell down and they charged that to it. They do some construction for a short period in July and August and will come in an hour earlier or stay an hour later and it is charged to that number. You name it; we have heavy rains and flooding in the summer time, roads wash out in the summer time so its all inclusive.

Peter Donohoe stated the radio budget goes up substantially from 2012 to 2013; is there a particular reason. Paul DegliAngeli stated the radio budget should have been the same for 2012/13. Peter stated it was his mistake, he was looking at 2011. Mr. DegliAngeli stated the reason that it is the same in 2012/13 is because they are complying with the requirements to switch to digital and they did it over 2 years. After 2013, it will go back to maintenance because all of their radios, both in their vehicles and the land base, will have been changed over.

Maury McKinney questioned the salt and calcium. Paul DegliAngeli stated they had just bought salt last week, but have not been invoiced. Maury questioned the relative increase of \$30,000.00. Mr. DegliAngeli stated you have to look at 2012 Budgeted to 2013 Requested because the actual, although they are now in 2013, 2 days, he still hasn't received all of his 2012 invoices. The 2012 Actual is going to go up. They participate in the state-wide bid by legislation, the salt company that wins the DOT bid, they are the largest salt user in any State, the salt companies have to expend that number to municipalities and that number goes up from \$60.00/ton to \$66.00/ton. It is what it is; he could shop around, but he is not going to do any better. They actually have tried shopping around before because they buy fuel for their trucks, diesel and heating oil, cheaper than District 3 DOT does and the reason for that is that we are at the very northern boundary of District 3 and the fuel is coming out of Portsmouth. The Town's fuel comes out of Portland. We are actually doing better than the State on that.

Paul DegliAngeli further stated that two years ago the Legislature changed the law that said "not extend the price to municipality" but "may" so the salt companies got plucky and tried to up the price. He turned around and started shopping in Portland and they dropped the price again, but it turned out that Portland still could not beat our District 3 New Hampshire price.

Paul DegliAngeli stated they have been systematically installing computer controls and upgrading all of their sanders. It used to be as the vehicle slowed down there was a lot of salt in the intersection and if it went pretty fast, like on the West Side Road, there wouldn't be enough salt for that speed. They calibrate them manually and they are tied to the speed of the vehicle, everything is electronic and it is too hard for them to say that in their salt usage if that has made a difference because it may be this cold and in two days we may get 1.5" of rain.

Karen Umberger asked how many School buses are maintained. Paul DegliAngeli stated 12; they do not maintain the buses for the SAU, they only maintain them for Conway. Chairman Mosca stated the School Department reimburses you for the cost of that. Mr. DegliAngeli stated exactly; the Town Garage is its own cost center. Its customers are the Highway Department, the Solid Waste Department, the Police Department, the Parks and Rec, Admin and the School Department. They track all of their labor, goes on to the Work Order. At the end of the year, they look at labor by Department, total hours for the year, make a percentage, i.e. out of 100 hours the School had 60 hours, 60%, they bill the School for labor and overhead - heat, electricity, etc. They direct bill each Department.

Mark Hounsell stated under the Garage items, under Supplies, that number seems to exceed the Budget every year. Are you stockpiling or do you keep an inventory of what the School needs; would that be reflected there. Paul DegliAngeli stated no, it's a good question, 1460 is in fact one of the things they put in the overhead. If you look at 1410, Inventory, everything gets purchased into 1410 and then budgeted out. You can see in 2011, they finished with this high number. What happened is at the very beginning of 2012, they put in an order for a lot of rubber, had to replace the tires on their Loader, that's a \$10,000.00 tire job. They had

an engine kit to rebuild which was \$6,000.00. They bought a lot of things that didn't get billed out until the following year, so conversely if you look at the end of this year and out of the \$4,000.00 he asked for, they only spent \$152.00. That's the check and balance. At the end of the year they do a physical inventory of what they have. The assumption you (Mark) made, that's what happens in this line item. Supplies are overhead; there are things they don't put on to the Work Order, things that don't get billed like rags, sprays, little o-rings, things that are just too small to track and that increase just keeps going with inflation.

Mark Hounsell stated while we are on vehicles, the fuel for the last 2 years it seems like the Selectmen at the last minute will bring in an increase in the Budget even at Town Meeting and increase an extra \$40,000.00 for fuel. It appears that has panned out and that hasn't been totally necessary. Paul DegliAngeli stated that was a good question; you have two years to look at 2011 and 2012. In 2011, he can remember the conversation clearly and there was a particular Selectman, they took a vote, and he said to budget on \$4.00 a gallon. Sure enough they ended paying on the average of about \$3.60. Currently for heating oil and what not and the diesel fuel, you are probably paying at home \$3.66 or so and they are paying \$3.40. Both times they looked at usage they were trying to be conservative, but at this time of the year and because Town Meeting is not until April, they upped it and both times the dive was pretty big. The good news is that they budgeted with the best information at the time and at the end of the year they are spending less. He did not know, they could this time around say here are the curves because they know what actually happens. We can make a forecast and try to be more conservative this time, this will be the time when they end up going over budget. They can try that.

Chairman Mosca stated he looked at cutting the fuel budget last year and people shot daggers at him.

John Edgerton stated it would be easier to forecast the weather next year than it would be the price of oil. Paul DegliAngeli stated he didn't know about that but you will notice that the current information in terms of fuel costs is what resulted in him requesting \$20,000.00 less this year than last year. Mark Hounsell stated so far and Mr. DegliAngeli agreed so far. If they kept it that way and didn't up it like they have in the past, then that would be to Mark's point.

Chairman Mosca stated that he only had one question, under Pavement where the Selectmen are cutting about \$22,000.00; are you comfortable with that number. The Town does a lot of paving and he just didn't know if Mr. DegliAngeli's number versus the Selectmen's number was acceptable. Chairman asked for Mr. DegliAngeli's feeling and stated that he could be honest with the Committee, maybe not with them but could with this Committee. Mark Hounsell stated he has to go to work in the morning. Mr. DegliAngeli stated he could get through this year's projects with the \$20,000.00 less. In the first 15 years that he has been here, pavement increased a total of 10% on tonnage; 15 years, the increase was 10%. In the last 5 years, pavement per ton prices have increased 12%. When he opens those bids early Spring, he is going to know if they can do everything that they have planned. If it falls under what he has budgeted, then they are okay; if it doesn't, then that extra \$20,000.00

isn't going to make a difference. Next year, members may be asking him why he asked for so much more and he'll just present the history of the pavement prices over the last 5 years so that members can see what's going on.

Paul DegliAngeli further stated that pavement is a monopoly here in the North Country; they courted two companies, one from the L/A area and one from the Lisbon area and they ended up getting a contractor coming from Maine for 3 years in a row because the only pavement plant north of the Lakes is Pike and their numbers went way up. If you look at their pricing Statewide, and all the State work is public information and he has access to it through the State site, you will see that people are paying as low as \$56.00/ton, while Pike is quoting him \$78.00/ton. Their Plant is in Madison, the sand and gravel come right out of Albany by Coleman's, there isn't a community in the country that has shorter to go to a Plant and they have already determined that the bituminous, the asphalt can come from either Portsmouth or Portland. Why do they quote \$78.00/ton, because they can. They went out of state and every year those out of state bidders are taking the bid, but they are upping their price. The Town went from \$70.00/ton last summer to \$75.00/ton this summer. He doesn't know what it is going to be next summer. This is budgeted on \$75.00/ton.

Chairman Mosca asked if the State had a contract. Paul DegliAngeli stated no; they do it by District, by project, by tonnage, by type of pavement, by type of construction. Chairman stated maybe that was something that should be looked at on the State level is having a state wide contractor for the bituminous pavement and letting the towns join in on the contract because in the large scale you are going to get a much better price or so he would think. He knows that they do that in other states and it seems to work out. Mr. DegliAngeli stated not here in New Hampshire. Chairman stated maybe that is something our Legislative leaders can look at and put something together and maybe come up with something that would help all of the towns overall. Mr. DegliAngeli stated if you want to get frustrated, they buy pavement from the Madison Plant; the Highway crew goes and picks up a truck load and installs little bitty things here and there. They pay a Contractor to ship his pavement, his trucks, his crew and his paving machine in laying the roads and the Town is paying less for pavement in place than he is to pick it up. Chairman stated that doesn't make sense.

SOLID WASTE

Paul DegliAngeli, Public Works Director, stated as Earl (Sires) eluded to earlier, they have an increase in staffing levels. They had some attrition two years ago and that was when the economy was turning and the Selectmen, to their credit, tightened up their belts and asked him to try to operate with two less people. They did and they are reporting on what's going on with that. In the Town Report, members will see that they went from a high recycling percentage of 56%, down to about 49%. They were paying overtime; couldn't deal with vacations, sick time; it was evident they were under staffed. They are returning the staffing levels to what they were two years ago. It was approved last year, but it took them awhile to implement it because they wanted to find the right person. He is on board. If you are using the Transfer Station, you might have met him. His first 3 months he has been doing a great job. Other than that,

he doesn't have much; it's pretty much level, maybe 3% overall. Chairman Mosca stated it was just over 3%.

Karen Umberger asked if any of the Revolving Fund gets put back. Paul DegliAngeli stated no, if you read that, it's set aside specifically for recycling and what they are planning to do with is that is earmarked for a Baler replacement. The Baler is 25 years old. The last two times it broke they couldn't get any of the Baler servicing companies to work on it so they did it themselves, they welded it themselves. Earl Sires stated there is no introduction on funding from that to offset expenses; they have over a period of time actually generated a balance and they used some of that balance to offset the capital costs for the Baler. Mr. DegliAngeli asked Karen if that was the Fund she was referring to. They have been doing that for a number of years, 10 maybe, and they have a 5% increase over 10 years which is pretty much appropriately funded. He would rather be 5% surplus than be 5% below.

Peter Donohoe stated based on the understanding offered on the overtime for the Highway Department and seeing that there is a 15% allowance for Solid Waste this year. Is that a decrease because of what Mr. DegliAngeli thinks is appropriate staffing levels. Mr. DegliAngeli stated no, that's a good question, that's not decreased. What they did to handle the shortfall, they were paying Landfill employees at the Transfer Station and they were getting overtime, but they are operators over there, they operate heavy equipment, have special training, and it was silly, they were creating more. The number here is two parts; mostly it's that these guys working a mandatory overtime schedule. They are required to work 45 hours a week because we are open on Sundays. They get a day and a half off. He was sorry, but it is 44 hours; 4 hours are paid 6 straight, it's time and a half. Also because of the hours they are open, they need to stay 15 minutes afterwards to clean up; they come in 15 minutes before. The Town brings them in on Mondays if they want even more overtime to work over in the Landfill to pick paper, clean up, etc. The Town is implementing a change there this year and the new Foreman has taken a look at that and there is a plan for the 15 minutes on either side. There was one individual that wasn't getting lunch breaks because they were shorthanded; he was working right through and getting paid 9 hours a day, every day and that's going to go away.

Maury McKinney stated he had a question on Capital Improvement especially the Baler. He was talking with a gentleman the other day and the number 2 plastics and they are not able to be recycled because of the density. Whether it be from the Revolving Fund or some type of Reserve Fund, what happens there with 25 years on that machine. Paul DegliAngeli stated when we get to Capital Reserves, members will see a spreadsheet that shows that they have the Baler programmed to be replaced in 2018, five years from now. We can do that before then because members will also see on the spreadsheet that there is a balance. They would do that with a vote of the Selectmen. The amount that's budgeted was to replace the kind of Baler that they have now. Recently markets have opened up for these higher impact plastics, so the plastics that they currently recycle are essentially food and beverage containers. They also have detergent bottles. More and more is being made of plastic and that could be recycled too. These chair backs, flower pots, some yard tools, some wheelbarrows, things like this can now be recycled. They are making

Balers to process that; that would be a different machine than what they have, but it is definitely worth looking at and then see what the Committee decides. That would be a new market for the Town.

Maury McKinney asked if the members would be getting some type of revenue evaluation. Paul DegliAngeli stated he thought members had it now in the Solid Waste section of the notebook. Chairman Mosca stated no, we don't have any of that. Mr. DegliAngeli stated it was in the ACE Report which is an acronym for Albany, Conway and Eaton, page 59. Two weeks ago they sent a truckload of baled aluminum cans down the road and they gave us a check for \$14,000.00. Currently for the #2 white iron they are making \$149.00/ton; \$102.50/ton for cardboard. There is revenue to be made plus all of the revenue they have for the tipping fees: computers, furniture, mattresses. Commercial is tipped for construction debris, etc. All of those figures are shown. This year they made \$174,000.00 in revenue.

Chairman Mosca stated in Actual Budgeted and he knew the figure was probably only through some time in November, or as of 12/18/12. Paul DegliAngeli suggested that the Chairman look at the Labor line item, that's the majority of it. Chairman stated he was just looking at the bottom line; there's quite a difference in what's Actual versus Budgeted. As of right now he is showing \$682,799.00 and he is assuming that is some time in November and it averages out to about \$62,000.00 a month. If you add that back in, that still leaves almost \$35,000.00. Mr. DegliAngeli stated to go to the Labor line item, look at the request under Wages, \$13,000.00 requested versus \$12,000.00 actual. Chairman stated the request for \$12,000.00 versus \$13,000.00 is only a \$5,000.00 difference. His question is that people didn't come on board until some time after the beginning of the year. Mr. DegliAngeli stated October and that's why. If you look across, he didn't think the members would see anywhere else that was super high. Also, the additional people are reflected in the Benefits package.

Paul DegliAngeli stated that they are building Phase 3 of the Landfill Expansion this year. So that everybody knows, the Town owns and operates a landfill. They are one of three municipally owned and operated sanitary landfills for the State. They are building Phase 3 this summer. It was originally designed in 1990/91 and started operation in January 1992. Phase 1 lasted 8 years; the Phases were intended to last 8 years. They started Phase 2 in 1999, it will be used all the way through 2013, that's more than 8 years and at the current trash rates because the Town chose to enforce recycling, Phase 3 should last 20 years. The cost savings in the capital side is significant.

Karen Umberger asked what percentage does Albany and Eaton provide. Paul DegliAngeli stated that on page 59 members would see Albany is 6.45% and Eaton is 6.45% this year. Karen stated she didn't realize that's what ACE meant. Mr. DegliAngeli stated they pay 13%.

GOVERNMENT BUILDINGS

Paul DegliAngeli, Public Works Director, stated nothing exciting here. Last year's Budget was \$105,500.00 and this year's Budget is \$107,500.00. This is just going with inflation. These are maintenance items and anything planned is in capital. He did notice a question from the Budget

Committee of where is the difference. The answer was that if they are planning something that is more than \$5,000.00, it goes into capital.

Mark Hounsell stated that he knows that many members have heard about the Retirement Fund, and people do sit at home and watch this and it is informative for them, can you explain the impact of the Retirement Fund on the Town of Conway Budget. Chairman Mosca stated that has nothing to do with Buildings and asked that Mark bring it up again under either Old Business or New Business. Mark stated he thought the Committee was through with Buildings.

John Edgerton stated with the increase in the Town Hall, is it falling apart. Paul DegliAngeli stated no, Town Hall is not falling apart actually. It is an old building, it's a very old building. The increase there for repairs was because of the panel. There is a panel that tells them alarm conditions and they had some damage. They were not sure how the insurance was going to play out, so there was an increase in there for that. You (John) ask a good question though about Town Hall; during his tenure they have re-sided it, re-insulated it, there's a crawl space - it doesn't have a basement, they insulated the bottom, they insulated all of the walls, they insulated the attic, they have replaced all of the windows, sided it, re-roofed it and this year they fixed those post and beams because it is on posts.

Paul DegliAngeli further stated that the posts are old trees that are saw cut, some of them have the bark on them, some of them broke. John Edgerton asked if it was a granite block foundation. Mr. DegliAngeli stated granite block skirting. Just like a trailer has a skirt, a granite block around the crawl space is the skirting. He didn't know how to stress that enough, it surprised him too. Just inside that are beams; again, some of them were trees but they were more or less flat on one side and there are posts immediately inside that granite. If anyone wanted to come down to see it, he would be happy to give them a suit and everyone can shimmy around and look at it. They noticed some filing cabinets tilting and drawers dropping out so they went down there and sure enough the critters have gotten in, burrowed where these posts are and they are imbedded into the sand about a quarter of an inch because what they did was use bigger sheets of wood, slab pieces and just sat them on the sand and when they burrowed and made little holes and whatnot, the sand shifted, those posts fell over and the beams ultimately cracked. They fixed three of those.

Paul DegliAngeli stated that they are in good shape; have added fire protection. The next big question is what happens as the Town grows. We kind of went through this exercise with the Service Garage a few years ago; Town Hall is a little bit different animal. The options are: 1a) expand into the attic; add a new access shaft for stairs and elevator to the existing building to get it to the third floor; 1b) the first option plus jack it up, put in a foundation, set her back down and use the basement for storage of records. Option 2, where the Court and the Police Station are is showing the new Town Hall. No one wants to spend money where you don't have to, but you do have a decision to make in the next 10 to 20 years. Currently they are in good shape.

Mike DiGregorio stated he was glad that Paul (DegliAngeli) brought that up because he was going to mention that at some point to the Budget Committee. The Selectmen's Office has started to look at that issue, the building itself, are we out growing it. There certainly are security issues that have never been dealt with and they have started to look at do they lease something else, do they buy something else, do they build new, do we add on. They are a long way away from any of that. The reason they started talking about it was because a lot of people felt as though some of the things that have been fixed in the last few years were a surprise and they don't want to go down that avenue again. Their thought was that they would start looking at things now, let people know that they are looking at it, kind of a well thought out plan. Often times people will say something about 20 or 30 years and that always drives him crazy because he didn't think anybody expects the Town to go away in 20 or 30 years, so you look much, much longer than that.

Mike DiGregorio stated that one of the first things they looked at recently was perhaps purchasing the old Echo Building; there's the Town Hall, the Church and the old Echo Building which is quite a large building, but the layout didn't fit for what they are looking for. In order to renovate that, to get to where they want it to be, it was crazy numbers, \$1.5 Million, \$1.7 Million to buy it and renovate it. Paul DegliAngeli put together numbers for a brand new building for around \$2 Million over by the Police Station because we own that land and that was the plan years ago to put it there. He didn't want to scare anybody that they were going to try to do something right away, but they are starting to look at it. As Paul (DegliAngeli) said, this building has no foundation, it has granite skirting, it has beams that are rotting out and breaking, there is a lot of weight in that building. In fact, members are going to see a Warrant Article for them to start digitizing some stuff so they can reduce the overall storage and weight of the building as well as to get a better access to it is what he thought they were looking to do. Long term, they are looking at it but it's not going to be cheap to add on 3,000 or 4,000 square feet and that particular property takes away your parking because they don't own the land behind the Church as it is owned by the old Echo Building. The Town only owns the parking lot directly behind the Town Hall. If they add on to the existing building, where do you put cars. There is a lot to think about.

Chairman Mosca stated he had his own thoughts on that, but was going to hold them at this point in time.

Bill Marvel stated maybe he should hold his too because it's not really dealing with money, but as Paul (DegliAngeli) said the Town Hall is a different animal than the Garage and the cultural environment has a certain value there too; therefore \$1.5 Million to buy and renovate existing relatively historic buildings that wouldn't destroy the character of the community is more appealing to him than \$2 Million for a new building that just makes it look like every other Town Hall.

Mike DiGregorio stated that's something that they had discussed too and they are going to be looking for more input as they move forward.

Paul DegliAngeli stated that the number he had for renovating the existing building as \$700,000.00 to \$800,000.00. Mike DiGregorio stated

the number he said, \$1.5 Million, was if they had bought Echo and made that into what was useful for the Town. It is not nearly what would be good for a municipality; it may work for an office building because of the way they had it chopped up into individual businesses over there. That building was renovated years ago for small starter companies. The way you access it and move around in it, clearly would not work for the Town set up. That's what he was talking about with his number. To renovate the existing Town Hall, some preliminary numbers Paul (DegliAngeli) came up with was around \$700,000.00.

Chairman Mosca thanked all Town staff members for coming out and stated that he had a couple of questions on the questions actually sent out and that Earl (Sires) answered and asked Earl to stick around for a few minutes on that.

Bill Marvel stated he had one question if it wasn't out of order; one was on employee benefits and the other was on the Default Budget. Chairman Mosca asked that it be taken up under New Business.

Chairman Mosca asked that the Rec Department correct those couple of pages and get updates to the Committee. Chairman thanked Earl (Sires) and his staff for answering all of the Committee's questions and getting all of the material together. He thought it was very helpful.

Chairman Mosca stated on question 7, dealing with spreadsheets year-to-date; he knows we get things quarterly, but thought for this year he would like to get them monthly just so that the members can see what's progressing. Earl Sires stated that would not be a problem.

Chairman Mosca stated on question 8, the question was whether the current Budgets exist in Excel and Earl's (Sires) response was that he would like to discuss this with the Committee. Earl stated that they clearly do, but their concern would be, as members have seen tonight, even as they are working on it for weeks and days on end, it doesn't always come out 100% correct. He guesses his concern was that people could take the information and manipulate it independently, there is communication going on. Their concern would be if that was going to be manipulated, is it going to be correct ultimately. Will they create more confusion by that than having a little more streamlined; that would be their only concern. In other words, if someone says they have a spreadsheet and shows this, and there could be a misunderstanding of what the information actually means or something like that and a lot of confusion. That would be their only concern.

Chairman Mosca stated on question 16, Health Insurance, why are there different costs to the Town between the Police and the regular Town employees. Earl Sires stated the simple answer is that the Police have chosen a different plan and a different approach to funding the benefits for their employees than the Town has. To be honest, he is not 100% sure how they do it, but Lucy (Philbrick) might be able to say. The Town has a 80/20 split and they use a lower cost plan to derive the 80% contribution. They do offer a number of other plans that are more expensive plans that employees can choose to buy up at their own expense if they want. That's how the Town does it.

Lucy Philbrick stated that the Police do 75% of a Blue Choice Plan that's more expensive. Chairman Mosca stated his concern was that he was looking at the Plans that are offered and it appears that the Town pays more for the Town employees than it does for the Police or did he have that backwards. Lucy stated that she thought the Chairman had that backwards. Chairman stated the Police are actually paying more; why is that. His concern is why isn't everybody treated the same. Lucy stated that the Chairman should ask the Commissioners. Earl Sires stated that it was a really good question and about 10 or 8 years ago they created this Town/School Insurance Committee and the idea was that everybody was going to get together, put their heads together and try to come up with the same offerings for the Town, School, Police, Library, Water and Sewer Precincts, all municipal employees would be on the same Plan. They made some movement towards that, the Town and the School were doing the same approach for a year, maybe two, it's kind of foggy, but in essence he didn't think the Precincts were ever really involved and shortly after this effort to get everybody together and that effort was focused on being involved with the New Hampshire Municipal Association Risk Pool which the Town still is. Every year everybody's looking for the best deal they can get that year so they decided to go off and do a different approach because they felt that was in their best interest, the Town has stayed with what they feel is in their best interest and the Police Commissioners have made a decision that they felt was in their best interest. Simply put, there was an effort made to try to combine everything which sort of fell apart over time. Chairman stated fair enough.

Karen Umberger stated she didn't know whether it is reflected in the book, the actual cost of the Police Plan or if that's the cost, the 75% cost of \$23,000.00 for family. The thing that she is not sure that any of the members understand is how many dollars are we contributing per person. Lucy Philbrick stated that at the top of the sheet it shows Single Plan and she was looking at the Town's, is \$6,346.00, that's the amount that the Town contributes towards whichever of the Plans listed below that an employee chooses if they are single coverage. Karen stated if she goes to the other page, the Police page, the Town is paying \$6,300.00 for the Town employees and we are paying almost \$6,700.00 for the Police employees. We are not paying the same amount in dollars. Chairman Mosca stated that was his question. Lucy stated the Police have different benefits than the Town. Karen stated the Police pay 25% and the Town pays 20%. Lucy stated the employees pay 25%.

Peter Donohoe stated the 9% increase in Worker's Compensation relates to, and the experience mod is at .8 which is pretty low, why the increase. Lucy Philbrick stated that when she was requesting insurance rates and talked to the Town's carrier, she was told that the Worker's Compensation was going up 9%. Peter asked if that was a firm within the industry answer. Lucy stated that was with their carrier. They have their Health, Dental, Worker's Compensation and Unemployment all through the New Hampshire Municipal Association and because they have all of the Town's coverages they get a discount on Worker's Compensation she believes and their Property Liability is with them too. Peter stated so the Town bundles and Lucy stated they do. Earl Sires stated when they check that bundle against shopping around, it ends up being a good deal or the best deal.

Maury McKinney asked if that was a 9% increase across the board for Worker's Comp and how that compared to the last 3 years as far as relative increases. Lucy Philbrick stated that she didn't remember what last year's was and that the year before that she thought they were in a 3 year Contract where they had no increase.

Karen Umberger stated that she wanted to compliment the Town staff on their answers. She thought they were very good, to the point and answered the question, didn't skirt around and she was very pleased when she read through them and thought they did a good job and she thanked them for it.

Chairman Mosca stated last year he suggested cuts to some budgets and he didn't have the information, the final numbers and he knows people weren't happy with him, so he is requesting that as soon as members can get the final numbers for the year for expenses, if members could get that spreadsheet updated so if members have any questions as to where they may look at suggesting reductions and so he doesn't get evil eyes. Earl Sires stated it is usually the third week in January. Chairman stated that last year members may have gotten it just before and he was working off of an older spreadsheet. Earl stated unfortunately, that's just the way it works, they are getting invoices in and it takes two or three weeks lag time to be comfortable that they have gotten everything in. They will get it to the Committee as soon as they can.

OLD BUSINESS

Mark Hounsell stated the Retirement Fund, it is his understanding that the State has nothing to do with municipalities and schools or Police Officers. Lucy Philbrick stated Employee Benefits is Tab #7 and on page 23 are the rate changes that go into effect on July 1st and the State has never paid any of the Town retirement. The 10.77% you see is up from 8.8% and in the past with the Teachers and the Police and Fire, the State has paid a portion for them and at one point they reduced that percentage and then they reduced it another 5% and then they discontinued it completely. The Police amount, the 25.3% is up from 19.95%, and is entirely the Town's responsibility. Mark stated last year's was how much, 19.95%. Lucy stated that 19.95% is what the Town paid last year and what they will pay through June 30, 2013. Mark stated after that it will be 25.3%. Lucy agreed. Mark stated the other was 8.8% and it is going to 10.77%. Lucy agreed. Earl Sires stated on page 33, the Chief under his report talks about Retirement about half way down the page and he can answer better than Earl. The Chief states that is a \$71,000.00 increase in Retirement; State Legislature approved a rate increase for July 1, 2013 from 19.95% to 25.3% and it accounts for almost \$44,000.00 of the total increase. He further says that the rate change will also apply to 2014 for the whole year.

Karen Umberger stated she wanted to make a correction. The State doesn't do anything with these numbers; these numbers are produced by the Retirement System, they are not produced by the State. The State has no influence on them whatsoever. Mark stated that the State has a huge influence in the existence of the New Hampshire Retirement System in that it was created by an act of the Legislature and signed into law by Congress; therefore clearly the State. Karen stated that was wrong.

Lucy Philbrick stated that she wasn't referring to the State sets these rates, the State discontinued their portion of the payments towards certain employees. Earl Sires stated he was reading what the Chief (Wagner) put down. Mark Hounsell stated he was saying that the State downloaded it to the municipality.

Bill Marvel stated that he couldn't figure out the chart on page 24. For instance, the rate for a street laborer, \$9.91; is that \$9.91 per \$100.00, per \$1,000.00. Lucy Philbrick stated per \$100.00 and those are 2011 rates. Bill stated we have rates and actual payrolls but no estimated payrolls for some, zero totals for Dispatchers, Election Officials, District Judges; how can we have payrolls for people that don't seem to be on the payroll. Lucy stated that at the time the estimated payroll was done, she was not aware that they had a code for Attorneys or Election Officials. Bill asked how did they come up with an actual payroll for someone that doesn't exist. Lucy stated there is an attorney in the Police Department; there are Dispatchers in the Police Department. They divided Solid Waste: they have Waste Management and they also now have an Excavation Landfill category that they didn't have in the past. At the time the estimates were done, she was not aware of the new categories.

Steven Steiner stated to Bill (Marvel) that he thought the Election Officials, at \$0.32, is pretty high. He agreed, but if an Election Officials trips over a chad or something. Bill stated the per \$100.00 helps a lot, but he was quite confused by that.

Bill Marvel stated the Library Benefit payments, is that Tara's (Thomas) buyout. Both Lucy Philbrick and Earl Sires stated yes. Bill stated so the Selectmen don't endorse that in the regular Budget, but it would be automatically put into the Default unless we complain about it. Lucy stated at the time she was calculating the Default Budget, it seems to her that is a Contract amount. They have a legal agreement with her to pay her that sum of money. Earl stated this Committee ultimately approves the Default Budget, so you can have that discussion. Mark Hounsell asked where that information was located and Earl Sires stated he thought it was page 8.

John Edgerton stated administrative procedures, he would like to see the School and the Town if they are going to have a new hire, have the new hire as a Special Warrant Article. Let the Town decide whether the taxes are appropriate for new hires. Chairman Mosca stated he did not know if that was something that could be legally done. Earl Sires stated currently there is a Warrant Article that was approved some time ago that states that positions that were originally brought into the Town Budget through a Grant, if the Grant runs out then that position has to be put before the voters before it is added in on an ongoing basis. That was done with the School Resource Officer and with the Teen Center Coordinator. Again, back 6, 8 or 9 years ago the voters did authorize for those to come back in. Strictly speaking that is probably not an action by the Legislature that is 100% legally binding on the Selectmen. In other words, the Selectmen have the authority under law to manage the potential affairs of the Town between Town Meetings. One could argue that should the Selectmen find the need for additional staffing they can make

those decisions either through the budget process or they can bring someone one in mid-year if they had to. Certainly a Warrant Article that would express the wishes of the voters could be presented to Town Meeting and, if approved, he believed the Selectmen would certainly consider that in their actions. Kind of a long roundabout way of saying yes and no. At times the Selectmen have decided it makes sense to put positions on a Warrant Article like the Police Officer last year.

Mike DiGregorio stated it was an interesting concept or suggestion; would we do it the reverse way too if they wanted to reduce staff. He didn't think anybody complains when you try to reduce it. He shouldn't say that because a couple of years ago when they reduced the Landfill position they had quite a lot of resistance from that and yet they went ahead and did it anyway. Mark Hounsell stated when they tried to get rid of 4 librarians, there was an uproar. Mike stated he understood what John (Edgerton) was trying to accomplish which is to keep the Budget down, but you still have to run a government and you still have to run a Town. If you start throwing Warrant Articles out there every time they want to find out some opinion, he didn't know if that was the right way to do it.

Chairman Mosca stated you can't stop the citizens from putting a Warrant Article out there and at that point, it's up to the voters to decide. Mike DiGregorio stated he didn't think John (Edgerton) was talking about having the citizens put a Warrant Article out there about hiring people. Chairman stated he thought John's suggestion was that every time there should be a Warrant Article, but if somebody wanted to put a Warrant Article out there to state that, that would be the policy and procedure and he thought he would leave that one alone. Mike stated they have to write it properly, that's all.

NEW BUSINESS

Steven Steiner stated that he had an opportunity to sit at a Selectmen's Meeting a couple of weeks ago and he heard his good friend, Rhoda (Quint), start describing some technology that she needs and he is a techie kind of guy and when she said that her system was DOS, he was kind of amazed because there are easier ways to do things and technology has grown so much and he would really like to have Rhoda take the floor and explain what she needs. He will add something after she is done.

Mike DiGregorio stated what he (Steven Steiner) is referring to is that there will be a Warrant Article for some software upgrades and members here haven't seen the Warrant Articles yet, but that's what he is referring to.

Rhoda Quint asked if the Committee would be having a meeting specific to the Warrant Articles. Chairman Mosca stated yes. Rhoda stated basically as she addressed the Selectmen, Earl Sires, the Assessing Department, the Finance Department and the Tax Collector's Office met last year for their IT meetings and going forward. She has been the Tax Collector for 10 years and they have used a software program that gets them by. They have terrible customer support and in the day-to-day running of her office, they can get by. However, many things as everyone knows has changed in technology and, truthfully, if she had a dime for every customer, taxpayer or vehicle owner that asks "do you accept Debit Cards", "do you

accept credit cards", "can I pay this on-line"; these functions are not available to them with the current software provider that they have. The program is written on DOS as Steve (Steiner) as eluded to. They are not a progressive company that will help you to accomplish what the needs are for your community.

Rhoda Quint stated as we all know, Conway is not a little Village, we are a big Town and none of our needs are going to get less. There have only been two occasions that she has come before the Budget Committee and Selectmen to request something for her department that will help the townspeople. The first was over 25 years there were 3 full-time employees in the department. Obviously, over those 25 years the needs of the Town grew, she requested a part-time employee. That has helped the community and her department greatly. The second thing she came to the Budget Committee and Selectmen for was to request that we put money in the Budget to send out renewal letters so that everyone that renews vehicles in the Town of Conway and, as you know, that is a large revenue stream for them. It enables them to know ahead of time what their costs are, they can renew their registrations by mail or come in, but it is a time saving activity, not only for her department but again for the townspeople.

Rhoda Quint stated that the program that she is asking for would enable them to have their tax information on-line which means that when a closing company, an attorney, a taxpayer needs to know what their tax liability is, whether they are paying a current tax, a tax that might be a month late, paying off a tax lien, they would be able to look up that information and be able to make a payment. This company that she is looking at, and she is looking at two, the company that she is looking at also has the ability in this tax kiosk, as it is called, that let's say there were people in the community, be it a domestic violence case or someone in the community that doesn't want their information known, although as most everyone in this room or everyone in this room probably knows, tax information is public information and anyone can come down to the Tax Collector's Office to see whose taxes are paid, whose taxes are not paid, that is an open book and accessible to all. This feature of having that information on-line so that it is information available to anyone that requires it, she feels is essential in moving forward in the tax collection department. Again, the program that she is looking at will not only help her department work more efficiently, but one of the key features of this program is that it will take all of the tax information that they enter, whether they have taken in payments for 2012, 2011 tax lien, 2010 tax lien or current use payment, and it will send it to an Excel spreadsheet. They currently take their reports and manually enter them on a ledger sheet, so you can see where there is potential for error because you are handling the same information more than once. Again, this would be a time saving activity for them and also assist in accuracy as well. This is something she feels that the taxpayers of the Town of Conway deserve to have and would ask that the Budget Committee support this Warrant Article.

Steven Steiner stated he wanted to add one more thing; there is another revenue stream here that she (Rhoda Quint) hasn't talked about and that is boat registrations. We are missing out on a ton of money. Steven asked Rhoda if she knew how much. Rhoda stated she didn't know, but she and her

husband just received their boat registration from the State of New Hampshire and all of the money, not that it's a lot - it's not a great boat, goes to the State and stays with the State, none of that comes back to the Town of Conway. Again, if part of their labor is taken off from doing some of these activities that could be done in a more efficient way, then she would like to offer to the citizens of the Town of Conway the ability to register their boats here which is not only a service to the taxpayers, but also a revenue stream to the Town of Conway. She does not have firm numbers on it because apparently it was back when John Stevens was the Tax Collector that boats were registered in the Town of Conway and have not since.

Peter Donohoe asked if the Town of Conway made any or created any idea about what the credit card expense might be, projection is the word he was looking for, should you go with this kind of system where people, who would otherwise come to you and pay cash, now pay you by credit card for convenience and incur an expense that was not there before. Rhoda Quint stated that all of the programs that are currently used in the State of New Hampshire are user fees. If you choose to pay by Debit card, the user will pay a fee; the same with credit cards although that expense is much higher. Many people like to pay especially a large bill like a property tax bill by credit card for their frequent flyer miles. It wouldn't be an option that she would elect to use, however it would be an option in their collection and the people want it. Peter asked if the fee covered the credit card expense of the Town. Rhoda stated that the Town would pay no fees, it's all user based.

Doug Swett asked initially what is the amount of money needed to get on this system. Chairman Mosca stated that is going to be the Warrant Article. Rhoda Quint stated that they were requesting \$12,000.00.

Chairman Mosca asked Earl Sires when would the Committee receive the Warrant Articles. Earl stated he anticipated that the Selectmen would address those next week. They haven't officially approved anything so he didn't want to bring them forward until that point. Hopefully the next meeting after that. Once they are approved, they can e-mail them to the Chairman or make them available.

Syndi White stated that she wanted to give an update on the School Budget. They have not approved the School Budget; they voted it down and the reason for that was because they felt they needed to cut more money out of it. They are meeting tomorrow night (January 3rd) if anybody is interested at 6:30 PM in the Professional Development Room at the Middle School. They will again go through the Budget and try to make more cuts. Chairman Mosca thanked Syndi for the update.

Bill Marvel moved, seconded by Danielle Santuccio, to adjourn the meeting at 8:45 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary