

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
January 5, 2015**

A meeting of the Municipal Budget Committee was called to order at 6:30 PM in the Professional Development Room at Kennett Middle School with the following members present: Chairman Joe Mosca, Maureen Seavey, Doug Swett, Michael Fougere, Dick Klement, Mark Hounsell, Bill Masters, Christopher DeVries, Danielle Santuccio, Frank McCarthy, Terry McCarthy, John Edgerton, Peter Donohoe, Steven Steiner, Greydon Turner and Stacy Sand. Excused: Maury McKinney. Also present: Earl Sires, Town Manager; Lilli Gilligan, Town Finance Director; Bill Marvel, Library Trustee; David Smolen, Library Director; and Daymond Steer of The Conway Daily Sun.

Frank McCarthy led those present in the Pledge of Allegiance.

APPROVAL OF MINUTES

John Edgerton moved, seconded by Greydon Turner, to accept the Minutes of December 17, 2014, as amended. In favor: 13; Opposed: 0; Abstain: 3 - Stacy Sand, Frank McCarthy and Terry McCarthy.

Dick Klement stated he thought if he was remembering correctly that the Minutes reflect that Chairman Mosca asked Dick to give the wording to him for the purported fraud to the Town and didn't Danielle (Santuccio) say that she would provide it because he didn't. Chairman stated she had written it down also, yes; she did give it to him. There are some questions from the last meeting that did not get out to the Town as of yet, but they will. Dick stated he just wanted to make sure. Danielle stated she was glad that she had been told about it ahead of time because she might have completely forgotten.

TOWN REVIEW

Earl Sires stated Happy New Year and that he had the answers to the questions that pertained to the Town's areas of responsibility. Earl asked if Chairman Mosca wanted him to hand those out now or wait until later. Chairman stated that it could be handed out later.

Earl Sires stated this the Board of Selectmen's recommended Budget to the Budget Committee. They have been working on the Budget for 3 or 4 months now. They started in September with the Department Heads putting their information together, they hand it in to the Town Manager, Earl looks at it and works with the Department Heads and then he presents a recommended Budget to the Selectmen. They have been working on this for about a month now. After several meetings, four or five meetings, they have come up with this Budget tonight that they are forwarding to this Committee as a recommended Operating Budget.

Earl Sires stated he did want to point out that the information is being presented somewhat different this year and he thought he had mentioned it a couple of times during the year, they are trying to standardize it and simplify the presentation and make it more consistent from department to

department and yet still provide all of the same information that they have been providing.

Earl Sires stated he wanted to walk the members through the packet. It looks a little bit different: they have a Table of Contents as usual, then the Budget Narrative which is a discussion of each of the Budgets in some detail along with an Introduction to the overall Budget. On page 9 is the comparative sheet that the members are used to seeing; then we move into the new part of this which is instead of having a tabbed separate section for each Budget, they are just presented consecutively through the various pages and instead of having backup of various kinds to the Budget for each department, there is the explanation of purpose section which is on the right hand column where they tried to include all of the information which was typically included or any new pertinent information they want to get to the Committee and to the public in that column. Members will see explanations of the various lines over there rather than having backup paperwork behind each department in a tabbed separate section. As he has said, they are trying to make it more consistent, it's taking everyone a little bit of getting used to this year. If members have any comments and suggestions, they would be happy to hear it, but once everyone is used to it, it will be more transparent and more effective at communicating what the Town is doing with the Budget. The other thing that it does is cut down staff time probably by 90% in preparing these packets. It is much easier to make the copies and put them in the notebooks than it has been with creating all of the tabs in the past and also they save money on the tabs which he thought cost over \$100.00 every time they've had to replace a set of tabs. Hopefully, this will work for the Town and it will be the way we can approach this in the future. That's how we are presenting it.

Earl Sires proceeded to state that the Town is presenting a proposed Budget that totals \$10,355,207.00. This is an increase of a little over \$161,000.00 or 1.58%/1.6% over last year. As the members are aware, this includes the Police Budget which is overseen ultimately by the Police Commission and Police Department, the Library Budget overseen by the Library Trustees and the Library Director and then what they call, for lack of a better word, the Administrative Budget which is overseen by the Board of Selectmen and the Town Manager. If the members look at the Police Department Budget individually, it increases by 1.6% or \$57,000.00, largely employee costs in that Budget. The Library Budget decreases by 2.6% or just under \$13,000.00. The Administrative section increases by 1.9% or about \$117,000.00. This Budget doesn't include any new programs or proposals except for two things, actually only one in this Budget, two were proposed, actually three were proposed now that he is thinking about it, but the one that the Selectmen are forwarding to this Committee that's new includes a Staff Inspector in the Public Works Department. That is the only new position in the Budget at the moment; we can talk more about that on Wednesday night when Paul (DegliAngeli) is here presenting his Budget. The other two things that were discussed was adding time at the Transfer Station for a Transfer Station Attendant to handle recycling compliance and making sure that people are complying with the Town's Recycling Regulations and the other was a Victim Witness Advocate/Prosecutor position in the Police Department. The Selectmen did not forward either of the latter two to this Committee in this Budget.

Earl Sires further stated in going over the increases and decreases, as he said, the Police Department has increased by \$57,000.00, mostly labor costs, things like Retirement and just staffing and salaries. Fire Emergency Management increased by \$36,000.00 and that's largely or entirely really due to the Non-Precinct Fire Contract which is a contract that the Town has been involved in for probably 15 to 20 years with North Conway Fire and Conway Village Fire that handles the fire services that are provided to those areas of the town that aren't within a Precinct, so only those of us who don't live within a Precinct pay that Contract amount, but it is going up by about \$36,000.00.

Earl Sires stated Highway increases by \$92,000.00, again we will talk about that in detail on Wednesday. Parks and Recreation is up by about \$17,512.00, labor there adding some staff to the Summer Program and employee costs for existing staff. One of the bright spots or probably the bright spot, the brightest spot of this Budget is in part represented by Employee Benefits where there is a decrease of \$30,000.00. We talked a lot about Health Insurance costs last year and they had a 14% or so increase in their premium; this year they actually had a decrease of 10%, so they have some significant savings over last year there, about \$150,000.00 in savings that is distributed in different places within the Budget where they track Health Insurance. That was a good thing for the Town.

Earl Sires stated Solid Waste decreases by about \$16,000.00 in part because of insurance and the Library decreases by almost \$13,000.00. Again staffing, they have replaced some long-term employees who resigned with some newer folks who are entering lower on the pay scale and also Employee Benefits, Health Insurance. That's the overview and he would be happy to answer any questions on the general overview presentation and he thought the Committee was going into several departments after that.

Chairman Mosca stated in year's past there has always been a column for the Departments and their Budget numbers and we don't have that. Earl Sires asked if the Chairman meant what the Departments requested originally. Chairman stated yes, first is what the Selectmen actually approved because that shows this Committee what was cut, what wasn't cut, what's being asked for, how things are being moved around. He thought that was an important column that the members don't have. Earl stated they can include that and asked if the Chairman wanted what the Departments had asked for or what the Town Manager recommended. Chairman stated he thought what the Department has asked for he thought is what the members have had in the past. Earl stated so start with Department Heads and then the Selectmen's recommendation. They can add that column. Chairman stated it shows us where cuts are being made and what's being looked at.

Stacy Sand stated on the overall sheet it has that, so you mean you actually want every line item broken down. Chairman Mosca stated yes, because that's what we have had in the past. Earl Sires stated they could do that.

Frank McCarthy stated he had a couple of questions, he didn't hear it all, but did Earl (Sires) say the total savings relative to Health Insurance would be approximately \$150,000.00. Earl stated he did. Frank further stated just an observation, if one goes to the Police Department's Budget and they state it's \$57,108.00 more than the previous year's Budget. Earl

agreed. Frank further stated but at the bottom line it says that they saved \$42,000.00 on insurance, so actually isn't the actual spending, not counting that insurance going up, \$100,000.00 rather than \$57,000.00.

Earl Sires asked where Frank was seeing the \$42,000.00. Lilli Gilligan stated page 14. Frank stated he was looking at page 4 of the Narrative. Earl stated what he was trying to do there talking about the \$150,000.00 was that if you just looked at what the insurance cost the Town, it was \$150,000.00 less, but there are a variety of other things that change in employee benefits: Retirement, salaries as well. For example, Retirement went up \$25,000.00 so the insurance is \$150,000.00 less, it doesn't mean that they are showing \$150,000.00 less in Budgets because of that because there are a variety of things that go on.

Frank McCarthy stated that was his point, the Police Department is saving \$42,000.00, but that doesn't show on the Budget because they're spending \$57,000.00 more plus that \$42,000.00 is already eaten up, so they're really \$100,000.00 over their last year's Budget, not counting the insurance. Earl Sires stated a Budget from year-to-year is a net of increases and decreases, so he didn't know if one could just count the things that, you know, you can't count one side of the ledger and not the other. The point is that Frank was right, if things didn't go up, the Budget wouldn't be as much and because they did go up, the Budget is higher, but it's the net you have to look at. Some things are higher, some things are less. We're fortunate this year, he thought, that all of those things netted out to a Budget that only increases in total by 1.6%. He was glad that Frank was pointing out the fact that the Town is not saying that their Budget is down \$150,000.00 because of the Health Insurance. They saved \$150,000.00 on Health Insurance and other things go up, the net in the Police Department for example is an increase of \$50,000.00. It would have been more, Frank was right, had the insurance not gone down. Frank stated maybe instead of calling it a savings, we should call it a decrease. Earl stated that's fine.

Frank McCarthy asked Earl Sires if Earl could give him some idea, even a ballpark figure, on how much will not be utilized in this year's Budget and will be turned back in to the General Fund. Earl stated they wouldn't want to do that right now, but there will be some, they will be under Budget.

Frank McCarthy stated an increase in the Parks and Recreation, \$17,512.00, he looked at the Budget, particularly on page 9, and out of all of the departments in the Town, the Police Department, the Road Department, all of them, the Parks and Recreation spends the 5th largest amount of money in the Town. That seems to be out of whack to him. Earl Sires stated he wouldn't argue with Frank's ranking as they probably are the 5th largest in the Town.

Dick Klement stated he was talking about fuel costs and he knows that heating fuel, gasoline and diesel have been going down rather dramatically of late, and you guys start this Budget process in the throes of the summer, but what it looks like and as an example the Library on page 20, their heating oil is up \$1,000.00 or their Budget request is up \$1,000.00, yet they spent \$3,000.00 less than what they requested this year. The same would apply to all of the Budgets: the Police, the Schools, everybody, can

everybody go back, re-sharpen their pencil and figure out where we really are given the fuel costs we're encountering today. Earl Sires stated that's something he wanted to bring up tonight, too. Everyone's well aware that a number of years recently the Town has gone to Town Meeting in February or early March and said that fuel and oil are going up and up and up and have asked for an increase. He would hope that this year at that Town Meeting or before that they will be sitting down and asking for a decrease. There are folks in the room that know more about what prices may or may not be doing than he does. Dick stated the question is that unless you're prepared to answer that question for what you really believe they will be if asked that question at Town Meeting, somebody's just throwing a dart at the wall. Earl stated he would say this: what they have done is they have gotten increasingly uncomfortable coming to Town Meeting in the past and have asked for more money, he would hope that this year they would become increasingly more comfortable and be able to ask for a reduction if they are feeling more comfortable. One thing that they do know is that this stuff is always a surprise; he didn't think and he would look at Peter (Donohoe) for this, but was any body predicting a year ago that gasoline would be at \$2.35, so who knows. They will have a better idea closer to Town Meeting.

Dick Klement asked about the raise levels; talking merit raise if he is reading it correctly of about 3% for everybody. Earl Sires stated that was the Budget number. Dick stated as an older gentleman or fellow if you prefer, he is getting 1.7% so why is the Town getting 3% when the residents are getting 1.7%. Just a question. Earl stated not everybody gets 3%, it depends in part on merit and their performance and it's also a function of the fact that they are involved with a Union situation and it's also if you look historically if you track raise amounts, they have been able to bring those down over the last 5 years in a gradual way, so the trend is going down and he was not going to predict where it was going from here, but they have worked with the Union to make some progress in bringing those down. Dick stated that is still twice what the Cost of Index, or whatever you want to call what that funny formula is, so it is rather substantial to what other people are getting.

ASSESSING DEPARTMENT

Earl Sires stated he was the stand-in Assessor tonight and the Assessing Budget is found on page 12. Earl stated from the packet: 5.4% increase due to increase costs for regular employees and seasonal employee costs for a periodic re-inspection program. There really is nothing being proposed here new other than keeping up with the costs of the folks, basically the 2 full-time and the 2 summer intern folks that do the work for the Assessing Department.

Stacy Sand stated she might comment and that she didn't remember the exact figure, but maybe Earl (Sires) remembers it, of what it would cost the Town if they didn't do the way they do where they have the 3 year rotation of assessing the Town on their own. Earl stated what Stacy's talking about is that the State mandates that every town re-evaluates its property values every 5 years and there are a number of ways to do that. The way that the Town has been doing it for the last 10 to 15 years is to hire summer folks that go out and do largely it's a data collection to make sure that the Town's records are accurate so that when they get to their

reval year, the Assessor is able to, in his office, by himself, perform the revaluation. He has done that now 3 times and they do it in-house with basically one person in the field and what Stacy is talking about is in some communities, or if the Town was not doing a good job and were ordered to have an outside appraisal by an outside firm it could run into several hundred thousand dollars to do that. The Town's approach has been to spend the money on the summer folks and make sure the data is good so that Tom (Holmes) can do this work in his office and they consistently not only pass, but they've received good marks in the analysis that they in turn do on the Town to make sure that the Town is doing its job and that Tom is doing his job. It has paid off so far.

Dick Klement stated in the 2014 Budget, the Assessor received \$86,724.00 or that's what was budgeted and we are looking at an increase of \$3,700.00 and that's 4% or better.

Lilli Gilligan stated the Employee Benefits line further down the page, on that same page, states "Non-Union Merit", zeroed it out and they've moved the actual salary predicted cost for every single Department within that Department's Budget. The reason for doing so was to create greater transparency in each of those salary lines within each of the Departments and also to create a greater understanding of how much money is being spent on those raises because although that money was budgeted there, that money is not moved out by her into other Department lines, so as you can see, zero has been spent out of \$25,027.00 if you look at the Non-Union Merit line almost at the bottom of page 12. So the reason that you'll see varied differences in each Department's line is that everybody that's a non-Union member is evaluated at the anniversary of their hire date. For example, her anniversary date is January 2nd, whereas some people's anniversary date is November 16th, so if you have more months in that year to account for a 12 month raise or a one month raise. Tom (Holmes) is not getting over a 4% raise next year; the position itself because his anniversary date is in September so his includes 4 months of a potential raise, but also in the 2014 Budget line, that did not include his raise for that year, it's down in the non-Union merit line. Earl Sires stated this is a transition year. Dick stated this is voodoo math for him and he was sorry. Chairman Mosca stated he thought that was one of the line items that this Committee questions every year. Lilli stated that was the line that everybody hated last year and that was why she changed it this year because there was a concern that there was no way to account for who's getting what dollar out of that line. If you look at the 2014 Budget, that would be the 2013 salary line for a 12-month period. It doesn't reflect what he made in 2013 and, as you can see, he made \$85,347.00, but it also doesn't reflect the full amount paid for 2014 and the column is through December 18th since they have one final payroll for this week for the last 10 days of 2014.

Dick Klement stated help me out here, if he looks at the entire page and state plus \$8,800.00, minus \$2,000.00 and minus \$30,000.00, does that mean we are down \$24,000.00 for Assessor. Lilli Gilligan stated she didn't follow at all. Dick stated there's three totals on page 12: a plus \$8,800.00, a minus \$2,000.00 and a minus \$30,000.00, so if those are combined together. Chairman Mosca stated no, that's three different Departments you are looking at. Lilli stated no, that's the Assessing Budget, the Legal Budget and the Employee Benefits Budget. Dick stated so

Assessing only is up \$8,800.00. Lilli stated yes. Dick stated but he has to look at Employee Benefits. Earl Sires stated not any more. Lilli stated not any more. Dick stated so the Employee Benefits are in Assessing. Chairman stated that line item is spread out through all of the different Departments or at least it used to be. Earl stated it used to be done at the end of the year. Chairman stated that was one of those line items that was always: why is it zero? why is there money there? For the last 3 years that he has been sitting here, we've always questioned it and no one ever understood the explanations. Dick stated he apologized, but he is as confused as last year if not more. Chairman stated from now on we aren't going to have it; what they are saying basically is that if you get a raise part way through the year, it doesn't reflect on the salary until the next year. Dick stated correct, but that \$90,000.00 is not a total employee package. Lilli stated that is the potential of what the Assessor will be paid in the year 2015. Earl Sires stated without insurance and everything else. Lilli stated that is in the salary. Dick stated which is in a different set of line items and it is not under Assessing. Lilli stated Health Insurance is a benefit of all Town employees. Earl suggested to Dick that he stop by his office and they can go over it. Dick stated thank you, he was about ready to surrender on this one.

Earl Sires stated they are trying to clear up one thing that always confused people and maybe it will take a year, but he thought once we get through the transition it will make more sense.

Maureen Seavey asked under "BOS" could 2015 be added to that column. She assumes it is 2015, right. Lilli Gilligan stated yes. Earl Sires stated they could do that.

Mark Hounsell stated he thought he understood all of that, but he wanted to understand it a little better. Are the Selectmen recommending that the Assessor next year's salary be \$90,444.00. Lilli Gilligan stated yes. Mark stated that represents a \$3,720.00 increase. Lilli stated no; from the Budget, but it is not a \$3,720.00 increase over what his salary is in 2014. Mark stated his salary in 2014 was how much. Lilli stated she would have the final figures from payroll. Mark stated the salary isn't the same as the Budget. Chairman Mosca stated no. Lilli stated that is what she was saying, the Budget was split between the known factors and then the Merit line down below in the Employee Benefit section. Chairman stated so going forward we won't have this confusion any longer. Earl Sires stated hopefully. Mark stated there's one document that we'll need as far as he can see that will eliminate any confusion and that is if we could get a list of what each employee by position earned in 2014 with the proposed salary that they might receive in 2015 and he underlines "might" because he understands it's connected to. Earl stated the Town could give the Committee what they made in 2014 and say up to 3% more. Mark stated if we could see that then that gives us a dollar impact and we don't have to get muddled down. Earl agreed. Mark stated he makes no comment as to the value of her doing it.

Maureen Seavey stated she didn't know if it would make any difference or not, but she thought the Merit Pay should be separate from the salaries and the increase in salaries. Lilli Gilligan stated it makes it hard for any payroll and she thought Maureen might actually be able to understand that more than anybody having worked in that Department with data bases.

Once somebody gets a raise, they don't split out; let's say they work 40 hours and their salary was \$14.00, they don't pay them on one account line \$14.00/hour for 40 hours and then let's say their raise was \$.18 on the Merit line. It's not being tracked in accounting so it's not a clean way for looking at what somebody's truly been paid because now you are going to be blending the merit increases of multiple employees in Departments that have more than one employee of which almost all of them do. They were trying to get away from the use of the Merit line altogether and showing the merit as the possible increase for the next year. Maureen stated so you are going to have the 3% plus the merit pay, add those two together and then add it to last year's. Chairman Mosca stated no, the Merit line is going away completely. Lilli stated the 3% is the maximum merit possible under the matrix for the Union agreements. Earl Sires stated a total raise someone may be able to get is 3%; that includes the merit portion and that is what it is.

Dick Klement stated bringing this 3% merit forward, he was thinking of the School that the Committee will be looking at in a week or so. Chairman Mosca stated let's not talk about Schools. Dick stated all he was saying is that we're looking at a Town raise of 3% for merit, maximum. The School comes in, you're going to look at them and scream if they say they want a 3% raise for their people because of the amount of money because they have a lot more employees. He thought one has to look at both the Town and the School in kind of the same bucket when it comes to salary increases.

Mark Hounsell stated he thought for that reason every once in a while it's a good idea to make a list of who works for the Town and how much they're getting paid, again by position. Question he would have though is: is it the practice, it seems to be, that benefits that are negotiated in a Union Contract are extended to non-Union employees as it pertains to salaries. Earl Sires stated not entirely and not always, but often and for those things that are of the most significant to the employees they are typically extended. In other words, the pay scale, insurance and that kind of thing, but not every year, it's varied sometimes but not often and then some of the details of the Union agreement vary from the regular Employee Benefits.

Chairman Mosca stated looking at specific line items on page 12, the Assessing Mapping is going down, this year the Town spent almost the full amount and next year we're reducing it by \$400.00 and he was wondering why. The second line item that he has a question on is the last one, Seminars and he presumes Professional Development, we haven't come close to spending the money that is requested every year, why do we still have that much money in the line item.

Lilli Gilligan stated the Assessor's Conference was paid for by the hosting organization because he was a speaker at this year's presentation. Chairman Mosca stated even last year, in 2013 we only spent \$868.00; 2014 we spent \$380.00; we request over \$2,000.00 every year, but we don't come close to it, wouldn't it be better to request \$1,000.00 and maybe shift some of that money back up to the Mapping line item which we seem to almost be maxing out this year. Earl Sires stated on the Mapping he could tell the members that one of the reasons he's comfortable reducing it somewhat is because the Town they just did go through the reval year and so a lot of that stuff has been updated so not as much of a need. Earl

will talk with Tom (Holmes) about the training; he knows they are required to maintain a certain level of education and certification and he knows that Tom speaks often at a Conference and probably gets comped fairly regularly, but he will talk to him about it.

Stacy Sand stated she would comment that the Board of Selectmen did have a conversation with staff that they would like to see the staff utilize that Seminars and Professional Development line more readily because there are other Departments where that also occurred and they agreed to make that a priority with their staff to encourage that because the Selectmen think it is very important. They left the numbers where they were because they want to see them utilized. Chairman Mosca stated you don't go to Conferences just to spend money. If it's something that's valid and should be used, then spend it, but obviously they're not spending it; do we just have too much money in the line items. Stacy stated maybe; she didn't know the cost of the Conferences and Training Seminars are. Chairman stated all he could do is look at the last two years and what's been spent and what's been budgeted and obviously we've been over Budget for 2 years in a row, maybe it's time to re-evaluate it and reduce the number a little bit.

Frank McCarthy asked how many items are subtracted from a particular entity or Department's Budget and grouped into one lump sum for the Town. Earl Sires stated he couldn't tell the total or the number, but the things that are tracked in a group way really he thought are just the Employee Benefits. Lilli Gilligan stated which would include Health Insurance, Dental Insurance, Life Insurance, New Hampshire Retirement Contribution, Social Security, Medicare Contributions, the Sick Leave incentive. Earl stated the Town has a variety of government buildings in the Government Buildings Budget, but they're lined out individually. Legal will sometimes perform services for different Departments, but it's the legal function of the Town. Lilli stated Office Supplies that are used by everyone, those costs aren't allocated to each Department so if it's paper or pens, then it's within the Government Building Budget or Executive depending on what it is. Things that are specialty, if the Planning and Zoning Department has a special printer that nobody else has, the toner for that machine is booked to the Planning and Zoning Department. Earl stated insurance covers the entire Town, again it's a single expense. Really it boils mostly down to the Employee Benefits section.

Frank McCarthy further stated that he agreed, he was not so concerned about pens and toner and that sort of thing, it seems to him that members would get a clearer and a more exact picture of the Department's Budgets if everything were included in the Budget. If you want to do a total at the end of those things, that's fine. He thought we get a false impression of the Budgets when this is their Budget except for this, this, this and this, which is all grouped together.

Earl Sires stated on the other side of that, he thought the reason it's been done this way for 20 or 25 years is that, particularly over the last 10 or 15 years where insurance has gotten to be such a big part of that, Health Insurance, that if an employee gets married or gets divorced they can change the Budget of a Department by \$10,000.00, \$20,000.00, \$30,000.00, so he thought the idea was to sort of avoid this up and down and sort of be able to track the functions that are fairly consistent from year-to-year and not have the kind of noise of the insurance in there that

would be bringing Budgets up and down each year. He thought it was probably one of those things that's either way it can be troubling to somebody, either you're seeing changes every year when the functions remain the same or you have to acknowledge that that's the cost of the Budget except for Employee Benefits.

Mark Hounsell stated to Chairman Mosca that he thought that another bit of information that might be of benefit to us is what percentage of the Town Budget is dedicated to employees' salaries and benefits. He knows that the School is about 65% or better. He just thought it was important for the members to know that, what he suspects is that what we are really looking at is Budgets that are personnel driven as far as expense. Again, he again says with no comment, he would just like to see what the ratios might be, what percentage of the Budget is dedicated to employees' salaries and benefits. Earl Sires stated they could do that.

Dick Klement stated it's very hard to determine the true cost of a new hire that you are proposing to bring in as a new position if you don't know what the fully burdened labor rate is; so you're sitting there and saying you want to pay a portion, \$20,000.00 a year to mop the floor, but that person has a potential impact of \$57,000.00 because if it's a family, Social Security, etc., etc., etc. so just knowing what the salary is doesn't tell you where the bus is going and that's something that is very hard to determine. If you're bringing somebody in and you're asking or there was a request for a couple of positions that didn't get included, what's the impact of that at a fully burdened labor rate and he would suspect that somebody that makes \$90,000.00 has a burdened labor rate of about \$140,000.00 to \$150,000.00 which is 50% more; but a person that's making \$20,000.00 may have a burdened labor rate of \$75,000.00 because of the benefits, so a cheaper person salary wise doesn't equate to an overall less costly person. We need to know those numbers.

Frank McCarthy stated he knows he's getting ahead a little bit, but for instance on Parks and Recreation. Chairman Mosca asked Frank to hold off because that Department was next week. Frank stated he knew but it was relative to what is being talked about right now. For instance, the Town has 4 full-time employees, 23 seasonal staff, etc., etc, etc. and the amount budgeted for that Rec personnel is \$219,000.00; does that include all of their benefits or is that just their pay. Earl Sires stated that would be their pay.

Chairman Mosca requested that the Committee focus back on Assessing.

FINANCE DEPARTMENT AND TAX COLLECTOR

Lilli Gilligan presented the proposed Budget for the Finance Department and Tax Collector of \$287,030.00. This is the Finance and Tax Collector's Budgets that are all in one line for accounting purposes per the DRA set up. This includes the salaries for herself, her bookkeeper, the Tax Collector and it's half of the elected Tax Collector/Town Clerk position and all of the Deputy Town Clerk/Tax Collector position. It also includes the stipend paid to the Treasurer. It includes costs associated to this Budget Committee. It includes the annual external Audit that is conducted and the Information Technology costs for purchasing computers and printers throughout the Town, not including Library or Police.

Lilli Gilligan further stated that the salary lines for both Finance and Tax are going down and that's primarily because of the previously budgeted figures for people that have retired. She has been here for one year and the Budget that was placed then was a little bit higher based off of different budgeting scenarios considering what the plan was for replacing this position at that time. Last year the Deputy Tax Collector retired and so the person that has been hired to replace that position is at a lower rate as well. Those two figures are the reason that the Finance and Tax Collector Budget is going down \$2,845.00, but another big indicator and factor in the decrease of this Budget is a lack of a need for a single Audit and she also re-negotiated the existing Contract with the audit firm based off of a previous working relationship with them elsewhere. The total savings on the Audit is \$7,000.00 from last year's Budget.

Lilli Gilligan stated there are two new lines in here, one is for mileage so that when somebody from the Tax Collector/Town Clerk's Office has to do their daily bank run, the Town is required by law to deposit any monies that are collected exceeding \$1,500.00. As you can imagine, that happens every day, so there is a daily bank deposit that is required. The Bank Fees is a new account line as well. She started using that this year and, as the members can see, the Town has already booked over \$1,000.00 in fees. Those are for when somebody's check bounces that they pay with the Town is charged \$25.00 for by the bank for the bounced check fee. The Town does charge the individual a fee to recover that money, but that is put in as you can imagine as Revenue and are booked to the Revenue line and that's why you are seeing a new line there.

Lilli Gilligan further stated that the other lines are pretty status quo. Lilli asked if any of the members had any questions.

Mark Hounsell asked if he was to understand that the Town is breaking ties with the audit company that was used in the past. Lilli Gilligan stated no, it's the exact same audit firm. Mark stated then he misunderstood. Lilli stated they're just doing it for less, she re-negotiated and they offered to do it for less. Mark stated quite a bit less and he liked it and that he would like to hear the back story on that one.

Dick Klement stated he noticed that there is \$2,000.00 for mileage, so the person is driving their own car, so you're asking an employee to drive their own car when we have Town cars in the parking lot. Why would we encourage a person to take their own car? Earl Sires stated we don't encourage them, they are not comfortable driving the Town cars for good reason. In making a bank deposit they are concerned about the reliability of the vehicles and don't want to be standing on the street on the way to the bank and he doesn't want to talk about that too much more. He will say that during the tax season when the Town has large amounts coming in, they do have pick ups by armored car.

Dick Klement stated so let's talk about vehicles. Why are we even attempting to keep those vehicles if people are scared to drive them? Earl Sires stated not everyone is uncomfortable. The Town could buy some vehicles if you'd like, but most of us use our own car and don't get reimbursed. Dick stated we've got these cars painted, we perform maintenance on them, we put tires on them, put plates on them, etc. Earl

stated they are good for around town, but the alternative, seriously, is to buy vehicles and again, most employees use their own vehicles and most employees don't charge for mileage unless they go out of town.

Frank McCarthy stated Line 5 - Info Technology, he was just curious, the Budget was for \$42,200.00, but as of now or as of the 18th of December you've only used \$24,000.00. In next year's Budget you want to get 5 PC's, 2 Servers, IT support, equipment, couldn't we use some of that leftover from this year to buy that equipment and then decrease next year's Budget a little bit. Earl Sires stated you may be happy or not happy to know that the current number of expenditures is \$34,000.00 with the latest report. What that shows is the Town budgets to buy a certain set of equipment and then they wait unless they have to replace a machine that goes down, they wait until this time, or he should say the last part of December to make those purchases just in case. That's a big lump sum and if they are looking at Budget trouble or if they have to save money here or there, they keep that in their pocket until the very end and if they have it then they buy it, otherwise they don't. They have spent that money. Frank stated so the answer is there's not as much left over as it says here.

Mark Hounsell stated he just wanted to express his reluctance to accept the \$2,000.00 in mileage for bank runs and trainings. He personally has a problem with that.

Christopher DeVries stated the line right above the Mileage, Tax Billings, seems we are never using the full \$5,000.00; is there much variance in that, is it ever \$5,000.00 and could that maybe be applied to the mileage. Lilli Gilligan stated she could look at the last and do a more of a 5 or 6 year look at that to make sure, but the Tax Billings not only would include the cost of the printing at an outside vendor but also the cost of the postage which has gone up. She will look at that, she'll look at the cost of the postage and make sure that that number is spot on.

Chairman Mosca stated he kind of agrees with Mark (Hounsell) on the mileage thing because if there are vehicles available, if they are drivable then he thought we should not be putting in for mileage. That's his personal feeling.

Chairman Mosca stated he would like to go the Bank Fee line item and asked for a little more information as to what all the fees are. Direct Deposit, monthly fees, he understands bounced checks, but who's bounced checks, from people coming in paying what. Lilli Gilligan stated people paying their tax bills, their dog licensing fees, you'd be amazed. People will pay \$5.00 and the check will bounce. Chairman stated but that's being reimbursed somewhere else. Lilli stated it comes in as Revenue if it is paid, yes. Chairman stated if it isn't paid then we should not give them their registration. Lilli stated the neat thing is that Rhoda (Quint) does an incredible job at tracking this information and sharing it with her so that if somebody were to pay with a bounced check for anything, they're flagged in the tax system, they're flagged in the Town Clerk's system and then she let's Lilli know so that they may never pay with a check again; they may only pay in the future with bank checks or cash. They lose their right to futurally ever do that to the Town again. This is a very low figure for bank fees altogether in a town this size with the number of checks that are processed in a year.

Chairman Mosca stated he guessed his concern is why are we paying fees at all for the amount of money that the Town is using with the banks. Lilli stated she would actually love to answer that question; she just conducted a banking bid amongst the four banks in town and there is no way to get free banking for an account that holds \$30 Million in its account right now. Chairman asked even the Credit Union. Lilli stated you can not use Credit Unions for municipality accounts in the State of New Hampshire. Chairman stated that's a law that needs to be changed. Lilli stated some of the banks said that if you maintain a balance of \$1.8 Million, they would waive the \$818.00 monthly fee for these accounts. The Town doesn't have one account, they have a multitude of accounts so there's a lot of record keeping that they do on the Town's behalf and it is tedious to cash checks - the amount escapes her right now, the Town is a very transactional business for a bank and the amount of fees being charged currently by Northway, who the Town banks with, are competitive with the other banks in town. You certainly need a bank that's in town because they have to do daily deposits and you certainly don't want to be traveling out of town to do that. The other cost of doing banking is the borrowing through the Tax Anticipation Note process and there were new fees that were instituted this year by Northway, so she called around to the other banks and these fees were being done by two of the other banks, but not one of them which led to the desire to look at what could the Town do elsewhere, is there a more competitive way to do this. The decision has not been fully made because the Treasurer has not provided his thoughts on the matter, but he has been provided with a recommendation on how to proceed. The other bank fee that is pretty hefty is the Payroll Account. There's a \$25.00 a month service charge on just the Payroll Account and then every single Direct Deposit that the Town pays has a \$.25 charge and then, of course, there's the cost of ordering checks. Chairman asked if the Town didn't do Direct Deposit, then what. Lilli stated they would pay with checks. Chairman asked what the cost was versus Direct Deposit. Lilli stated it's more of a cost of not only the check itself but also the time involved in reconciling is a lot greater because people don't always cash their checks immediately and then there's a more time consuming bank reconciliation process. She thought it was worth the \$.25.

Stacy Sand stated she had a question with regards to the mileage based on it being of concern. Is there always a usable vehicle available during the time they need to make a deposit. She thought Planner's are out using it and the Town Inspector, Earl, Paul (DegliAngeli). Even if they are not using their own vehicle, she did not see that the vehicle would necessarily be available when you need it. Earl Sires stated that's true as well.

Chairman Mosca stated he guessed his concern was that there hasn't been mileage before, why all of a sudden. Lilli Gilligan stated the mileage has actually moved from the Executive Budget on page 10, so instead of booking it to Executive, they were trying to be transparent in showing how much it was costing the Finance Department in mileage versus the Executive Budget which the 3 people in town that make bank deposits are the Tax Collector, the Deputy Tax Collector and herself. Chairman asked where did it come out of the Executive Budget. Lilli stated Executive Mileage, right below the Town Manager's salary. Chairman stated it went down by \$750.00; this is going up by \$2,000.00 and he was assuming there were other line items and

other departments. Lilli stated no, that's it, that's the only one. It's based on the number miles times the mileage rate times the number of days in a year. Chairman stated the mileage rate is high right now and he assumed the Internal Revenue Service is going to bring the mileage rate down given the fact that the gas prices have gone down considerably. Lilli stated once that number is known they would be happy to adjust that down.

Mark Hounsell asked if it has been past practice that the Town has been paying mileage for bank runs. Earl Sires stated the past year or two maybe. Mark suggested that they take another look at that and maybe consider some other options. If there is a security concern, maybe that's what you should be looking at. If we have junk cars that no one would want to drive with an empty pocketbook, he could understand why someone wouldn't want to do it if they're carrying a bag of money.

Frank McCarthy stated it looks like we are actually stuck with \$5,000.00 in bank runs and all he would say is he knows down at the County level it used to happen that people would come to work and on their way home they would stop at the bank and make the deposit and they got paid travel for going home. Is that going on? Is that a possibility? Lilli Gilligan stated no. Frank stated \$5,000.00 for bank runs is a lot of money. Lilli asked Frank where is the \$5,000.00. Earl Sires stated in Executive there is other kinds of travel, not bank related. She was saying that they reduced the Executive somewhat because they use to pay for the bank runs out of the Executive, but whatever is in there now is mostly his travel or the Selectmen's travel and one of the reasons they didn't reduce it a little bit more is that there is now a regular meeting that he has to go to in Bethlehem every couple of weeks.

Mark Hounsell stated he had a question on procedure for the Chair, then decided against asking same.

Earl Sires asked about the handouts and Chairman Mosca stated the handouts could be passed out, but asked that both he and Lilli (Gilligan) hang around until after the session with the Library, he wasn't sure whether they were planning on leaving or not, because he thought the Committee was going to discuss more budget issues.

Mark Hounsell stated to Chairman Mosca that that's what he was going to ask; if we were going to take any action while this stuff was fresh or make any recommendations and requests that the Town might take a look at certain things.

LIBRARY

David Smolen, Library Director, stated it's a real great privilege to be the Director of the Conway Public Library. This year the Library's Budget is down by about 2.5%, \$13,000.00, or the proposal he should say and that largely reflects a savings in salary and benefits. In 2014, they had a couple of people leave; one person relocated and one person retired, another veteran employee transitioned from full-time work to part-time work at the Library, so those people have been replaced with people who are obviously starting at a lower salary and the Library, like every other portion of the Town government, has seen the reduction in the Health Insurance costs as well. There was one employee who opted for a buy-out,

who was previously taking Health Insurance through the Town. He would be happy to answer any questions.

Chairman Mosca stated all of the people that have retired, you're going to replace them. David Smolen stated yes, they have been replaced. Chairman asked you can still come in at a lower Budget? Mr. Smolen stated yes. Chairman stated the Library is going to longer hours he thought one night a week. Mr. Smolen stated yes, 90 minutes on Wednesday evenings. Chairman stated he guessed kudos to the Library if they can reduce their Budget and replace all of those people and stay open longer. Mr. Smolen stated thank you. Chairman stated he didn't know how the Library was doing it. Mr. Smolen stated one employee who recently left, just as an example, was making \$20.49 an hour, that person has been replaced by someone who is making \$16.00 an hour. They had one employee whose salary was \$20.10 an hour, working 40 hours a week and she went down to 32 hours. There was a 32 hour a week position that last year started off at about \$18.50 an hour, then that person left and that person was replaced with someone making \$17.00 an hour and the 32 hour a week job went up to 40 hours. Chairman stated excellent.

Dick Klement asked if he could ask the Library to take out their pencil again and cut down the heating oil costs. David Smolen stated yes, in fact he and Bill (Marvel) were talking about it today. Their most recent bill was \$1.96 a gallon from Frechette and they were actually discussing that today. Bill stated if they had to guess now, he certainly would agree that they wouldn't need the \$1,000.00 increase that was planned on originally and probably could cut \$1,000.00 or more out of what they got last year. Even if the price starts going up as they predict towards Spring, the worse of the Winter will be under this dirt cheap price. Chairman Mosca stated the problem is when you come back next year if the price goes back up and the number is back up, we'll say how come the number is up so much.

Frank McCarthy stated with this Budget, how would like to get on to the Police force. Bill Marvel stated he couldn't afford an attorney.

Dick Klement stated Copiers/Printers has gone to zero. Bill Marvel stated let's us launch into that: for years the Library had a line item of \$2,500.00 for the copier maintenance and there is another line item that he will go into later. Lilli (Gilligan) suggested that they, since they don't get that money from the Town, reduce or eliminate it. He pays for the maintenance costs out of the Unanticipated Funds that they get for donations, lost and damaged goods and that sort of thing. There is a special statute that allows him to spend beyond the appropriations with that sort of funding and that's what he pays for copier maintenance with and the copier pays for itself now that they have doubled the cost of copies. It pays for its maintenance; it won't pay to replace itself yet, that would be a pretty hefty price per copy.

Bill Marvel further stated the postage line members will notice is also missing. That was the same thing; they had a \$1,400.00 line every year for postage and they never got a dollar from the Town for it, it's paid for out of those Unanticipated Funds and he didn't know why that was started, but it seems to work and he seems to have enough funds for it. They zeroed out the line. They were going to keep about \$300.00 in it to reflect the Town's costs of sending out bills, the invoices that they pay for us, but

Lilli (Gilligan) asked if they would put that in her Executive line so they did. There is an ongoing dispute with one member of the Trustees who thinks that we have to have a line item for postage to buy postage, but, as he said, they have this special paragraph in the 202 Statute that allows them to spend beyond the appropriation for supplies and he views postage as an office supply.

Dick Klement stated that the Committee submitted a question to you guys on clubs and associations that are invited to or requested to or somehow show their projects in the Library which is a great thing, but he is under the understanding that one of the clubs is charging their members a fee to put something in a Town Library and his question was: does the Town Library receive any of the funds from this fee charged by this club. David Smolen stated he could answer that. He actually spoke with J.P. Goodwin today about this, she is from the Art Association, and basically what happened, as she explained to him, is that if a member from the Art Association is going to display at the Library and if they weren't going to be there to install the exhibit, the art work, on the walls in the Community Room then essentially they ask the person to give a \$10.00 donation to the Art Association for their time basically. If the person was there to install their own art, they don't even ask them for it. That's all that was. Actually the Art Association and he was very pleased about this of working with them because it's actually going to save a tremendous amount of staff time because they have, at this point, 8 months worth of exhibits planned in 2015 and trying to, on a monthly basis, identify someone to exhibit in the Community Room can be challenging and so it's saving them a tremendous amount of time especially as they have a new employee doing Adult programming and it's sort of one less thing that person has to sort of worry about at this point because she has a lot on her plate.

Dick Klement stated if someone were to charge a fee though, some organization were to charge a fee just to have something displayed. David Smolen stated the Library doesn't charge fees in that situation. Dick stated this is the dichotomy of the thing, you've got the Town building serving as a home for an organization that's charging its membership to show in a Town building. Mr. Smolen stated he views it as a donation to the Association and again if they install the exhibit themselves, they don't ask for it. Bill Marvel stated the distinction he made is that it is a service fee rather than a rental fee. He was a little disturbed to hear that they were basically charging their members to show there because that's not their property to charge for, but it's a service fee for hanging the exhibit at least as he understands it and if that's the case, he considers that between them and the artist to decide whether or not to do the hanging themselves.

Maureen Seavey stated she didn't understand why the Library doesn't do like the rest of the Town does, they consider the money that you get as a revenue and still have the expense in the Budget. She knows they use that to pay that, but it's still shows what you use for postage. Bill Marvel stated as he said, that's paid for out of what is essentially Unanticipated Funds which is the only type of funding you can use to pay for something beyond the appropriation. They have a line for Office Supplies and he views postage, as he said, as an office supply. They don't know what they are going to get for that sort of revenue; there are some revenues they can estimate and others they can't. Some weeks you might get

nothing, other weeks you might get a couple hundred dollars, you never know. If it's unanticipated, you can spend it beyond the appropriation on a certain category of items and supplies is one of them.

Bill Marvel stated that he thought the members would notice that their revenues are down this year; more of their Budget is being paid for by taxes because they had to seriously reduce their revenues. For instance, most of their Trust funds are in CD's and the year before last when Woodlands (Credit Union) sold out to Northeast, Northeast paid a substantial dividend to people who had money in their accounts and the Library had quite a bit and they made a killing really of about \$13,000.00 as a one-time windfall that they will not see again. Unfortunately they estimated their 2014 revenues on what they had gotten before realizing that it was not coming back. They paid quite a bit more last year than what they took in as the contributions from their Trust funds. There are still revenues in there that they can fairly well estimate: non-resident fees and that sort of thing, but overall it's down. Even though their Budget is down and may go lower still, more of it is being paid with taxes. They are trying to figure out frankly how to make some more money off the funds that they have in Trust. Now they are making as little as .2% on some CD's.

Chairman Mosca thanked David Smolen and Bill Marvel for coming in.

TOWN

Chairman Mosca stated to Earl Sires and Lilli Gilligan that he thought this would be quick. From what he hears from around the table, members of the Budget Committee would like to see the Employee Benefits distributed between the different Departments and he understands the difficulty that there could be in doing that. Earl asked if the Chairman wanted it budgeted that way or just a report showing what it is. Danielle Santuccio stated she heard the request to be a report showing how much it was as a percentage. Chairman stated to Dick's (Klement) point on Assessing, the salary doesn't reflect the benefits because the benefits are some where else. Chairman guessed that he wasn't going to ask to have everything redone, but maybe page 9 which is the overall Budget, maybe spread the numbers between the different Departments and give us a view of what's going in to each Department for that \$1 Million.

Lilli Gilligan stated so that she understands, was the Chairman speaking of Health, Dental, Life Insurance, NH Retirement, Social Security, FICA.

Mark Hounsell stated back to the request that he said would be timely if we had a list of each employee, not by name but by position, with their salary package which includes benefits. Some of us recognize that benefit is just another way of paying salary. It's broken into two different things and part of the pay package is benefits. If this Committee had a list of each person and what they get in salary and the value of their benefits total, not everything, if that could be done and then the total of what it costs the Town for that particular employee, salary and benefit. That way he didn't see that we need to break it down into Departments so much as it's just a report where members can say "okay this is what it's costing us", but he kind of likes the way this reads, this format.

Frank McCarthy stated he disagreed; he didn't really care about the individuals; what he did care about was how much each Department is spending and if it was broken down, if you have a total of "we spend \$1.2 Million on this" and then break it down to "x" amount goes to Highway and Roads, "x" amount goes to the Police, "x" amount goes to Executive, etc. That's what he's concerned with and would like to see that because right now it looks to him like, and he's not harping on it, but on Recreation and Parks if you add in their benefits, it looks like we're paying \$500,000.00 for Recreation and Parks.

Stacy Sand stated she just wanted to comment on Recreation and Parks. Most of the Recreation and Parks personnel are part-time seasonal; they don't receive health benefits which is a big portion of any benefits package. Just so you are clear on that, they are part-time seasonal and they receive minimum by law. Frank McCarthy stated he would still like to know how much it is.

Earl Sires stated he thought that those at the staff level could provide reports, but thought amending the whole Budget presentation and all that is probably a Selectmen okay thing, he was not 100% sure on that. They can certainly provide additional reports, but if this Committee wanted to change the format of the Budget, he may have to go back and see if the Selectmen are on board with doing that.

Stacy Sand stated she had a concern about, you say by Department, but most of the Departments are one or two people and she worries about things like HIPPA and such like that when you start breaking down these things. Earl Sires stated they would not be able to break out Health Insurance by individual, they can't report that by Federal law. Stacy stated or even by Department because then it's going to - it's too much.

Chairman Mosca stated he was asking to take the Employee Benefits line item and split it between the Departments, basically where it should be going. Earl Sires stated you (Chairman) just said Employee Benefits line within each Department. Lilli Gilligan stated what Stacy (Sand) is trying to say is that you would easily be able to identify that certain individuals are costing much more because they are on Family Plans versus people that are taking buy-outs for \$1,250.00 a year and you'd be able to say "is that person worth \$20,000.00 more than this person" and the HIPPA law, there's a fuzzy line there especially in Departments where - her Department has 2 people, Assessing has 2 people, Planning and Zoning has 2.5, Building Inspections is 1.

Dick Klement stated perhaps this could be done then in this report putting together all of the people or putting together a number of organizations together. He'll call them cats and dogs organization, those with few people, Finance, Assessing, Executive and just have those couple of organizations because then you're not trampling on the HIPPA violation. If you have 5 or 6 people, you can't figure out who's who.

Steven Steiner stated he would like to see where in the law it says you can't break it out. He thought the taxpayers want to know what does it cost to have you (Earl Sires) here and then when you start thinking about it, if you lost your job today, where in Conway would you go and get that

same type of salary. That's all he's saying. For him he thought the taxpayers want to know what does it cost.

Earl Sires stated there are a number of things they can do. They can probably give the Committee someone's total cost of employment. What they have to do is protect their organization from divulging things that are prohibited to be divulged in identifying a particular person by Federal law. If it was his salary and benefits and Health Insurance and somehow you were able from the report say "okay, his salary is \$100,000.00, we'll subtract that and this and that", it means he has the Family Plan insurance. That's the type of thing they can't, by law, allow to happen by those not involved with the organization, it's the management staff or political management of the organization by law. They are happy to give the information to the Committee that gives what the members want to see as long as they are not violating privacy or HIPPA laws. They just need to know what the Committee is trying to get at and what the members want to see. Again, if they are going to change the Budget format as a regular form of reporting and doing the Budget and presenting it to the Committee and to the public, that may be a Selectmen's decision as well. There are ways they can get the information to the Committee if the members can sort of give them an idea of what is wanted.

Mark Hounsell stated what he thought was happening and it happens every year and he can understand it but he thought it needed to be pointed out that the Budget Committee looks at Budgets. It's not interested in, other than some personal insight or opinions or views, about whether or not the Selectmen have made the right choice as far as Parks and Rec or Finance or whatever, that's the Selectmen's job. The Budget Committee's job is to understand the impacts and what is driving the impacts. Yes, you do need to take care of your organization, but part of the organization includes the people of the town and he thought what was needed as a Budget Committee, not as people with opinions about whether or not this should be cut because we have too much money in this, is a list of personnel, you don't need the names and he doesn't care about the position because the members don't need that, you could just identify them A to ZZ until you are done and then put in there "A earns this much, benefit costs this much" and then we're getting an idea of what it is costing us in salary and benefit lines to run the Town and that's all separate from whether or not the Selectmen are making a good choice on whether or not these monies are allocated. We're looking at tax impact, Budget impact. He didn't think it was necessary at all to even identify the positions.

Earl Sires stated part of the problem they've run into is for example it wouldn't take long to figure out his information because you just start at the top and then probably you could fill in some blanks too which he doesn't particularly care about, whatever anybody wants to know about is fine, he doesn't care. If they can give the Committee total cost of employment, if it's not prohibitive and it's not privacy protected they might as well give the name because it is public information and he didn't have a problem with that. The issue to him would be they have the name or position, they just need to make sure that the information that comes in is something that the Town is not going to get sideways with Federal law or with employees over presenting. A way to do that is what they would have to come up with is all he is saying.

Mark Hounsell stated he didn't need the breakout himself, he didn't need, desire or want the breakout of what it costs in salaries and benefits, all he needed was the total. Earl Sires asked for a Department. Mark stated no, for every person, A to ZZ. Earl stated salaries and benefits by position. Mark agreed and stated they didn't even have to identify the position. Lilli Gilligan asked what's the point of doing it if it's not by a position or by a Department. You already have that information. Mark stated this is a new format and if he goes to the very first sheet Employee Benefits is right there, page 9, \$953,752.00 and so then all we need to add to that, and he guessed the members could do it themselves, like Lilli just suggested, is go through each Department. Lilli stated there's Employee Benefits within Police, Library and Solid Waste.

Earl stated they could get whatever the Committee wants as long as it is legal. If the members want total salaries and total benefits for the whole organization, they can do that. If the members want total salaries and total benefits by Department, they can do that. They can probably give salaries and benefits by position, he would have to check to make sure on that, but not broken out so that it would show Health Insurance.

Mark Hounsell stated he didn't know if he needed positions, what he wanted is what is the percentage that we pay in salary and benefits of the whole Budget. That's his biggest question personally.

Danielle Santuccio stated this is kind of going away from what Mark (Hounsell) was talking about for just a second, but it kind of came up a little bit earlier and it came up a little bit when Steve (Steiner) was talking, she would just strongly caution against deciding whether to make employment decisions based on what kind of Health benefit packages they would require because if we're talking about whether this person is going to get a \$20,000.00 Health benefit package because they have a family versus this person that just has a single. You can't make decisions based on that and she would strongly caution the Board to not make it seem like we're advocating for something like that because we could be getting into areas we don't want to go into and she would just be careful about that.

Dick Klement stated kind of ran into this problem on the School Board and at any time a position is requested, the Superintendent provides a window of salary, benefits and min/max health care so you see a \$50,000.00 to \$62,000.00 range for example and that's enough to kind of let you know what this person is costing you. There are many companies that have a salary cap for a particular position and once you reach that position, that's all you're worth and beyond that all you are going to get is Cost of Living. These are big money firms and that's what they've decided, that a Technical Writer is worth \$52,000.00 a year or \$62,000.00 a year and you get up there and either go some place else or you live with it. We don't do that in government. You continue to get raises until you die. He thought it has to be looked at to see how much is a certain job worth and when you get to that level, there's no more raises.

John Edgerton stated trying to simplify it mathematically. You take the number of people on benefits and divide it into the benefits package and it will give you an average because every single person on benefits is different, every single one of them is different. If you start to itemize the benefits, then you're pinpointing what somebody is getting and there's

no way you can get out of that. If you put the salary and benefits without the name, you can look back in here and look at the salaries. So no.

Frank McCarthy stated he fully understood that the Revised Statutes Annotated governing Budgets for the County and municipalities and towns are somewhat different, they're a different chapters, but the make up of the Budgets are exactly the same and when you go to County and you sit down and go through Budgets, the Sheriff's Department has a Budget, the Jail has a Budget, the Nursing Home has a Budget and every one of those Budgets will have a line item for exactly what we're talking about. It will say: 9 individuals on the Single program, 15 individuals on the Family program, Grand Total \$230,000.00 for benefits for Health Insurance and then each down the line it will do the same thing with the other benefits. If they can do it at County, they should be able to do it here because you're a much more astute and much more able to do things than what he thought they are at the County level.

Stacy Sand stated having been a member for the past 6 months, or maybe 4 months, of the Health Committee where they have been studying the cost of health care for the employees at School, Town and Precincts, they have received and she believed members actually received that report early on that said how many people were under "Family", exactly what you (Frank McCarthy) asked for and you should have a copy of that and the Town is so small if they did that by Department it would be breaking the law. You can't do that by Department, you can do it for the Town, but if you start breaking down by Department and put that 2 individuals, you're going to know exactly who it is. We are too small; our Departments are too small. The Town has too many Departments where they have 2 or 3 employees. It's too small and you're going to be able to tell.

Stacy Sand further stated she wanted to bring up the other point is that, you know, if you start breaking it up like this, it's not determining the Budget in terms of what this Committee's purview here is to look out after the Town. It's a job of the Selectmen. Every time the Selectmen were presented with a couple of new positions, they weren't presented with just their salary, they were presented with the salary and benefits and she was sure the School Board is the same thing. The Selectmen are not sitting there and saying it's going to cost the Town \$16,000.00 for this part-time employee. No, it's going to cost \$16,000.00 plus Workman's Comp plus Social Security plus this and plus that and this is how we determine whether there's going to be a new employee or not. She thought members were trying to do the Selectmen's job in determining whether there's a new employee or not. What Dick (Klement) said is true, when you're looking at a new position, you don't just look at the salary, you look at the salary and the benefits because if you look at just the salary you're not looking at the cost to the Town. She agrees that if the Town is going to add a new position then it becomes important, but this is percentages. What Mark's (Hounsell) saying "okay maybe make it a little clearer to us" makes a lot more sense. She really cautioned the Committee about starting to break this down by Department because the Town is too small.

Maureen Seavey stated she agreed with Stacy (Sand) and there's a lot of teachers that may have a family or two in a family that might be teaching or one might be on the Police Department and one might work for the Town and you probably have a Family Plan on one, either the School or the Town

or Police. She bets they'll find a lot that are under that. She honestly didn't think it was necessary, the County is a different thing because you don't find that as much, but if you find in the Town of Conway, as she said, there might be a Police Officer and the wife might work for the Town or is a teacher or whatever and she didn't think it was a necessary thing.

Chairman Mosca stated he understood why the Library and the Police Department have benefits broken out, but why does the Solid Waste Department have benefits in their Budget and why is it not lumped in with everything else. Lilli Gilligan stated the Town charges the Towns of Albany and Eaton to participate in the Transfer Station, so in order to fully allocate the total cost of doing business there and being able to charge the cost of that to Albany and to Eaton the Town includes the benefits of NH Retirement, Social Security, Medicare, Health Insurance, Worker's Comp, all of it as a lump.

Chairman Mosca stated he was going to ask that Earl (Sires) and Lilli (Gilligan) see what legal options are available without getting into trouble and he was not going to say go back and do all kinds of reporting, if you can within the next couple of weeks give us an idea of what we might be able to see. Don't go through all the effort of doing things until we are all on the same page. Earl stated that's fair.

Mark Hounsell moved, seconded by Danielle Santuccio, to request from the Town Manager a breakout showing the ratio of employee costs to the overall Town Operating Budget for the years 2012 through 2014 and also for the 2015 proposed Budget. In favor: 15; Opposed: 0; Abstain: 1 - Stacy Sand.

Mark Hounsell stated he wanted to see a trend, how are we trending.

Earl Sires stated total cost of employees and total operations for the last 3 or 4 years.

Stacy Sand asked if Mark (Hounsell) was asking that they include the Police, Library and Town all in one. Chairman Mosca stated what Mark's trying to do is see what the total overall costs of salaries and benefits are as a percentage of the Operating Budget and how they've trended over the last 4 or 5 years. Mark stated he was asking the same thing of the School.

Earl Sires stated Operating Budget and also the Town's Capital Reserve Funds that deal with all of the large projects, does that get included in there or just the Operating Budget. Mark Hounsell stated just leave it as the Operating Budget. Earl stated he would do both. Mark Hounsell asked what is going to give us a clearer picture of the trend, if there is one, of the ratio of employee costs versus, whichever one you want.

Dick Klement asked if the actual gross employee costs as well as the total number of employees could be put in there also. You (Mark Hounsell) were asking for a ratio first, but if of the \$10 Million we are spending \$7 Million on people and we have a 100 people then you know kind of where you are with per person costs. Mark stated but if we had fewer people 4 years ago, it would make a difference. Dick stated yes, that's why you need to know the number of people. Mark asked Earl (Sires) if he thought the members would need to know the number of people for those years. Earl

stated he liked Joe's (Mosca) idea of letting them go back and think about what they can do, but the problem that he sees is it's not like they've had a 100 full-time employees which would be easy to do, but they have 100+ full-time employees and then they this broad range of part-timers, seasonal which are bits and pieces that add up to full-time equivalence, so they might have 240 employees, but how many of those are full-time, that might be half that number.

Mark Hounsell asked what if they just had the ratios, then the members could ask the question of why is it going this way versus that way. Earl Sires stated how about if we get the ratio and we all take a look at it and see what we think about it and we can ask questions. Chairman Mosca stated he thought that was the way to go. Earl stated that's the first step, let's see what happens.

Earl Sires stated he thought there were other questions coming or something. Chairman Mosca stated he has a couple more questions that he just didn't get written up yet and it was his fault. He can't blame anybody else but himself for that. He will get them to Earl as soon as possible.

Chairman Mosca thanked Earl Sires and Lilli Gilligan for coming out and for the presentations.

OLD BUSINESS

Stacy Sand stated in reviewing the Minutes of the last meeting which she apologizes for missing, she noticed that Peter (Donohoe) asked the question about review of fees for the Town. The Selectmen did this year review every single Department's fees and there were increases in most of them. If you'd like a copy of that, she was sure Peter could receive that from the Town Manager.

Frank McCarthy asked if the questions and answers that were handed out be considered Old Business. Chairman Mosca stated yes. Frank stated then he had a question for the representative from the School Board. The Revised Statutes Annotated governing municipalities and towns specifically states that all unused funds will be returned to the General Fund at the end of the Budget year. Yet it says the School doesn't do that because the DRA told them they don't have to. The DRA does a lot of things, they change State laws that they don't have a legal right to do so because DRA says it doesn't need it, it's true and you know what I'm talking about. He would like to have you (Mark Hounsell) please give this Committee a dissertation at the next meeting as to exactly what procedures are followed with that money and cite the law, the rule or whatever that amends State law governing municipal and town Budgets that allows them not to turn that money in. Mark stated he would be more than happy to do the best he can. Chairman Mosca stated not at the next meeting, but at the first meeting when we are discussing the School Budget. Frank stated that's fine.

Mark Hounsell asked if there was a date just dedicated to the School. Chairman Mosca stated there is, the 14th is the first meeting. Mark stated that's good because he wants to be able to take his time and write out the response that the member has requested and he is happy to do it.

Stacy Sand stated she would also like to make the comment that the reason the Health Care costs to the Town went down this year is probably 75% to 100% attributable to the fact that they had a Health Care Study Committee and she would like to thank the members of that committee for continuing to do the work to find out how the Town can decrease its costs or not have them increase so much and she really wanted to thank Mike (Fougere) for participating. They have more meetings to go and they might even find that next year the same thing is happening because we're going to have some recommendations in another couple of months. Chairman Mosca stated kudos to the Health Care Study Committee. Thank you.

Christopher DeVries stated on that business, he was not going to be able to represent the Budget Committee on the Health Care Study Committee as of now. He can't make the meetings and he can't do an adequate job, so he was stepping down.

Chairman Mosca asked if anyone from the Budget Committee wanted to volunteer to be on the Health Care Study Committee. Frank McCarthy stated he had a full plate and Chairman stated as most of us do and at this point in time he thought that Michael (Fougere) would be the only representative. Stacy Sand asked Terry McCarthy if she was interested. Terry asked how much time is involved. Stacy stated we're down to the wire. We've basically sat through a number of informational gathering meetings and where they are now is to discuss that information received. She just did a report which is kind of a synopsis of what has been done and now they are going to decide what other information we need to gather and then also what we're going to recommend to the different Boards. Basically they need people to read the synopsis, make a decision representing their Board on what might be something to recommend to your own Boards.

Chairman Mosca asked how often do you meet. Stacy Sand stated they meet next Monday at 4:00 PM and she would imagine that they are going to need at least 2 more meetings, maybe a third. Her goal is for them to be done by the end of March since she will no longer be on that Committee after that. Chairman stated so you're looking at 3 or 4 meetings over the next two months. Chairman asked Terry McCarthy if she wanted to volunteer for it. Terry agreed. Chairman stated Terry McCarthy will volunteer to take the second see representing the Budget Committee.

NEW BUSINESS

Frank McCarthy stated he would like to announce to this Committee that there is a revised Statute that states that any municipality or town that has taken up the SB2 form of government and they also have an elected Budget Committee, they can submit a Warrant Article that would allow the Default Budget to be taken from the Board of Selectmen and that the Default Budget would be made up/put together by the Budget Committee. It takes 25 signatures for that Warrant Article and unless he hears a lot of "no", he proposed to do that. He also proposes to go along again this year with a Tax Cap Warrant Article to see if we can't get that through this year.

Dick Klement stated the Budget Committee a number of years ago, in fact two years in a row, opted to send forth a Warrant Article for the School

to do exactly that. He will call that the days best forgotten and they kept just resubmitting the thing. It may be a good idea Frank (McCarthy) but it could be opening up Pandora's Box. Just as an aside. Mark Hounsell stated he has never seen a case where the good gentleman from Redstone hasn't been willing to open Pandora's Box. Frank McCarthy stated you are right.

PUBLIC COMMENT

Daymond Steer of The Conway Daily Sun asked whether or not there would be a Tax Cap proposal from this Committee and Frank (McCarthy) just said he is going to launch one and he was wondering if there was any other supporters of that idea on the Board and what percentage the Tax Cap would be set at; would it be the 2.5% from last year or a change in the numbers.

Frank McCarthy stated all he could tell Mr. Steer is that he has been talking about it around town to a lot of people, he has sent out e-mails to people and he believes that we, ourselves can not submit either one of those Warrant Articles, but he does have people who are willing to do so that are not members of the Budget Committee.

Daymond Steer stated Dick Klement had this idea of an employee salary cap and he thought that was sort of interesting and was wondering if that might be bantered about some more. Dick stated probably not by any one because they don't want to hear that. Chairman Mosca stated it's not the purview of this Committee, that is something that would have to be done through Contract negotiations and this Committee doesn't have the purview to do that. Mr. Steer stated so it's a Selectmen thing and not a Warrant Article or a Budget Committee recommendation. Chairman stated he didn't know if it would be a Selectmen thing or a Department head thing or whoever is negotiating with the Unions. Is it a good idea, maybe, but it's not something that we, as a Board, have any control over.

John Edgerton moved, seconded by Steven Steiner, to adjourn the meeting at 8:25 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary