

# Municipal Budget Committee - Town of Conway

Tuesday, January 15, 2020

Professional Development Room

Kennett Middle School, Conway, NH

**Present:** James LeFebvre, Ted Sares, John Edgerton, Michael Fougere, Dave Jensen, Ellin Leonard, Cherri Sullivan, Frank Jost, Eric Dziedzic, Michael Laracy, Diane Ryan, Mary Seavey (in place of John Colbath), Greydon Turner, Mike Tetreault, also present, recording Secretary Nadine Armstrong

**Late Arrival:** Terri McCarthy

**Excused:** Sarah Frechette

Kevin Richards, Jim Hill, Lillie Gilligan in attendance

Meeting called to order by at 18:30 by James LeFebvre; Frank Jost led pledge of allegiance

**James:** ... Superintendent of School's presentation. I want to welcome Mary Seavey, she is replacing John Colbath on a temporary basis. For folks who sat on the default budget, we're going to be having a short meeting after we finish here tonight, remember the January 27 meeting at the Library, if we could possibly get out to town hall and pick up the packet I would appreciate it, I've asked the superintendent to start off by talking a little bit about the Strategic plan on the Cooperative committee, and with that I will turn it over to Kevin Richards

**Kevin Richards:** Sure, well good evening everybody. Five years ago we started a strategic plan process and that is come to expire this June so we're in the middle of the process of revising and moving forward for the next five years and we made some, it's been a really nice road map for a lot of the pieces that even go into our budget process moving forward. Tomorrow night will be another community forum so we invite everybody to attend we're looking at a portrait of a learner but within those Focus areas will be revisiting things like retention of highly qualified teachers improving student achievement integrating technology capabilities and becoming more efficient, so it is the process we will be going through for the next 3 or 4 months open invitation to the entire community and not just Conway but anybody who's interested chair LeFebvre he also asked me to address the study committee, so last year the SAU9 Board asked to develop an ad hoc committee around studying up to around studying the tuition agreements again those are coming up to expiration next five to seven years. The committee brought in a number of resources studying what the current tuition contract looks like as well as governance options for if they decided to go to a cooperative or a joint management process you'll see when we start talking about warrant articles. There is an article that all of the towns that I've been working with so far are placing an article on the warrant that through the RSA's talk about developing a cooperative planning committee. And we will talk a little bit more about that but towns are starting to really take a look at these pieces and we know that funding education in New Hampshire is unique unto itself in there a number winners and losers when you when you talk about these things; so yes we will be moving forward with that as well if you go to the sau9.org website that there is a number of links and resources you just click on study committee and it will bring you to a number of presentations along with Andrew Volinsky who did his presentation last year, he's been going around the state, John Tobin talking about education funding so just remember resources good bad or indifferent it's just information that's out there so if you have questions throughout the night please let us know and we'll be happy to do that.

**James:** I would like to take the time to encourage everyone here, if you have the time tomorrow night at 6 o'clock to go over to Kennett High School and look at the strategic planning crew, tomorrow night at six o'clock

**Kevin:** Open forum, in the auditorium. First order of business, I do have a few updates that need to go into your binders I think everybody has your binders so I'm going to pass these to the right in these to the left these are the default budget it's a blue tab in your book will be going over tonight but if you can find the third tab it's tab C that's the default budget,

**Ted Sares:** Jim, Can I ask you a question?

**James:** Yes Ted, go ahead.

**Ted Sares:** Usually In a budget this detailed, if one were presented to me in a corporate setting, and I was a chairman of the people who were receiving it, I would say, where is the executive summary? Instead of having to go through this thing picking it apart and figuring out whether you came in high or low or what was the reasoning why you had a lower budget this year, where is the executive summary?

**Kevin:** That will hopefully be what happens in the first 15 minutes of the budget...

**Ted Sares:** No, where is it in here?

**Kevin:** Written? There is no written

**Ted Sares:** There should be, there should be a narrative.

**Kevin:** Okay.

**James:** Your comment is noted for the purpose of next year, but there is nothing we can do now.

**Ted Sares:** I should be able to read two paragraphs and say ooh they are coming in with a lower budget and this is a major reason why, insurance.

**Kevin:** This is in replacement for the. Overall, bottom line, the budget is down, and we can walk through each one of the units. Overall the budget is down \$625,489 that's a good thing, that's a -1.63%, I will highlight in just a second, where those reductions came in. Ted is right there was a significant reduction to health insurance but also you will note that even with salaries there's a reduction in salary. So as we go through you can see overall, because health insurance carries so much of the budget, and the personnel carries so much of the budget if you reduced personnel and if you change the benefits, you will see reductions in the overall budget.

**Kevin:** On that second page again, you will see the overall budget in the very top heading, (\$625,000). As we work down below the dotted line there, you will see performance based salary, admin, non-contracted, so that is all of the non-union personnel, that is all of the building administrators, principals, and all of those numbers are based upon a 3% performance increase, okay? We must budget that 3%, it doesn't mean that each employee will get that, that's through the evaluation process. That also includes any changes to the non-contracted folks okay so that's that \$36,000. Then the line below that, salaries all, that includes everybody. That includes all of your contractual obligations, your CESP, those are your support personnel union folks, they are in the second year of their contract, the AFSME folks, those are your bus drivers, custodians and maintenance workers that is included in there as well. There are some adjustments made, the bus drivers an increase to their salary because we are at a critical shortage, so the board approved a \$3 an hour increase for the bus drivers as well as raising the substitute bus salary moving forward. So that includes all of the salaries, and you'll see that even with those that is a (\$172,000). Throughout the entire budget there were few personnel changes, special education wise, but as far as regular education budget, no changes to the staffing at the elementary schools at all okay. You'll see a reduction at the middle school of a full-time world language teacher, and you'll see a reduction at the high school of a full-time science teacher.

**Ted:** We went over that special ed fast, that's the biggest increase but that is out of control, I mean, you can't control it!

**Kevin:** When we go through that it's...

**Ted Sares:** Oh no we're on it now, there it is, \$58,000

**Kevin:** I haven't gotten down that far yet

**Ted Sares:** Oh, alright, okay

**James:** Folks let's keep this through the chair so we can keep things organized here tonight.

**John Edgerton:** I looked at the review for the school and it looked like there was a reduction because the classes are doubling up.

**Kevin:** They reorganized the classes, two years ago John, you're right; they reduced a teacher and what they did is they did a multi-grade classroom, so now that bubble has moved up, but they have not removed a classroom teacher in this budget. So again, the reductions in the budget to personnel are the middle school world language teacher, the high school science teacher and the district 1.0 speech assistant position. There are additions of personnel that you'll see, and we will continue to talk about those. One is the increase of 1/2 time health science teacher at the high school in the Career Tech Center and the other is a district maintenance person, so it is a net reduction of staffing overall. As we continue to move down, yes, health insurance. That is (\$652,000) As we get to the warrant articles there is a tentative agreement with the teacher's contract and I can tell you that next week hopefully we will be able to speak more in depth about that but health insurance with a big part of that negotiation as well. So, there was a lot of work that was done to shop around for health insurance and make some significant changes so overall, again, any reduction is huge.

**Dave:** Excuse me, from a budget standpoint is this number reflective of the old contract and the impact of the new contract will be different from this?

**Kevin:** That is correct. Working our way down the health, the dental...

**Ted Sares:** We went over that fast, what does that number reflect?

**Kevin:** That number reflects the old contracts and everybody else who is under health insurance...

**Ted Sares:** And this number is about the same as the total budget decrease?

**Kevin:** Correct, yep.

**Ted Sares:** Now what you just said is as a result of the contract being negotiated, that's liable to change.

**Kevin:** Not this number, this number is whether the contract goes through or not this is what is projected moving forward. So, when the teachers' contract goes forward, you'll take whatever salary increase and if there is savings in health insurance that would be there. So, if we go to the next section contracted services, consultants, that is all your special education pieces, you'll see some reductions there and some additions as well, overall, special education is up \$45,890. Those are specific to IEPs, okay? So, we base that budget right now on the needs of the students.

**Ted Sares:** What are IEP's

**Kevin:** Individualized education plans. So that is a contract that we have federal law that says Kevin Richard might need speech services, Kevin Richard might need an audiologist or a teacher of the deaf services, blind services, physical therapy, occupational therapy, all of those costs are there oh, so that was one of the biggest variable costs that is in the budget. Some years you may have an out-of-district placement meaning that we can't educate a student in this environment here and the most appropriate place for that student might be out-of-district so sometimes those costs become extremely expensive so those budgets go up and down.

**James:** Excuse me for a second, this might be something will cover later but don't you have a fund that helps you with that, would you like to address that now would you like to address that later?

**Kevin:** When we get to warrant articles there is a trust fund that we do have for some of those pieces...

**James:** We can just address it later, thank you.

**Kevin:** And that's why sometimes at the end of year you'll see the unexpended fund balance, a lot of that is because you're budgeting now for eighteen months in advance and if students placements change, or students move from place to place either in or out sometimes those costs change quite a bit along the way. The next section is typically the maintenance operation of plant so you will see your utilities costs, the water cost, you'll see a little bit of an increase repairs, building operation, maintenance of plant. Overall it's up \$24,000 but if you look at the unit 4 for that's up \$42,000 and part of that is because they are putting more security cameras in at the middle school complex here, there is also a new divider in the gymnasium, that was about 30 or 40 years old as well as looking at irrigation for the fields across the railroad tracks, so that is a majority of those costs.

**James:** If I may ask a question, all your power, your electricity, your gas, do you buy on swat mark or do you try to program out long term?

**Kevin:** I'll defer to Jim

**Jim Hill:** For the electricity Jim, we are in a consortium and we can choose ours, after the deregulation, we can choose our supplier and what they go out to bid I think it's every 24 months, we go out to bid and whoever has the lowest, that is who we go with.

**James:** What about gas?

**Jim Hill:** The gas, I bid that out myself every year for the projected year out, the year that we are in for propane, a year out for the #2 fuel, the propane is much less volatile.

**James:** Okay thank you

**Mike Fougere:** Are you able to project yet what are savings have been for the three new units?

**Jim Hill:** I think I did something for you guys last year but it was I think off the top of my head at Pine Tree we were saving \$10,000 a year on the electricity and another \$10,000 a year on the heating fuel.

**Mike Fougere:** Just those two alone?

**Jim Hill:** And that's forever, that's every year ... I think it was like 20 or 30%

**Mike Fougere:** Consistent savings, and we are looking at the same thing at the other two schools?

**Jim Hill:** Give or take, yeah.

**Mike Fougere:** You're looking at a ten-year payback

**Jim Hill:** No, because those were about a million-dollar projects.

**Mike Fougere:** Rolling these things in, it does start adding up, you're going to get an eventual... the savings...

**Jim Hill:** you will, on an annual basis, see a significant, we have seen a significant decrease in the cost for the electricity, and the fuel as a result of those updates.

**James:** Jim could you do us a favor and at the next meeting give us a little more of an update on that? Thank you very much.

**Kevin:** Are there any more questions here on this page as we work our way down before we flip over.

**Ted Sares:** Again, the \$84,000 special ed tuition, is that pretty much a fixed?

**Kevin:** No that is variable depending upon where students are; so, for example if we have a new student move in that is out-of-district placed or tuition, we are obligated to continue that.

**Ted Sares:** What I meant by fixed, pretty much you can't control that.

**Jim:**

**Mike:**

**Kevin:** Well, you're right if it's in the IEP and the team of people decide that that is the most appropriate place for them, we can't say you need to cut the costs for that or find a cheaper place to do that, that's correct. If we move to page two, the top, you'll see Jim was just talking about the heat and the fuel so some of those costs are there, repairs to equipment at the middle school, a few upgrades to those pieces, one of the things that Jim can speak to is that even though I think of the high school as being a new high school and newly renovated middle school, we are talking about fifteen years now that this has been in process of construction so some of the things that were brand new are now needing to be replaced.

**James:** I looked at the material from last year regarding the high school, specifically the roof, that is now, last year was 12 years old and is coming up on 15 when its warranty runs out. Do you have any idea of what it might cost to replace it? Cause at the time you said it was going to be very expensive I was wondering if you started to look at anything more. I presume Jim, you're going to be asked to answer that?

**Jim:** No, the answer is no.

**James:** You're not going to replace it huh you're just going to let it fall apart

**Jim:** I forget, north of half a million dollars in the high school maintenance trust fund, I forget what the actual number is but when you look at that, you look at you see we did a one inch overlay on Eagles Way, we crack sealed Eagles Way, then a couple years later we did a one inch overlay on eagles way, now we have crack sealed the overlay, the next step on Eagles Way is to completely rebuild the road that, this is from the town engineer. At some point in time we're going to be needing to look at repaving the acres of parking lots surrounding that building. We are talking, on the ten, fifteen-year horizon, we aren't talking hundreds of thousands, we are talking millions of dollars to do these things.

**James:** I appreciate the information you just gave me, but I was specifically addressing the roof situation at Kennett High School

**Jim Hill:** There is no plan to reroof the high school

**James:** I believe that in the last year you said something, it is 12 years old and we had a 15-year warranty? I also believe I heard at a School Board meeting, I may not be 100% correct, but I happen to be looking at that in the relatively near future, do you have any idea what that new roofing would cost? Given what you currently have.

**Ted:** Is somebody suggesting a new roof?

**James:** No, I'm asking, given the fact that the roof is 12 years old last year and has a warranty for 15, I was wondering if they were starting to consider how much it might cost to replace it when the time came.

**Ted Sares:** It should go another 15

**Kevin:** I'm going to do highlights there, you will see network licensing, \$7,300 as you know, the Chromebooks are cheaper and cheaper but the licensing sometimes expires and causes you to buy the number of licenses for those, upgrades to software as well. You will see contracted services, the JAG program, that is the Jobs for Americas Graduates, it is a program for some of the students who need extra support and alternative levels of support. There is some grant funding that is with that but that is an additional \$16,000. Two lines below that you will see contracted services, school to career, so the total increase is \$13,750 you'll note that under that, unit 4, the middle school there's \$7,500 in that is for the school to career camps and for those of you who aren't familiar those are for grades 6 through 9 students. They offer construction camp, culinary camp. There are 12 different programs and services about 300 students. There are a lot of in-kind services and donations from those you may have seen in the newspaper; the STEM Aviation camp that the students go to. They pay a nominal fee to attend camps and there are some scholarships so if there are students that want to for there but each of the district's is contributing a sum to help support that program. Continuing across you'll see in unit 9 which is the Career Tech Center that's \$5,500 and what that is for support to continue that STEM aviation program into the high school I know Mr. Edgerton was very involved with that process but they're actually working on implementing the AOPA which is the aviation something-or-other curriculum for students so we didn't hire new staffing. The plan is for the program of studies, the CAD drafting pre-engineering teacher, to begin to implement that curriculum but that \$5,500 is to help support put that program in place.

**Ted Sares:** So, if we are in front of the town and we're arguing airport and one chooses to say well the airport, in addition to our annual contribution which is quickly becoming a line item, there are other costs, this is one.

**Kevin:** I would say it's more geared toward.... there's a shortage of pilots nationwide and they do a needs assessment as part of the career and technical program and this is a big group of people and there is a definite need for pilots.

**Ted Sares:** I don't know what you're doing Jim, pointing at John but I'll tell you that 10 years ago we hardly had an airport budget, there was hardly anything for the airport, one dollar, so now we're talking about all these costs and you know it's going to be this way this year

**John Edgerton:** The STEM Aviation program run by Kennett, the way I see, at the last meeting yesterday or the day before that it's the trade pilots, air traffic control, meteorologist, mechanics, it's not just for pilots, and probably needing more meteorologists and mechanics in the program.

**Kevin:** Insurance, some pieces moving forward you will see an increase there's staff development, again that's just some transference of some money; you'll see did decrease of \$18,000 last year while this current year the high school went through their accreditation process and it is it has a cost that comes with it we haven't quite received that report back yet. They came in October in you know their preliminary report back summary was everything was very good I expect some commendations from there as well as improvements in and we will get that in the spring and that will go to the school board as well. Other pieces down there you'll see me some again some equipment, furniture, all excluding custodian maintenance you'll see \$24,518 that is to address technology so that's an increase in purchasing Chromebooks and those licenses as well. One was for licensing up higher and this if for the actual hardware for those computers.

**James:** I know we're going to address the technology separately but could you take a moment and discuss how many Chromebooks you have at this point and why we have to replace as many as I heard we have to replace this year, or coming up in the future.

**Kevin:** District is in really good shape to have one to one for all of the students and that's K-12 and what happens is that you have an adoption sequence that you try to keep up with. We're getting a lifespan out of out of these computers that's at least four to five years, which is outstanding and with a Chromebook you can log onto them anywhere they're very dynamic, they're very portable, and they're very accessible to the students all the information is housed on the cloud and in the end they seem to be working very well.

**James:** So, they're much less expensive per unit than those Windows 10 operating system

**Kevin:** Yeah, we are buying them for depending on how many we buy, between \$220 and \$260 for heavy-duty Chromebooks that have replaced the old thousand-dollar laptops. Then you'll see the SAU share but that's a product that is just the formula for that. Medicaid billing that's a special ed piece so what they did was typical, they changed the legislature for Medicaid billing. It used to be that if we had certain services, we would bill out and then get reimbursed through the DHHS. Because they've made it extremely restrictive right now, we aren't anticipating any revenue for that, but we aren't expecting a billing service to take place. So, we'll see how that pans out I know it's still it's still being discussed out there. At the very bottom you'll see the interest on the debt is a decrease of \$93,000 and again those of those bonds that as we get closer and closer it keeps reducing down. So that is another way to look at the highlights and lowlights of the overall budget. Any questions on this page?

**Frank:** bounce back a little bit you showed an increase, a significant increase, roughly \$67,000, and special ed, but at the same time I'm seeing a \$94,000 decrease in transportation and I was wondering if that might have been shifted somewhere else and we didn't hear about it.

**Kevin:** Those are great questions it really depends upon the needs. Sometimes the tuition is tied with the transportation and then other times depending upon the needs of support. There is no correlation. About 14% of our students in our district are identified for special education. Some require minimal services and some require some pretty extensive services so without going and mining those out but as the budget is built, Pam Stimpson does meet with every case manager and every administrator to say okay, every student, and there are spreadsheets that say Kevin Richard, he gets these OT services, these speech services, Lilli Gilligan, needs this transportation specialized, she needs this and that and that's the way that budget gets built, is very hard to predict.

**Kevin:** If we could, now that you've seen the overall budget, flip to page C or excuse me tab C, the default budget. The new one that came up we're going to have Lilli walk you through that default budget.

**Lilli:** The default budget was presented to the school board on Monday and was adopted at that same meeting. The default budget is built from using last year's budget, reducing out any one-time expenses in that budget and then adding or subtracting based off of contractual obligations for the budget that we're building for 202. The budget total between the general fund budget and the negotiated contract for CESP is the total of \$38,365,642 and that's in the budget cycle that we are in right now, we are six and a half months into that budget. The one-time expenses that will be taken away from that \$38.3 million is the \$10,000 spent, sorry not spent but budgeted for the crack sealing on Eagles Way, the \$7,000 budget for the field striper at the high school, at John Fuller \$8,000 was budgeted for double doors in the gym, and \$7,500 for removing large pine trees. At the Pine Tree school, \$20,000 was budgeted for security window and doors so that's taken off the top of that previous year's budget. And then we are going to add in what is proposed in the 2021 budget or I should say 2020/2021. The items that we will be paying more for are the second year of the CES contract of \$81,000, the third year of the ASME contract for \$48,121, retirements associated with and FICA associated with salary increases, life, unemployment, workers comp insurance for \$1,682, to those salaries and then the reduction of the health and dental insurance is based off of the known, not to exceed figure reducing that budget by \$656,906 and then the last thing across all units is course reimbursements and uniform allowance totaling a reduction of \$10,790

**James:** When you initially did the work up of the health and dental insurance you programmed it at what percentage, and it came in at what percentage?

**Kevin:** well originally, we put in 10% increase, then thanks to Jim's hard work and other folks hard work, going out and shopping the health insurance really caused some changes to take place. Overall it represents a 3% reduction to health insurance across all parties.

**Ted Sares:** Jim, the proposed budget is essentially the same as the default budget, with a very minor decrease

**Lilli:** Yes, so you've already worked your way down to the bottom line of reduction of \$53,000

**Ted Sares:** I only need to look at 3 items but if it hadn't been for the decrease in health insurance, it would have gone...

**Kevin:** There would have been a significant difference

**Ted Sares:** yeah, we get into these horrible situations where the default budget is higher than the regular budget which makes a terrible choice for people and we've had...

**James:** had that in the past, you're right...

**Ted Sares:** had people on the budget committee recommend that people vote for the default budget. That is a fact, which is horrible.

**Lilli:** The few items left to increase off of last year's budget is the \$45,890 for the special education as Kevin had mentioned with the IEPs that are required. Kennett High School reduction of a science teacher takes \$57,951 off of that budget. Reduction of world language teacher at Kennett Middle School reduces further by \$47,438, then there are a few district wide items the highest being the reduction of \$91,238 for debt service as those bond payments decrease. Inquiries for the SAU share based off of the way it is prorated on equalized value of all communities participating in SAU9. The school lunch program is going down \$23,790, and the approved early retirements that were approved at a December school board meeting increases that budget by \$50,216. So, the total reduction is \$678,603 off of the 2019/2020 budget, giving you a total default budget of \$37,687,039, it is a reduction of \$53,115 off of this year's proposed budget. I wanted to point out the few items that I put as a caveat just so you're aware. The default budget does not include non-contract performance increases; does not include the proposed new maintenance person district wide and does not include any of the increases to the building maintenance grounds of \$55,000 or all other items totaling \$100,000, I just wanted to point out that that is not in the default budget.

**Dave:** Lilli, what is the annual amount of the bond payments?

**Lilli:** That would be under the district wide

**Revin:** Unit 10

**Lilli:** Unit 10 very close to the bottom, page 82 in the detail budget, the tab I, budget detail, page 82 shows that all your debt service totals \$2,551,463

**Dave:** How many more years?

**Jim:** It varies, you've got the high school which I think is at less than 5 years, then you've got the million dollars apiece at each of the elementary schools staggered over those three years

**Revin:** you've got the middle school too, coming off the books, I think that was a year later

**Dave:** So, in 5 years the debt service should take a big step down?

**Kevin:** Unencumbered balance okay between the revenues and expenses you'll see those are estimates so the expenses that's what's left over at the end for example if you had \$5,000 in books and I didn't spend it all in a only spent \$4,000 that would be \$1,000 of unencumbered balance at the end of the year. As you can see those numbers have been pretty high they run about a million dollars which is you know about 3 to 4% of the entire budget; you'll see the retained fund balance per year, so every year the Conway school board has the opportunity to retain a fund balance from the previous year and they decided to keep \$220,000; school building are so when they built the high school renovated the middle school that was one of the last years of getting State Building Aid so we get a check from the state for \$1,000,000 special education aide so sometimes it's called catastrophic aid that you can apply for three times above a certain calculation you get a percentage back reimbursement; we anticipate about \$200,000 there. Kindergarten aid went away. We used to get \$1,100 for every kindergarten student now they've ruled that into what's called adequacy aid okay so it's a different place we're still getting reimbursed for kindergarten through Keno but in a different program Federal school lunch program and milk program so for students who are on free and reduced hot lunch we get credits back from the federal government and we anticipate that to be around \$400,000. You'll see that Medicaid reimbursement is a loss. The regulations in the rules changed around that so it may change but we're only anticipating \$1. We are getting some National Forest funds. So, we get tuition from all the different towns depending upon the elementary school. We take in Eaton and Albany students at the middle school is Eaton., Albany, Freedom, Madison and then at the high school you can add in Tamworth and Bartlett and Jackson students. Overall, if you go to the subtotal that we're receiving as revenue from these towns is actually up about but \$200,000. We do get some reimbursement for transportation, rental facilities, so now that it's the political time of year and they want to come in and use the facilities fee for that SAU office pays rent to the Conway School District. The lease of the Conway Rec Center again that's just their portion of the increase to the utilities; general fund interest

income school lunch program that's students who pay the launch and vocational ed exchange and then if a student has an IEP from a sending tap so if a student from Madison has a one-to-one aid Conway appropriate that money but Madison in turn writes a check to the Conway School District to pay for those services so that's what those are. Then you'll see also Speech Services OT preschool including ESOL we do We hire a full-time ESOL teacher and because Bartlett only needs part time we kind of fell off the services both SAU 13 and Bartlett So you see the total revenue that's received outside of Conway \$13,933,407

**Ted Sares:** Question if I may, on the local and actual revenue 2018/2019 we had \$183,272 we have an estimated revenue 2019/2020 is \$30,000 what does other local revenue mean?

**Kevin:** you know, I will have to check on that one

**Lilli:** I don't, I have not seen a significant amount of that coming in revenue in the last two and a half months.

**Kevin:** We'll find the answer to that

**Dave:** question; does the school building aid disappear when the bond is finished

**Kevin:** That is correct, unless we apply for another project, they've just started to release new monies for districts but there's a long list of schools that are in rough shape

**James:** Could you talk a little but about how the state of New Hampshire adequate plan is made nowadays

**Kevin:** Sure so they've revised that funding formula and that's based upon a number of different factors including the percentage of free and reduced hot lunch students that you have, the number of students that are not reading at grade level at grades two or grades three or four, takes a look at special education as well and takes a look at it a number of different factors so that number has changed over time and it does take into consideration the number of factors related to the towns and evaluation they do have, tax rates as well. We only budget by the way 95% of the piece from the state they give us the number and we budget 95% of that

**James:** You have a 5% Flex

**Kevin:** We are hopeful that we get the entire 100% but with the state you never really are sure. The district assessment that's the part that the town of Conway has to be raised through local property taxes so that's \$15,733.02 is actually a decrease to the amount that has to be raised for this operating budget, that's before any warrant articles.

**Kevin:** So, what does the operating budget mean to the tax rate in Conway?

**Lilli:** sure so the total proposed budget is \$37,740,154 and you subtract out the adequacy grant money that is 95% of what we've been told we should expect of \$3,074,956 and then the state education tax which is also raised through local property taxes, but they tell us how much it's going be and is based off the tax rate of the \$1.97 that it converts to, is using not the net assessed valuation of all properties in Conway but it's net assessed value minus utilities which leaves you with \$15,500,000 left to raise through local property taxes. So, the \$15,621,000 is the other revenues through the tuition agreements and the other items that I've just been specified by Kevin which leaves you with the total amount to be raised through local property taxes of \$15,730,302. Using current year net assessed value of 1.7 billion dollars that converts to a \$9.03 tax rate and when you add that to the state education tax of \$1.97, you get a total tax of to be raised and appropriated for the school of \$11 and that is just a general fund operating budget. It does not include any warrant articles

**Ted Sares:** What was it last year

**Lilli:** \$11.15 but that includes warrant articles. And this of course is an estimate because we won't know what are true revenues are until they are recalculated in September in order to set a tax rate Also the real factor that really drives changes to the tax rate is the net assess value of all properties in town.

**James:** Now everyone here of course recognizes that we went through a re-evaluation of our property taxes here not too long ago. Some people believe that because it shows a \$0.10 decrease or whatever that their taxes are actually going down. If you were reassessed from \$200,000 to \$262,000, that extra \$62,00 at \$11 per thousand, your taxes are going up just for everybody's clarification

**Lilli:** The balance of what's left in the estimate tax rate calculation is the total dollars proposed for all of our warrant articles, do you want to go back to the warrant articles...

**Kevin:** yeah we will go back to... it's hard because the CEA negotiations has a placeholder of 0 right now and we know that that will inherently have a cost associated with that so we will talk about those but as far as how much would it be you can see the impact of the other pieces are per thousand but it doesn't really make sense to look at if all of these are approved until we get that CEA agreement calculated. Please go to section B warrant articles. We can start with Article 2, articles 2, 3 and 4 are part of the tuition agreements, so those are those trust funds that everybody contributes. Article 2 is the high school facility maintenance trust fund and you can see it's for \$54,443 but \$35,779 is sent by the sending towns that again is part of that tuition agreement. In that account right now is approximately \$614,000 so when we start to talk about some repairs to the high school that's the money that gets taken out to fix big ticket items.

**James:** Just out of curiosity does that maintenance fund have a cap

**Kevin:** no, because it is pretty much the same number every year. Article 3, that's for the middle school again it's \$17,086 But \$7,541 is received by the sending towns. In that account is \$212,000

**Mike Tetrault:** So, if it's relatively the same number every year how you get there

**Jim Hill:** The tuition contract, and the formula it says based on a percentage of the value of the of the building at the time divided by the number of 20 years or whatever but that was determine 15 or 20 years ago.

**Kevin:** Article 4...

**Dave:** I assume those all sunset when the sending town contracts expire?

**Kevin:** Unless a new agreement is established. Article 4 is the elementary school and again that's part of the tuition agreement. \$9,900 and \$1,162 is sent by the sending towns \$110,000 in that account and that's been tapped into a couple of times

**James:** Under the current contract with the sending towns, if they elect not to continue what happens to the fund balance here? That's all part of the...

**Kevin:** Article 5, that's the Conway Education Association agreement and again there's a memorandum of agreement that needs to go to both sides before we can go public with that

**Mike Fougere:** When do you think, we have another five years before these contracts are up, but how soon do you think negotiations might even be thought about

**Kevin:** When we get to article 11, we will talk a little bit more about that. Article Six is the operating budget that we went through this evening so that numbers \$37,740,154 recommended by the Conway School Board member and you'll see the default budget is in there as well of that \$1,688,000 is grant money that's expected to offset that. Article 7 Project succeed...

**Ted Sares:** Question on this one, how much over the salary of the new person is represented in this amount?

**Kevin:** I'm not sure I understand your question

**Ted Sares:** The new person comes in; I assume her salary is part of...

**Kevin:** It is the same as what Clay made

**Ted Sares:** Well then how much is that?

**Kevin:** \$26 an hour

**Ted Sares:** Okay so \$26 an hour, that leaves 40, 40 to what am I missing

**Someone:** not \$26,000 Ted, \$26 per hour

**Ted Sares:** \$26 and change per hour there was an article in the Daily Sun. How much... Project Succeed is \$66,000 of clay groves salary, what did that represent

**Kevin:** So,

**Ted Sares:** What part of this amount is represented by compensation by the person who runs it

**Kevin:** The whole Project Succeed is \$300,000

**Ted Sares:** and so, you're looking for what

**Kevin:** \$65,000 is Conway's contribution to the entire program the other \$220,000 is federal grant money. So in order to support the program including all of the homework club people, the enrichment staffing, the site directors, the project succeed director, it takes about \$200k

**Ted Sares:** Are there any discretionary funds here?

**Kevin:** They submit a budget that we go through

**Ted Sares:** Is there anything that can be reduced?

**Kevin:** Oh, there is always something that can be reduced

**Ted Sares:** Okay, well here is my point. Many, many years ago when Project Succeed first came up, I had led a group against it and we won the first year; we beat it, not by much, but we did beat it. But next year it won by one vote and Christine Thompson was the person who did it and I kind of came over then and I didn't fight at or call for a revote, but I said at the time anything that starts this way, with a grant is a double edged sword. Grants can be good because they can give you something worthwhile, but they can be bad because they can be evolved into a line item and forevermore be a cost. That's what this is what this one is going to do sooner or later and it's getting close just like the airport is going to do sooner or later. So what I'm trying to do is slow it down because this thing is really growing, my God, it's gone from very controversial to, to yes it's the best and I'm looking for ways to slow it down that's all I think about slowing it down, maybe not, it's just becoming automatic and if there are discretionary funds available it doesn't have to be automatic

**Kevin:** I do, and if we lose the grants which happened previously, he produced services instead of doing it 5 days a week you do it 4 days a week instead of having a certain number of enrichment opportunities, you reduce the enrichment opportunities

**Ted Sares:** That's right.

**Jim:** I'd like some clarification here, I read something in the Conway Daily Sun today, which may not be accurate. I read something in the Conway Daily Sun today which may or may not be accurate because we know how accurate they can sometimes be, but on the 1st of July there is something they're saying the state is taking away some capability do you have to get money to the state and I think it was about \$65,000

**Kevin:** I didn't read paper today, because I don't read the paper so I don't know it was put into print we would have to go back

**Lilli:** I can say, the one thing that was reduced was the ability to charge for services

**Jim:** right, that is what I'm talking about, thank you

**Lilli:** and that might be what they're referring to

**Jim:** that's what I was talking about, thank you for reminding me, they used to be that they charge the individual parents

**Lilli:** they still currently are this year yes

**Jim:** but after July 1 you won't be able to based on a ruling from the state, correct?

**Kevin:** Any other questions on Project Succeed

**Mike Tetreault:** what was the reasoning for the significant increase from last year to this year?

**Kevin:** Just because of the loss of the revenue that was there

**Lilli:** because the grant money is the same as this year, \$202,322 dollars

**Mike Fougere:** Kevin, I wanted to know to the growing out of control it seems to me that a program that does grow out of control Ted, is a program that is working

**Ted Sares:** What is your point?

**Mike Fougere:** That you are seeming to be wanting to cut something back that is working.

**Ted Sares:** No, I want to cut back the budget. Wherever I can, I want to cut back the budget even though it's down, to get costs down so that people can pay lesser tax, I'm more concerned about tax Mike.

**Mike:** I'm concerned about kids and a program that's working.

**Ted Sares:** Fine, that's why we're different. Just because I want to cut back on part of \$65,000 doesn't mean I'm not concerned about kids.

**Mike:** no, it's your attitude about...

**James:** Gentleman, gentleman please... This is something... I want to control both of you...

**Ted Sares:** You don't have to control me pal

**James:** this is not appropriate for this meeting please

**Ted Sares:** Pardon?

**James:** Both of you silent please, quiet down please so we can continue

**Ted Sares:** hey, excuse me, Mark Hounsell, when he was in here made a big scene but among other things, he said I'm not going to take sniping, and I'm not going to take sniping either from anybody

**James:** I understand your point, help however I'm asking both of you please discontinue this is an appropriate at this point

**Ted Sares:** oh bologna

**Kevin:** Article 8 was a newly established reserve fund last year and what was happening was, Jim you can talk about the mechanisms of that and the facility committee's recommendation

**Jim Hill:** We stole the idea from the town so that every year rather than having me the ups and downs in the warrant articles, Paul D, would put aside a certain amount each year. As an example of \$100,000. So this year I might buy a \$100,000 dump truck, well next year he might not buy anything but then in the third year you might buy a \$200,000 loader and the facilities committee, the school board I think this group adopted that same philosophy, so last year or the year that we're in currently with that \$250,000 we purchased two school buses, and a 1-ton dump truck. Next year, the only thing on the agenda is one full size school bus but then the year after that is two full size school buses and utility maintenance truck replace one that we already own and basically it's there to keep the expenses level every time.

**Kevin:** Jim, do you want to take number 9 as well? 9 is just, we used to fund the buses through a bus trust fund so every year we put in the amount of 1 1/2 buses and Jim has a schedule so basically the deal is to retire that fund and then turn it back to the general fund

**Jim:** Last year and the other annual meeting Karen Umberger brought up if we are going to if we're trying to do this kind of in steps so not confusing. Last year established the \$250,000 amount; that passed, and that fund has been established. We no longer need to have the bus reserve. I don't know how much is in there \$3,500 so basically replaced by the \$250,000

**Mike Tetreault:** This is going to be a yearly thing, to \$250k, does that number change at all?

**Jim:** This is only our second year and I could see a situation where if we are going out 10 years and again we haven't... I don't know if it's in this packet, but right now if you're going out like four years but we are, we're using all the money every year.

**Kevin:** I think that was an agreement between the board in the facility committee that everything over \$15,000 would go into this fund here instead of the board actually this year there was a mower that was going to put into the operating budget for I think it was \$15,000 and they said nope, Joe Mosca actually said let's pull out of the operating budget, and putting it into this because he felt as though it would be a true reflection of one-time cost that would be appropriated out of this account.

**Jim Hill:** Right now, there's a maintenance building right behind here there is currently an addition that's on the left-hand side that would be torn down and replaced. We are putting money into the maintenance reserve to basically spend \$50,000 to replace that building. It's 2x4 construction, at least 50 years old, the overhead doors may or may not work. We are basically tearing down a third of that building and replacing it. Basically, we have tens of thousands of dollars of trailers, backhoe attachments, aerators, those type of three-point hitch title pieces of equipment and other pieces of equipment that taxpayers pay for sitting out in the weather. In addition to that we have no space on site for storage of any amount of sand/salt so anytime we need to sand the walkways etc., me to go over to Coleman's and spend all the time. This will at least allow us to have a minimum amount of sand or salt storage as well as there's a ton of athletic equipment that is seasonal; your high jump mats, hurdles, fencing, Actually in pretty good shape but if you go down and get something or get a smaller piece of equipment you could literally spend an hour trying to get from the front of the building to the back of the building to get that. This would be built by staff as time permitted.

**Kevin:** Any other questions on article ten? All right now I'm moving to article 11 and Mr. Fourgere asked this question previously, and actually this is a topic within all of the towns in Mount Washington Valley currently we've talked a lot about the tuition contract and it will become expired in 2027, there's a three-year notification for these town to say whether they want to re-up and continue or whether they wanted to do something else so that's coming up relatively quickly. There is a very specific RSA that says that if you are interested in developing a cooperative school district, right now we do not have cooperative school district and for those of you who have been around long enough, there have been a number of iterations regarding cooperative school districts that came up before the tuition contract. So different towns are taking a look at what would a cooperative school district look like and what would the governance be and it is in the best interest to develop cooperative school district this is nothing more than entertaining the conversation about what would a cooperative school district look like, there is no commitment on behalf of anybody other than, we are going to go through this process, so the other towns are all putting it on their warrants as well and that includes SAU 13 towns, is it just for the high school and for the middle school with the elementary schools, the K through 12, there is no obligation at this point. It is about finding out more about what could a cooperative school district look like so in preparation because as you say in 2024 which is not too far away there are going to be some very big decisions that have to be made by Conway and by the sending towns so they want to start getting that conversation going.

**Ted Sares:** Are there any others, in the state?

**Kevin:** yes, there are several cooperative school districts, so Amherst, NH has the Amherst School District and Souhegan High School

**Ted Sares:** can you use best in class?

**Kevin:** There are some good cooperative school districts, like I said Souhegan is highly regarded, it's good school Oyster River Cooperative...

**Frank:** there is no money associated with this this year, is this going to grow into consulting fees and that sort of thing down the road?

**Kevin:** Minimal, when we did the SAU9 study committee we brought up the NH School Board Association which is part of a fee that the district pays for; they have a few folks occasionally who might bring somebody up to talk to them you may bring up other school board members other superintendents who are from these different districts talking about pros and cons and might take some visitations to see how it works.

**Ellin:** I just want to make sure I heard correctly, so, the sending towns that are coming to Conway whether they're grammar, middle or seniors, they are working looking into this?

**Kevin:** That is correct. So, Tamworth School District, Jack Waldron actually sent out the email to everybody saying and I facilitated the study committee now this is more of a formalized process. Tamworth, Bartlett, Jackson, Eaton, Albany agreeing to put to put it on their warrant article

**Ellin:** It seems that we don't really have a choice, we really should be studying this in the same way, that's what it sounds like to me

**Kevin:** personally, I think Conway needs to be part of the conversation, but there is no commitment to it correct it would be foolish for people not to, in my opinion

**Frank:** again, a \$0, why does it have to be a warrant article then

**Kevin:** through the RSA you have to establish a cooperative school district planning committee, you could do it informally, but it wouldn't be a cooperative school district planning committee

**Ted Sares:** Kevin, you seem somewhat reluctant on this one, tentative,

**Kevin:** I've gone on record, I think that personally and professionally, keeping all of our students together that we currently have is a great thing. I am also very passionate about public education I think that is, the public good is extremely important and when I see the knocks on that I look at the haves and the have nots, whether it is re-upping the tuition agreement the way it is or developing a cooperative school district to keep the kids there, my kids have gone through four of them, they all did very well very successful, a 700-800 student high school to me is perfect, you have the Career Tech Center,

**Ted Sares:** Your kids went to Kennett?

**Kevin:** They absolutely did, four of them Ted. They were able to participate in sports, Athletics, AP courses Career Tech courses music and Performing Arts and as you start to shrink that down and you can see at 400 student schools, they start losing some of those opportunities and I would hate for future students to lose out on those, so whatever it takes to keep everybody together that is what I am for

**James:** any other questions or comments

**Mike Fougere:** Jim, on the contract on the building, this is going to fill up the rest of the day kind of thing, no kind of overtime

**Jim:** Exactly. There are times of the year, for example in July and August when the kids are gone, they're in from sunup to sundown in the schools doing stuff because they can. This is probably going to be a September, October, November type of thing

**James:** any other comments or Mr. Richards or anyone else

**Ted Sares:** yeah, just the kind of General comment that says that just because somebody thoroughly reads and review this information and then goes through it with what would I hear to be tough questions doesn't mean that that someone is against what it might mean is that someone is a very experienced budget reviewer and I think part of being a member of the budget committee means that contentiousness is part of our responsibility at least I want to believe that, you don't come in here hey we are all friends and yes sir Kevin is my buddy and I love Lily, know we have a job to do for the people out there who paid taxes more this year than ever before it over many years so being contentious doesn't mean we are against but it means we want to explore every single item and I review every single item I put hours into this

**James:** your comment is appreciated, anybody else have any comments they want to make

**Kevin:** I would just ask, if you budget committee members, have questions that you would like our office to take a look at or send those to the chair. We would be happy to go through.

**James:** Next meeting with us is going to be next Wednesday, remember folks that we are off on Monday the 20th which is Martin Luther King. Okay, a couple other things here approval of outstanding minutes, there are no minutes ready for review and approval that I want to wait till next Wednesday; old business coming to the group seeing none, new business, oh yes, on the 27th when you are voting on the nonprofit's if you are a member of the organization and have a direct influence on their budget or anything like that nature I would strongly encourage you to abstain from anything because the obvious conflict of interest

**Ted Sares:** what would you abstain or recuse?

**James:** I would abstain. Any public comments, since there is no public here, once again I noticed it the Conway Daily Sun has decided not to be present this evening and I truly appreciate their community involvement.

**Ted Sares:** Can I recommend something; I would be willing to authorize you as our chair to look into this

**James:** I have already discussed this with the publisher earlier in the year, not within the last 2 months but before the season started, he and I had a discussion, I will go back to him again.

**Elin:** I think they must be watching the video because last Wednesday's meeting on Thursday there was an article about the budget Committee in the paper.

**James:** you are right, and if what they are doing is using the Valley Vision videotape to get the flavor of what goes on, they are missing some of the nuances that you don't have to videotape that is my personal opinion but thank you Elin! I will as I said, I will go talk to the publisher of the Conway Daily Sun again. Any other comments? If not, I would put a motion for the budget committee to adjourn. Dave Jensen, motion to adjourn, seconded, by John Edgerton. Meeting dismissed at 20:05.