

1 CONWAY MUNICIPAL BUDGET COMMITTEE AGENDA
2 PROFESSIONAL DEVELOPMENT CENTER
3 KENNETT MIDDLE SCHOOL
4 CONWAY, NH
5

6 December 13, 2023, AT 6:30 PM
7
8

9 The meeting was called to order at 6:30 PM. The following Budget Committee members were
10 present: Steve Angers, Bill Marvel, Michael Lacey, Bob Drinkhall, Dave Jensen, Vice-Chair Frank
11 Jost, Chair Peter Donohoe, Stacy Sand, Randy Davison, Ellin Leonard, Ryan Shepard, Quentin
12 Lewis, Jim LeFebvre, Steven Steiner. Also, present were John Eastman, Kathleen Golding, Kevin
13 Richard and Chief Mattei.
14

15 **Absent-** Terry McCarthy
16

17 **Pledge of Allegiance**
18

19 **Approval of Minutes**
20

21 ***J. LeFebvre motioned to approve the October 16, 2023, minutes; seconded by B. Marvel.***
22 ***Vote in favor 10-0-3***
23

24 **Town Executive Overview of Operations**
25

26 J. Eastman- the Selectboard voted yesterday on a budget to bring to you today. In January we
27 will bring forward the Department heads. The town is bringing forward a \$14,814,370 budget. It
28 is a \$530,072 increase for a 3.71% increase. Last year we were at an 8.2% inflation rate, today
29 we are at an inflation rate of 3.1%. The Selectmen voted to use \$2 million of fund balance to go
30 towards the tax rate. That was an increase of fund balance over last year. It is a \$1.25 million
31 increase over last year what we put towards the tax rate. We rolled out the new building
32 program and amended the building permit fees. From August to November the town has
33 brought in \$411,799 in building permit fees. This year we also sold some Town owned property
34 that brought in \$465,325 at auction and that allowed us to put those properties back on the tax
35 roll. The TC/TC have some increases this year, and that's primarily due to the 4 elections in
36 2024. In 2025 were going to be rolling Conway Village Fire District and the Water and Sewer in.
37 We have a new person starting in the Finance Dept. Our legal budget is up about \$20,000, but
38 instead of having all of the legal in my budget, we decided to break it up better to track better
39 and use it for those specific depts. Our hope is that we will track the legal fees and hopefully be
40 able to recoup some of the fees as revenue by the end of 2024. Ambulance is up 2.84%, that is
41 good. In the Building dept, there's a 26% decrease, part of that is because we separated the
42 Code Enforcement officer away from the dept., we had our building inspector retire and then
43 we hired in someone new at a lower rate. The highway is in really good shape. Wages are up at

44 4.43% across the board. I believe we still have at least 2 or maybe 3 openings in the Highway
45 dept. Around the state there are about 250 positions open. We are all facing the same thing. On
46 January 1, 2024, we are combining Redstone Fire and Center Conway. We had a solid waste
47 admin. We have taken that line out of expenses, and we've put that into the solid waste.
48 Welfare administration is up 14.63%. It is an issue all over the State. We had a lot of talks and
49 discussions on whether we should hire another person for the department or increase the
50 overtime and add more work on the current employee. After an analysis we decided to go with
51 the overtime as it was going to be cheaper. The welfare budget is doubled at \$60,000 but
52 watching the trends, the budget is already 10k overspent. Once the federal and state programs
53 ended all the people started to swarm in and seek assistance. In Assessing that budget is down
54 16.82%. We did a full reval and that added 75k to 80k to the budget. So that drops our contract
55 down to 107k. We are in the last year of a 3-year contract with our assessing company. I have
56 budgeted for 16 hours a week position starting in April, with just the admin here 5 days a week
57 by herself it is a lot. The BOS voted last night to use \$5,900 in ARPA funds to get some help in
58 the office in abatements. The library is up 5.79%. Park n Rec is up 4.26% and that is due to
59 electric costs and maintenance that we share. The Conservation Commission as a whole is low,
60 but their increase is 51% which is a total of \$9,000. They have increases due to maintenance
61 projects at the Marshall property and trail work and consulting.

62

63 D. Jensen- you said the BOS voted to take \$2 million out of fund balance, leaving what?

64

65 K. Golding- I think it was \$3.9 million for a total of \$5.9 million.

66

67 Q. Lewis- were there any significant moves between warrant articles and the main budget? I
68 heard rumors of things being pulled into the budget and pulled out of the budget and made
69 into warrant articles.

70

71 J. Eastman- that potentially the library.

72

73 D. Jensen- I don't remember exactly what it is but there was going to be a fund set up.

74

75 J. Eastman- for health insurance? A couple of weeks ago Director Mullen from the library came
76 to the BOS to ask them if they would support a warrant article for \$340,000 for an expansion of
77 their park facility. Now they had gotten approval from Northern Borders for a grant, but one of
78 the issues was those funds weren't going to come in from northern borders until the town
79 showed that the library had \$340,000. They called to tell me they withdrew their article in
80 2024. Another article we created was a CRF for deductible portions. Not 100%, only 50% for our
81 new health insurance. When we saw the insurance rates I almost died. I said we must do
82 something to lower the costs. We went out to 2 other companies and they both turned us
83 down, so we are back to square 1 with renegotiating with HealthTrust. Well, we were about to
84 swallow a 25% increase, there's just no way. We had to do some negotiating with the unions as
85 we all know they don't want to give things up, but we can't keep throwing these large increases
86 to the taxpayers. We negotiated a lower plan by offering 3 plans. We'll offer one plan that we

87 had in the past, but that was going to cost a lot more money, but the cost was going to be
88 borne by the employee at 50%. The 2nd plan had a \$1,000 deductible and the 3rd plan had a
89 \$3,000 deductible, with the town paying half. Doing this drove the plan down to \$21,000 from
90 \$31,000. The match doesn't go directly to the employee and is only expended if it is used. If
91 they don't go to the doctors and don't use the deductible, then it stays in the pool. The capital
92 reserve is for this coming year, we put \$100,000 into the budget because we cant take the
93 chance that it could fail , but in the future for 24, if the capital reserve warrant was to pass
94 every single year, we may put a little bit back into it, but our hope is if we stay with this concept
95 that it will stay there and kind of self-fund itself. It won't be a hundred thousand every year
96 because again, its never going to leave that account unless it's used and it's never going to go to
97 an employee. We have lost 5 employees this year to local companies paying them 3-5 dollars
98 more an hour with bonuses. The idea of a bonus was floated to me, but I don't like it and I don't
99 think its economical.

100

101 Chief Mattei- on the PD end of things by changing the plans, I think we only have 1 or 2 people
102 not taking the high deductible plan. We have a young staff, and we find that a lot of our staff
103 don't use the insurance on a regular basis. But taking our medical insurance and adding 10% I
104 was at about level funded. We had some officers come off plans and we have some officers
105 who will stay on their parents plans until they are 26. By adding to these high deductible plans
106 we are offering plans less than last year. If we paid out the max plan and deductible match.
107 Even if all goes crazy and everyone goes to the doctor and maxed out the plans, we would be at
108 a 9% increase overall, which is still below the threshold of the state.

109

110 K. Golding- the companies that we reached out to, 1 said no and the other said we'd have to
111 charge you 45% higher rates.

112

113 School Budget Overview

114

115 K. Richard- the information in front of you is up to date as of 7:30 Monday night. Your note that
116 2024-2025 is \$40,109,103 the cause for that is the bond payments. It's down about \$711,000
117 over the previous budget not including warrant articles. The school cannot retain funds year to
118 year unless there are provisions. You will see warrant articles coming forward that cover that.
119 Revenue is important to the school district because there is a lot of revenue resources that
120 come in. Personnel makes up about 80% of the budget. No changes in staff at the elementary
121 school, middle school, the high school and CTC no additional changes but some reorganizing. A
122 reduction of a PE teacher, addition of family support liaison that was funded. ESSER funds are
123 going away as of September 24. Budgeting now for about 18 months in advance, cause
124 students do move in and do move out, we have a very transient population. We have looked
125 into the Health Insurance premiums; we do have a good plan now where we are able to shop
126 around and look for a cheaper, more cost-effective place to go as well as get money back. In
127 order to move to those types of health insurance plans, you can't just do one-year agreements,
128 people aren't going to do that, you have to negotiate, and then the non-union folks, you do that
129 through personnel policy and they don't really have a choice in the matter. The other night we

130 did talk about placing an article on the warrant that allows for the school district to retain up to
131 5% of the net assessment. It is 5% of the 18 million that Conway has to raise and appropriate.
132 We used to be able to keep 2.5% but there were a lot of hoops to jump through.

133

134 J. LeFebvre- does the high school have a 1200 student max capacity?

135

136 K. Richard- yes

137

138 J. LeFebvre- obviously the numbers have declined over the years and the charter schools have
139 approximately 170 students. Do we have an idea of how many are Conway students?

140

141 K. Richard- I will get you that information.

142

143 F. Jost- the retained fund balance of 2.5 vs 5%, you mentioned one of the stipulations is that it
144 has to be an emergency.

145

146 K. Richard- not with 5%, but with the current 2.5%.

147

148 J. LeFebvre- as I see it with the 5% there is no outside oversight.

149

150 S. Angers- the bond that's being paid off is the 1.9 million and the budget is being reduced by
151 \$700,000, so where did 1.2 million get spent?

152

153 K. Richard- salaries and health insurance really make that up.

154

155 S. Angers- each of the last 3 years we had plus or minus 3 million returned to the town and as
156 you pointed out a lot of that has to do with special education, my understanding is that is 40%
157 of the positions that have not been filled.

158

159 K. Richard- it's not just positions but its change in services as well.

160

161 S. Angers- Would there be a negative effect in the revenue bucket if some of these positions
162 were removed from the budget?

163

164 K. Richard- absolutely.

165

166 **Police Department**

167

168 Chief Mattei- I handed out a bond schedule estimate for a \$8.8 million 25 year bond. This
169 conversation started a year ago and just never thought it was a good time, then earlier this year
170 John and I noticed some deficiencies in the building, and we started to have a conversation of
171 some improvement's that were going to be needed. We have repairs but serious special
172 concerns. We started conducting some tours, then we did the feasibility study. We had a

173 specialist come in and address the concerns. We had meetings with staff to discuss needs and
174 concerns. We talked with HL Turner to look at needs now and in the future. The assessment
175 was that we needed a 50% to 70% increase in building size, and 32% of that is a garage. We also
176 brought in a mechanical engineer, an architect, a structural engineer. The building is 7,800 sq ft
177 with overhang. 7,500 sq ft of actual working space. The building was built in 1988 and 1989,
178 making it 34 years old. There is a low R factor of insulation in the ceiling. The windows need to
179 be replaced. We put \$120,000 in a capital reserve fund to replace windows; I choose not to put
180 in for the windows as we were talking about renovations. The cost now would be between
181 \$180k to \$200k. There is no humidity control in the building, most of the buildings have poor
182 fluorescent lighting. Doors are rusting out. The radio and server room need to upgrade to a
183 chemical suppression. There is also a lack of security for our cell blocks. The heating is so bad
184 that I have to wear a jacket in the office, and we run space heaters multiple at a time. In the
185 summer we have an AC issue in the building. There is a lack of restrooms for the entire building.
186 The well system needs to be evaluated. We share the water with the Court and when they are
187 using water, we have an issue. To do the complete remodel and addition was about 3.2 million
188 a piece and then the added plans was a total cost of \$7.64 million With a basement under the
189 new section would cost \$8.64 million. When I pitched the selectboard last night they wanted to
190 move forward with a basement for an \$8.8 million bond. I would love to get everyone down to
191 the PD to give a tour to see what we are dealing with.

192

193 J. LeFebvre- I went through your tour and I was depressed with your situation. The state is
194 currently using your sewer system, is there any possibility for the state to work with you to
195 upgrade that system because they are partial users?

196

197 Chief Mattei- the system is 30 years old, and I imagine it needs to be replaced, and I assume it
198 will be a shared cost if it were to be replaced.

199

200 D. Jensen- When you were designing the additional space what was the concept of where you
201 saw the police force in 10 to 15 years.

202

203 Chief Mattei- HL Turner looked at the projected growth and they did the projections. I gave
204 them the number of 5 additional officers in the future, and they took that and added additional
205 space around that.

206

207 D. Jensen- you are talking about using fund balance, isn't that fund balance also funded by tax
208 dollars?

209

210 J. Eastman- some yes but fund balance also has revenue in it. The selectmen were adamant
211 about putting money towards the tax rate and this police station.

212

213 S. Sand- I know you need a new facility, but I don't think you should be using the fund balance
214 as part of your presentation. That has been part of the tax rate, and you don't know how much
215 fund balance. If we have an emergency in the town that requires a large expenditure that goes

216 beyond the budget, there's not going to be a fund balance. We can't say that we will have
217 \$200,000 each year to spend.

218

219 Chief Mattei- I used it because I keep getting asked what it is going to cost me.

220

221 S. Sand- I think you should take it out as I think it looks like you are lying. You are given a new
222 fund balance every year. There is not 5 million in the fund balance. The reality is you can't count
223 on it, it is used for emergencies. I think saying this will muddy the waters. Have you looked at
224 other buildings that would fit your needs.

225

226 Chief Mattei- the court for a complete knock down and rebuild was \$10.6 million. The issue is
227 with a teardown we still need to continue operations.

228

229 J. Eastman- about the fund balance, the whole budget committee if it has a concern about the
230 fund balance you may want to send that concern to the selectmen's rep Shepherd at the next
231 meeting. We called the bond bank today and we have to have an attorney that represents the
232 bond bank write the article, and if they use fund balance, that has to be written into the article,
233 so timing is everything.

234

235 P. Donohoe- I don't think it's the decision to use fund balance, I think it is the language being
236 used. The word tax impact is probably misleading in this case.

237

238 Bill Marvel- I think the BOS should have put 1 million to the tax rate and 1 million to this as it
239 would have saved a lot in interest.

240

241 P. Donohoe- I am apt to motion to table the next agenda item.

242

243 ***J. LeFebvre motioned to table the discussion on agenda item #5 Final review of town***
244 ***questions prior to voting.; seconded by S. Angers.***

245

246 ***Vote in favor 13-0***

247

248 **Old Business**

249

250 D. Jensen- as we demonstrated tonight having the town and the school and their processes
251 occurring at the same time makes it difficult to us. I may ask us to consider moving all the
252 review into the fall and have fewer meetings in the winter and we can be talking to the town as
253 they are preparing their budget vs when it is done.

254

255 F. Jost- do we want to discuss the warrant request with respect to fund balance and remove the
256 use of using fund balance out of the warrant.

257

258 S. Sand- the voters need to vote on if they can use fund balance for this is they have it. My issue
259 was saying you are reducing the tax rate.

260
261 R. Shepard- we aren't trying to hoodwink anyone. Is it a tax impact yes, are we saving the
262 taxpayers yes. I made the motion in the first place; I see where you are going with the language.
263 Yes hopefully we have the \$200,000 each year and I think we always will.

264
265 P. Donohue- to B. Marvels point did you not take into consideration using 1 million to the police
266 station vs the 200k, as it would save more money in interest to the taxpayers?

267
268 S. Sand- DRA said they could not as it would have had to be voted on last year until there is a
269 warrant article approving that.

270
271 ***B. Marvel motioned to suggest to the BOS that the language about dedicating fund balance in***
272 ***the warrant article for the police station project be removed; seconded by F. Jost.***

273
274 ***Vote in favor 13-0***

275
276 New Business

277
278 D. Jensen I would like us to consider asking the town and the school I'd like to see the balance
279 sheet, income statements, and cash flow.

280
281
282 **Neet Meeting**

283
284 The next scheduled meeting will be January 3rd, 2024.

285
286 **Adjournment**

287
288 ***J. LeFebvre motioned to adjourn the December 13, 2023, meeting; seconded by P. Donohue.***

289
290 ***Vote in favor 13-0***

291
292
293 Respectfully Submitted,

294
295
296 Alicia Jipson
297 Recording Secretary

298