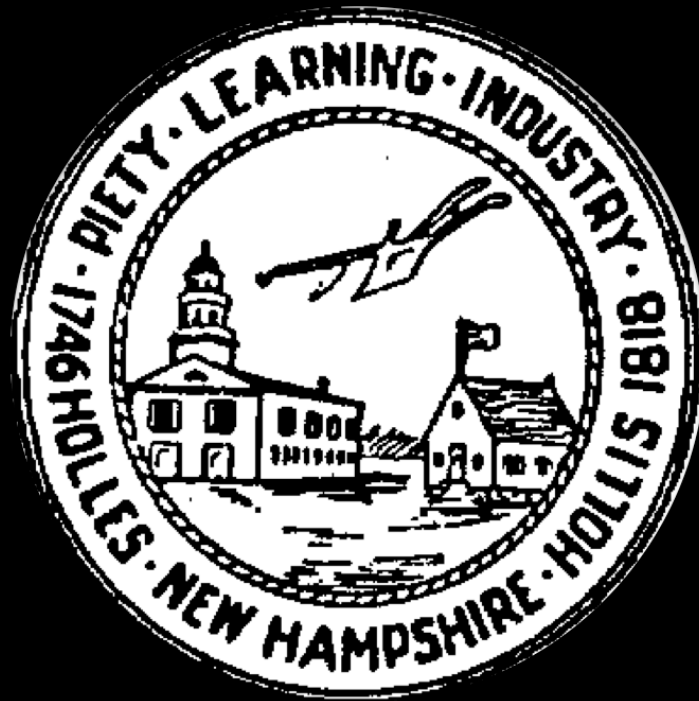


Town of Hollis
2017 Warrant & Budget
Public Hearing
February 8, 2017





Budget Committee Members

- Susan Benz – Vice Chair
- Frank Cadwell – Selectmen's Representative
- Tom Gehan – Chair
- Michael Harris
- Chris Hyde
- Tom Jambard – Secretary
- Rob Mann – HSB Representative
- Frank Whittemore

Board of Selectmen

- Peter Band
- Frank Cadwell
- Mark Le Doux – Chair
- Vahrij Manoukian
- David Petry – Vice Chair

Town Administration

- Tom Bayrd – Director of Public Works
- Dawn Desaulniers – Information Tech. Director
- Kim Galipeau – Town Administrator
- Deb Padykula – Finance Officer
- Jay Sartell – Police Chief
- Rick Towne – Fire Chief

Agenda

- Call to Order
- Pledge of Allegiance
- Budget Committee Presentations
 - Budget Process
 - Overview of Warrant Articles
 - Projected Tax Rates
- Presentation of Individual Articles & Public Input
- Budget Committee Discussion & Vote on Articles
- Other Business
- Adjourn

Budget Process

Budget & Meeting Calendar 2017

- Wed, Feb 8 – Town Budget & Warrant Public Hearing
- Wed, Feb 8 – COOP Budget & Warrant Public Hearing
- Tues, Mar 7 – HSD Annual District Meeting
- Mon, Mar 13 – COOP Annual District Meeting
- Tues, Mar 14 – Town Elections
- Tues, Feb 14 – HSD Budget & Warrant Public Hearing
- Sat, Mar 18 – Town Meeting

Budget Process

- Town of Hollis is a Municipal Budget Law district under RSA 32
- Budget Committee responsible to create & present to voters the Operating Budget
- Budget Committee also reviews and makes recommendations to voters on other monetary articles.
- Hollis has three Separate Budgets – Town, Hollis Schools & COOP Schools
 - We oversee the Town and Hollis Schools
 - COOP Budget Committee oversees COOP.
- We provide guidance to Selectmen & School Board and ask them to create a budget that fits within that guidance.
- Budget Committee votes on warrant articles after the Public Hearing, considering public inputs, economic environment, historic perspective, relevant comparable data, and effect on tax rate.

Budget Guidance

- Consider Data (Town, Economic, Comparative, Public Inputs) & Needs vs. Ability and Stress
- Provide Assumptions and Biases to guide development
- Provide Dollar-Specific Guidance
- Guidance may change and is based on imperfect and incomplete information. The BudCom reserves the right to change it later in response to changing conditions, better Information and new inputs, and put forth a different budget than is proposed by the Selectmen. We try to avoid surprises by doing two complete reviews prior to the Public Hearing.

Budget Assumptions & Biases

- Assumptions
 - Committed to provision of high quality Town services
 - Economic recovery continues
 - Core Inflation (long term average) remains $< 2\%$
 - Tax base increases 0.5%
- Biases
 - Support compensation, benefits and work environment structures that enable the Town to attract and retain high quality employees.
 - Decrease locally-controlled unfunded liabilities that have long term budget impact (e.g. medical & retirement plans)
 - Manage the number of employees (adding staff increases the budget in multiple ways)
 - Manage Debt Service burden by avoiding additional bonding until older debt is retired
 - Maintain Town infrastructure, e.g. buildings and roads

Guidance to Selectmen

- Guidance Budget should be increased by 3.5%
 - \$238,735
 - 1.5% increase to prior year guidance budget, plus
 - Additional \$67K for health insurance increases
 - Additional \$44K for retirement system payments
- Resulting Guidance Operating Budget
 - \$10,109,333
- Proposed Operating Budget
 - \$10,054,008
 - \$55,325 under guidance

Guidance – How the Math Works

Prior Year Operating Budget

- Debt Service

- In/Outs

- One time outlays

= Prior Year Guidance Base Budget

x BudCom Guidance Multiplier (103.5% for FY17)

= Upcoming Year Base Budget

+ Debt Service

+ In/Outs

= Upcoming Year Guidance Operating Budget

Information & Data

Hollis Town Employees

Department	Full-Time	Part-Time	Union
Fire	11	36	7
Police	16	4	14
Comm. Center	7	3	9
Public Works	12	2	8
Town Hall	8	1	5
Town Clerk	-	2	-
Library	2	10	-
Other	-	11	-
Total	56	69	43

Note: The union employee total is a subset of the full-time and part-time employees, not an additional group of employees.

Hollis Municipal Buildings

Town

- Town Hall
- Police Station
- Fire Station
- DPW Garage
- Social Library
- Town Clerk Office (Leased)
- Transfer Station Building
- Stump Dump Building
- Lawrence Barn
- Farley Building
- Ever Ready Engine
- Wheeler House
- Woodmont Warehouse
- Several other small building

School

- Hollis Primary School (HPS)
- Hollis Upper Elementary School (HUES)
- SAU41 Building (4 Lund Rd)
- Pump House

Hollis Roads

Inventory

- 70 Miles Paved
- 13 Miles Gravel
- Excludes NH
Routes 111, 122 and
130

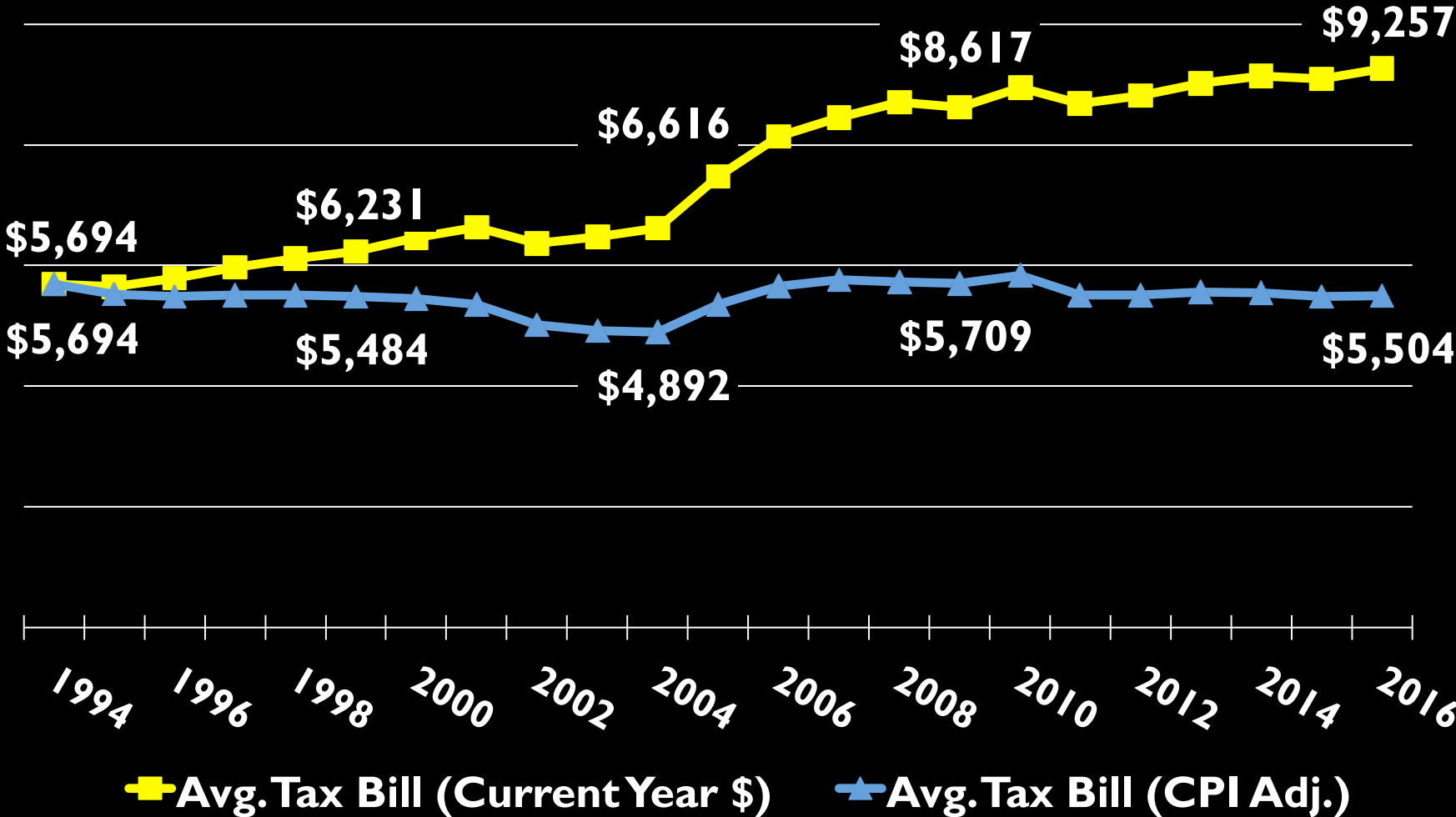
Maintenance Methods

- Pave 22' wide road with 1.5" Asphalt
 - \$82,000 / mile
 - Last 10 to 15 years
- Rebuild 22' wide road (after road degrades)
 - \$390,000 / mile
 - Lasts 20 years
- Gravel roads are generally more expensive to maintain than paved roads

Hollis Demographics

- Hollis 2015 Population = 7,773
 - Increase of 10% from 2000
 - Virtually unchanged since 2010
- Hollis 2015 Households = 2,832
- Hollis 2015 Median Household Income = \$117,708
- Town Property Valuation (Tax Base) 2016 = \$1,203,745,340
 - Increased 0.6% from 2015
- Average Single Family Home Value 2016 = \$x
 - Virtually unchanged from \$408,200 in 2015
- Average Single Family Home Tax Bill 2016 = \$x
 - Decreased x% from \$9,435 in 2015

Average Hollis Tax Bill of 15 Tracked Homes

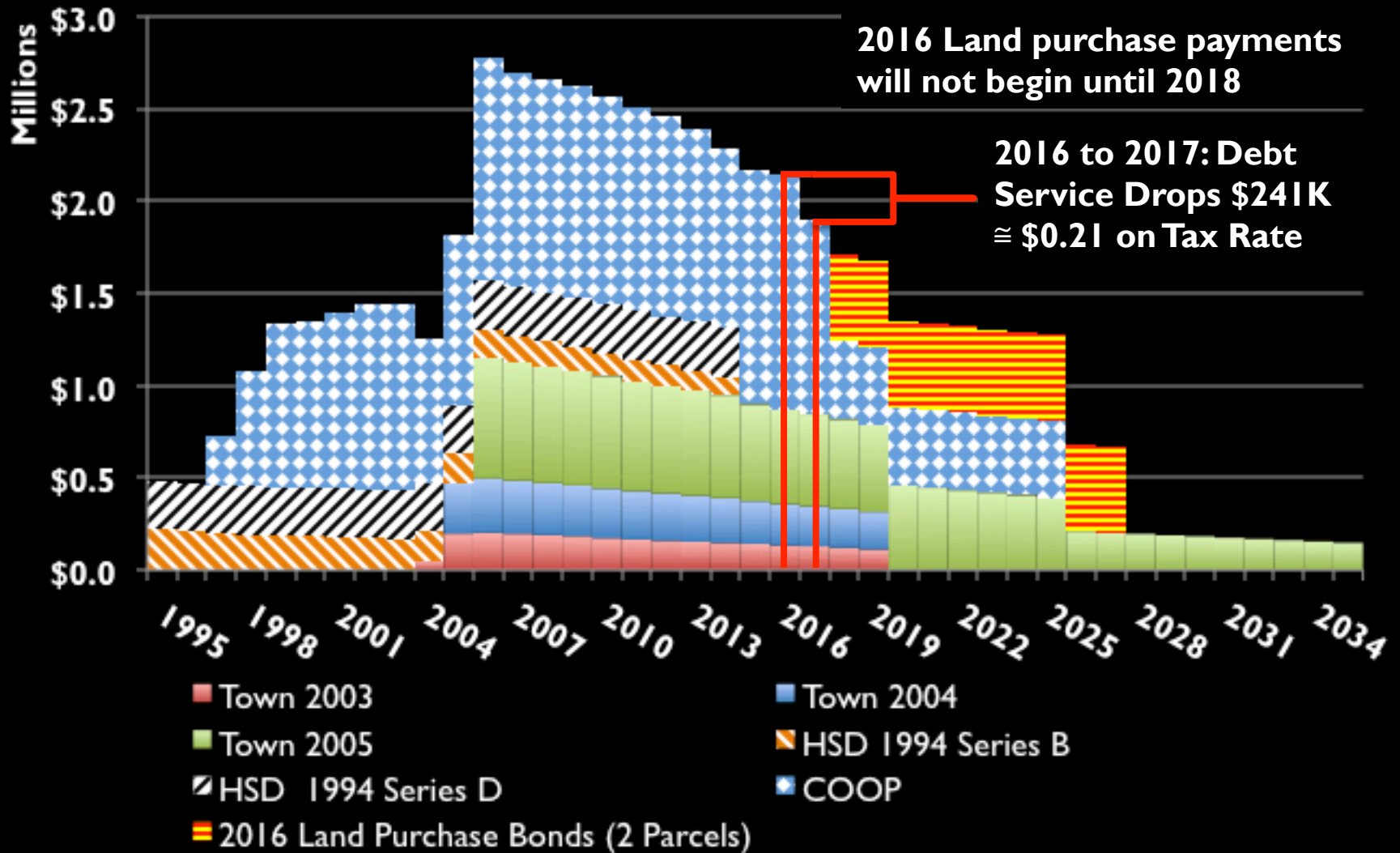


Town of Hollis Bonded Debt Service

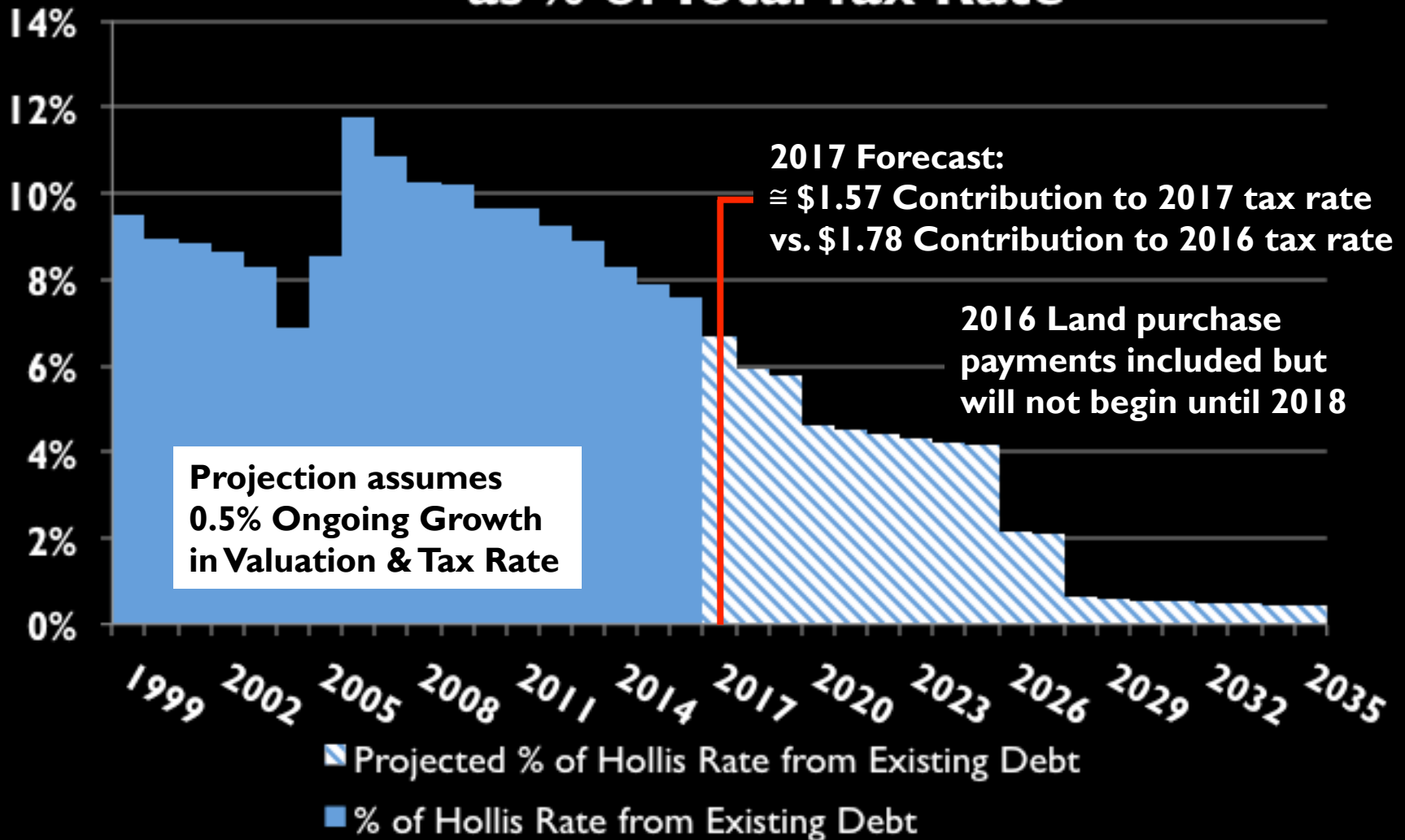
Bond	Final Payment Date	Principal & Interest Remaining Entering 2017	2017 Payments
Open Space 2003	1/15/2019	\$363,189	\$129,177
Open Space 2004	10/15/2019	\$629,084	\$216,603
Open Space & Safety Buildings 2005	8/15/2035	\$5,790,733	\$497,650
	Total	\$6,783,006	\$843,430

Note: No payments due until 2018 for land acquisitions approved at 2016 Town Meeting

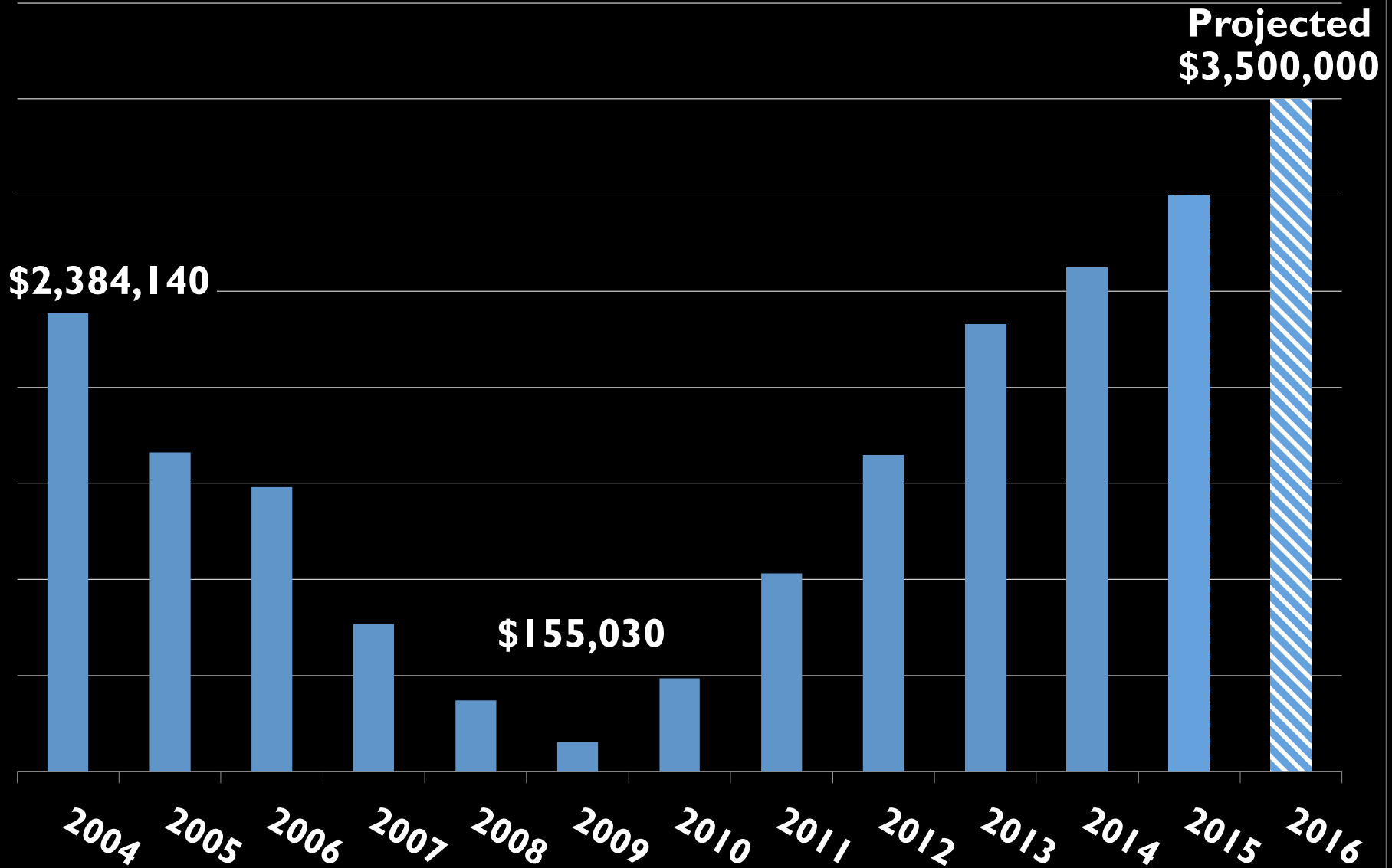
Total Hollis Bonded Debt Annual Payments



Current Hollis Bonded Debt Service as % of Total Tax Rate



Town Unassigned Fund Balance



Warrant Overview

Town of Hollis Warrant

Art	Summary	Amount
1	Officials Reports	-
2	Old Home Day Fund	\$50,000
3	Compensated Absences Fund	\$75,000
4	Revaluation Reserve Fund	\$14,000
5	Municipal Buildings Maintenance Fund	\$100,000

Town of Hollis Warrant

Art	Summary	Amount
6	Contingency Fund	\$70,000
7	Town Hall / DPW Labor Contract	\$37,500
8	Stefanowicz 25-Year Lease	-
9	2017 Town Operating Budget	\$10,054,008
10	Veterans Tax Credit	-
11	Any Other Legal Business	-

Projected Tax Rates

Tax Rate Forecasting Limitations

- Approved Appropriations (spending) are unknown until after next month's Annual Town and School District Meetings
- Prior year fund balances that may become revenue for the coming year are unknown until the books are closed
- Other Revenues for the coming year may vary, e.g. vehicle registrations, Unassigned Fund Balance
- State education aid (Adequacy Grant and Retained State Education Tax) are estimates at this time and may change
- The Assessed Value (aggregate property value of entire Town) which is the denominator for tax rate calculation is an estimate and will not be finalized until later in the year.
 - This presentation assumes 0.5% increase in tax base
- State Dept. of Revenue Admin. (DRA) does not set Tax Rate until October / November

Spending Rules of Thumb

- \$100,000 Appropriation
 - ≅ \$0.08 / \$1,000 on tax rate
 - ≅ \$32.00 for \$400,000 home

- \$1,000,000 Appropriation
 - ≅ \$0.80 / \$1,000
 - ≅ \$320 for \$400,000 home

Spending – Only Part of Tax Rate

Approved Appropriations:

Total spending approved by Voters

- Revenue

*E.g. Vehicle Registrations, 50% of Land Use Change Tax,
Unassigned Fund Balance, etc.*

+ Overlay

Allowance for abatements

+ War Service Credits

= Tax Effort or Net Appropriations

Amount to be raised by Property Taxes

The tax rate will go up even when spending goes down if
revenue goes down by a greater amount

Revenue Estimate Increased \$25,550

- Motor vehicle permits increase of \$25,000

Hollis Town Tax Rate

Assumes all Articles, approved as written	2016	Projected 2017	Change
Operating Budget	\$9,769,248	\$10,054,008	+ 3.0%
Warrant Articles	\$579,500	\$346,500	- 40.0%
+ Overlay	\$198,403	\$198,403	-
+ War Service Credits	\$174,000	\$174,000	-
- Revenue	(\$3,121,689)	(\$3,147,239)	+ 1.0%
- Unassigned Fund Balance	(\$331,000)	(\$359,000)	+ 8.0%
= Total Tax Effort	\$7,268,462	\$7,266,672	0.0%
Hollis Town Tax Rate	\$6.04	\$6.01	- 1.0%

Assumes 0.5% increase in tax base

Hollis Total Tax Rate

Assumes all Articles, approved as written	2016	Projected 2017	Change
Town	\$6.04	\$6.01	- 0.5%
HSD Local Tax	\$6.86	\$7.21	+ 5.1%
HSD State Tax	\$1.16	\$1.17	+ 0.5%
COOP Local Tax	\$6.84	\$6.65	- 2.8%
COOP State Tax	\$1.20	\$1.23	+ 2.5%
County Tax	\$1.33	\$1.31	- 1.7%
Hollis Tax Rate	\$23.43	\$23.58	+ 0.6%

Controllable at the Town / School District Level

Public Input

Conduct of Public Hearing

- All Warrant Articles with monetary impact must be presented and public input taken at a properly noticed public hearing.
- 10 % rule – Law limits any increases in amounts appropriated at Annual Town or School meeting to less than 10% of the Budget Committee's total recommendations, less Bonded Debt, some Notes & Mandated Government assessment.
- Most articles may be modified at Annual meeting to address issues, subject to the 10% rule.
- Selectmen may remove articles, except petition articles, but may not add any.
- Selectmen may change wording of non-budget, non-petition articles, up until the Warrant is posted. Wording may also be changed at town meeting.
- At conclusion of public hearing, the Budget Committee will deliberate and vote on all articles that appropriate money.
- Dollar value of budget may be changed by Budget Committee. Increases are limited to specific amounts offered by the public during the public hearing.

Public Hearing – Rules for Tonight

- Articles will be presented as they are expected to appear on the final warrant
Speakers will be recognized by the Chair
- Please state your Name and Address for the record
- Allowed to speak once for 2 minutes. May be recognized to speak again on an issue after all others have had an opportunity to speak once.
- If your point has been substantially made by others, please be brief.
- Comments/Questions should be addressed to the Budget Committee Chairperson. Do not engage or debate other members of the public.
- Please tell us what specific action or change you would like to see. For example ask that the Operating Budget be modified up/down by specific dollar amount.
- Input will be restricted to Hollis residents of voting age (exceptions for administration & others to answer questions, or as allowed by the Budget Committee for the purpose of clarifications)
- Reminder: Turn off electronic devices or set to silent mode
- Please remain respectful and calm. Everyone wants excellent services and good value for our taxes dollars; we will disagree on how to get there

Warrant Articles

Article I – Officials Reports

- To hear reports of Selectmen and other Town Officers and Committees

Article 2 – Old Home Day Special Revenue Fund

- To see if the Town will vote to raise and appropriate the sum of \$50,000 for the purpose of sponsoring the Old Home Days event and to fund this appropriation by authorizing the withdrawal of said sum from the Old Home Day Special Revenue Fund. This article will not affect the tax rate, as these funds will be raised from fees and donations.
- Recommended by Selectmen
- Recommended / Not Recommend by Budget Committee
- Estimated Gross Tax Impact, Unreduced by Revenues
 - None

Article 3 – Compensated Absences Payable Expendable Trust Fund

- To see if the Town will vote to raise and appropriate \$75,000 to be placed in the Compensated Absences Payable Expendable Trust Fund as previously established at the 2002 Annual Town Meeting, said funds to come from the unassigned fund balance as of December 31, 2016, if available. No amount to be raised from taxation.
- Recommended by Selectmen
- Recommended / Not Recommend by Budget Committee
- Estimated Gross Tax Impact, Unreduced by Revenues
 - No rate increase in 2017. The Unassigned Fund Balance is the sum of unspent taxes and revenues collected in prior years. Expending these funds, that could *potentially* be designated by Selectmen to reduce the Town tax rate, equates to foregoing a *potential* rate reduction:
 - ≅ - \$0.06 / \$1,000 (Tax Rate)
 - ≅ - \$24.80 / \$400,000 (Typical Single-Family Residence)

Article 3 – Considerations

Compensated Absences Payable Expendable Trust Fund

- Employees are allowed to accumulate earned vacation & holiday time.
- Upon separation or retirement, the town is liable for the accrued amount.
 - This represents a contingent liability to the town.
- Need to have a reserve in place to have funds available
 - 4 employees left last year, drawing \$22,200 from the fund
- Budget Committee suggests funding to a “reasonable” level, about 50%
 - 2016 Year end Estimated Liability: \$270,000
 - 2016 Year end Balance: \$58,000
- Moving to close the gap over a period of years to limit the tax impact.
- Budget Committee has also recommended to Selectman that this liability be reduced contractually.

Article 4 – Revaluation Capital Reserve Fund

- To see if the Town will vote to raise and appropriate \$14,000 to be placed in the Revaluation Capital Reserve Fund as previously established at the 1996 Annual Town Meeting, said funds to come from the unassigned fund balance as of December 31, 2016, if available. No amount to be raised from taxation.
- Recommended by Selectmen
- Recommended / Not Recommend by Budget Committee
- Estimated Gross Tax Impact, Unreduced by Revenues
 - No rate increase in 2017. The Unassigned Fund Balance is the sum of unspent taxes and revenues collected in prior years. Expending these funds, that could *potentially* be designated by Selectmen to reduce the Town tax rate, equates to foregoing a *potential* rate reduction:
 - ≅ - \$0.01 / \$1,000 (Tax Rate)
 - ≅ - \$4.63 / \$400,000 (Typical Single-Family Residence)

Article 5 – Municipal Buildings and Facilities Maintenance Expendable Trust Fund

- To see if the Town will vote to raise and appropriate \$100,000 to be placed in the Municipal Buildings and Facilities Maintenance Expendable Trust Fund as previously established at the 2008 Annual Town Meeting and amended by the 2009 Annual Town Meeting, said funds to come from the unassigned fund balance as of December 31, 2016, if available. No amount to be raised from taxation.
- Recommended by Selectmen
- Recommended / Not Recommend by Budget Committee
- Estimated Gross Tax Impact, Unreduced by Revenues
 - No rate increase in 2017. The Unassigned Fund Balance is the sum of unspent taxes and revenues collected in prior years. Expending these funds, that could *potentially* be designated by Selectmen to reduce the Town tax rate, equates to foregoing a *potential* rate reduction:
 - ≅ - \$0.08 / \$1,000 (Tax Rate)
 - ≅ - \$33.06 / \$400,000 (Typical Single-Family Residence)

Article 5 – Considerations

Municipal Buildings and Facilities Maintenance Expendable Trust Fund

2017 Opening Balance	\$103,000
2017 Proposed Funding	\$100,000
Proposed Total Funds Available	\$203,000
2017 Proposed Projects	
Fire Department Carpeting and Bay Area Ceiling Repairs	(\$46,000)
Lawrence Barn Permanent Generator	(\$16,000)
Library Siding Repairs	(\$6,500)
Police Exterior Lighting	(\$6,500)
Police Interior/Exterior Painting, Carpeting, Repairs, Etc.	(\$5,000)
Town Hall Community Room Carpeting	(\$7,500)
2017 Total Costs	(\$87,500)
2017 Projected Ending Balance	\$115,500

Article 6 – Establish a Contingency Fund

- To see if the Town will authorize the establishment of a contingency fund under the provisions of RSA 31:98-a for the purpose of funding unanticipated expenses that may arise during the year. Furthermore, to raise and appropriate \$70,000 towards this purpose and appoint the selectmen as agents to expend from said fund. Said funds to come from the unassigned fund balance as of December 31, 2016, if available. No amount to be raised from taxation.
- Recommended by Selectmen
- Recommended / Not Recommend by Budget Committee
- Estimated Gross Tax Impact, Unreduced by Revenues
 - No rate increase in 2017. The Unassigned Fund Balance is the sum of unspent taxes and revenues collected in prior years. Expending these funds, that could *potentially* be designated by Selectmen to reduce the Town tax rate, equates to foregoing a *potential* rate reduction:
 - ≅ - \$0.06 / \$1,000 (Tax Rate)
 - ≅ - \$23.15 / \$400,000 (Typical Single-Family Residence)

Article 6 – Considerations

Establish a Contingency Fund

- Used to meet the costs of unexpected, unbudgeted expense
- 2016 Contingency Expenses:
 - Replaced Police Cruiser: \$24,500
 - Fire Truck Repair: \$5,300
 - VHF Repeater: \$15,000

Article 7 – Collective Bargaining Agreement, Local 1801 (Town Hall / Department of Public Works)

- To see if the Town will vote to approve the cost items included in the Collective Bargaining Agreement reached between the Town of Hollis and AFSCME Local 1801, and in doing so, to approve the cost items within said agreement, which calls for the following increases for salaries and benefits over what was raised under any current agreements for the employees of the Union and, further, to raise and appropriate the amount of \$37,500 for the current fiscal year, such sum representing the additional costs attributable to the increase in salaries and benefits required by the Collective Bargaining Agreement over those that would be paid at current staffing levels in accordance with the most recent collective bargaining agreement. The 2017, 2018 and 2019 costs associated with the agreement will be included in the respective operating budgets.

FY2017	FY2018	FY2019	Total
\$37,500	\$17,500	\$19,000	\$74,000

- Recommended by Selectmen
- Recommended / Not Recommended by Budget Committee
- Estimated Gross Tax Impact, Unreduced by Revenues
 - ≅ \$0.03 / \$1,000 (Tax Rate)
 - ≅ \$12.40 / \$400,000 (Typical Single-Family Residence)

Article 7 – Considerations

Collective Bargaining Agreement, Local 1801
(Town Hall / Department of Public Works)

- Year 2017
 - 3% Merit Step / Longevity 4/1/17 - Health Insurance
 - Blue Choice Employee Contribution 25%
 - Lumenos Employee Contribution 5%
 - Removal of Additional \$500 to HSA Contribution
- Year 2018
 - 3% Merit Step / Longevity 4/1/18
- Year 2019
 - 3% Merit Step / Longevity 4/1/19
- Preservation of Health Insurance Premium Caps
 - \$15k single, \$25k two-person & \$32k family

Article 8 – Stefanowicz Properties 25-Year Lease Agreement

- To see if the Town will vote to authorize the Board of Selectmen, assuming the Town acquires title to the Stefanowicz Properties, pursuant to RSA 41:11-a to enter into a lease agreement of not more than 25 years with regard to the property, (or any portions thereof), known as Stefanowicz Properties, which property consists of the tax map and lot numbers 32-01 and 32-02, on such terms and conditions as the Selectmen, in their judgment, deem in the best interests of the Town.
- Recommended by Selectmen
- No position taken by Budget Committee as the article does not appropriate funds
- Estimated Gross Tax Impact, Unreduced by Revenues
 - None

Article 9 – 2017 Operating Budget

- To see if the Town will vote to raise and appropriate the sum of \$10,054,008 which represents the operating budget of the Town for 2017, not including appropriations by special warrant articles and other appropriations voted separately; a portion of said funds, \$100,000, to come from funds if available in the unassigned fund balance as of December 31, 2016 or the full amount shall be raised by taxation.
- Recommended / Not Recommend by Selectmen
- Recommended / Not Recommend by Budget Committee
- Estimated Gross Tax Impact, Unreduced by Revenues, Reduced by \$100,000 from Unassigned Fund Balance
 - ≅ \$8.31 / \$1,000 (Tax Rate)
 - ≅ \$3,324 / \$400,000 (Typical Single-Family Residence)

Article 9 – Considerations

Operating Budget Guidance

Description	Total	Variance from Guidance
Guidance Budget	\$10,109,333	-
Proposed Budget	\$10,054,008	(\$55,325)

Article 9 – Considerations Operating Budget Staff Changes

- No staff changes in 2017

Article 9 – Considerations

Operating Budget Major Increases

Description	FY17 Proposed	% Change	\$ Change
Employee Salaries	\$3,895,300	+ 2%	\$58,000
NH Retirement System	\$691,000	+ 7%	\$42,800
Workers Compensation	\$108,025	+49 %	\$35,300
Health Insurance	\$1,080,000	+ 3%	\$32,000
DPW Capital Leases	\$202,215	+10%	\$18,300

Article 9 – Considerations

Operating Budget Major Decreases

Description	FY17 Proposed	% Change	\$ Change
Annual Road Resurfacing	\$375,000	- 6%	(\$25,000)
Long Term Debt	\$843,430	-3%	(\$25,000)
Election Expenses	\$9,650	-59%	(\$13,850)
Finance Software Capital Lease	\$0	- 100%	(\$9,600)

Article 10 – Petition Article for Veterans Tax Credit

- Shall the Town adopt the “all veterans’ property tax credit” under RSA 72:28-b? If adopted, the credit will be available to any resident, or the spouse or surviving spouse of any resident, who (1) served not less than 90 days on active service in the armed forces of the United States and was honorably discharged or was an officer honorably separated from service, and (2) is not eligible for and not receiving the credit for veterans who served in a qualifying war or armed conflict or for veterans with a service-connected disability. If adopted, the credit will be in the amount of \$500.00, which is the same amount as the credit for a veteran who served in a qualifying war or armed conflict. If the credit is adopted, any person desiring to claim the credit will be required to file an application with the selectmen or the assessors by April 15 of the tax year.
- Recommended by Selectmen
- No position taken by Budget Committee as the article does not appropriate funds
- Estimated Gross Tax Impact, Unreduced by Revenues
 - Unknown, likely less than \$100,000 per year

Article 11 – To transact any other business that may legally come before said meeting.

Conclusion of Public Input

Budget & Meeting Calendar 2017

- Wed, Feb 8 – Town Budget & Warrant Public Hearing
- Wed, Feb 8 – COOP Budget & Warrant Public Hearing
- Tues, Mar 7 – HSD Annual District Meeting
- Mon, Mar 13 – COOP Annual District Meeting
- Tues, Mar 14 – Town Elections
- Tues, Feb 14 – HSD Budget & Warrant Public Hearing
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