



BUDGET COMMITTEE
Town of Hollis
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Minutes of January 10, 2017

Meeting was held in the Community Room, Hollis Town Hall. The Budget Committee was called to order by Tom Gehan at 7:02 PM.

Members Present: Tom Gehan, Mike Harris, Chris Hyde, Mark LeDoux – ex officio Selectman Rep, Rob Mann – School Board Rep, Frank Whittemore

Others Present: Andy Corey – SAU41 Superintendent, Tom Enright – HSB, Tammy Fareed – HSB, Dick Henry – Energy Committee Consultant, Laurie Miller – HSB, Kelly Seely – SAU Business Administrator

Pledge of Allegiance was recited.

Collective Bargaining Agreement – Hollis Education Association

Mark L. clarified that employees not at the top step would be granted a 6% annual increase and all others a 2.5% annual increase.

Andy C. added that Hollis is one of the few districts that has benefits caps and that these annual increases help keep the district competitive when compared to neighboring communities.

Mark L. asked if the agreement required employees to share in the payment of healthcare premiums.

Andy C. replied that there are caps set for each contract year with employees required to pay premium amounts that exceed the cap.

Mike H. added that this encourages employees to choose more affordable plans.

Mark L. asked how many employees were covered by the agreement.

Rob M. replied 61 teachers and Kelly S. added that school nurses were also part of the contract.

There was a discussion of the healthcare premium amounts and opt out provision.

Tom G. asked if the agreement resulted in parity with Brookline and the Coop.

Rob M. replied that it did.

Andy C. added that the agreement is attractive to accomplished teachers and encourages employees to continue seeking professional development.

Tom G. stated that it was difficult to match the discussion about the goals of the contract with the additional dollars being requested. He asked that a more concise presentation be made at the public hearing.

Chris H. asked if attracting difficult to fill positions was considered when crafting the new contract.

Andy C. replied that compensation is based on experience and education background and not on a specific position. He stated that a lot of research was done to ensure competitiveness with surrounding districts and added that professional development is highly encouraged.

Mike H. asked if management rights were impacted in the new contract.

Rob M. stated that it was a goal to preserve these rights.

Andy C. said that language was added clarifying the professional development stipend and leave requests. He added that transitioning employees into affordable health plans will benefit the town in the coming years.

Mike H. stated that the cap amount's percentage of total cost should be available. He asked why an FSA instead of an HSA was selected.

Andy C. replied that high deductible plans that use HSAs are not industry standard and only 2 employees are currently participating in such a plan.

Mike H. stated that the FSA was not as good for employees because the money must be used by the end of the year or else it is forfeited.

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Mark L. suggested offering more incentives to encourage participation in high deductible plans by initially funding HSA accounts.

Mark L. asked for the average scale position. Andy C. replied that 50% of staff is off scale (more than 17 years of service).

Mark L. clarified that 50% of staff falls between an annual salary of \$56K - \$79K and asked if an average salary of \$67.5K for the 31 employees still on scale would be a reasonable assumption.

Andy C. stated that across all 61 employees the average annual salary was approximately \$60K.

Mark L. stated that this is based on 9 months of work and not really an annual wage.

Tammy F. clarified that teachers are in the classroom for 10 months.

Mark L. asked about paid vacation.

Kelly S. replied that teachers are paid for days worked and do not get paid time off.

Mark L. recommended employing the Federal Mediation Service to avoid lengthy arbitration.

Mark L. stated that the \$58K set aside for professional development works out to a little less than \$1K per employee and asked if this amount was enough to foster meaningful professional growth.

Andy C. replied that because the teachers are at various levels in their careers not each teacher uses the program equally. He added that workshops and seminars have an average cost of \$300.

Mark L. asked for a comparison with surrounding communities' teacher compensation and commented that more communication should be provided as to the benefits of professional development days.

Andy C. replied that the district no longer holds early release days for professional development and has significantly reduced the number of full day professional development days when school is in session.

There was a discussion about migrating toward health plans with lower premiums and higher deductibles.

Mark L. asked what percentage of salary the town paid toward NH Retirement.

Kelly S. replied that this year it is 17.36% and that the rate generally increases every two years.

Mark L. stated that in the interest of full disclosure it should be noted that the total annual cost of each teacher averages \$100K when considering NHRS, healthcare, and employment taxes.

Mike H. commented that the presentation of the contract makes it difficult to compare current versus proposed compensation.

Chris H. added that he would like to see more analysis before stating his opinion on the contract.

The Budget Committee requested the following from the Administration prior to the next meeting:

1. Comparative analysis depicting HSD's compensation position relative to neighboring districts.
2. Typical health insurance premium as a percent of employer contribution caps.
3. Summary of CBA financials and material management / union rights.
4. The updated HSD Energy study and financials in an appropriate form for discussion.
5. Hard copies of all materials as some of our members don't bring or use laptops.

Hollis Energy Study

Dick Henry of HotZero, LLC reviewed the study's recommendations:

Hollis Primary School:

- Install air source heat pumps and upgrade existing ventilation as backup heat source
- Insulate shell by wrapping building from the outside
- Install new windows and reduce window area
- Add heat recovery in air ventilation units
- Implement use of phase change materials (store heat during day and disburse heat off hours)
- New control system
- LED lighting
- Mount 100 kW solar photovoltaic (PV) panel on roof which will generate 164MW annually (~\$32K of electricity).
 - The PV field has a usable life of 25 years.

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- The State of NH offers a \$65K rebate and net metering of \$0.15/kWh is also available. This kWh price will most likely be lowered during the summer but would be grandfathered if the school district gets into the queue.

Hollis Upper Elementary School:

- Install air source heat pumps (classrooms only) and replace current oil boilers with 2 new propane furnaces as backup heat source
- CO₂ demand control ventilation and fine tune ventilation system & controls
- Fix leaky walls
- Implement use of phase change materials
- LED lighting
- Mount 100 kW solar PV panel on roof

There was a discussion about the persistent moisture problem at HPS and why the committee is recommending a vapor permeable insulation wrap.

Dick H. reviewed an estimate of the study's building performance measures, which assumes a 5% construction contingency and 5% soft costs (engineering/architect/project management).

Dick H. stated that this cost summary estimates propane at \$1.20/gallon.

There was a discussion about whether all projects should be undertaken at once or implemented one at a time based on urgency.

Chris H. asked about a hydronic heating system.

Tammy F. replied that the risks associated with undertaking such construction are too great.

Dick H. stated that the net present value of the project is \$950K for HPS and \$2.2M for HUES.

There was a discussion about how to finance the project.

Rob M. stated that HSB would like to exclude the cost of new boilers and lighting from the amount borrowed and pay for them out of the maintenance budget.

Mark L. recommended paying for smaller cost items out of the maintenance budget, presenting a warrant article for the new boilers, and financing the large capital expenditures given their longer useful life.

Andy C. stated that while construction needs to be performed when school is not in session there are many things that can be accomplished in the time available and estimated the project could be completed in two years.

Tom E. expressed concern that the tax rate would increase significantly if much of the project is funded via warrant articles and stated that the town is already seeking financing for the land purchase approved at last year's town meeting.

Mark L. stated that \$600K in bonds for the Coop is retiring this year and the land purchase will absorb \$400K, leaving \$200K available without impacting the tax rate.

There was a discussion about how to present the warrant article and to research options regarding capital leases.

Tom G. stated that another meeting would be necessary prior to the public hearing on February 7th to discuss specifically what would be presented in terms of financing and costs.

A follow-up meeting was scheduled for January 31st at 7pm.

Motion to adjourn was made by Mark L. Mike H. seconded. Meeting was adjourned at 9:46 PM.

Respectfully submitted,

Christina Winsor, Tax Collector