



BUDGET COMMITTEE
Town of Hollis
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Minutes of February 14, 2017

Meeting was held in the Community Room, Hollis Town Hall. The Budget Committee was called to order by Tom Gehan at 6:35 PM.

Members Present: Susan Benz, Tom Gehan, Mike Harris, Chris Hyde, Mark LeDoux – Selectman Rep, Rob Mann – School Board Rep

Others Present: Andy Corey – SAU41 Superintendent, Tammy Fareed – HSB, Kelly Seely – SAU Business Administrator, Michelle St. John - HSB

Pledge of Allegiance was recited.

Upcoming Meetings:

Tom G. reviewed upcoming meetings: Tonight's meeting is the Hollis School District Budget Public Hearing.

March 7:	Hollis School District Annual Meeting
March 13:	COOP Annual District Meeting
March 14:	Town Elections
March 18:	Town Meeting

Budget Process:

Tom G. spent a few minutes reviewing the annual budget process, specifically as it pertains to the Hollis School District. He discussed the various economic factors and enrollment statistics which go into developing the budget guidance. He reviewed economic data, valuations, tax bills, demographics, bonded debt, etc; all factors that are taken into consideration when developing budget guidance. He stated that a 0.5% increase in the tax base was assumed when developing the guidance for FY18. He stated that the guidance budget was increased by \$243K (1.5%), plus \$114K for increases in health insurance and retirement payments. The proposed operating budget of \$10,663,811 is \$48K over guidance due to the second year costs of the Support Staff contract.

Warrant Overview:

Tom G. briefly reviewed the anticipated Hollis School District warrant articles. A preliminary estimate of the local HSD portion of the tax rate results in a \$0.35 increase (+5.1%). This reflects decreased revenue of \$212K, increased state aid of \$52K, and assumes all warrants as currently written will pass. Tom G. stated that if all of the budgets and warrant articles pass as proposed, the projected total tax rate could increase to \$23.58, up from \$23.43 in 2016 (a 0.6% increase).

Tom G. reviewed the conduct of the public hearing and opened the floor for public comment.

Discussion of Warrant Articles

ARTICLE 1 – Energy Conservation Lease Purchase

To see if the school district will vote to authorize the School Board to enter into a ten year lease purchase agreement for \$2,800,000 for the purpose of financing energy conservation equipment and related improvements at Hollis Upper Elementary School and Hollis Primary School as recommended under the District Energy Study and Development Plan (the “Project”); and to raise and appropriate the sum of \$326,015 for the first year’s payment on the lease purchase agreement. The lease purchase agreement will contain an escape (non-appropriation) clause. (Majority vote required).

FY18	FY19	FY20	FY21	FY22
\$326,015	\$326,015	\$326,015	\$326,015	\$326,015

FY23	FY24	FY25	FY26	FY27	Total
\$326,015	\$326,016	\$326,016	\$326,016	\$326,016	\$3,260,154

Recommended by Hollis School Board 5-0-0
Estimated Gross Tax Impact - \$0.27/\$1,000

Rob M. outlined details regarding the energy proposal study and discussed the priority of completion and associated costs. Rob M. stated the project will take approximately 2 years.

	HPS	HUES
Heating	Air Source Heat Pumps, oil backup with existing c.2014 boiler piped to air ventilation units	New Propane Boilers
Building Performance	<ul style="list-style-type: none"> • Insulate Shell • Reduce window area • New Windows • Heat recovery in new air ventilation units • Phase change materials • New control system • LED lighting 	<ul style="list-style-type: none"> • CO₂ demand control ventilation • Fine tune ventilation system and controls • Fix leaky walls (gap) • Phase change materials • LED lighting
Solar PV	100kW roof mount	100kW roof mount

Rob M. outlined the capital costs, rebates and cost savings associated with the project. He stated that the maximum possible rebate for the combined buildings is \$330K.

	HPS	HUES	Totals	+HPS Electric
Total Capital Cost*	\$1,547,862	\$974,234	\$2,522,096	+\$300,000
Year 1 Operating Cost Savings	\$89,063	\$88,063	\$177,126	
25 Year Operating Cost Savings	\$1,594,567	\$2,398,566	\$3,993,133	
Net Present Value (25 Year Life)	\$528,283	\$1,222,717	\$1,673,142	
IRR	5.3%	10.8%	7.6%	
Simple Payback (years)	15	10	13	

*Includes 5% contingency, 5% Construction Manger and 5% soft costs (engineering/architect/project management).

Rob M. reviewed the advantages of financing the project via a municipal lease program, which include the ability to distribute the costs over two years, lower implementation costs, payments made in arrears, and one warrant article.

No Public Comment

ARTICLE 2 – Contingent HUES Boiler Lease Purchase

In the event that Article 1 is not approved, to see if the school district will vote to authorize the School Board to enter into a ten year lease purchase agreement for \$250,000 for the purpose of financing the acquisition and installation of a boiler at the Hollis Upper Elementary School as recommended in the District Energy Study and Development Plan, and to raise and appropriate the sum of \$28,954 for the first year’s payment on the lease purchase agreement. The lease purchase agreement will contain an escape (non-appropriation) clause. (Majority vote required).

FY18	FY19	FY20	FY21	FY22
\$28,954	\$28,954	\$28,954	\$28,954	\$28,954

FY23	FY24	FY25	FY26	FY27	Total
\$28,954	\$28,955	\$28,955	\$28,955	\$28,955	\$289,544

Recommended by Hollis School Board 5-0-0
Estimated Gross Tax Impact - \$0.21/\$1,000

Tom G. listed the following considerations pertaining to the article:

- The current oil furnaces have reached end-of life
- Propane is less expensive
- The current boiler ventilation needs to be brought up to code
- Propane burns much more cleanly.

Tom G. stated that this article will only be considered if Article 1 fails. If Article 1 passes, Article 2 will be tabled.

Mark L. confirmed that the boilers can be purchased for \$1 at the end of the lease.

Brigid Cunanan of 159 Broad St. expressed concern that concurrent presentation of Articles 1 and 2 may hinder the chances of Article 1 passing based on the total cost of each article.

Mike H. asked if the new boilers qualify for rebates.

Charles Niebling, of Innovative Natural Resource Solutions, replied that a maximum \$10K rebate is available from Eversource if the new boilers meet certain higher efficiency thresholds.

ARTICLE 3 - HEA (Teacher) 2-Year Contract

To see if the school district will vote to approve the cost items included in the two-year collective bargaining agreement reached between the Hollis School Board and the Hollis Education Association for the 2017-18 and the 2018-19 school years, which calls for the following increases in professional staff salaries and fringe benefits at the current staffing levels:

FY18	FY19	Total
\$229,166	\$247,668	\$476,834

and further to raise and appropriate the sum of \$229,166 for the current fiscal year, such sum representing the negotiated increase over the 2015-16 salaries and fringe benefits.

Recommended by Hollis School Board 5-0-0
Estimated Gross Tax Impact - \$0.19/\$1,000

Rob M. reviewed the goals of the negotiation and outlined details of the proposed contract.

- 2 year sanbornized agreement
- Annual increase based on a step table plus 2.5%. Top step only receives 2.5%
- Anthem Blue Cross Site of Service (ABSOS) health plan
 - Single person plan costs covered 100% both years
 - 2-person plan capped at \$1,475 in year one and \$1,575 in year two
 - Family plan capped \$1,525 in year one and \$1,625 in year two
- Former Cadillac health plan grandfathered for existing enrollees and no new enrollees allowed
- Flexible Spending Account
- Development stipends
- New hire orientation training
- Notifications of lane changes now required

Rob M. discussed the transition to lower cost high deductible plans and outlined HSD compensation and costs per employee as compared to similar districts.

Tom G. clarified that the slide displaying total cost per FTE is an average based on the total population of teachers and is not the actual cost per each employee.

There was a discussion regarding Brookline vs. Hollis class size.

Tom G. asked that future analyses be done using one teacher in each step so the data isn't skewed by teacher distribution.

No Public Comment

ARTICLE 4 – SAU Budget

Shall the District vote to raise and appropriate the sum of \$441,827 as the Hollis School District's portion of the SAU budget of \$1,498,630 for the forthcoming fiscal year? This year's adjusted budget of \$1,485,787 with \$437,960 assigned to the school budget of this school district will be adopted if the article does not receive a majority vote of all the school district voters voting in this school administrative unit.

Recommended by Hollis School Board 5-0-0

Estimated Gross Tax Impact - \$0.37/\$1,000

No Public Comment

ARTICLE 5 – SAU Building Maintenance Fund

To see if the school district will vote to raise and appropriate up to the sum of \$13,000 to be added to the previously established MAINTENANCE FUND FOR ADMINISTRATIVE AND ASSOCIATED STRUCTURES at 4 Lund Lane in Hollis, Map 56, Lot 2, from rental proceeds and unexpended maintenance funds to be received from SAU 41 available for transfer on July 1, 2017.

Recommended by Hollis School Board 5-0-0

Estimated Gross Tax Impact - \$0.01/\$1,000

No Public Comment

ARTICLE 6 – School Buildings Maintenance Fund

To see if the school district will vote to raise and appropriate up to the sum of \$66,000 to be added to the previously established School Buildings Maintenance Fund from the Hollis School District's June 30, 2017 unanticipated revenues (unassigned fund balance) available for transfer on July 1, 2017 and further to name the Hollis School Board as agents to expend from the previously named fund.

Recommended by Hollis School Board 5-0-0

Estimated Gross Tax Impact - \$0.05/\$1,000

Tom G. reviewed planned projects which include playground mulch, roof repair, parking lot safety, intercom replacement, and server room air conditioning.

No Public Comment

ARTICLE 7 – Contingency Fund

To see if the school district will vote to establish a contingency fund for unanticipated expenses that may arise and further to raise and appropriate a sum of \$95,000 to go into the fund. This sum to come from the unassigned fund balance available on July 1, 2017 with no amount to be raised by taxation. Any appropriation left in the fund at the end of the year will lapse to the general fund.

Recommended by Hollis School Board 5-0-0

Estimated Gross Tax Impact - \$0.08/\$1,000

There was a discussion regarding the purpose of the fund and whether the language should be revised to state that funds will be raised and appropriated.

No Public Comment.

ARTICLE 8 – Catastrophic Aid

To see if the school district voters will authorize the Hollis School District to access future year state and federal catastrophic funds in the event that special education costs exceed budget limitations.

Recommended by Hollis School Board 5-0-0

No Tax Impact

No Public Comment

ARTICLE 9 – FY18 Operating Budget

To see if the school district will vote to raise and appropriate a sum of \$10,615,973 for the support of schools, for the payment of salaries for the school district officials and agents and for the payment of statutory obligations of the district. This appropriation does not include appropriations voted in other warrant articles.

Recommended by Hollis School Board 5-0-0

Estimated Gross Tax Impact - \$8.78/\$1,000

Tom G. stated that a \$47.8K variance over guidance exists which brings the potential FY18 budget to \$10,663,811. This variance reflects the second year costs of the support staff contract which were excluded by error when the proposed operating budget was developed and submitted.

Increases to the proposed budget include:

1. NH Retirement System payments
2. Health insurance premiums
3. Vision Therapist Salary
4. Professional Stipends
5. Contracted Speech Services

Decreases to the proposed budget include:

1. Special Education Tuition
2. Special Revenue Transfer
3. Retirement Benefit
4. ABA Therapy
5. Vision Consulting

Tom G. asked how the administration planned to address the \$47.8K variance over guidance. Andy C. replied that funds would be cut from non-education items (cameras, streaming equipment, general maintenance, janitorial) and that HSD would request an additional \$15,938 relief from guidance. He added that the Contingency Fund will now be funded solely through taxes and not the unassigned fund balance. Tom G. stated that the new budget would be \$10,631,911.

No Public Comment

ARTICLE 10 - To transact any other business which may legally come before said meeting.

Public Hearing was ended at 8:27 PM.

Rob M. called a meeting of Hollis School Board to order to revise Article 7.

Article 7 was revised to state:

To see if the school district will vote to establish a contingency fund for unanticipated expenses that may arise and further to raise and appropriate a sum of \$95,000 to go into the fund. This sum to be raised by taxation.

Budget Committee Positions

Tom G. opened BudCom deliberations at 8:44 PM.

Article 1:

There was a discussion about how to more succinctly present the net cost to the town for Article 1.

Mike H. made a motion that the BudCom recommend this article.

Motion was seconded by Susan B.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Yea, Mike H. – Yea, Mark L. – Yea, Rob M. - Yea

Motion carried 6-0-0

Article 2:

Mike H. made a motion that the BudCom recommend this article.

Motion was seconded by Susan B.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Yea, Mike H. – Yea, Mark L. – Yea, Rob M. - Yea

Motion carried 6-0-0

Article 3:

Chris H. expressed concerns regarding the parity of HSD salaries with similar districts and asked about the district's ability to attract and retain quality talent. Tammy F. reviewed the step table structure and stated HSD is successfully attracting qualified teachers.

There was a discussion regarding merit based increases and future negotiations.

Chris H. stated that the contract does not adequately motivate and reward professional achievement based on quantifiable results.

Tom G. stated that current employee retention suggests significant salary increases aren't needed and also that the comparative compensation data in the presentation was lacking. He encouraged HSB to introduce the Tripod Project as a means of measuring teacher success.

Mike H. made a motion that the BudCom recommend this article.

Motion was seconded by Susan B.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Nay, Mike H. – Yea, Mark L. – Yea, Rob M. - Yea

Motion carried 5-1-0

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Article 4:

Mike H. made a motion that the BudCom recommend this article.

Motion was seconded by Susan B.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Yea, Mike H. – Yea, Mark L. – Yea, Rob M. - Yea

Motion carried 6-0-0

Article 5:

Mike H. made a motion that the BudCom recommend this article.

Motion was seconded by Susan B.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Yea, Mike H. – Yea, Mark L. – Yea, Rob M. - Yea

Motion carried 6-0-0

Article 6:

Mike H. made a motion that the BudCom recommend this article.

Motion was seconded by Susan B.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Yea, Mike H. – Yea, Mark L. – Yea, Rob M. - Yea

Motion carried 6-0-0

Article 7:

Mike H. made a motion that the BudCom recommend this article as amended.

Motion was seconded by Susan B.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Yea, Mike H. – Yea, Mark L. – Yea, Rob M. - Yea

Motion carried 6-0-0

Article 8:

Mike H. made a motion that the BudCom recommend this article.

Motion was seconded by Susan B.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Yea, Mike H. – Yea, Mark L. – Yea, Rob M. - Abstain

Motion carried 5-0-1

Article 9:

Mike H. made a motion that the BudCom recommend this article.

Motion was seconded by Susan B.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Yea, Mike H. – Yea, Mark L. – Yea, Rob M. - Yea

Motion carried 6-0-0

Motion to adjourn was made by Mark L. Susan B. seconded. Meeting was adjourned at 9:31 PM.

Respectfully submitted,

Christina Winsor, Tax Collector