



**BUDGET COMMITTEE**  
**Town of Hollis**  
Seven Monument Square  
Hollis, New Hampshire 03049  
Tel. 465-2209 Fax. 465-3701

**Minutes of September 13, 2016**

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

**Members Present:** Susan Benz, Tom Gehan, Mike Harris, Chris Hyde, Tom Jambard, Mark LeDoux – Selectman, Robb Mann – School Board Rep, Deb Padykula – Finance Officer, Frank Whitemore  
**Others Present:** Richard Raymond – SAU Network Administrator, Kelly Seely – SAU Business Administrator

Pledge of Allegiance was recited.

**Approval of Minutes:**

Mike H. moved to accept the minutes of 5/10/16 as written. Tom J. seconded. Motion passed. Vote was 6-0-2. Minutes were accepted.

Public Input: No members of the public were present.

**Town Report:**

Mark L. reviewed the town expenditure report through August 31<sup>st</sup> and stated that the budget is on track with expenditures at or below authorized amounts. He also stated that auditors Melanson & Heath provided a clean opinion letter that would be accepted by the Board of Selectmen at the next meeting on September 26<sup>th</sup>.

Mark L. discussed the undesignated fund balance (approximately \$3M), stating that it was higher than the GASB recommended \$2.5M, and that the Board of Selectmen was considering using the excess funds for property tax relief since there are no upcoming capital expenditures or open staff positions.

Mark L. reviewed the town's use of lease purchase agreements for town vehicles and stated that the town was able to purchase vehicles for \$1 after the expiration of the lease period.

Chris H. asked for the expected remaining useful life of vehicles purchased at the end of the lease period. Mark L. replied that the department heads would provide this information, but that generally police cruisers tend to have the shortest life and fire trucks the longest. He stated that the equipment used by the DPW has a useful life of 12-15 years.

Deb P. added that all DPW equipment is listed on the town's DPW web page.

Tom J. asked about the status of past warrant articles that appropriated money from the undesignated fund balance.

Mark L. stated that the current fund balance is net of all past approved appropriations. An article approved in 2015 for an easement on the Howe property is expected to be completed by the end of the year, and \$125K approved in 2016 for the rehabilitation of Hardy Field has been encumbered with expected completion in spring 2017.

Mark L. stated that the town had reached a preliminary agreement with the collective bargaining unit representing DPW and Town Hall employees. He explained that because next year's health rates are unknown, it is not possible to quantify the net dollar impact of the new agreement. If rates are constant, the net increase over 3 years will be under \$70K.

Tom J. asked about the next CBO negotiation. Deb P. replied that the Fire Department contract expires in March 2018.

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Mark L. stated that the town purchases electricity in bulk with neighboring communities through a third party provider and was notified that upcoming rates are anticipated to be lower.

Chris H. asked if the school used similar contracts when purchasing electricity. Kelly S. stated the SAU had a similar contract.

Chris H. requested a copy of the new agreement for DPW and Town Hall Employees. Mark L. replied that it still needed to be reviewed by the negotiating parties and then presented to the Selectmen.

Mark L. stated that the town would begin the bonding process for the purchase of the Stefanowicz and Birch Hill parcels in the next 6 months and anticipated a 15-year bond rate of 3% or less. He added that \$600K in existing debt would be retiring.

Chris H. asked if it would be possible to perform additional roadwork while oil prices remain low. Mark L. replied that adding \$100K-\$200K to the 2017 budget would bring the town closer to the desired road maintenance schedule. Tom Bayrd, DPW director, will be asked for an analysis of the town's progress regarding road reconstruction.

There was a discussion about a pending EPA unfunded mandate that would require filings pertaining to waste water runoff that could cost the town up to \$600K over the next 5 years depending on the number of filings.

Tom J. asked about the rebate received for decreased asphalt prices. Mark L. replied that the town received a \$40K rebate, which was going to be used to pave the entrance of the transfer station.

Tom G. requested that the Selectmen not use the undesignated fund balance when setting the tax rate and wait until town meeting so that the fund usage is most visible to voters. He asked that any future proposed land acquisitions be presented to BudCom at the December 12<sup>th</sup> meeting.

Mark L. stated that the Selectmen and Land Protection Study Committee have put in place a new policy requiring that any land acquisition proposal be properly vetted (environmental studies, legal implications, etc.) by October 15 of the year preceding town meeting.

Tom G. stated that due to the current meeting's lengthy agenda, preliminary town and school district guidance would be discussed during the upcoming October meeting.

Tom G. asked Deb P. for the new NHRS rates. Deb P. replied that the rate for Group 1 employees will increase from 11.17% to 11.38% (up 1.88%), Police from 26.38% to 29.43% (up 11.5%), and Fire from 29.16% to 31.89% (up 9.3%). Deb P. said the approximate impact on the town budget based on current salaries would be an annual increase of \$70K, with only \$35K in FY2017, as the new rates do not take effect until July.

Mike H. asked about the line item for Hardy Field. Deb P. replied that \$1K had been expended and that the remainder would be encumbered (with contracts in place) for completion in FY17.

Mike H. commented that revenues received from Land Use Change Tax were high. Deb P. replied that \$184K had been received (\$30K over anticipated) but that half would be given to the Conservation Commission.

Mike H. asked what was included in Miscellaneous Revenue. Deb P. replied that it includes a \$20K refund for unused funds intended for DPW leased equipment and timber tax.

### **SAU41 Technology Status Report:**

Richard R. presented a technology status report for the SAU that reviewed the hardware, software and phone systems utilized by Hollis, Brookline and Co-op school buildings.

#### Operational Overview:

- The department employs 4 staff members: 1 employee each for Hollis and Brookline and 2 for the Co-op.
- Internet service is provided by Charter with Barracuda firewall/internet filter.
  - The SAU recently upgraded service from 150 MBS to 250 MBS in June for same price with long-term contract.
- Equipment is virtualized to enable running multiple operating systems on one piece of hardware.
- Printers are maintained using Conway Office Solutions.

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- A file server is shared by all sites with ongoing transition to cloud based data storage. Google provides unlimited storage for public education. All data is backed up to the cloud weekly.
- Software used by SAU41 includes Google email, HostGator, GoDaddy (domain names up for renewal in 2022), Sophos anti-virus software, Meraki mobile device management, Websense employee portal, and Budgetsense.
  - Mike H. asked if the confidential student information in PowerSchool is encrypted. Rich R. replied that he was not sure about encryption but that the SAU had thoroughly vetted the security of the servers used by PowerSchool.

### Ongoing and Upcoming Projects:

- Researching the purchase of Google Chromebooks
- Planning to install air conditioning in the server room with costs estimated at \$6.8K. Quotes are still being received.
- Working on standardizing all equipment across the SAU
  - Chris H. asked if high-end equipment used at the high school for CAD and video editing is excluded. Rich R. confirmed that this type of equipment is excluded.
- In discussions with Charter to increase the wide area network (currently 100 MBS). It is possible to go up to 1 GB for all SAU sites but pricing is still unknown. There are currently no performance issues.
- Implementing a replacement program for projectors due to their short useful life (5 years)
- Training and professional development
- Data retention policies
- Converting HUES to the Aruba Wireless System (3-5 years out) estimated at \$20K
- Phone lines at HUES are nearing end of life and anticipate replacement in the 2022 budget (50 phones).
- Conversion to Gigabit switches estimated at \$10K/building.

### SAU41 Facility Status Report:

Kelly S. presented a facilities status update. She reviewed the methodology used and stated that the SAU is now using a facilities audit tool to assist in prioritizing capital expenditures. The goal is to create a capital improvement plan classifying projects by under/over \$20K prioritized by year. Kelly S. gave a brief overview of the needs listed for each building by year, with most items at the primary school due to the age of the building.

Chris H. asked about the proposed upgrade of the electrical panel at Hollis Primary for \$100K. Robb M. stated that the panel is at full capacity and that while lights and equipment are more efficient than they were when the current panel was installed in 1952, there is a lot more technological equipment today. Mike H. suggested the Hollis School Board begin putting aside money now and in the coming years to prepare for this expenditure.

Kelly S. stated that the need to replace the boiler at HUES is critical.

Mike H. asked for details pertaining to the library renovation. Kelly S. replied that all SAU schools are moving toward a learning commons method. Redesigning the library will involve removing radiators, installing technology, and climate control.

Chris H. asked about the \$755K listed for 2020. Kelly S. replied that this figure was driven primarily by renovations to the gymnasium.

Tom G. asked about the status of the septic issues that occurred last June at the primary school. Robb M. stated that the issue had been repaired with the replacement and relocation of the septic distribution box. He also said that a septic plan has been approved in the event there is another issue.

Tom G. asked if the playground had been tested for contamination resulting from the ground leakage that occurred last spring. Kelly S. replied that the water was tested but not the soil. There was a discussion about soil and mulch that was removed and replaced.

### Energy Committee Update:

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Robb M. stated that contracts with consultants are finalized and processes have been put in place to facilitate project analysis and reporting.

Mike H. asked when BudCom could expect to receive a recommendation. Robb M. replied that the committee would be having its second forum with recommendations during the week of October 24<sup>th</sup>. He added that the buildings might require different approaches.

Chris H. asked if the committee was honing in on any specific technology. Robb M. replied that heat pump systems were being considered for the primary school but nothing yet for HUES.

Robb M. stated the third meeting in early December would include anticipated costs and bond recommendations.

Chris H. asked how much had been spent thus far in analysis. Robb M. replied that he did not have the exact figure but stated that it is under the \$100K that was budgeted.

### **School – FY16 Close vs. Budget & Unexpended Funds:**

Kelly S. stated that the unreserved fund balance is \$430K and once contingency and trust expenses are deducted taxes will be reduced by \$120K.

Kelly S. explained that prior to 2011, \$104K in expenses were not reimbursed from the expendable trust fund to the general fund as they should have been. To correct this the options are to transfer the money now which will significantly lower the expendable trust fund balance or appropriate a portion of the expendable trust fund to the general fund for FY17.

Chris H. asked if there are projects in excess of \$12K under consideration for FY17.

Kelly S. replied that \$70K was approved and spent during the summer.

There was a discussion about implementing controls to ensure that each fund is reconciled going forward.

Questions raised during the FY15 audit regarding timely reporting were revisited. It was agreed that all issues had been addressed.

Motion to adjourn was made by Mike H. Susan B. seconded. Meeting was adjourned at 9:27 PM.

Respectfully submitted,

Christina Winsor, Tax Collector