



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

Minutes of November 10, 2015

Meeting was held in the Community Room, Hollis Town Hall. The Budget Committee was called to order by Tom Gehan at 7:00 PM.

Members present: Susan Benz, Frank Cadwell – Selectman, Tom Gehan, Mike Harris, Chris Hyde, Tom Jambard, Deb Padykula – Finance Officer, David Sacks – School Board Rep (arrived 7:10), Kelly Seeley – SAU Business Administrator

Pledge of Allegiance was recited.

Approval of minutes:

Mike H. moved to accept the minutes of 10/13/15 as written. Tom J. seconded. Motion passed. Vote was 5-0-1. Chris H. abstained. Minutes were accepted.

Budget Cycle Calendar:

Tom G. stated that the Hollis School District annual meeting will be March 17, 2016 and the Coop annual meeting will be on March 23, 2016. Mike H. confirmed that the town meeting will be March 12, 2016.

Public Input: No members of the public were present.

Town Report:

Frank C. stated that the last two selectmen meetings have been budget workshops and there is no new town business to report. He also stated that health insurance increased 19% in the amount of \$241K.

Deb P. stated that the proposed budget is currently \$371K over guidance. The overage is comprised of health insurance, NH Retirement System, and salaries. NHRS increased its rate in July 2015, and the 2016 budget reflects an entire year of the new rate.

Susan B. asked about the increase in donations to health agencies and hospitals.

Deb P. replied that this line item reflects all requests the town has received for 2016. The selectmen have yet to review the requests and determine what will be spent.

Susan B. asked if this amount changes year to year.

Deb P. replied that in the past 3-4 years the amounts have remained constant.

Frank C. added that there would probably be a slight increase over last year but not as much as the line item currently reflects.

Deb P. stated that \$25K for police body cameras was initially considered a capital improvement, which would be presented as a warrant article outside of guidance. Due to the fact that part of the expense will be an ongoing lease agreement for new equipment and data storage it was moved into the operating budget.

Mike H. asked about the library parking lot.

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Deb P. replied that this was postponed until 2016 because the paving company will not be able to complete it this year.

Frank C. clarified that this will be encumbered from the 2015 budget and does not affect guidance. The price to complete the work is under contract and will not increase.

Deb P. confirmed that all other 2015 town road work is completed.

Tom J. asked what impact lower fuel costs have had on the budget.

Deb P. stated that vehicle fuel decreased \$17K and wood pellet savings are \$8K.

School Report:

David S. stated that a half time preschool teacher and a half time paraprofessional were added this month due to an unanticipated increase in preschool students. The town is legally required to offer programming to special education students after age 3. This will also become part of the 2016-2017 budget. David S. explained that the cost to tuition out is ~\$20K/student and to hire is \$40K.

Chris H. asked what the tuition is for non-identified students (identified students do not pay tuition).

Kelly S. replied that it is \$240/month.

Chris H. asked for the anticipated class size.

David S. replied 8 identified and 8 non-identified.

David S. discussed a presentation made by the Energy Committee to convert heating to a wood pellet system.

David S. stated that the school board decided to move forward with full day kindergarten and that it will be presented as a separate warrant article for \$147K. He said it would be presented in the December budget meeting.

Kelly S. stated that insurance rates are set to increase 4.5%.

There was a discussion about the impact of preschool and kindergarten on facilities in the future as children become older.

Tom G. asked about the SAU building.

David S. replied that while no immediate actions are scheduled the facility is lacking in many areas and the location of the SAU Administration needs to be addressed soon. There was a discussion about the options available to improve the administrative facility or move to a new facility.

Final 2016 Budget Guidance – Town:

Tom G. stated that preliminary guidance assumed a 1% increase and that final guidance was deferred in the last meeting to wait for final insurance rates. In light of the 19% increase he asked how BudCom would like to move forward - keep guidance at 1%, increase guidance, or consider the insurance/NHRS increase an externality.

Mike H. asked about potential collective bargaining agreements and other potential warrant articles.

Deb P. replied that the police/fire union could be a warrant article if an agreement is reached. She also stated that several capital improvement projects could become warrants. These include software for fire trucks (\$30K), site work for a new athletic field (\$125K), capital leases for a new dump truck and loader, and the communications microwave link (\$25K).

Frank C. stated that if the selectmen move forward with all proposals the total will be \$220K.

Chris H. asked how much bonded debt is retiring this year.

Deb P. replied \$29K.

Frank C. stated that the rate for both the HMO (BlueChoice) and high deductible plan (Lumenos) increased by 19%.

Deb P. stated that employees pay 20% of the BlueChoice premiums and 3% of the Lumenos premium. Approximately 70% of employees are on Lumenos.

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Frank C. stated that the budget is \$371K over guidance, of which \$361K is from salaries (\$80K) and benefits (\$281K).

Chris H. asked for the average salary increase.

Deb P. replied 3%.

Mike H. made a motion to offer relief to guidance for the \$17K increase for NHRS. Chris H. seconded.

Frank C. stated the town is contractually bound to the benefits and salary increases. The only places in the budget large enough to offset these increases are to reduce employees or scale back on road improvements.

Tom J. asked how much is budgeted for road work.

Deb P. replied \$605K (\$400K is from the town and \$205K is from the state highway block grant).

Frank C. cautioned that reducing road improvements would set the town behind in necessary road work.

Deb P. stated that if all increases, capital improvements, and collective bargaining agreements occur the town tax rate would increase by \$0.25, or 4%.

Mike H. asked about revenues.

Deb P. replied that they are flat.

Deb P. stated that the \$2.9M unassigned fund balance could also be used to offset the increases.

Chris H. stated that BudCom needed to vote on the budget not on how the town would pay for it. He said that the police body cameras and fire truck software should be removed from the budget.

Frank C. said that it would be dishonest to present these items outside of guidance as warrant articles because they will be ongoing expenses.

Chris H. replied that they should be put off entirely until 2017.

Frank C. stated that there are additional items in the budget that can be removed and presented as warrant articles, namely the \$14K/year line item for the town-wide reevaluation. This is required by law to occur every 5 years.

There was a discussion about the development of a new athletic field at Hardy South.

Tom G. stated that while he was not in favor of providing relief for the entire \$371K, he felt \$17K was too low. He said that he would be comfortable recommending 2% guidance which would be an additional \$81,469.

Chris H. withdrew his seconding of Mike H.'s motion to offer \$17K in guidance relief.

Mike H. made a motion to change guidance from 1% to 2% for an increase of \$162,938 over the 2015 budget. Chris H. seconded.

Frank C. clarified that the proposed 2016 operating budget is up 3.7%.

Motion was approved 6-1-0. Frank C. opposed.

SAU Budget Subcommittee:

Mike H. asked about new items added to the SAU41 budget.

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David S. stated that new items include a website server (\$6K), fireproof file cabinets, attic paper recycling, chairs and space heaters (\$2.8K), and training. He anticipates the SAU budget to increase 2.5% over last year.

Chris H. asked David S. to present to the school board a 100% rent increase (\$1.6K/mo) for Lund Lane to help finance the requested improvements.

Final 2016-2017 Budget Guidance – School:

Tom G. reviewed that preliminary guidance was set at 1% for an increase of \$86,159. He stated that the only known additional item is the \$40K for preschool staffing.

Kelly S. stated that benefits would increase by ~\$20K.

Tom G. stated that a 1.5% increase would add \$43K and cover the additional staffing needs which will be ongoing and become part of the baseline.

Mike H. made a motion to set guidance at 1.5% which represents an increase \$129,239.

There was a discussion about anticipated student population.

Frank C. seconded.

Motion was approved 7-0-0.

Education Reform Committee:

David S. stated that he felt the issue was a school issue and not a town issue. He also stated his opinion that committee's existence is detrimental to the community. He feels that breaking apart one of the top schools in New Hampshire as a result of dissatisfaction with the outcome of the apportionment agreement is narrow sighted.

Tom G. replied that the committee was voted into existence by Hollis residents and that it meets openly and is subject to right to know laws. He encouraged David to attend the selectmen or reform committee meetings and said that the BudCom has no oversight over this issue.

Motion to adjourn was made by Mike H. David S. seconded. Meeting was adjourned at 8:46 PM.

Respectfully submitted,

Christina Winsor, Tax Collector