



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

Minutes of December 12, 2016

Meeting was held in the Community Room, Hollis Town Hall. The Budget Committee was called to order by Tom Gehan at 7:01 PM.

Members present: Susan Benz, Tom Gehan, Mike Harris, Tom Jambard, Mark LeDoux – ex officio Selectman Rep, Frank Whittemore

Others present: Peter Band – Selectman, Tom Bayrd - DPW Director, Dawn Desaulniers – IT Director, Kim Galipeau –Town Administrator, Vahrij Manoukian – Selectman, Deb Padykula – Finance Officer, Jay Sartell – Police Chief

Pledge of Allegiance was recited.

Approval of minutes:

Susan B. moved to accept the minutes of 11/8/16. Mark L. seconded. Mike H., Mark L. and Tom J. abstained. Vote was 3-0-3. Minutes were accepted.

Town Report:

Tom G. asked if the funds approved for Hardy South would be carried into FY17. Deb P. replied the funds would be encumbered and construction is anticipated to begin August 2017.

1st Review of FY17 Budget

Deb P. reviewed the proposed operating budget of \$10,054,008, which is \$55K under guidance. She stated that \$100K from the unassigned fund balance will be used to fund the FY17 operating budget and an additional \$259K will be taken from the unassigned fund balance for warrant articles. She pointed out the significant areas of variation, both up and down.

Mike H. asked why the proposed health insurance costs decreased by \$35K from the initial budget proposal. Deb P. replied that even though rates increased 14%, during open enrollment more employees selected single plans or opted for the insurance buyout than was initially projected.

Mike H. asked what was included in the salary increases. Deb P. replied that it was for non-union and Fire/Police employee step increases and longevity payments.

Tom J. asked for clarification regarding the \$223K Highway Block Grant. Deb P. stated that this amount would be offset with revenue and would be a wash.

Mike H. asked if the \$375K for road surfacing should be reduced since there are excess funds carrying forward from the FY16 budget. Tom B. replied that the excess funds resulted from rebates and that the town cannot predict future oil prices, price reductions or rebates.

Deb P. stated that the town would be issuing \$4.8M in bonds in early spring for the Stefanowicz and Birch Hill land purchases and that payment amounts are currently unknown.

Tom G. asked how the first bond payment would be paid. Deb P. replied that bond payments will come out of the operating budget. The closing costs are included in the initial bond amount. Mark L. recommended rewording the warrant article so that a portion of the bond proceeds is allocated to payments made during FY17.

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Mark L. reviewed the proposed CBA with Town Hall / DPW employees. He stated that the FY17 cost increase will be \$37.5K, FY18 will be \$17.5K, and FY19 will be \$19K for a total of \$74K over the 3 year life of the contract.

Warrant Articles

Mark L. reviewed the list of proposed warrant articles.

In response to Article 3 for the compensated absences payable expendable trust fund, Mike H. stated that he felt funding this at more than 50% was excessive. Mark L. replied that several employees are nearing retirement.

In response to Article 5 for the municipal buildings & facilities maintenance expendable trust fund, Tom J. asked if \$12K for town hall maintenance in the operating budget was included in the warrant article. Deb P. replied that the operating budget line item was for preventative maintenance (septic, furnace, etc.) and the warrant article was for special projects. Tom J. asked about the \$14K line item for police station maintenance. Jay S. replied that it was for preventative maintenance contracts similar to that just discussed at town hall. Tom J. asked Jay S. why there is a \$5K increase over FY16. Jay S. replied that all recently purchased equipment is now under maintenance contracts to ensure it runs as efficiently as possible.

In response to Article 7 for the collective bargaining agreement, local 1801 (Town Hall / DPW) Mike H. asked for clarification regarding the town's H.S.A. contributions. Mark L. replied that the initial \$500 contribution would be discontinued and the town will match up to \$2.5K. Mark L. added that the employee cost share increased to 5% for Lumenos and 25% for Blue Cross.

In response to Article 8 for the 25 year lease agreement for the Stefanowicz property Mike H. asked about the costs associated with entering the lease. Mark L. replied that the only cost would be routine legal costs (\$500). Tom J. expressed concern over the length of the lease and that discussion prior to approving the land purchase focused on recreational use. Mark L. replied that the selectmen are weighing all options for the use of the property and that there are provisions that would allow the town to withdraw from the lease if conditions in the agreement are not met.

Tom G. asked Deb P. to add FY16 use of the compensated absences and contingency funds to the warrant article verbiage. Deb P. stated that the contingency fund was used for a totaled police cruiser, ladder fire truck repair and VHF repeater replacement.

Tom J. asked why there is a \$12K increase in the planning board budget. Mark L. replied that this is to support master plan revisions as required by RSAs. Part of the increase will go to NRPC and part will go to the cost of updating the plan.

Tom J. asked about a \$45K line item in the police department budget. Jay S. replied that it is for lease payments for current leased vehicles. Tom J. asked why maintenance costs increased with newer leased vehicles. Jay S. replied that prior year budgets did not include unplanned maintenance costs and this budget incorporates both scheduled and unplanned maintenance.

Mike H. asked if there are significant changes anticipated in revenue. Deb P. replied that the largest change is a \$25K increase in vehicle registration fees.

Mike H. asked for FY16 current use revenue. Deb P. replied that FY16 revenue is \$30K more than the \$60K that was budgeted. She added that FY17 is budgeted at \$60K.

Other Business:

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Tom G. asked for a review of the Capital Improvement Plan. Mark L. stated that there are no planned capital improvements for FY17.

Tom G. asked for a review of the tax rate comparison. Deb P. stated that she anticipated a \$0.03 reduction in the town tax rate, assuming the use of \$359K from the unreserved fund balance and a 0.5% increase in the tax base.

Upcoming Meetings:

January 9, 2017: 2nd Review Hollis Town Budget / Town Collective Bargaining Agreement
January 10, 2017: 2nd Review Hollis School Budget / School Collective Bargaining Agreement
February 7, 2017: Hollis School District Budget Public Hearing
February 8, 2017: Hollis Town Budget Public Hearing
March 18, 2017: Hollis Annual Town Meeting

Motion to adjourn was made by Mike H. Susan B. seconded. Meeting was adjourned at 7:57 PM.

Respectfully submitted,

Christina Winsor, Tax Collector