



BUDGET COMMITTEE
Town of Hollis

Seven Monument Square
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Minutes of January 17, 2008

Meeting was held in the Community Room, Hollis Town Hall and was called to order by Vice Chairman, Chris Hyde at 7:30 PM.

Members present: Chris Hyde, Vice Chairman; Melinda Willis, Selectmen Representative; Tom Jambard and Bob Labelednick.

Staff present: Troy Brown, Town Administrator; Paul Calabria, Finance Director; Russell Ux, Police Chief; Jeff Babel, Director of Public Works and Deborah Adams, Secretary

Selectmen present: Melinda Willis, Chairman; Mark LeDoux, David Petry and Vahrij Manoukian.

Review of Minutes

Tom moves to approve the Minutes of December 3, 2007. Seconded by Bob. Motion unanimously approved.

Melinda was not present at the December 20, 2007 meeting, therefore there is not a quorum to approve those minutes.

Presentation of the Town Budget

Melinda presents several handouts to the BudCom. The first being a spreadsheet outlining the 2008 BudCom guidance as compared to the Selectmen’s request, the Operating Budget with detail within each department, 2008 Warrant Articles and the Schedule of Capital Improvement Projects.

	BudCom Guideline	Selectmen’s Request	
Base + Multiplier	\$7,718,677	\$7,819,112	
		-177,523	Connected Revenue*
		7,641,589	Adjusted 2008 Base
+ In/Out	375,000	375,000	+ In/Out
+ Veterans Tax Credit	205,000	205,000	+ Veterans Tax Credit
+ Debt Service	1,104,578	1,104,578	+ Debt Service
+ Overlay	100,000	100,000	+ Overlay
+ Presidential Primary/Election	9,250	9,250	+ Presidential Primary/Election
Subtotal	\$1,793,828	\$1,793,828	Subtotal
2008 BudCom Recommended	\$9,512,505	\$9,435,417	2008 Selectmen’s Request
Real \$ Increase	219,467	142,379	\$ (77,088)
Actual % Increase	2.36%	1.53%	
Anticipated Revenue	\$3,638,821	\$3,595,309	\$ (43,512)
Anticipated Town Tax Rate	5.23	5.20	
% Anticipated Increase	4.34%	3.73%	

* Connected Revenue	
\$128,000	Sidewalk Grant
17,129	Capital Reserve Returned
22,394	Fir Cap. Res. Returned
10,000	Data Terminal Grant
\$177,523	

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Melinda explains the connected revenue. There are several items. The sidewalk project for Ash Street will be a total expense of \$160,000, with \$128,000 of revenue coming back in to help offset the total, therefore it will only be a \$32,000 expenditure. The town must do the work this year to qualify for the grant funds. With the changes being proposed this year to lease vehicles and equipment, some of the capital reserve funds will be returned to help offset. They have also budgeted \$60,000 for data terminals for the police department, yet this is conditional on the Chief obtaining \$10,000 in grant funds. If he does not get the grant, the expenditure will not proceed. She stresses that these are not like normal revenues, as they are one time items. Removing this \$177,523 gives a more realistic base of \$7,641,589.

The second page of this first handout shows the actual tax rate valuations since 2004, with the year to year % change and the anticipated valuation for 2008. Last year they expected the change from 2006 be much lower, yet this came in at 2.72%. The assessing department performed a town wide reinspection that turned up many items that were done without permits. This may account for the additional increase in valuation. Chris asks for an estimate of how much of the increase can be related to these items now being assessed properly. Melinda states that she has this information, yet she cannot put her finger on it right now. She will forward the information to them later.

Operating Budget

Executive – 1.8% increase

Town Clerk/Voter Registration – 5.03% increase. Much of this is due to the Presidential Primary and Elections.

Finance – 3.09% increase

Employee Benefits – 11.43% increase

Planning and Zoning – 5.09% increase

Town Building and Grounds – 20.15% decrease

Cemetery – 12.65% decrease

Insurance – 2.55% decrease

Municipal Association – 6.92% increase

Information Systems – 3.84% decrease

Police – 8.35% increase. This is actually lower than requested last year. Most of this is driven by salaries and vehicle fuel costs. This year the police department is asking for a motorcycle lease, as well as a cruiser lease. Currently they cycle 1 new cruiser each year. Russ explains that they typically pull 1 cruiser out of the fleet each year, yet this vehicle is retained just in case it may be needed. He currently has 7 cruisers on the road, with the 1 backup. He does not put any maintenance fees into this backup vehicle. Chris questions the number of miles on the vehicles by the time it reaches the end of the line and is ready to be cycled out. Russ explains that the actual mileage on the vehicle is less important than the actual run time, which is much more. Typically the vehicles have 100,000-110,000 miles. He also has 2 administrative vehicles, 1 of which is on a 3 year prepaid lease. This is less expensive than the other that has a \$260 per month payment. Melinda adds that it is also more expensive to equip a cruiser than the administrative vehicle.

Chris asks if they will be asking for a new officer this year. Paul states that this will be as a warrant article. Tom questions the maintenance line item. Melinda explains that last year there were some HVAC issues at the station that were corrected. This line item is intended for normal maintenance of the building. Russ adds that this also includes supplies used, such as toilet paper, cleaning supplies, etc. Melinda states that in the past each department had extra in their individual maintenance accounts for the unexpected issues that may occur. These are now being lumped into one major maintenance account, which will be a warrant article. They are trying to level out the typical maintenance items and creating a trust fund for the major items.

Chris points out that union salaries are showing a 7.56% increase. This seems rather high. Is this what was negotiated for raises? Russ explains that a portion of this increase is driven by the filling of a vacant officer position late last year. Chris questions the increase in administrative salaries. Russ states that the lieutenant was not promoted to this position until March of last year, therefore the actual for 2007 was only a partial year.

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Fire – 8.69% increase. Chris comments that salaries are up 17.87%. Paul stresses that they now have a fully staffed department. Melinda points out that increased fuel prices are also increasing this budget. Last year the fire department took over their own maintenance, which created a spike in last year's budget, but is level for this year. Some of those monies have also been moved over to the trust. Bob questions why the propane costs were only increased slightly. This may go up drastically. Mark comments that they have a really good contract for this. Bob states that the contract is only for this winter season. The costs may go way up and they may not get such a good contract for next winter. Mark states that this is a good point, however they did take some of this into account.

Russ explains that the propane budgets for both the police and fire departments were way under budget in 2005. The budgets for 2006 were increased according to the 2005 actuals, yet 2005 was the year when the buildings were under construction with doors open, creating higher heating costs. The 2006 actuals were more realistic to work with. He believes they should be good with these projections. Melinda points out that Rick Towne did a great job negotiating the propane contract for the town.

Communications – 6.10% increase. Russ states that major personnel adjustments were made last year. The administrative position was eliminated in 2005 and was made into a working position. This budget was underfunded in the past and much of this year's increase is catch up. They currently have 2 positions open. Chris mentions how Brookline is proposing a municipal complex of their own. With Hollis currently supplying communications services for Brookline, will it make sense for them to take this on as part of their new municipal complex. Melinda states that at this point the staffing levels are working well, even with Brookline services included. This works for both towns. Russ states that at this time there are no plans for Brookline to move towards having their own communications center. He does not foresee this happening for another 10 years or so. The municipal complex has been designed for a future communications center, yet it will not be in the near future. Currently this is a good situation for both towns.

Chris is not thoroughly convinced that this is good to continue providing services to Brookline. Russ explains that no additional infrastructure is needed for Hollis to support Brookline. All the revenue received from Brookline is free and clear. The levels of staffing are the basic needs for Hollis. Mark points out that their fees help to defray the bond. Russ states that he has researched this thoroughly and what Brookline is paying is very reasonable.

Building and Septic – 3.71% increase

Emergency Management – Remained the same

Highway Administration – 3.28% increase

Road Rebuilding – 26.53% increase. Melinda states that this is up \$61,000, which is doing some catch up. In the past the DPW has given up some of their budget to allow for other budget issues to proceed, therefore this has fallen behind. They now wish to correct this problem. Jeff adds that this budget also includes the repairs needed for Ames Road. Chris questions whether they need to do this. Paul explains that the town has already received \$63,000 from FEMA for these repairs, therefore they must be done. The full cost will be \$170,000. They have received a partial grant so far and there may also be some State aid coming. It should be \$41,000 for the town's portion.

Chris comments that this is a road that is not any safer than the curve at Witches Spring Road. Both intersections are unsafe. Paul states that without repairing this road, it creates issues for the fire department. Rick Towne has expressed a strong opinion about keeping this road open. Bob comments that Ames Road does have some visual problems, yet so does Witches Spring Road. Chris feels that the notion of this road being so close to another road that has a much wider entry onto Silver Lake Road seems like a waste of \$41,000. Jeff explains that during the process the bridge would be angled and widened.

Russ points out that they must consider that when the bridge is repaired, it will create another opening should the other bridge on Rte 122 be compromised. Jeff adds that anytime a road is closed, more traffic is created onto other roads. Bob points out that Ames Road has better sight distance for making turns than Witches Spring Road does. Melinda stresses that to permanently close a town road, there are many legalities that have to be done. They cannot merely do it on a whim. Chris states that there are 2 residents on this road that do not wish for it to be reopened. Melinda stresses that these are 2 residents out of 7,800. Jeff adds that if they were to close one road because of complaints, the traffic will them move to another road where different residents will complain.

Tom questions the \$43,000 in capital equipment. Jeff indicates that this will be for a new generator and pickup truck. He is currently looking into getting the best cost for the generator. Tom questions why the truck repairs line item isn't

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reduced since they will be getting new trucks. Jeff explains that the new trucks will not be obtained until late 2008. The current equipment will still need repairs throughout the year. The 2009 budget will see a decrease for this line item. Melinda adds that the vehicles cannot be ordered until after the March town meeting. Troy points out that $\frac{3}{4}$ of the maintenance is done through the winter season.

Chris questions the line item for sidewalk maintenance. Paul explains that this is to repair the sidewalk around “The Block”. From the library to the Wheeler House. This also includes the sidewalk plowing. Mark adds that they are currently looking into grants to get sidewalks near the middle school. Tom questions why portions of Rideout Road are bare, while the rest still has ice. Jeff explains that the paving agreement that was generated when the dirt portion of Rideout Road was paved, stipulated this to be a no-salt area. Only sand is used. The older section of this road salt can be used on.

Street Lighting – 14.39% increase. Russ states that this was cut back last year in anticipation of removing some lights, yet this never happened. This year the budget has been returned to the 2006 level. It looks like an increase, but it really isn't.

Town Dumps – 15.52% increase

Solid Waste Disposal – 5.97% increase

Health Department – Remained the same

Animal Control – 12.74% increase

Health Agencies and Hospitals – 25.52% increase. Melinda explains that this is for charitable donations to various organizations. These are for services that directly help the citizens in Hollis. The Selectmen receive statistics on how many Hollis residents received assistance from these agencies. The Selectmen feel it is right to help support them. Chris is not sure that the town should be a charitable donor. Melinda explains that Hollis does not have a food bank or hospice services in town, yet residents of Hollis utilize these services. This is a common practice by all small communities. Russ stresses that every agency listed is used by the police department to offer assistance to residents. They are always available when needed.

Direct Assistance – Remained the same

Parks and Playgrounds – Remained the same. Chris questions why there is a parks and playgrounds budget, when there is also a recreation budget. Paul is not sure. This is a good question.

Recreation – 36.67% decrease. They have removed items from this budget that will now be funded through a Revolving Fund. Currently the way the budget is formatted, if they budget for 100 students to play a particular sport, yet 110 students sign up, then there is not enough money in the budget to fund this program. The revolving fund will allow the Recreation Commission to fund these programs, as the registration fees will go back to the fund. Over time this will become more and more self funded. There is still \$40,000 budgeted for this account. Chris agrees that there should be more flexibility, since it is difficult to anticipate the level of service, which depends on the level of participation. He is concerned that the revolving fund will cause them to lose accountability. The tracking will be lost. He stresses that it is important to remain apparent to what the true budget really is. Melinda reassures that there will be much accountability to this. The Selectmen will make sure of this. The fund should be close to a zero balance by the end of the year. In the future the Selectmen will decide whether to allow this revolving fund to grow to help fund other items.

Chris questions how much this fund will have in the year. Melinda states that it is close to \$65,000. This is the cost of programs plus some operating expenses. Bob questions whether this fund will be cut off when it starts making a profit, with the excess being returned to the general fund. Melinda states that the revolving fund is being designed for this not to happen. It should not be making a profit. It is intended to cover the costs of running the program each year. David adds that the intent is to reduce the general budget. Mark stresses that they are not looking at creating a savings account. If the recreation fields need lighting or fencing, a portion of this expense can come from this fund, the remainder from the operating budget. They want to be totally transparent to the taxpayers.

Melinda adds that the agent to expend funds is the Board of Selectmen. Any expenditure from this fund must be approved by the Selectmen. Tom questions how the Selectmen will approve every expenditure before it is made. Melinda states that they are still working out the details. The Selectmen do not want this to become an “empire”. Chris questions how these expenses vs. registration fees were handled in the past. Melinda explains that all expenses went

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through the operating budget and all revenue went into the general fund. Chris questions how this will now change. Melinda states that rather than having the expenses listed in the budget, they will be paid from the revolving fund that is created from user fees. The Selectmen have requested the Recreation Commission to come up with another \$4,000 from their usage fees being charged to help cover operating expenses, such as lights, toilets, mileage, salaries, etc.

Bob states that he would like to see a breakdown of the ins and outs and balance of this fund at the end of the year. Paul indicates that this information will be tracked on a quarterly basis. Chris questions the difference between a special revenue account and this revolving fund. Troy explains that the fund in a special revenue account must be appropriated each year on the warrant. Each year the revenue must be estimated to know how much to appropriate. This is a guessing game. The revolving fund never closes out. It allows for cash in and cash. It does not have to be appropriated on the warrant each year. The revolving fund is its own fund balance. If the fund works as designed, there should not be a large balance. The revenues coming in should offset the cost of the programs.

Melinda adds that this will be tracked the same way as the ambulance fund is tracked. The point of this is to allow flexibility to the recreation department, but not to create a savings account.

Recreation Director, Kevin McDonnell arrives at this time.

Chris comments that he can see advantages to this fund, yet he is concerned that they must be careful of the oversight and monitoring of this. Taking things off the books like this is not in the public's best interest. He will want to see reporting on a monthly or quarterly basis. Melinda mentions that this item was originally discussed back in December 2006. It has taken 13 months to work out these details. She does agree that there needs to be much oversight to this.

Chris is also concerned about setting precedence with this fund. Melinda points out that the DPW also requested a similar fund, yet the Selectmen did not support this request this year. Chris asks what boundaries this fund will have. Melinda states that this is merely an in/out account, similar to Old Home Days. The DPW request was more like a savings account for repairs, which is why it was not supported. The Selectmen felt that any repairs should come out of the operating budget and not from a savings account. They have been moving away from capital reserve accounts and this would be moving back in that same direction.

Mark comments that this is only the first year for this fund. There will be complete visibility to the public and it will be carefully monitored. They will give the BudCom all reports that the Selectmen see. Chris asks if this needs to be voted on. Troy explains that this must be town approved to start the fund and would also need town approval to stop the fund.

Bob is concerned that this will be taking away the opportunity for the town to vote on making these expenditures. Melinda agrees that this would happen with the DPW idea, yet it will not for recreation. This fund will not be saving money that will ultimately allow for expenses to occur without a vote. This fund is only to help fund the programs. The registration fees for a particular program will come in and the expenses for that same program will go out. She does agree that the voters should be approving any major changes.

Chris again asks about the boundaries. David reiterates that the fund is being created to handle expenses for the programs, with some maintenance expenses included. The major infrastructure for recreation will still fall under the operating budget. Melinda points out that she just found a small mistake in the budget. \$7,000 of the fields maintenance will be coming from the revolving fund, therefore this line in the budget should be \$5,000 not \$12,000.

Tom states that he has no problem with the revolving fund. Kevin states that the various user groups give undo wear and tear on the fields. This will now be helped with registration fees. They still need to make the fees affordable to all. He has charge field use fees for overseeding, fertilizer, etc. that are the direct result of usage of the fields. The fund will be responsible for the bulk of these expenses, yet the town will still be responsible for some of it.

Chris mentions how the soccer program has users from outside of Hollis. He questions whether there will be sliding scale for Hollis vs. non-Hollis users and if there will be any control to keep the usage mainly for Hollis. Kevin states that there are very few instances with non-Hollis users, therefore it would not be worth doing a sliding scale. He points out that if they increase the fees too much, then there will just be more money to spend and they do not wish this fund to build.

Paul states that any expenses or revenues that are not included within the operating budget, such as special revenue accounts for ambulance or Old Home Days, are fully disclosed. These accounts are reported in the Town Report each year and are audited annually. There is much oversight. Chris urges the Selectmen to be very careful. Many large businesses, like Enron, ran into problems because they had "alternate" books.

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Library – 4.47% increase

Patriotic Purposes – 39.91% increase

Conservation Commission – Remained the same

Debt Service – 4.44% decrease

Capital Outlay – 25.34% decrease

Capital Reserves – 5.02% increase. Melinda explains that this is to establish a maintenance trust fund to help save towards major unexpected expenses. The fund will be started at \$40,000 yet \$20,000 of this comes from the departments.

Warrant Articles

1. Official Reports – Not discussed. No money article.
2. Municipal Building and Facilities Maintenance Expendable Trust Fund – Not discussed.
3. Employee health Insurance Expendable Trust Fund – \$724,490. This is up from \$672,000 last year. They were able to keep this at this level with some significant negotiations. They would like to see this better, yet the Selectmen's hands were tied on some aspects. They feel this is a good compromise. Chris recalls the past few years have had a more positive increase. Paul mentions that there are more employees with health insurance this year now that all open positions have been filled. David points out that the ability to affect this item will happen during contract negotiations next year.
4. Compensated Absences Payable Expendable Trust Fund – \$20,000. They are still working on building this up to the recommended level.
5. Cable Franchise Fee Special Revenue Fund – This is a non-money article, as it merely established the fund.
6. Cable Franchise Fee Special Revenue Fund – The town currently takes in \$50,000 from franchise fees. The Cable Advisory Committee has recommended taking ½ of this money to start a trust fund to be used to improve broadcasting capabilities. This will have a tax impact. The plan is to improve the facilities at the communication center, which will all for real time broadcasting. Mark states that there will be many upgrades. The departments will be able to upload data for emergencies. Chris feels that while these are all good ideas, it is another case of pulling items out of budget oversight.

Mark stresses that these are funds that are direct taxation from users of cable services. The tax should be used for the benefit of all citizens. The quality of our broadcasts are lousy. They need to step this up. David states that if they are not going to use these fees for infrastructure improvements, then they should be used to reduce the fees to cable users. Either way it will be a reduction in revenue. Mark comments that at some point this will allow the town to go live on the web, so that people without cable or out of town will have the ability to view meetings. Chris does not see why they should provide web streaming with cable fees. He didn't realize that the cable franchise fee was optional. He always thought this was mandatory. Melinda explains that this was part of the contract, yet this can be renegotiated. Bob would like to see a portion of these fees used for improvements and the remainder used to reduce cable bills. He asks if this would be a one-time expense. Melinda explains that this would need to be approved at town meeting each year.

7. Special Revenue Accounts – These are the traditional in/out accounts. This year they have been combined into 1 warrant article. There is no tax impact with these accounts. Troy explains that many towns are turning their special revenue accounts into revolving funds, as this offers more flexibility. Russ mentions that the Sheriff's Department does not have a special revenue account, which means they run out of money by the end of the year. The town must have the ability to fund these accounts, just in case. Troy explains that special revenue funds must be raised and appropriated each year. This year they are appropriating \$100,000 for police private details. If there were \$150,000 in expenses for this year, they would need special permission from the Attorney General to hold a special town meeting to appropriate the additional \$50,000. A revolving fund does not work this way and would make more sense for these accounts. The Selectmen want to establish the one revolving fund for recreation to see how well it works and then

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convert these special revenue accounts into revolving funds next year.

Chris agrees that these accounts are fully contained and in/out, while the recreation fund is more confusing. Melinda disagrees. These accounts are very much the same as the recreation fund. The overhead for the police department is contained in the police line within the operating budget, yet the special details are handled through this special revenue account. The overhead for recreation will be with the operating budget, yet the programs will be handled through the revolving fund.

8. Elderly Exemption – This has not been adjusted in many years. Mark points out that this has not been changed since 2004. This article will bring it up to inflation. Chris questions the impact. Paul indicates that it is unknown at this time. Mark feels it will be less than \$4,000. He mentions how 3 people missed out on this relief last year by only \$100's of dollars. David explains that their intent is to review this item each year.
9. Ash Street Sidewalk Grant – This will start at the Post Office and heads towards town. They will complete as far as the funds will allow, then apply for other grants to complete the project. Tom questions why this will cost so much, yet the sidewalk repair that is listed in the operating budget is little. Jeff explains that there will be engineering costs involved in this project, yet the repair is not as extensive. These figures were provided by the State. Also, when replacing an existing sidewalk, it can be done in-kind, while new sidewalks must meet all new specifications. Troy explains that the State recommended starting at the Post Office and heading towards 4-corners, then utilizing other grants to extend from the middle school. The feel at this cost they can reach the Market Place. Russ adds that if they reach the Market Place, the next section of the road already has adequate road shoulders for walking.
10. Mobile Data Terminals for Police Cruisers – The total cost is \$60,000 with a challenge to obtain \$10,000 in grant funds. The town will fund \$50,000 of this. If a grant cannot be obtained, then the funds will be encumbered and the additional will be raised next year. Chris recalls that when this was presented to the BudCom in the past, it was portrayed as a productivity enhancer. He questions why they would want to delay productivity over \$10,000. Melinda states that they are confident this grant can be obtained. Russ indicates that he would not have agreed to this if he did not feel he could get the grant. The problem is that if the grant is delayed, then the project gets delayed. This is something to consider. Chris asks if the increased productivity will help to pay for the data terminals.

Mark asks if the BudCom is suggesting this \$10,000 be added back into the budget. Tom states that the article is already worded for \$60,000 so they should go ahead with the purchase and still try for the grant. If they get the grant that is good, if not they are ahead of the game. Russ cautions that if they put the cart before the horse, they will not get the grant. Chris comments that even a 20% improvement in productivity will be a big help. He feels this should be done right away. Do not wait. Russ explains that it will not be a cost savings. When work is done in the patrol cars, it is a visibility issue. There are many benefits to this. The officer will not be coming into the station to handle the paperwork. Chris feels that \$10,000 is small compared to the benefits.

Bob comments that he would rather see the money being allocated for the motorcycle used for the mobile data terminals. He feels there are safety issues with a motorcycle. Russ feels that the motorcycle is a cost effective use of taxpayers money. Bob argues that the motorcycle can only be used on certain days. It will not be effective during inclement weather. Russ states that he provided a conservative estimate. The fuel costs for the crown Victoria vs. the motorcycle is huge. Tom asks if they could apply through Homeland Security for a grant for the motorcycle. Russ indicates that this would not be possible through Homeland Security.

Melinda agrees to review this issue again with the Board. Paul states that they would need to decrease the anticipated revenue by \$10,000. Tom asks about training for the data terminals. Russ explains that this is included in the price. The cost includes 1 year of usage fees for the internet cards, training and support. Next year it will cost \$6,000 for maintenance.

11. Fire Engine Lease Purchase – This is a seven year lease purchase agreement for a total cost of \$400,000. The first year will be a ½ year appropriation of \$29,786, the next 6 years will be full payments of \$59,571 and the final year will again be only a ½ year appropriation.
- 11a. Fire Engine Capital Reserve Fund \$100,000 – This is a fall back article to place money into a capital reserve account to an outright purchase of the fire engine just in case article 11 should fail. If article 11 passes, this article will be pulled. Paul states that they do have money in an account for this. With 2009 being a full year on all leases, they plan to schedule returning these capital reserve funds during that year to help offset the additional expense. Melinda states that only \$39,000 of all capital reserve funds will be returned this year. The remainder of \$126,000 will be returned next year or split into 2 more years, to help spread out implementing the leases. Paul explains that the DRA will not

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allow capital reserve funds to be used on any lease/purchases that have an escape clause, yet the escape clause is mandatory. The capital reserve accounts can be discontinued and returned to the general fund.

Chris asks if this will have to be voted on each year. Troy explains that after this year it will become part of the operating budget. This should help to stabilize the budget over the next few years. Bob agrees that it is good to keep the budget level, yet it will not be good if they increase the budget in other areas in future years. Chris comments that this fire engine is schedule for 2008 on the CIP, yet they skipped a payment 2 years ago. Paul explains that they actually did a ½ payment at that time.

12. Forestry Fire Truck Lease Purchase – This is a seven year lease purchase agreement for a total cost of \$110,000. The first year will be a ½ year appropriation of \$8,191, the next 6 years will be full payments of \$16,386 and the final year will again be only a ½ year appropriation. This is a recent quote for the lease. The figure listed on the CIP is old.
13. Fire Tank Truck Lease Purchase – This is a seven year lease purchase agreement for a total cost of \$200,000. The first year will be a ½ year appropriation of \$14,893, the next 6 years will be full payments of \$29,786 and the final year will again be only a ½ year appropriation. If this article does not pass, this tank truck will need \$85,000 in repairs to keep it going.
- 13a. Fire Tank Truck Repair \$85,000 – This is a fall back article to repair the tank truck just in case article 13 should fail. If article 13 passes, this article will be pulled.
14. Discontinuance of Major Fire Equipment Capital Reserve Fund – The estimated balance is \$22, 129. This will zero balance this account. The money will be returned to the general fund.
15. Dump Truck Lease Purchase – This is a five year lease purchase agreement for 2 trucks at a total cost of \$270,000. The first year will be a ½ year appropriation of \$28,148, the next 4 years will be full payments of \$56,295 and the final year will again be only a ½ year appropriation.
- 15a. Dump Truck Purchase \$135,000 – This is a fall back article to place money into a capital reserve account to an outright purchase of only 1 dump truck just in case article 15 should fail. If article 15 passes, this article will be pulled.
16. Backhoe Lease Purchase – This is a five year lease purchase agreement for a total cost of \$75,000. The first year will be a ½ year appropriation of \$11,780, the next 4 years will be full payments of \$15,638 and the final year will again be only a ½ year appropriation. Tom questions what is wrong with the backhoe they currently have. Jeff explains that the transmission is leaking and the windows are falling out. It is not worth putting any maintenance money into this piece of equipment. Chris asks if this is an acceleration of the CIP and if so, why. Jeff states that this piece was scheduled for 2009. Mark points out that if they were to attempt to repair the backhoe, the cost of maintenance would be the same or more than the lease price. They may also be able to get something for a trade in value this year. Jeff adds that this backhoe is very tired. They cannot use it to plow snow, as it has no power. It is hard to start. The heating is poor, which would put the operator into a bad environment. It is 20 years old. It is not suitable for loading trucks. The new backhoe will have a better reach.

David stresses that Jeff has only been in charge of the DPW for 1 year. They shouldn't be questioning him about past maintenance practices. Jeff states that this equipment was not replace before, as they were only allowed to obtain certain new equipment. New trucks were needed more than a new backhoe. Russ explains that this is not really accelerated. Various items on the CIP have been pushed out and pushed out over many years to allow for other budget items. If an item has been pushed out, then they look to purchase this same item 1 year ahead of this pushed out date, it is not really accelerated.

Jeff explains that the backhoe will also be equipped with a removable bucket, so that a plow can be installed. Tom questions the John Deere tractor. Jeff states that this will not be traded out this year. Troy adds that in 2009-2010 there will be changes to air emission standards for new diesels, which will drive the costs up much higher. If this is purchased now, it will come with warranties. He reiterates that this purchase has been pushed out for years. They cannot continue to push off replacement of a 20 year old backhoe. Jeff adds that he is trying to get the equipment replacement program back on track.

Russ mentions that they have spent much time discussing this during their management meetings. There are huge advantages to going with a lease purchase program. Costs can be stabilized and they will be getting rid of relic pieces of equipment.

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17. Excavator Lease Purchase – This is a five year lease purchase agreement for a total cost of \$200,000. The first year will be a ½ year appropriation of \$20,850, the next 4 years will be full payments of \$41,700 and the final year will again be only a ½ year appropriation. This is more reasonable than an outright purchase. Tom questions the trade in values for the items. Paul directs the BudCom to look at the last page of the CIP report handed out to them. Melinda states that these trade in costs have not been included in any anticipated revenues. Trade in values are a gamble. You could get lower or higher. Chris feels the reality of all these leases is that they are committing a huge upside for next year. Mark points out that normally they would be putting aside much money into capital reserves. This way they will be getting fixed financing at a rate that is below inflation. The town will have more clout with multiple pieces of equipment. Vendors will be willing to work better numbers. David suggests incorporating the CIP dates into the wording of each article to help voters at town meeting. They will also need to explain how many years these items have been pushed out, as well. Chris comments that if the rates continue to improve, there may be an even lower rate by the time the items are received. Mark stresses that in that case he would demand the lower rate. This should be incorporated into the contract. Melinda states that based on interest rates, the actual figures in these articles may change by the public hearing. The numbers will be adjusted accordingly at the public hearing and at town meeting if necessary.
18. Skid Steer Lease Purchase – This is a five year lease purchase agreement for a total cost of \$38,000. The first year will be a ½ year appropriation of \$3,962, the next 4 years will be full payments of \$7,923 and the final year will again be only a ½ year appropriation.
19. Discontinuance of Four Wheel Drive Truck Capital Reserve Fund – The estimated balance in this account is \$28,395.
20. One New Police Officer Position – Tom indicates that this article was discussed at a previous meeting and was thoroughly explained at that time.
21. Recreation Revolving Fund – This article has no dollar amount. This was thoroughly discussed as part of the operating budget earlier.
22. Operating Budget – Melinda points out that the numbers from this list do not match the figures shown on the first handout. Adjustments were made to the budget today, yet not all documents were updated. This article does not include the funds from any other article. Her guideline sheet does include all articles, except for the backup items.

BudCom Comments

Bob questions the escape clauses in the lease/purchases. Is this a 1 time cost of xxx dollars. Melinda explains that the escape clause allows the town to merely hand over the keys and it will not cost any more money. The total for all leases is \$228,000. Russ explains that Federal Law requires the lease to have the escape clause. Should the municipal budget not be approved, the law allows the town to escape from this payment. Chris feels the wording should be changed slightly to make this clearer.

Chris comments that the Selectmen and Department Heads have done a good job with the budget. Tom agrees.

Russ hands out a statistical analysis of all calls made by the police department in 2007. He has changed how some of these items are being recorded. House/business check calls shows an increase of 39%, yet this is due to the changes in how they are being handled. He also realized that some incidents that were originally reported as a crime, yet were later determined not to be a crime, were not being closed out appropriately. This shows up as an artificial increase in this line. Next year should be more accurate.

Acceptance of Resignation

Chris reports that Chairman Mike Harris has received a written letter of resignation from Scott Bartis.

Tom moves to accept Scott Bartis' resignation. Seconded by Melinda. Motion unanimously approved.

Appointment of Member to Fill Vacancy

Chris reports that with Mort Goulder currently in the hospital and the vacancy created by Scott's resignation, the BudCom is

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currently down 2 members. He asks if they should consider appointing someone to fill the vacant seat until town meeting. He has called a few people. He spoke with Jim Belanger, a former BudCom member. He is willing, yet other members had concerns in the past about a possible conflict of interest with him sitting as a BudCom member while also holding the position of moderator. Tom agrees this could be a conflict.

Melinda states that there is only the 2nd review of the school budget, the public hearings and the meeting with the moderator left prior to town meeting. It is kind of late to be appointing a new member. Tom feels they should have a backup to make sure there is a quorum at these important meetings. Chris agrees that at this late stage it is difficult. He is not sure of any benefit the appointment would offer.

Melinda questions the laws on rescheduling the public hearings or what quorum is necessary at town meeting. Tom recommends appointing former Selectman, Don Ryder to the vacancy. He feels he would be a good choice. He will call to ask if Don would be interested. Chris will also call former Budcom member Craig Jones. Debbie suggests scheduling the appointment on the agenda for next week's meeting. They could start the meeting 30 minutes earlier than normal to allow for this discussion, without making the meeting go on for too long.

Debbie points out that both Scott Bartis and Mort Goulder's seats are up for election this year.

Next Meeting will be held January 22, 2008 at 7:30 PM in the Community Room, Hollis Town Hall for the second review of the School Budget

Tom moved to adjourn. Seconded by Melinda. Motion unanimously approved.

Meeting adjourned at 10:30 PM.

Respectfully submitted,

Deborah Adams, Secretary