



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

Minutes of February 4, 2014

Meeting was held in the Community Room, Hollis Town Hall. The Budget Committee was called to order by Tom Gehan at 6:37 PM.

Members present: Tom Gehan, Chris Hyde, Frank Whittemore, Tom Jambard, Rosemary Mezzocchi – School Board Rep.

Others present: Deb Padykula – Finance Officer, Troy Brown – Town Administrator, Frank Cadwell – Selectman, Mark LeDoux – Selectman (via telephone), Vahrij Manoukian – Selectman (arrived at 7:15), Tom Bayrd – DPW Director, Rick Towne – Fire Chief

Pledge of Allegiance was recited.

Tom G. spent a few moments discussing the budget process and schedule. He mentioned upcoming meetings: Tonight's meeting is the Hollis Town Budget Public Hearing, concurrent with the COOP District Public Hearing, which is being held at HBMS.

Wednesday February 5 – Hollis School District Budget Public Hearing, 6:30 pm (this meeting has been postponed until Thursday, since school is cancelled for Wednesday)

Monday March 3 – COOP District Annual Meeting

Tuesday March 4 – Hollis District Annual Meeting

Tuesday March 11 – Town elections

Wednesday March 12 – Town Meeting

Tom G. discussed the assumptions and methodology that go into developing the town and school district budgets each year. He reviewed economic data, valuations, tax bills, demographics, bonded debt, etc; all factors that are taken into consideration when developing budget guidance. He then made a quick review of the anticipated warrant articles on the town side, the total cost of which is down \$47K from last year. A preliminary estimate of the town portion of the tax rate results in a \$0.04 increase (~0.6%). This reflects first year costs on several multi-year agreements, which are anticipated to add an additional \$0.09 to the tax rate in subsequent years.

Tom G. stated that if all of the budgets and warrant articles pass as proposed, the projected tax rate could increase to 23.58, up from 22.82 in 2013 (a 3.3% increase).

Discussion of Warrant Articles:

ARTICLE 14 - Collective Bargaining Agreement, Local 1801 (DPW/Town Hall)

To see if the Town will vote to approve the cost items included in the Collective Bargaining Agreement reached between the Board of Selectmen and AFSCME Local 1801, which calls for the following increases for salaries and benefits at the current staffing level and, further, to raise and appropriate the amount of \$33,200 for the current fiscal year, such sum representing the additional costs attributable to the increase in salaries and benefits required by the new Agreement over those that would be paid at current staffing levels.

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FY 2014	FY 2015	FY 2016	Total
\$33,200	\$28,700	\$17,450	\$79,350

Recommended by Selectmen

Mark LeDoux gave an overview of the key points of interest for this CBA. The cost for 2014 is \$33K, and goes down in subsequent years. The total cost for the three year agreement is \$80K.

Drew Mason (Baxter Rd) asked whether the warrant represented approval of one year's costs or three year's costs. Tom G. stated that it was for the total cost for three years. Mr. Mason stated that he would generally prefer to vote on a multi-year contract each year, rather than all at once.

Bob Labednick (Truell Rd) said that he agreed that the contract should be voted on yearly.

There was some discussion of the consequences of changing the language of the article so as to not include costs for years two and three of the contract.

ARTICLE 15 - Collective Bargaining Agreement, Local 3657 (Police/Fire)

To see if the Town will vote to approve the cost items included in the Collective Bargaining Agreement reached between the Town of Hollis and AFSCME Local 3657, and in doing so, to approve the cost items within said agreement, which calls for the following increases for salaries and benefits over what was raised under any current agreements for the employees of the Union and, further, to raise and appropriate the amount of \$75,600.00 for the current fiscal year, such sum representing the additional costs attributable to the increase in salaries and benefits required by the Collective Bargaining Agreement over those that would be paid at current staffing levels in accordance with the most recent collective bargaining agreement.

FY 2014	FY 2015	Total
\$75,600	\$0.00	\$75,600

Recommended by Selectmen

Mark LeDoux discussed the major points of this one-year contract. The cost associated with this agreement is \$75.6K in 2014. In 2015 there would be a cost reduction of \$36.8K.

Drew M. wanted to confirm that the current vote is for only those costs attributed to the 2014 fiscal year. The answer was yes.

ARTICLE 17 - Petition Article for Playground Equipment

To see if the Town will vote to raise and appropriate \$7,500 towards the building of a new playground structure at Big Nichols Field and improvements and repairs to the Little Nichols Field (behind the Hollis Social Library). This sum will be in addition to \$40,000 raised through private fundraising efforts by the community volunteer group Hollis Parks Project

Anna Birch presented the proposal for playground improvements at both Nichols Field and Little Nichols Field. She stated that several local groups and businesses are on board with the plan. The Selectmen have not yet deliberated or voted on this warrant article.

Chris H. asked whether the plan is fully in accordance with any deed restrictions and has full approval of the Rec. Commission. Frank C. stated that the playground committee has been in close communication with the Rec. Commission since the outset. Chris H. suggested re-wording the warrant article to create more of incentive for matching funds. Tom J. asked for more detailed information about how the additional \$40K would be raised, and specifically what that would cover in terms of labor and materials. Some discussion ensued regarding how the money would be administered, eg. through a non-lapsing capital reserve fund.

Bob L. suggested expanding the scope of the project to include teenage interests, such as a skateboard park. This could be something to consider in the future, not this year.

Drew M. suggested coming to Town Meeting with a very specific plan for what equipment will be purchased and where it will be placed.

Michelle St. John (Orchard Drive) stated that she is involved on the committee and manages the Facebook page. She has seen enthusiasm for the project grow on a daily basis.

ARTICLE 1 - Officials Reports

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To hear reports of the Board of Selectmen, other Town Officers and Committees.

ARTICLE 2 - Pick-Up Truck Lease Purchase

To see if the Town will vote to authorize the selectmen to enter into a five (5) year lease purchase agreement for the sum of \$38,000, plus interest, for the purpose of lease purchasing one (1) pick-up truck with equipment and attachments for the Public Works Department with a \$1.00 purchase option at the end of the lease term, and to raise and appropriate the sum of \$4,200 for the first year's payment for that purpose. This lease purchase agreement contains an escape clause.

FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
\$4,200	\$8,400	\$8,400	\$8,400	\$8,400	\$4,200	\$42,000

Recommended by Selectmen

Mark L. stated that the idea is to get ahead of the degradation curve and take advantage of very favorable interest rates currently available.

Bob L. asked how many miles are on the truck that is being replaced. Frank C. stated that they typically weigh the diminishing trade-in value and increasing maintenance cost of the older vehicle against the cost of purchasing new. Troy B. stated that this vehicle will be handed down to the custodial staff, whose current truck will then be utilized by the building inspector. The current building department vehicle will not pass inspection in 1014. Bob L. cautioned against purchasing too many vehicles all at once, just because old lease agreements are expiring. He advised that it is better to spread the purchases out over several years. Tom G. recommended having a slide for town meeting which shows the strategy for vehicle swaps/replacements, to help the voters understand the long term plan.

ARTICLE 3 - Dump Truck Lease Purchase

To see if the Town will vote to authorize the selectmen to enter into a five (5) year lease purchase agreement for the sum of \$165,000, plus interest, for the purpose of lease purchasing one (1) dump truck with equipment and attachments for the Public Works Department with a \$1.00 purchase option at the end of the lease term, and to raise and appropriate the sum of \$18,000 for the first year's payment for that purpose. This lease purchase agreement contains an escape clause.

FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
\$18,000	\$36,000	\$36,000	\$36,000	\$36,000	\$18,000	\$180,000

Recommended by Selectmen

Drew M. asked what was meant by the term "escape clause". Mark L. stated that the terms of the lease can be negated without penalty by a vote at a future town meeting. Chris H. stated that the DRA mandates this type of clause.

Bob L. asked what condition the truck is in. Tom B. stated that it had been a lemon from the beginning, and they have had all kinds of trouble with it. Bob L. asked how many miles were on it. Tom B. said that since the instrument panel has been worked on, the mileage and hours are inaccurate. Bob L. stated that it would be more cost effective to contract out some of the plow routes. This would allow the department size and equipment needs to be kept small. He also suggested buying used vehicles rather than new. Vahrij M. said that he would not support purchasing used vehicles for the town. We purchase new, partly because of the warranty. He supports replacing this particular truck because of its age and the poor condition it is in.

ARTICLE 4 - Dump Truck Lease Purchase

To see if the Town will vote to authorize the selectmen to enter into a five (5) year lease purchase agreement for the sum of \$53,000, plus interest, for the purpose of lease purchasing one (1) dump truck with equipment and attachments for the Public Works Department with a \$1.00 purchase option at the end of the lease term,

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and to raise and appropriate the sum of \$5,900 for the first year's payment for that purpose. This lease purchase agreement contains an escape clause.

FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
\$5,900	\$11,800	\$11,800	\$11,800	\$11,800	\$5,900	\$59,000

Recommended by Selectmen

Tom B. stated that this truck will replace a 2003 F-550.

ARTICLE 5 - Tractor Lease Purchase

To see if the Town will vote to authorize the selectmen to enter into a five (5) year lease purchase agreement for the sum of \$53,000, plus interest, for the purpose of lease purchasing one (1) tractor with equipment and attachments for the Public Works Department with a \$1.00 purchase option at the end of the lease term, and to raise and appropriate the sum of \$5,900 for the first year's payment for that purpose. This lease purchase agreement contains an escape clause.

FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
\$5,900	\$11,800	\$11,800	\$11,800	\$11,800	\$5,900	\$59,000

Recommended by Selectmen

Bob L. asked what size tractor was being proposed. Tom B. said it is a 75 HP PTO with a cab. It will be used for plowing snow and raking roads in the summer.

ARTICLE 6 - Grader Lease Purchase

To see if the Town will vote to authorize the selectmen to enter into a five (5) year lease purchase agreement for the sum of \$223,000, plus interest, for the purpose of lease purchasing one (1) grader with equipment and attachments for the Public Works Department with a \$1.00 purchase option at the end of the lease term, and to raise and appropriate the sum of \$24,400 for the first year's payment for that purpose. This lease purchase agreement contains an escape clause.

FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
\$24,400	\$48,800	\$48,800	\$48,800	\$48,800	\$24,400	\$244,000

Recommended by Selectmen

Tom J. asked whether the town has gotten bids on any of the proposed vehicles. Tom B. stated that he has a price from the Caterpillar dealership. Tom J. asked whether this price reflected the trade-in value of the current grader. Tom B. stated yes, it's value was \$75K. Frank W. asked the age of the grader. Tom B. stated that it is a '97, with 5698 hours. Tom J. asked about the trade-in value for the tractor. Tom B. stated that it was \$17.5K.

Bob L. asked what the grader is used for. Tom B. said that it grades the gravel roads in the summer, and is a back-up plow vehicle in the winter. Bob L. asked what is wrong with the grader. Tom B. stated that a few major items are worn and not working properly, and that lots of little things are starting to go wrong with it. Chris H. asked whether it would be worth investing a little bit into maintenance in order to get a couple more years out of it. Mark L. stated that the Selectmen had discussed this at length. It turns out that between the cost of maintenance and loss of trade-in value, it was economically better to make the trade this year.

ARTICLE 7 - Municipal Accounting Software Lease Purchase

To see if the Town will vote to authorize the selectmen to enter into a three (3) year lease purchase agreement for the sum of \$56,000, plus interest, for the purpose of lease purchasing municipal accounting software for the Finance Department with a \$1.00 purchase option at the end of the lease term, and to raise and appropriate the sum of \$10,000 for the first year's payment for that purpose. This lease purchase agreement contains an escape clause.

FY14	FY15	FY16	FY17	TOTAL
\$10,000	\$20,000	\$20,000	\$10,000	\$60,000

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Recommended by Selectmen

Tom J. asked whether the annual maintenance contract cost is included in these figures. Deb P. stated that it is not. That annual cost would be approximately the same as what we pay for our current finance software. She stated that there would be an annual savings of \$8K, however, since we would be doing payroll in-house rather than outsourcing it.

Drew M. asked how many years this software was anticipated to be used. Deb P. stated that she hoped it would be useful for many years. The current software is 13 years old and has never been updated. She expects the new software to be kept updated with technology, and to be useful for 10 or 20 years.

ARTICLE 8 - Fire Station Parking Lot Improvements

To see if the Town will vote to raise and appropriate the sum of \$87,000 to reconstruct and pave the Fire Station parking lot.

Recommended by Selectmen

Bob L. asked whether there was any concrete pad included in the price. Rick T. stated that a 20x40 concrete area to be used for training purposes was included.

ARTICLE 9 - Municipal Buildings and Facilities Maintenance Expendable Trust Fund

To see if the Town will vote to raise and appropriate \$75,000 to be placed in the Municipal Buildings and Facilities Maintenance Expendable Trust Fund as previously established at the 2008 Annual Town Meeting and amended by the 2009 Annual Town Meeting.

Recommended by Selectmen

Mark L. stated that three projects were anticipated for this year, the HVAC unit at the Police station, the Lawrence Barn floor resurfacing and interior painting, and Town Hall masonry repairs. These total roughly \$90K, leaving an expected year end balance of just under \$60K. Tom J. asked what was the scope of the masonry repairs. Troy B. stated that it included repair of the handicapped ramp, replacement of missing grout in several areas, repair of cracks in the foundation, and other minor issues. If this article passes, the work will be put out to bid.

ARTICLE 10 - Compensated Absences Payable Expendable Trust Fund

To see if the Town will vote to raise and appropriate \$30,000 to be placed in the Compensated Absences Payable Expendable Trust Fund as previously established at the 2002 Annual Town Meeting.

Recommended by Selectmen

Drew M. stated that he felt the fund should maintain a higher balance than it historically has. He observed that \$30K doesn't even cover the amount that was withdrawn from the fund last year. He thought that \$40K this year would be a more reasonable amount.

Mark L. stated that now that the unreserved fund balance has reach a comfortable level, it may be prudent within a year or two to move some of that balance into this fund in order to cover more of the liability.

Tom J. suggested looking at historical data for how much is billed to this account annually, and use that as a guideline for how much needs to be added each year.

ARTICLE 11 - Old Home Day Special Revenue Fund

To see if the Town will vote to raise and appropriate the sum of \$50,000 for the purpose of sponsoring the Old Home Days event and to fund this appropriation by authorizing the withdrawal of said sum from the Old Home Day Special Revenue Fund. This article will not affect the tax rate, as these funds will be raised from fees and donations.

Recommended by Selectmen

There was no discussion.

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ARTICLE 12 - Revaluation Capital Reserve Fund

To see if the Town will authorize the establishment of a capital reserve fund to meet our constitutional and statutory requirement that assessments are at full and true value at least as often as every fifth year. Furthermore, to raise and appropriate \$14,000 towards this purpose, and appoint the selectmen as agents to expend from said fund.

Recommended by Selectmen

Mark L. suggested that this fund would be for the purpose of smoothing out the cost burden of the statutory revaluation that takes place every five years.

Bob L. observed that this past year the assessments dropped dramatically on the larger homes, while remaining level on the average homes. This had the net effect of shifting the tax burden more squarely onto the average, mid-range home.

Discussion ensued that since drafting of the warrant article it was discovered there was an existing reserve fund that could be used for this purpose so a new fund was unnecessary. Also, there was some objections to designating the Selectmen as agents; preference to have expenditures authorized by voters at future Town meeting.

Sense of Budget Committee was having a reserve fund a good idea, but technical flaws to article as presented (redundant fund, Selectmen as agents) might diminish support.

ARTICLE 13 - Establish a Contingency Fund

To see if the Town will authorize the establishment of a contingency fund under the provisions of RSA 31:98-a for the purpose of funding unanticipated expenses that may arise during the year. Furthermore, to raise and appropriate \$70,000 towards this purpose and appoint the selectmen as agents to expend from said fund.

Recommended by Selectmen

Troy B. stated that all expenditures from this fund are required to be reported in the Annual Report. Unexpended funds lapse and are shifted to the unassigned fund balance.

ARTICLE 16 - 2014 Operating Budget

To see if the Town will vote to raise and appropriate the sum of \$9,194,270 which represents the operating budget of the Town for 2014, not including appropriations by special warrant articles and other appropriations voted separately.

Recommended by Selectmen

Tom G. discussed the various highlights of this budget, including changes to staffing levels and hours. Increases to the budget included cost of employee benefits (primarily NH Retirement), Police Dept. salaries, Fire Dept. salaries, solid waste disposal, and Communications salaries. Decreases to the proposed budget include road rebuilding, management services (to compensate for the new contingency fund), finance department (assessment review cost removed), long-term debt, and DPW salaries.

Drew M. commended the Selectmen and Budget Committee for a job well done.

ARTICLE 18 - Petition Article for a Constitutional Amendment

To see if the Town will vote to urge the New Hampshire State Legislature to join nearly 500 municipalities and 16 other states, including all other New England states, in calling upon Congress to move forward a constitutional amendment that 1) guarantees the right of our elected representatives and of the American people to safeguard fair elections through authority to regulate political spending, and 2) clarifies that constitutional rights were established for people, not corporations. That the New Hampshire Congressional delegation supports such a constitutional amendment. That the New Hampshire State Legislature supports such an amendment once it is approved by Congress and sent to the State for ratification. The record of the vote approving this article shall be transmitted by written notice to Hollis's congressional delegation, and to Hollis State Legislators, and to the Governor of New Hampshire and the President of the United States

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informing them of the instructions from their constituents by the Hollis Selectmen, within 30 days of the vote.

ARTICLE 19 - To Transact Any Other Business That May Legally Come Before Said Meeting.

Public Hearing was ended at 10:00. This was followed by a 5 minute recess.

Tom G. opened deliberations at 10:05.

Article 2: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Rosemary M.

Roll call vote:

Mark L. – Yea, Rosemary M. – Yea, Tom J. – Yea, Frank W. – Yea, Chris H. – Yea, Tom G -Yea

Motion carried 6-0-0

Article 3: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Rosemary M. Tom J. stated that he is not in favor of buying trucks with wing plows because the roads don't require it, and they do a lot of damage to people's property. He suggested again looking into contracting out some of the plowing work. That would eliminate the need to purchase such an expensive truck. Chris H. agreed, saying that the economics of buying equipment vs contracting out needs to be revisited. Tom J. moved the question.

Roll call vote:

Mark L. – Yea, Rosemary M. – Yea, Tom J. – Yea, Frank W. – Yea, Chris H. – Yea, Tom G -Yea

Motion carried 6-0-0

Article 4: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Rosemary M.

Roll call vote:

Mark L. – Yea, Rosemary M. – Yea, Tom J. – Yea, Frank W. – Yea, Chris H. – Yea, Tom G -Yea

Motion carried 6-0-0

Article 5: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Rosemary M.

Roll call vote:

Mark L. – Yea, Rosemary M. – Yea, Tom J. – Yea, Frank W. – Yea, Chris H. – Yea, Tom G -Yea

Motion carried 6-0-0

Article 6: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Rosemary M.

Roll call vote:

Mark L. – Yea, Rosemary M. – Yea, Tom J. – Yea, Frank W. – Yea, Chris H. – Yea, Tom G -Yea

Motion carried 6-0-0

Article 7: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Mark L.

Roll call vote:

Mark L. – Yea, Rosemary M. – Yea, Tom J. – Yea, Frank W. – Yea, Chris H. – Yea, Tom G -Yea

Motion carried 6-0-0

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Article 8: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Rosemary M.

Roll call vote:

Mark L. – Yea, Rosemary M. – Yea, Tom J. – Yea, Frank W. – Yea, Chris H. – Yea, Tom G -Yea
Motion carried 6-0-0

Article 9: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Rosemary M.

Roll call vote:

Mark L. – Yea, Rosemary M. – Yea, Tom J. – Yea, Frank W. – Yea, Chris H. – Yea, Tom G -Yea
Motion carried 6-0-0

Article 10: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Rosemary M. Tom J. asked to see the backup calculations for this article. Chris H. agreed with the amount, since there now appears to be ample cash in the contingency fund and in the undesignated fund balance to cover any possible need. Mark L. restated that he would support using some of the fund balance to cover the entire liability.

Roll call vote:

Mark L. – Yea, Rosemary M. – Yea, Tom J. – Yea, Frank W. – Yea, Chris H. – Yea, Tom G -Yea
Motion carried 6-0-0

Article 11: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Rosemary M.

Roll call vote:

Mark L. – Yea, Rosemary M. – Yea, Tom J. – Yea, Frank W. – Yea, Chris H. – Yea, Tom G -Yea
Motion carried 6-0-0

Article 13: Tom J. made a motion that the BudCom recommend this article. Motion was seconded by Frank W.

Roll call vote:

Mark L. – Yea, Rosemary M. – Yea, Tom J. – Yea, Frank W. – Yea, Chris H. – Yea, Tom G -Yea
Motion carried 6-0-0

Article 14: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Frank W. Chris H. stated that he is opposed to binding future meetings to the terms of a three year contract. He feels that the contract should be voted on each year. Chris H. also said that there are defects in the language of the contract. Mark L. agreed to get the language of both the contract and the warrant article corrected at the next Selectmen's meeting.

Roll call vote:

Mark L. – Yea, Rosemary M. – Yea, Tom J. – Yea, Frank W. – Yea, Chris H. – Nay, Tom G -Yea
Motion carried 5-1-0

Article 15: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Tom J.

Roll call vote:

Mark L. – Yea, Rosemary M. – Yea, Tom J. – Yea, Frank W. – Yea, Chris H. – Yea, Tom G -Yea
Motion carried 6-0-0

Article 16: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Tom J.

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Roll call vote:

Mark L. – Yea, Rosemary M. – Yea, Tom J. – Yea, Frank W. – Yea, Chris H. – Yea, Tom G -Yea
Motion carried 6-0-0

Article 17: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Rosemary M. Frank W. recommended that restrictions be placed on the expenditure of the funds such that the majority of the private funds are raised before any expenditures are made. Chris H. suggested that the article be amended at Town Meeting to be non-lapsing. Tom J. also stated that he would like to see a more finalized plan. Mark L. suggested meeting with representatives of the playground committee to craft new wording for the warrant article to be amended at Town Meeting.

Roll call vote:

Mark L. – Nay, Rosemary M. – Yea, Tom J. – Nay, Frank W. – Nay, Chris H. – Nay, Tom G -Yea
Motion failed 2-4-0

Article 12: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Tom J. Due to some defects in the earlier wording, the BudCom was hesitant to support this article as written. It was agreed that the language would be amended prior to Town Meeting.

Roll call vote:

Mark L. – Yea, Rosemary M. – Nay, Tom J. – Nay, Frank W. – Nay, Chris H. – Nay, Tom G -Nay
Motion failed 1-5-0

Tom J. asked whether Article 2 could be amended to a different make and model of truck. It was decided that the article could be amended on the floor at Town Meeting.

Motion to adjourn was made by Tom J. / Mark L. seconded. Meeting was adjourned at 11:34 PM.

Respectfully submitted,

Barbara Kowalski, Tax Collector