



BUDGET COMMITTEE
Town of Hollis
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**Public Hearing – Town Budget
Minutes of February 8, 2012**

Meeting was held in the Community Room, Hollis Town Hall. The Budget Committee was called to order by Chris Hyde, Chairman at 6:35 PM.

Members present: Chris Hyde, Chairman; Mike Harris, Peter Band, Susan Benz, Tom Gehan, Tom Jambard, Frank Whittemore, Rob Mann

Also present: Deb Padykula-Finance Director, Troy Brown-Town Administrator, David Petry- Chairman, Board of Selectmen, Frank Cadwell- Vice Chairman, Board of Selectman, Mark LeDoux- Selectman, Vahrij Manoukian-Selectman, Jeff Babel-DPW Director, Jay Sartell- Police Chief, Rick Towne- Fire Chief

Chris H. gave a brief overview of the agenda for the evening. He then introduced the members of the BudCom and Board of Selectmen, as well as Town Administrative Staff in attendance. Chris H. reviewed the budget process with regard to the Town and School District budgets. He discussed guidance, what assumptions are made in arriving at a guidance number, and how that number is used to develop the budget. Guidance for the 2012 budget was for a zero percent increase (flat budget).

Upcoming meeting dates:

Monday Feb.13 – Public Hearing regarding SB2 Petition Warrant Article - Town
Wednesday Feb. 22 – Public Hearing regarding SB2 Petition Warrant Article - Schools
Tuesday Feb. 28 – BudCom Mtg – Prep for Meetings
Monday Mar. 5 – HB Coop Annual Meeting
Tuesday Mar. 13 – Elections
Wednesday Mar. 14 – Town Annual Meeting
Monday Mar 19 – Hollis School District Annual Meeting

Background Data

Chris H. presented some data on the breakdown of the tax rate. In 2011, 68% of tax dollars went to the schools, 27% went to the town, and 5% went to the county. He also reviewed actual tax bill data for the town that has been tracked for the last 15 years, showing both raw data and data that has been corrected for inflation.

Additional slides showed the debt service and how it is expected to trend downward over the next 10 to 15 years. In 2011, the payments on bonded debt totaled just over \$1MM. Census data from 2010, including population and median household income for the town, was shown, along with selected statewide economic data. Issues which create upward pressure on the budget are cost shifting and declines in revenue from the state, escalation of the cost of benefits, overtime costs, Collective Bargaining Agreements, energy/fuel costs, and maintenance costs for roads and buildings, among others.

Budget Committee Minutes February 8, 2012

Chris H. then gave a quick overview of the proposed articles for the 2012 Town Warrant. The net effect of all the regular warrant articles (not including petition articles) would be a \$0.23 per \$1000 increase in the town portion of the tax rate.

Open Public Hearing (7:15pm)

Article 1 – Officials Reports (no discussion)

Article 2 – Approval of Union Contract

Mike H. discussed the background of the union contracts over the past several years. He then discussed what has been proposed for the new contract, which covers the two years starting 4/1/12 and ending 3/31/14. The cumulative cost to the town over the life of the contract is \$240,457.

Drew Mason (Baxter Road) asked what would happen in 2014, should a subsequent contract not be ratified at that time. Would the step raises in this contract be continued? The answer was that this contract does not contain an “evergreen” clause, meaning that salaries and all other provisions would be frozen at the levels existing on 3/31/14.

Article 3 – Approval of Health Insurance Union Sidebar Agreement

(This article will be voted on only if Article 2 fails)

Mike H. spoke about the background leading up to the need for this article. The referenced agreement was reached and acted upon in 2011 without proper approval of the legislative body; this article provides the needed approval. The annual cost is \$34,120, and is expected to result in savings to the town of upwards of \$100K.

John Anderson (Wheeler Road) asked what the \$34,120 was for? The answer was that it covers the cost of the step increase to union salaries granted as a concession for switching insurance coverage.

Article 4 – Old Home Day Special Revenue Fund

This article sets up a pass-through account for use by the Old Home Day Committee, to raise and expend funds to cover the cost of the community event. These funds are generated solely through fundraising efforts of the Committee during the year. This article has no effect on the tax rate.

John Anderson (Wheeler Road) expressed his opposition to anything having to do with Old Home Days. This was in response to new policies that have been proposed by the Old Home Day Committee regarding booth space.

Article 5 – Compensated Absences Payable Expendable Trust Fund

The purpose of this article is to increase the level of funding for this liability. Deb P. stated that the current fund balance is \$52K and the current liability is \$199K. The BudCom has suggested closer to a 50% funding level. Peter B, mentioned that general accounting standards recommend closer to a 100% funding level.

Drew Mason (Baxter Road) asked what has been the historical trend of number of employees leaving in any given year. David P. stated that it is generally one or two per year. Drew M. asked whether we are saving enough to cover what could reasonably be expected. Chris H. mentioned that although the town has been and is continuing to build up the level of that fund over time, there is no sense of immediate need for a significantly higher level of funding. Tom J. asked whether the rules were going to change regarding how much earned time an employee is allowed to accrue. David P. stated that that was part of the early union negotiations, but was removed. The intention is include it in future negotiations.

Article 6 – Vehicle Purchase

Jeff B. stated that the vehicle would replace a 1997 F-150 that is costing about \$6K per year to maintain and which will probably not pass inspection for this year.

There was no public input.

Article 7 – Vehicle Lease

Budget Committee Minutes February 8, 2012

This article would provide for a five year lease/purchase of a plow truck to replace the oldest piece of equipment (1993) in the DPW fleet. Jeff B. estimated that the old truck is costing approximately \$10K per year to maintain. The lease shall contain an escape clause. There was no public input.

Chris H. interjected with a question regarding the proposed lease of (5) police vehicles, and whether that should be presented to the voters as a separate warrant article. Chief Sartell stated that the department has leased individual vehicles before and the costs have been included as part of the regular budget. These would be handled the same way.

Article 8 – Municipal Buildings and Facilities Maintenance Expendable Trust Fund

This is a non-lapsing fund established in 2008, with a current balance of \$9.3K. This article proposes to add \$90K this year. The purpose of this fund is to pay for maintenance projects on town facilities.

Frank W. asked for cost estimates for known future projects not on this year's list. Deb P. stated that the number is roughly \$383.5K. That does not include the exterior of the Town Hall building.

Jim Belanger (Plain Road) voiced his support of utilizing a town-wide maintenance fund, rather than have each department carry their own fund. It results in neater prioritization and more efficient use of funds overall. He also mentioned that the estimated tax impact of money articles should be included on the warrant. His feeling was that it is likely going to be required by law before March 14 at Town Meeting.

Article 9 – Appropriation of NHDOT Bridge Aid Funding

This article allows the town to accept \$237,464.00 from the NHDOT Bridge Aid Fund to partially cover costs associated with repair of the South Merrimack Road culvert in 2007. This money will ultimately be used toward future road maintenance. David P. reminded the audience that the 2007 warrant article for the repair work was for \$300K. This aid fund reimburses approximately 80%. The town will know by July whether or not the funds will be awarded and available. The article is not included in the budget as it currently stands.

Bob Labednick (Truell Road) stated that this money should go to the general fund to offset taxes. He felt that future road maintenance should be voted on an individual basis, not by simply drawing out of these funds at will. He felt that the voters should decide on which specific town projects this money should be spent. David P. stated that there is a priority list in place for town roads, and that these additional funds should allow the town to complete all of the 2012 projects, as well as a number of 2013 projects, this year. He also stated that if the article fails, and the funds are awarded by the state, the money will end up in the general fund.

Rob M. observed that showing the tax impact as a credit to the taxpayer is misleading. It should show a zero tax impact. The credit would only exist if the selectmen voted to use the funds to offset taxes. Discussion ensued regarding the specifics of how the money would be appropriated and who decides what it would be spent on and when.

John A. stated that the article should really be broken into two articles, one to receive the funds, the second to dedicate the funds to road maintenance.

Article 10 – Discontinuance of the Employee Health Insurance Expendable Trust Fund

This article closes out the trust fund and moves any remaining funds to the general fund. Mike H. asked whether there were any outstanding liabilities. Troy B. stated that there has not been any activity on that account in five months, so it should be safe to close it out. The current balance is approximately \$28K. There was no public input.

Article 11 – Farley Building Lot Line Adjustment Plan

The purpose of this article is to alter the lot line and associated easements between the Town of Hollis and the HB Cooperative School District parcels in the vicinity of the Farley and Middle School buildings. The intent is to match a similar article on the Cooperative District warrant.

Budget Committee Minutes February 8, 2012

Troy B. stated that the latest information is that the HB Coop. District **does not** intend to include this article in their warrant for 2012. Therefore it is likely that this article will be withdrawn from the town warrant for 2012.

John A. asked whether there had been money spent on an engineering study. Troy B. mentioned that the cost of the study was split evenly between the town and school district.

Article 12 – 2012 Operating Budget

This article provides for a 2012 Operating Budget of \$8,981,331.00.

Tom G. spoke about the individual items which impacted the budget. A variety of benefit cost changes resulted in a net increase of \$6,314 from 2011. This number includes the additional cost of converting a current part-time employee to full-time, with the associated benefit cost of \$24,777. A 19% savings (\$42,500) in premiums for workers compensation and liability insurance was achieved by switching carriers. The legal expense line item was increased \$8K. Unfortunately, anticipated revenues decreased \$204,335 from 2011.

There was no public input.

Article 13 – Old Home Days Petition

This article asks for \$10K to fund the Old Home Days fireworks display.

John A. recommended that this article not be supported due to his allegation that the committee discriminates against political organizations by not allowing politically oriented booths at the event.

Honi Glover (Nevins Road) is a member of the Old Home Days committee. She stated that the members of the committee work very hard every year to raise funds for the fireworks. Each year it gets more difficult to get donations. The committee is asking for the town's assistance this year.

Article 14 – Farley Building Petition

This article asks for \$200K to stabilize and preserve the Farley Building.

David Sullivan (Powers Road) was on the Farley Building study committee. The recommendation from that committee was to save the building. The plan was to stabilize the structure while pursuing grants to help fund the eventual restoration project. This plan was not supported by the Selectmen, so the committee created this petition article. In doing so, much of the input the petitioners received was in support of going ahead with the restoration, rather than spending so much money to simply mothball the building. The intent is to amend the article at Town Meeting to \$50K. This would take care of the building in the short term, while buying time for the committee to prepare a finalized plan for full restoration, to present at the 2013 Town Meeting.

Basil Mason (South Merrimack Road) stated that many towns have reduced their assessed property values by 20%. He also mentioned that retired citizens in town have been on fixed incomes for several years, so he questioned the statistics on salary that were quoted in an earlier slide. Chris H. stated that census data was used to create the previous slides.

John A. stated that he does not agree with reducing the article to \$50K. He feels that with all the other anticipated costs in town in the near term, it could be several years before funding becomes available for this project. His understanding is that \$50K is not sufficient to cover what needs to be done to preserve that structure.

Drew Mason (Baxter Road) asked how the \$200K estimate had been arrived at. Mike H. stated that it's based on a contractor's quote. He then asked what the basis was for the \$50K. David S. stated that he had estimate of \$30 to \$40K just to weatherize the exterior of the building, provide ventilation, and to apply for an historical assessment. Drew M. then asked whether the necessary expenses related to an engineering study, plans, drawings, etc are included in this \$50K in order to be able to present at the 2013 town meeting. David S. stated that it is believed that a significant portion of those costs would be covered by grant funding. Chris H. asked to keep the meeting focused on the article as it is currently written. Chris H. asked whether the mothball status would help prevent the building from being an attractive nuisance, a particular concern being the external fire escape stairway. John A. stated that although the estimate does not include removal of the stairs, the building would be completely sealed and no entry would be possible.

Budget Committee Minutes February 8, 2012

Chris H. then asked whether the entire \$200K would be considered “sunk” money, or whether any of it could be considered productive toward the eventual outcome for the building. Mike H. stated that it would be fair to say that none of the eventual restoration would be based on anything done with this \$200K.

Chris H. then asked if this article were to be voted down this year, what would be the urgency in doing anything further with the building. David S. mentioned that the roof was repaired last year at a cost of \$2K, thanks to a donation from resident Dick Brown. He felt that Mr. Brown should be reimbursed with any funds that might be forthcoming from this article. Mike H. stated that some damage has occurred, including water damage and vandalism, but that the roof repair has prevented any further damage at this point. Jeff B. mentioned that the worst areas of the roof are fixed but there are still leaks. Rick T. has recommended shutting off the electricity due to the leaks. It was agreed that the building is basically stable at this time and not in any immediate danger of collapse. David S. suggested that next on the immediate agenda might be gutters to divert water from the bulkhead area and ventilation to reduce humidity levels in the interior.

Chris H. asked who would be in charge of approving expenditures, should this article pass. Mike H. stated that any expenses would need to be approved by the Selectmen. David P. said that a committee would be re-established to oversee the project.

Honi G. mentioned some important historical information about the Farley Building in support of its preservation.

David S. mentioned that the town has an obligation to maintain its buildings.

Chris H. asked what would be the justification for restoring the original building, when a more energy efficient replica could be built for less money. David S. mentioned that the quality of construction materials can't be duplicated, and the historical value can't be replaced. The difference in cost is not really significant.

Vahrij M. stated that it would be a waste of taxpayer's money to spend \$200K now on the building when there is nothing worth salvaging. He would rather see money spent on the town hall building to make it more energy efficient and to clean up the exterior.

Tom J. asked whether money had budgeted to replace the roof, once the building had been mothballed.

David S. stated that the cost of roof replacement was not included in the \$200K.

Bob L. stated that it makes more sense to start raising money now through private donations, while you have the momentum, and not expect the taxpayers to pay for it. If you wait 10 or 15 years before starting the project, there will be less public interest and costs will be much higher.

Honi G. equated the renovation of the Farley Building to that of the Lawrence Barn. She stated that there would be plenty of uses for the building once it was renovated.

Bob L. thanked Jay S, Rick T., and Jeff B. for answering his budget questions prior to the meeting. He then mentioned that he does not support making the IT position full-time. He suggested hiring an assistant part-time to learn the system and then, after a few years, making the position full-time. He then recommended that Hollis should close the Social Library, and residents should pay a small fee to use the Nashua Library. He also stated that he thinks we have under-budgeted for the cost of gasoline, diesel, and heating oil. His last question was where the number for the median income for Hollis of \$116K came from. Chris H. stated that it is from the most recent census data. Bob L. suggested taking some consideration of the significant number of retired people trying to live on a fixed income that is nowhere near this median amount. Chris H. stated that there is a wide range of incomes in Hollis, with a number below the poverty level. He was unable to find current data, so unfortunately that part of the analysis has not been included for this year.

~~Public Hearing Closed (9:43pm)~~

Mike H. moved that the BudCom recess for 5 minutes. Susan B. seconded the motion.

Meeting recessed at 9:43pm.

Mike H. moved to come out of recess. Frank W. seconded. Meeting resumed at 9:48pm.

Article 1A – SB 2

Mike H. moved that the Budcom **not** recommend. Susan B. seconded. Motion passed 8-0-0

Article 2 – Approval of Union Contract

Budget Committee Minutes February 8, 2012

Mike H. moved that the BudCom recommend. Tom J. seconded. Motion passed 8-0-0

Article 3 – Approval of Health Insurance Union Sidebar Agreement

Mike H. moved that the BudCom recommend. Peter B. seconded. Motion passed 8-0-0

Article 4 – Old Home Day Special Revenue Fund

Mike H. moved that the BudCom recommend. Peter B. seconded. Motion passed 8-0-0

Article 5 – Compensated Absences Payable Expendable Trust Fund

Mike H. moved that the BudCom recommend. Peter B. seconded. Motion passed 8-0-0

Article 6 – Vehicle Purchase

Mike H. moved that the BudCom recommend. Peter B. seconded. All voted in favor except for Tom J. who voted against. Motion passed 7-1-0

Article 7 – Vehicle Lease

Mike H. moved that the BudCom recommend. Peter B. seconded. Tom J. suggested that the town spend more time investigating contracting out these services. Chris H. stated that he is in agreement. Peter B. mentioned that it has been duly noted by the selectmen. All voted in favor except for Chris H. and Tom J. who voted against. Motion passed 6-2-0

Article 8 – Municipal Buildings and Facilities Maintenance Expendable Trust Fund

Mike H. moved that the BudCom recommend. Peter B. seconded. Mike H. suggested changing this for next year to allow unexpended funds from the annual budget to revert directly to this fund. It was agreed to discuss looking into this for next year. Motion passed 8-0-0

Article 9 – Appropriation of NHDOT Bridge Aid Funding

Mike H. moved that the BudCom recommend. Peter B. seconded. Motion passed 8-0-0

Article 10 – Discontinuance of the Employee Health Insurance Expendable Trust Fund

Mike H. moved that the BudCom recommend. Peter B. seconded. Motion passed 8-0-0

Article 11 – Farley Building Lot Line Adjustment Plan

Deleted from the warrant by vote of the Selectmen.

Article 12 – 2012 Operating Budget

Mike H. moved that the BudCom recommend. Peter B. seconded. Mike H. noted that the proposed budget met their guidance, but the guidance was too lenient. Chris H. agreed, and also reiterated his feeling that making the IT position full-time was premature. He felt that it would make more sense to hire a back-up person to provide more coverage. Mike H. stated that the current employee is serving in the capacity without proper recognition and that should be remedied. Jay S. stated that the risk exists of losing the current employee if the position stays as-is.

Chris H. suggested that it is time to stop cutting into the road rebuilding budget in order to meet guidance. He fears that we are falling way behind in taking care of the town roads and that will cost much more in the long run. Peter B. stated that the Selectmen understand and agree.

Motion passed 8-0-0

Article 13 – Old Home Day Petition

Mike H. moved that the BudCom **not** recommend. Peter B. seconded. Motion passed 8-0-0

Article 14 – Farley Building Petition

Mike H. moved that the Budcom **not** recommend. Peter B. seconded. Motion passed 7-1-0

Budget Committee Minutes February 8, 2012

Other Business

Mike H. reminded the BudCom that it was suggested that the estimated tax impact of each money item should be included on the warrant.

Upcoming Budget Committee Meetings and Hearings

Monday, February 13 – SB 2 public hearing (town) 7:00pm at Town Hall Community Room

Wednesday, February 22 – SB 2 public hearing (school) 7:00pm at HBMS Multipurpose Room

Tuesday, February 28 – regular meeting, preparation for town meeting

Annual Meetings

Monday, March 5 – HB Coop District Meeting

Tuesday, March 13 – all day voting at the Lawrence Barn (polls open 7am to 7pm)

Wednesday, March 14 – Town Meeting

Monday, March 19 – Hollis School District Meeting

Motion to adjourn was made by Mike H. Peter B. seconded. Meeting was adjourned at 10:20 pm.

Respectfully submitted,
Barbara Kowalski, Tax Collector