



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

Minutes of May 8, 2012

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

Members present: Tom Gehan, Chris Hyde, Mike Harris, Peter Band, Susan Benz, Tom Jambard, Frank Whittemore, Frank Giudici

Also present: Deb Padykula - Finance Director, Eric Horton – SAU 41 Business Manager

Pledge of Allegiance was said.

Nomination & Election of Budget Committee Secretary

Tom J. moved to elect himself as Secretary. Peter B. seconded. Vote was unanimous in favor.

Review / Acceptance of Minutes:

Mike H. moved to accept the minutes of 1/11/12 (Joint Mtg w/ School Board). Chris H. seconded. Vote was unanimous in favor. Minutes were accepted.

Mike H. moved to accept the minutes of 3/27/12. Seconded by Chris H. All voted in favor, with Frank W. and Frank G. abstaining. Minutes were accepted.

Review / Acceptance of Minutes of Non-Public Sessions:

Mike H. moved to accept the minutes of 5/24/11. Susan B. seconded. All voted in favor, with Frank G. abstaining. Minutes were accepted.

Mike H. moved to accept the minutes of 9/27/11. Peter B. seconded. All voted in favor, with Frank G. and Frank W. abstaining. Minutes were accepted.

Mike H. moved to accept the minutes of 1/11/12. Chris H. seconded. All voted in favor, with Frank G. abstaining. Minutes were accepted.

Reports

Town – Deb P. stated that everything on the expenditure report has been updated. Revenues and expenditures are on track with expectations. Mike H. asked whether anything more was known regarding the DOT grant for culvert work on S. Merrimack Road. Deb P. stated that she has not heard anything further, but that the funds were not expected to be available before July.

Peter B. mentioned that the leak in the school water supply has been located. It is directly adjacent to the pump station. Eric H. gave a discussion of the process by which the leak was pinpointed. The state has given them until July 1 to complete the repairs. The plan is to work on the system once school is out for the summer. Skillings will be providing a quote for the job.

Peter B. stated that the next question is what will be the long-term strategic plan for water distribution, and how will the costs be shared.

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Peter B. then updated the committee on the status of negotiations with the new union. He stated that it was made clear to union reps. that, since this all new to everyone, they should allow plenty of time in their schedule for the BudCom to review all proposed contract terms.

Mike H. asked about the status of the Farley Building. Peter B. stated that the selectmen have not yet established a committee to oversee the project, but that the Farley Building committee is anxious to get going on it.

Schools – Eric H. stated that he anticipates approximately \$174K in the unexpended fund balance at year end. This takes into account the \$290K expenditure for paving parking lots. Savings were achieved in the areas of heating oil, snow plowing, salaries, benefits, and a few other minor areas. Mike H. asked about getting a monthly expenditure report. Eric stated that those are posted during the first week of each month on the SAU website. He will send out the link to everyone.

Tom G. asked whether there was going to be incentive for school district employees to enroll in the Lumenos health insurance plan. Eric H. commented that the Lumenos plan is an IRS driven plan that operates on the calendar year rather than fiscal year. That makes it difficult, in the case of a school district, to meet the deductible by December. The other problem has been that it does not offer a separate prescription plan, so there could potentially be much higher prescription costs until the deductible is met. Frank G. mentioned that the school board has met with at least four different health insurance providers to try to come up with other, less-costly options for the Hollis School District. Mike H. stated that there needs to be some motivation for the employees to want to participate in a plan that lowers the town's share of the cost.

Mike H. asked about the status of contract negotiations. Frank G. stated that the Factfinders Report has been approved by a vote of 3 to 2. Chris H. strongly encouraged the School Board to allow the BudCom time to review the proposed terms of the contract and meet with them prior to final ratification. Chris H. moved to request that the BudCom be provided with the language of the final contract prior to ratification and be given at least a week to review and comment on it. Peter B. seconded the motion. So the plan would be for the BudCom to have the information in hand by the 5th of June, meet on the 12th to discuss and vote on any recommendations, and provide feedback to the School Board for their meeting on the 13th. All voted in favor, with Frank W. abstaining. Motion carried.

Public Input

No members of the public were present.

New Business

Proposal for Expenditures from Maintenance Trust Fund for 4 Lund Lane

Eric H. reviewed the proposed maintenance/renovation plans for the SAU building. The items consisted of water diversion over back entryway, porch roof repairs, landscaping changes, possible addition of 2 parking spaces in front, minor alterations to interior spaces, window replacement, and carpeting.

Peter B. stated that he supported the proposals in principal and felt that the cost estimates were reasonable. Mike H. and Tom J. concurred. Tom G. stated that the sense of the group was in support of the proposed improvements and no motion would be necessary.

Review / Acceptance of Guidance methodology/calculation

Town side - The discussion touched on the methodology for arriving at the "baseline" budget guidance number. It was agreed that the annual vehicle lease payments would not be included in this baseline number, similar to the way bond payments are excluded. In addition, only the \$100K lump sum portion of the union contract will be excluded from the budget baseline number, while other ongoing cost increases related to the contract will be included in the baseline.

School side – Mike H. requested that the unreserved fund balance be included in the spreadsheet, along with detail regarding the encumbered (spent) amounts. Eric H. mentioned that there are old encumbered fund accounts from previous years that were never closed out. He will be cleaning up these accounts and returning the monies to the general fund. Mike H. stated that when he was on the School Board, those

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types of accounts were closed out every August. Since the Business Administrator has changed several times over the past few years, this task likely fell through the cracks during that time.

Mike H. raised the question about tracking revenues which are independent of the operating budget, for example student activity fees. Eric H. discussed how they are handled individually at each school. He is trying to create financial statements for each account so that the information is more widely available to the public. Tom G. suggested that in the interest of sticking with the agenda, he and Eric should discuss the way forward at another time.

Use of Contingency line items in municipal budgets

Tom G. stated that he had done some further research into the legality of having a "contingency" line item in the budget. He spoke to Christine Fillmore at the LGC who told him that there is no explicit guidance or RSA on that subject. This infers, therefore, that towns have no authority to keep a contingency line item in their budgets. The wording used in the Town of Hollis budget is "Management Services" but it is basically a contingency line. Chris H. stated that, alternatively, voters can approve a separate article for "special purposes", which would be a contingency account. Peter B. mentioned that the other alternative is to allow a bit more slack in each departmental budget to cover contingencies. Or the town could continue on the way they have been using Management Services. No decision was made at this meeting. Tom J. suggested that Deb could inquire with other towns as to how they handle the contingency issue. Chris H. mentioned that there are upcoming training sessions at LGC which could be helpful to BudCom members.

Next regular BudCom meeting: Tuesday June 12

Motion to adjourn was made by Mike H. Peter B. seconded. Meeting was adjourned at 9:05 pm.

Respectfully submitted,

Barbara Kowalski, Tax Collector