



BUDGET COMMITTEE

Town of Hollis

Seven Monument Square
Hollis, New Hampshire 03049
Tel. 465-2209 FAX 465-3701

Minutes of June 24, 2008

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

Members present: Chris Hyde, Chairman; Mark Johnson, Selectmen's Representative; Tom Jambard, Bob Labednick, Bill Matthews, Frank Whittemore.

Also present: Paul Calabria, Finance Director

Review of Minutes

Bob moves to approve the Minutes of May 27, 2008 as submitted. Seconded by Bill M. Motion unanimously approved.

School Report

Chris mentions that although Bill B. is traveling and cannot attend tonight's meeting, he did send out various emails to the BudCom in the past few weeks. Those emails contained information about the school report. There were no comments from BudCom members.

Town Report

Paul mentions that there are a few departments being monitored at this time. There are some potential budget overruns in Finance Administration. Assessment Associates may be over budget, yet at this time, he does not know by how much. The Tax Collector budget is over at this time due to extra salary expenses for training of the new tax collector, yet this should even out once the tax collector retires later this summer.

Workers compensation is up \$12,000 from what was anticipated. This is difficult, as they never know the true values to use for the budget until this time of year, which is after the budget has been prepared and approved. The true values are based on past claims. Primex has since changed the manner in which they assess these fees, therefore in the future the amount being budgeted will be true figures. Chris comments that this will mean Primex will assume this risk for 1 year. Paul agrees. They will then catch up during the following year, if necessary. The fee is based on the audit report. Chris questions if there will be any interest charged on any claims paid by Primex during the risk year. Paul indicates that this would not happen. He already knows of 2 major incidents that occurred that would be hitting them next year. Frank questions what the current premium is. Paul indicates that they are currently paying \$85,000 per year.

Bob questions whether the town investigates when an employee has an accident. Paul explains that there is an internal investigation done. When an accident occurs, the Town Administrator is notified, who follows up with paperwork submitted to the State. Bob questions if any action is taken if it is determined that the employee is at fault. Paul is not sure if the town has any recourse on this. He recalls this being asked at various seminars he has attended, where the audience was told that if the employee is on the clock, the town is liable. Bob stresses that if there is no penalty for this, the person will just do it again. There should be some penalization. Paul will check into this.

Chris questions how the town is tracking with their fuel costs. Paul explains that he will not know this information until next month. The fuel is billed on a quarterly basis. He will have this for the August meeting, yet will email the group as soon as he knows anything in the mean time. Bob recalls the Selectmen discussing the police motorcycle. He thought this would be used in place of a cruiser to help control fuel costs. He recently heard that this may have changed and that they now have a 3rd person

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working, which keeps all the vehicles on the road at the same time. This defeats the purpose. Mark is not sure about this. He recalls a recent discussion regarding the mountain bike, where it was stated that the car is always parked within 1 mile of the bike, as the officer may need access to the cruiser. Bob does not think this was the correct discussion. Mark will check into this and report back.

Chris asks if contract negotiations have been started. Paul states that they have met to discuss strategies. Some preliminary discussions were done with the Police and Fire chiefs. Chris questions what timeline they are looking at. Paul is hoping to not have this drag out for too long. He would like to have this done by mid-August.

Old Business

- **Coop Study Committee** – Chris mentions that the BudCom previously nominated Bill M. to serve on this committee. Bill M. indicates that he was willing to serve, however he has not been notified of any meetings, therefore he has not attended any. Chris will forward the information about meeting dates/times to Bill M.
- **Budget Guidance** – Chris asks if there is any better way to handle this. At the last meeting he heard from Bill B. and from the school board regarding their thoughts on this process. He asks if the Selectmen have any thoughts. Mark comments that this is a great question for the BudCom to discuss, but one that has no easy answers. It can be argued that the CPI system is forcing too many restrictions, yet the result to the tax rate can argue from the other side. There are so many costs that are well above CPI. This is true in a good year or in a bad year. In a good economy or bad economy. The CPI system makes sense, as this is what they have historically been using. It is generally accepted by the voters. The selectmen and department heads have been able to meet this in most years, however this is going to be a much different year.

Mark points out that the Tax Equity Study Committee has already identified that many people in Hollis are being squeezed. This is only getting worse. The CPI makes sense, but challenging every part of the budget is important. A budget of level spending would be reasonable to request. The Selectmen Chair does not want to see any new spending, as he feels the town hall renovations is the highest priority. They should be receiving preliminary plans from the architect soon, yet he fears this will not be good news. The town hall renovation is the only significant new expenditure on the horizon. Everything else will be “frozen”. He suggests staying with the current guidance system, however level budgeting would be a valuable discussion.

Chris comments that this is similar to what the school board was saying. Mark states that there is no good alternative. Bob feels the coming year should have no additional increases. Most residents are in a tight position already. The BudCom should request a level budget and nothing else.

Bill M. questions how much they look at the debt service and what the current debt is. Paul indicates that the town is actually in its infancy with bonds. Chris states that they recently retired the debt for the prior alterations to the police station and there is still 1-2 years on the elementary school bond. There will still be the land purchases, municipal renovations and the high school. Bill M. asks if the town hall renovations will be in next year’s budget. Paul indicates that they are hoping to have this as a warrant article for next March, however the debt would not hit in 2009, as the article would be worded to not have the bond hit until 2010.

Paul cautions that when the architectural study comes in, if this points out major safety issues that need to be corrected and those items are not addressed, it may cause problems. Chris states that they should look at future needs. Will the town hall fit the needs in the future? This is a wonderful old building, yet is it fiscally wise to renovate it, given the future needs of the town?

New Business

- **Joint Board Meeting** – Chris mentions that he attended the last Selectmen’s meeting to discuss this idea. The Selectmen have agreed to appoint 2 selectmen to sit on a “working group” that will meet prior to having the joint meeting, to help prepare data. He is looking at holding the joint meeting sometime in late September or early October. He would like to look at the overall future for Hollis and how the various boards can work together. Are there better ways to leverage all the different entities to provide group-buying power to help reduce costs for everyone? Mark Johnson and Mark LeDoux were appointed to sit on the “working group” for the selectmen. Bill B. will represent the school board and Tom Enright

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for the coop school board, yet they have not been formally appointed by their groups. He has contacted the coop budcom, but has not heard back from them yet. He will follow up with this. He asks the BudCom for volunteers to also sit on this “working group”. Bill M. offers to assist with this. Chris will also be part of this group and will coordinate meetings.

- CPI & Situation Update – Chris is concerned with what they may be facing this year. Fuel costs are way up. Food costs are up. He looked at the CPI for this region. This is reported 6 times each year. The past 5 reporting periods, since last year’s guidance, is running at an average of 3.04%. If his prediction is correct and the July report comes in slightly above the last report of 4.0%, it will give a yearly average of 3.28%, which would be used for the guidance formula.

If they inflate last year’s fuel budget, the school will be looking at \$115,000-\$130,000 additional fuel costs. This does not include any increases they will be seeing for electricity and the Upper Elementary is heated partially by electric. This is only 2.2% of the entire budget. Tom questions what impact the grant received by the school for the buses will have on these costs. Chris is not sure. The grant will cover modifications needed to allow the bus engines to run on biodiesel. He is not sure if biodiesel costs are any less than regular diesel.

Chris points out that 80% of the school budget is affected by collective bargaining agreements. For the school, there are 2 contracts. The combined impact is 3.8% or \$315,000 additional costs. This causes a 4.34% increase to the budget, which is well above CPI. This also does not take into consideration the declining population in the schools. This also doesn’t include the retirement system increases, which will have an additional \$450,000 costs for the school, coop school and the town.

Chris comments that he has done this quick analysis on the school side of things, but has not done any figures for the town. He will look into this later. He would like to have a full discussion on the CPI issue at the August meeting, where he would like to have the BudCom settle on a formula. He would like to get this done and out to the school and town so they can begin planning. He stresses that they really need some new ideas for the guidance and urges all BudCom members to come prepared in August to present them. If anyone has some good ideas, please send an email to all BudCom members with your thoughts. No voting will happen, but thoughts can be shared in this manner.

Chris indicates that he should have the July CPI number for the August meeting. Frank estimates that this will only get higher. This is a given. It depends on the whole economic trend, which has not been good up to now. He does not see this getting any better. He thinks the BudCom will have a hard time coming up with a guidance that they can all agree upon.

Bill M. asks if there has been enough reduction to the school population to reduce staffing. Chris can easily identify 2 positions that could be reduced. Bill B. has argued in the past that they have rolled back on staff over the years, but it has to be done slowly, as not all students leave from the same grade. Chris stresses that this may have occurred, yet the net number of staff has not declined. They keep adding in other areas. He would like to see what has changed over the years. Bill M. would like to see an analysis of fte student population vs. staff over a given period of time. This should be reviewed as a way to help reduce costs.

Chris feels they need to prioritize programs and reevaluate staffing. Bob points out that home prices are now at a 2004 level. He does not see any reprieve to this trend or to the rising fuel costs. He cannot see asking the taxpayers for any more. Every household is struggling with concerns about how they will get to work and what they can put on the table. Now is the time to cut back to help the residents. There should be nothing new this year. No increases, except for operational items.

Chris questions how this can happen with the negotiated contracts. Bob states that they need to realize that 10% salary increases cannot be done. This is unrealistic. Leasing or purchasing Silver Lake Park should not be done this year. This is not the year for anything extra. They need to look out for the taxpayers. He does not support renovating any buildings. The people watching these meetings need to voice their opinions.

Chris points out that what he is hearing is “CPI minus”. Bill M. comments that many costs are going to be well over CPI. To keep any increase to CPI, they will need to make major cuts in other areas. Tom agrees that this should be a belt tightening year. There are many items that the school and town has no control over, therefore they need to look at other areas to cut back. They need to look at efficiencies. The BudCom can talk about CPI all they want, yet he does not feel it is reasonable. They need to tell the selectmen and school board to cut back. If there are structural problems in the town hall, those need to be corrected, yet renovations just to make their jobs more efficient, that should be held off. They also need to look at the level of service in town. Hollis does an excellent job, yet maybe they can back off of that service

slightly. They need to give the taxpayers a break. The town has always been good to its employees. Now they need to step back for a year and this is the year to do it. It doesn't mean that the BudCom doesn't support these items, it just means they are looking out for the taxpayers.

Mark is sympathetic to all the comments being made, yet questions if the voters will actually support the BudCom. There are 2 different groups of people attending town meeting and the school district meeting, with very little overlap. Where are all the taxpayers at these meetings? He stresses the importance of people participating in the process. The BudCom, selectmen and school board can only do so much. They do what they can for the taxpayers, but they need to vote. It all comes down to the fact that those attending the meetings make the decision for all.

Chris mentions that for the past couple of years he has offered an idea to change the guidance formula. Using CPI helps to put the stake in the ground. This says what the expense side should be, yet it doesn't take into account the impact to the taxpayer. He has tried to bring in a check, a damper, to help control the swings in the tax rate. He thinks they need to guide the tax rate rather than the budget. If the tax rate goes up, there should be a good reason for this and it should be temporary. There are many people in town struggling with taxes. He does not wish to push these people out. There are also other people in town that can afford the taxes, yet he does not want these people approving a higher budget that pushes the others out. He would like to establish a circuit breaker to bring the increase back down. It is almost like a cap, but not quite.

Frank stresses that the tax rate is not everything. Changes in assessment alter this. The tax bill itself is the true factor. Chris agrees. They need to use the full value tax rate.

Chris reiterates that BudCom members should share their ideas via email prior to the next meeting in August.

August Meeting Agenda Items

- Guidance
- CPI data
- Committee assignments for members to attend departmental budget reviews
- Joint meeting update

Other Business

- Contract Negotiations – Tom feels the BudCom should send a message to the negotiation committee. People are lucky to have jobs and this is not the year for full raises. Chris agrees. The private sector has seen much belt tightening in this area. Tom stresses that in all other years the employees have been treated very well. This year things are tight and employees should not expect as much. Chris mentions that he is not a huge advocate of unions. He feels they take away from productivity and offers less freedom. Bob would like to see the benefits reviewed, as this carries a lot of weight on the budget. Chris stresses that there are great employees in town, yet this is a tough time for all.
- Silver Lake State Park – Mark explains that this is in a preliminary stage of discussion. Currently the impact of having this State Park in Hollis is great. It causes a significant impact on services to handle the large crowds. It is becoming a significant public safety problem. The park is not appealing to Hollis residents because of the crowds and activities going on. State budget cuts have resulted in the park being left with no life guards, which concerns the police chief. The selectmen have learned that NH State law dictates that all State parks be self funding, with no general fund contribution. They cannot spend more money than they receive through the gate. There have been some recent discussions about the town taking over management of the facility – not purchasing the property. This would be leased to the town. Most likely for \$1.00 per year. Hollis would take over management and control of the beach. Any revenues received would be for Hollis.

Mark points out that the parking lot is larger than the capacity of the park. This is a problem. They end up with more people than can realistically fit. Paul adds that there were 36,000 people admitted into the park during 2007. Mark explains that currently the State allows alcohol and grills to be brought in and charges a low entrance fee. This is a cheap place for people to go on the weekends. The selectmen will be collecting more information on the costs associated with managing this park. They plan to gather information from Brookline, Merrimack and Windham regarding their experiences with costs, user fees and budget impacts for their town beaches. He stresses that the selectmen are also

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asking the same questions as the BudCom must have. They are not looking to acquire a major expense. He does not feel the State is looking to sell the property to the town. They just do not want to manage the State park anymore. If the town takes over the management, they can set their own rules and not have to go by the State's rules.

Chris heard that the State law binds the town's hands on what fees can be charged. Mark states that the selectmen had the same question. Chris comments that the public hearing scheduled for Monday, June 30th is intended to gather comments and concerns from the public about the idea of taking this over. He asks if there will be another public hearing once the selectmen obtain the answers to the many questions and if the final decision will be determined at town meeting. Mark does not see that this will happen without letting the voters make the decision. They may find that this is not a major expense. This idea may be very attractive to the town. The selectmen are looking to see what interest the town has on this property.

Chris thought the property was town owned and was leased to the State. Mark comments that this is just an urban myth. Debbie explains that years ago she was asked by the BudCom to look into this. She researched the deeds and found that the Town of Hollis has never owned this property. A private land owner sold the property to the State. Tom disagrees. He recalls Hollis residents running a beach on this property at one time. Frank recalls the property owners having a town beach here. Debbie reiterates that when she researched the deeds, at no point did the Town of Hollis own this property. She followed all deed transfers back to before the property was owned by the State and never found any references to the Town of Hollis.

Bob feels that this would be taking on another liability. If the town must respond to the park for issues, they should be billing the State or the person needing the assistance. If the response is due to a brawl, then those persons should be fined. Mark comments that the added liability is another urban myth. Many towns across the state have beaches. People attend, people sometimes get hurt or die. This does not become a town liability. Paul comments that a similar question came up during the purchase of Woodmont Orchard. Attorney Drescher advised the same as what Mark just stated. He advised that there would be no liability for the town if anyone were to get hurt while hiking. Bob questions what would happen if someone were to get hurt by a building that is falling down. He can see a lawsuit coming from that. Mark states that the town has liability insurance and the insurance company does have information on every parcel the town owns and all buildings that are on them. The town is fully covered. This is not an issue.

Tom feels that these comments should come out during the public hearing next week, rather than here at a BudCom meeting. Chris agrees. Bob states that he got a different perspective on this when he watched the last selectmen's meeting. Bill M. comments that if the State can operate the park to be self funding, then the town can too. If the town has to help fund this, he is not in support, but if it can truly be self funding, he is okay with it. Mark stresses that the public hearing is merely intended as a way to determine how much public interest there may be.

Bill M. points out that the wording of the notice of the public hearing says "acquire or lease". Chris questions why they would not be looking to purchase the land. Mark did not realize that purchasing the land was an option. He doesn't feel the State would be interested in giving up the property. They just want to get rid of the park headache. Chris states that if the property could be inexpensively purchased, this may be an option. Mark reiterates that this is simply exploratory right now.

Chris urges all members and the public to attend the public hearing next Monday.

- August Meeting Attendance – Mark would like to have all the selectmen and department heads attend the August meeting, so they will all hear directly from the BudCom what the guidance will be for next year's budget. Chris agrees that this would be a good idea and stresses that the public is also welcome to attend all BudCom meetings.

Mark moves to adjourn. Seconded by Bob. Motion unanimously approved.

Meeting adjourned at 9:00 pm.

Respectfully submitted,

Deborah Adams, Secretary