



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

Minutes of September 28, 2010

Meeting was held in the Community Room, Hollis Town Hall. The Budget Committee was called to order by Chris Hyde, Chairman at 7:05 PM.

Members present: Chris Hyde, Chairman; Tom Gehan, Susan Benz, Ray Valle, Frank Whittemore, Tom Jambard; Vahrij Manoukian, Selectman's Representative (arrived at 7:25)

Also present: Paul Calabria, Finance Director

BudComm Minutes of August 24, 2010:

Ray V. moved to accept minutes as presented. Tom G. seconded.
Chris H., Ray V., Frank W., Susan B., and Tom G. voted to approve. Tom J. abstained.

BudComm Minutes of July 27, 2010:

Tom J. moved to accept minutes as presented. Susan B. seconded.
All present voted in favor.

Public Input:

Peter Baker (Buttonwood Drive) mentioned the informational report he has been preparing regarding activities of the conservation commission over the past 12 years. He then questioned the School District budget and what control, if any, the BudComm may have over it. He would like to see it reduced. His third question was whether there is a listing somewhere of all the town employees and their salaries. Paul C. stated that the pay ranges for each pay grade are available. A discussion followed regarding the NH Retirement System and some of its various problems.

School Report:

Susan B. discussed the problems with the well and the water supply to the schools. The cost of modifications and repairs has been \$12K to date.

Also discussed was the Facility Needs Assessment report on the SAU building. Alternate locations are being considered and a long-term plan put together. Vahrij M. commented on the budget restrictions, and cautioned against planning any additional expenditures in the foreseeable future. All departments, both School & Town should plan on making due with what they have for now. Ray V. suggested that since the enrollment numbers are dropping, it may be possible to reorganize the elementary schools to free up space in the upper elementary building for SAU usage.

As a side note, it was mentioned by Chris H. that the SAU is not under the jurisdiction/oversight of either Budget Committee, so they are able to make facilities decisions on their own.

Conflicts with the upcoming meeting schedule were discussed.

Chris H. asked about a financial update on the mold remediation project, which Susan B. said will be forthcoming.

Paul C. mentioned that the town has seen significant savings this year in fuel and heating oil costs, and wondered whether the schools have had a chance to calculate their savings in these areas. Susan said she

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would make a note to look at the budget numbers.

Town Report:

Paul C. stated that really the only budget line item of concern at this point is Legal Counsel due to some unanticipated land issues, and general counsel on various other issues in town. Overall the operating budget is about 11% under projections.

An action plan is being drawn up to deal with the 2010 budget shortfall resulting from the disallowance by the DRA. The next plan of action is to appeal the tax rate with the DRA. After that, areas of the budget will be designated for cuts in order to compensate for the shortfall, which will amount to approximately \$240K. Small pockets of excess in the budget can be found throughout, and some road rebuilding projects will be deferred. It is fully anticipated that the deficit can be compensated for without staff reductions.

Paul C. clarified that the BudComm is allowed to vote to approve some portions of warrant articles without approving the entire warrant article. Discussion ensued questioning the legality & wisdom of this. This should be kept in mind for future reference.

The concerns regarding health care costs from the second quarter have been greatly abated. Claims expenses have come down, and some funds have come in from the re-insurer to cover earlier costs. It was suggested by Chris H. that, for the future, the Hollis Brookline Coop should share some of the costs of maintaining the well/water system.

Paul C. mentioned that the tax rate setting this year may be delayed because the MS forms from the school have not yet been submitted to the DRA. They were due on September 1. They will be given top priority now to get them submitted as quickly as possible.

New Business:

Chris H. brought up the problem with the Unreserved Fund Balance. At a previous meeting, it had been agreed upon in principle to raise the fund balance over the course of four years. The number should be closer to 5% of the operating budget, or around \$1.5MM. Currently it stands at approximately \$155K. Vahrij M. stated that it is anticipated that some savings will be realized this year from the Town Hall roof/tower repair project, which will be applied toward the balance.

The question was discussed whether to create a separate line item, set at some minimal amount, to bring attention to the presence of the Fund Balance. Tom J. asked whether we could borrow money to pay emergency bills, rather than raising money in anticipation of an emergency. Ray V. felt that it is not necessary to increase the Fund Balance right now, that it is too expensive. Vahrij M. stated that the Selectmen and the Budcomm should be in agreement on increasing the fund balance. It is important for the town's bond rating, and the town should maintain an emergency fund. The Selectmen agreed that the Fund Balance will grow little by little, by applying excess funds at the end of each year. It should not be necessary to raise taxes.

Some discussion ensued as to whether it is prudent to include "deferred revenue" as part of the Unreserved Fund Balance, even though it is approved to do so by the DRA. It was generally felt that this is not appropriate.

A "straw poll" was taken to see whether the BudComm agreed in principle with the Selectmen in achieving the \$1.5MM Fund Balance over four years. Susan B. and Vahrij M. agreed, the rest were opposed.

Chris H. proposed new policies which were agreed to in principle:

1. Avoiding mixed item warrant articles
2. Keeping a running tally on the 10% rule during hearings
3. Materials should be posted prior to Public Hearings

Chris discussed upcoming meetings:

Monday, October 18, 7 pm in the multipurpose room at the Middle School – Special Education Funding

Tuesday, October 26 – Regular meeting, time TBD

"Fair Tax" meeting at Nashua Public Library – tomorrow, 7 pm

Tuesday, October 5 Co-op Budget Committee, Middle School

Monday, October 4, 7 pm - Selectmen - First review of the budget

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Vahrij M. mentioned, for the record, that the Selectmen set the agenda for Town Meeting and the number of warrant articles. Chris H. agreed and requested the goal of simplicity for future warrant articles.

Motion to adjourn was made by Tom J. and seconded by Vahrij M. Meeting adjourned: 9:18p.m.

Respectfully submitted,
Barbara Kowalski, Tax Collector
Paul Calabria, Finance Officer