



BUDGET COMMITTEE

Town of Hollis

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

Minutes of September 30, 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 LeDoux, Selectmen's Representative; Bill Beauregard, School Board Representative; Tom Jambard, Bob Labednick, Frank Whittemore.

Also present: Paul Calabria, Finance Director; Peter Band, Selectman

Review of Agenda

Chris quickly reviews the agenda for the meeting. No changes are made.

Review of Minutes

Tom moves to approve the Minutes of June 24, 2008 as submitted. Seconded by Bob. Motion approved 5-0-1 with Mark abstaining.

Mark moves to approve the Minutes of August 26, 2008 as amended. Seconded by Bob. Motion approved 5-0-1 with Bill abstaining

Town Report

Paul mentions that the Selectmen recently approved the purchase of a new copier for town hall. This is a lease-purchase. There is not much change in the year to date budget through 8/31. They are under budget 4.8% with 2 weeks of payroll that is not included yet. They are right on target. Chris recalls that during the last meeting it was mentioned that there were a few items that were over budget. Paul explains that Assessment Associates may be over budget by year end. Workers compensation and property liability will also be over. These overages will be absorbed in the budget. The police department has some high overtime due to being down 1 employee. The overtime for DPW is weather related. Overall the bottom line of the entire budget looks good.

Paul mentions that the selectmen have received budget requests from all the departments. They will begin to review these proposed budgets, as well as the revenues. The revenue stream may begin to decline. The next selectmen's meeting will have presentations and review of all the small departments. The safety budgets will be reviewed 2 weeks later.

Mark states that the selectmen have been considering going to a 4 day work week. They are just beginning to look into this. They will also be meeting with the superintendent to discuss the same for the schools. Right now they are trying to "think outside the box" for ways to save money. They are preparing to start the union negotiations, with cost sharing for health care and alternatives to the current self insurance as some of the issues. The selectmen have requested level funding for all departments. They are seeing some creative ideas coming forth. Most of the equipment approved back in March has come in and is currently being used. They are already seeing a decrease in maintenance costs. The selectmen thought they had prepurchased fuel, but apparently they had not. This will be discussed at the next meeting. Mark stresses that it is the desire of the selectmen to reflect the current economic issues with the proposed budget. These are not normal times and they must be mindful of that.

Chris asks about the repairs to town hall. Mark stresses that they do need to address this issue, which should be sooner rather than

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later. They still do not have figures on the repairs. He would like to get a sense from the town on what they want to do. The people need to voice their opinion on this. The recent assessment letters may prompt people to speak out. The selectmen feel they should be representing the people and listen to what they say. If they want to repair town hall, then that is what should be done.

Bob questions why the assessments were raised. Mark would like to meet with the Department of Revenue Administration (DRA) to discuss this. He agrees there must be a better way to make these changes from the statistical data rather than through a reinspection. The town has spent a lot of money to get this analysis. Five years ago the real estate market was booming, yet has slumped since then. They need to analyze what the housing costs were April 1, 2003 vs. April 1, 2008. He thought they should wait another 6 months before changing the assessments, but was told that it was too late to stop the process. He would like to argue with the DRA they the assessments should be adjusted down next year. He stresses that assessments are only a part of the equation. There needs to be fairness in the tax base. They need to control the budget.

School Report

Bill reports that during the last school board meeting they reviewed the FY08 expenditure report. The school will be returning \$264,000 to the town. A public hearing to utilize funds from the expendable trust for recognized maintenance items will be held at the next school board meeting on October 8th. They will be discussing the various quotes at that time.

The projects they are looking to complete are:

- SAU – Window replacement (cost estimate of \$12,500)
- HSD – Duct work cleaning (cost estimate of \$28,100)
- T-111 replacement (cost estimate of \$11,000)

Chris states that he reviewed the minutes from the February public hearing, which shows the estimate for the 5 year cleaning was set at \$13,000. The quote is double this amount. Bill believes the \$13,000 was for just one building. They had anticipated this being a staggering maintenance item. He will find out more during the public hearing.

Bill mentions that Dawna, SAU Business Administrator has been looking into generating the FTE (full time equivalent) report that has been requested by the BudCom. She thinks she can get 3 years of data for this report, yet it will be very laborious to generate data further back. Once the report is generated once, it will be easy to continue with future data. Bill is looking into obtaining other data to assist with this task. Dawna has been hampered with training new staff, as well as other additional duties and requests. These items have been taking a significant amount of her time. The newly formed Facilities Committee has been requesting much of her time. Chris would like to have the FTE report in the BudCom's hands prior to meeting with the school and SAU so there will be adequate time for the members to review the data. Bill hopes to have this ready for the December meeting.

Mark questions whether the SAU building is within the Historic District. Debbie is not sure, she will have to look at the HDC map. Mark points out that the quote passed around by Bill for the window replacement gives an option of going with a 2 over 2 window. He feels this style window would look best for historical purposes. He would prefer this. Bill stresses that this would add another \$700.00. It will depend on whether this additional money is needed elsewhere. Bob asks about the insulation in this building and if this is an area that would help reduce heating costs. Bill thinks they may have recently installed additional insulation. Chris points out that this is an old building with limitations. Bob would rather spend money on insulation than on windows.

Bill mentions that the school board approved at their last meeting a student notification system, "Alert Now". This allows for communication to an entire distribution list via phone or email at the push of a button. This is for the Hollis School District only at a cost of \$2,100. This money will be saved on paper costs alone. The superintendent has been working with Jeff Babel, Director DPW on the sidewalk project to continue the sidewalks up to the elementary schools. Chris mentions the grant recently received to allow the buses to be retrofitted to bio-diesel. He asks if the Town has a source for obtaining the bio-diesel and if this is cheaper. Peter feels this may ultimately be more expensive.

Bill explains that the curriculum coordinators have both resigned. He realizes that administrative overhead has long been a hot topic with the BudCom. The school board had commissioned a study group to look at their current administration, yet before getting the results of their study the curriculum coordinators gave their resignations. The administration has made a proposal to the school board to focus on mentoring teachers for student performance and the latest union contract even offers a stipend for this. They are proposing a new model for the 2009 budget, which may help to save money on administrative costs. There will be 2 mentors in the schools working with teachers. The cost impact for these 2 mentors will be the same as the salary for 1 curriculum

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coordinator. This is a 2 for 1 deal. These individuals will be contractors. The school board has expressed support for this concept.

Bill states that they have recently locked in fuel at \$3.49 per gallon. Chris asks if they enrollment figures yet. Bill explains that they had a rush of enrollments at the end of the summer. He should have the final numbers for the next meeting. He will forward by email when he receives this information.

Tom goes back to the SAU window discussion. He recalls the SAU office recently constructed a new addition to the building. He questions if those windows will also be replaced. It would be a waste of money to do so. Bill hopes this is not the case. Tom comments that the specifications for windows at the primary school seem to be different than what was proposed in the past. Bill indicates that he has questioned this himself, yet has not heard back. Tom asks if the hot air system has filters that block the air before it reaches into the duct work. If this is the case, then why is duct cleaning necessary. Bill agrees that in theory this should be the case. A few years ago he went up on the roof to inspect this for himself, in order to better understand what they were discussing. At the time it was discovered that there are problems with the filtration system, which needed replacement. Tom reiterates that if the filters are cleaned periodically it should eliminate the need to clean the ducts. Chris recalls reading about a process that seals the inside of the duct work to increase efficiency. He did not find a contractor in NH for this product. Bill explains that the duct work is for fresh air ventilation, not for the heating system.

Vahrij Manoukian, Chairman Selectmen arrives at this time.

Chris mentions that he would like to have a discussion regarding differentiated instruction vs. homogenous instruction. Many parents in town are upset over how the gifted students are being taught. They were told that the school board would be taking this year to review these issues and come up with a way to address this better. He wonders if there has been any progress on this, yet would like to wait until the next meeting to discuss this further. Bill states that this is being addressed.

Vahrij asks for a moment of the BudCom's time. He mentions a Boston Globe article from today that indicated that many people are attempting to sell their bonds but are not having any luck. He hopes the town does not get into this type of situation. He heard comments earlier that the school has locked in a fuel rate that is higher than fuel costs are presently. Bill admits that they did lock in at \$3.49. Vahrij stresses that they should reconsider this since the rates are much lower now. The school can always try to reconsider. He points out that this is not the school's money, but the taxpayers money. Paul asks if there was any downside protection on the contract. Bill explains that at the time this was negotiated, we were in the middle of several hurricanes with speculators indicating that rates would be going way up, and we were not in the middle of the current financial crisis. Vahrij asks the BudCom to direct the schools to reconsider this contract. The selectmen will be doing this at their next meeting. The town does not have enough money to pay for the fuel.

Bill argues that when the school enters into a contract with a fuel company, the fuel company is also entering into this contract. Chris agrees that there is no harm in asking to reconsider. It makes good business sense in the long run for the fuel company. Mark agrees. If they find out the fuel company has already purchased all the fuel for this contract, then they will have to honor the agreement, yet it is very improbable that the fuel company has the ability to purchase that quantity. Paul states that if they do not ask, they will never get it.

Vahrij states that the selectmen have asked all their departments to give a zero increase. With the current economy, they may even asks for less from each department. The town must maintain services, yet he is afraid they may have many people leaving town, which will become a loss of tax revenue. There are many people struggling. He sees this every day. All board must look at cutting expenses. They have to find a way. Bill indicates that the school board is also looking at many ways to reduce spending.

Chris stresses that the BudCom would like to have public input. He invites anyone wishing to comment to come to their meetings so they will have a chance to be heard.

Old Business

- **Meeting Schedule** – Debbie presents the BudCom's meeting schedule from now until Town meetings in March. Chris comments that he would like to have the Hollis District meeting before the Coop District meeting. Debbie states that she did make that request to the SAU office. She was told that Bill would be travelling during this week and that he prefers to be present at the District meeting. Bill stresses that this is not just a preference, he must be there. He argues that by the time of the District meeting, the budget is already set and everyone has seen it. Chris states that the BudCom has seen it, yet many voters may not have. He really wants to have the Coop meetings after the Town meeting. With 3 different budgets affecting their taxes, it is very important to keep the voters informed. It is hard for voters to understand the full

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budget impact at the Coop meeting when the Town meeting has not occurred yet.

Chris would prefer to have the school meetings all day on a Saturday. Bill asks Debbie if she mentioned this to the SAU. Debbie states that this is the first she has heard of this idea. She can talk to them about it this week. Chris would like this as a way to re-engage the voters. Mark comments that the selectmen have discussed having Sunday afternoon meetings for informational discussions with the public.

Debbie goes over the Selectmen budget review schedule. Tom and Bob agree to attend most of these meetings. Mark encourages attendance at the October 20th and November 17th meetings, as those account for the bulk of the budget.

New Business

- Public Input – No public in attendance.
- Change Meeting Times – Chris states that Bill has requested this change, which has been discussed somewhat via email, yet the BudCom needs to have a public vote on any changes. Bill feels the most critical request is to have the budget review meetings start at 6:00 instead of 7:30. These meetings tend to go very long and with the earlier start time it will enable everyone to get home a bit earlier. The public hearings can perhaps start a little later to give the public time to get there. There are several budget review meetings leading up to the public hearing, which allows the public review. Starting earlier would be reasonable for the staff and the public. Paul mentions how the selectmen used to meet at 7:00. They moved this up to 6:00 for the same reasons. Chris comments that some people will have difficulty getting to a meeting this early. Personally this will be hard for him.

Debbie explains the difficulty this will create for her. She typically leaves work at 4:00, driving 30 minutes home. She will have time at home before driving the 30 minutes back to work for the meeting. By moving the meeting up to 6:00, this will not allow much time at home before turning around to drive right back. She needs to arrive to set up for the meeting 30 minutes before it starts, therefore she would only be home for 30 minutes. This is a waste of time and gas. She explains that she is not allowed to work over 40 hours per week and must cut hours during the normal work day on weeks when she has a night meeting. This reduces the time when she is in the office and should be assisting the public. If she were to work straight through until the meeting, this would add to the number of hours worked for the week and would result in less time available to the public. Paul mentions that he recently spoke with Troy Brown, Town Administrator about this problem with Debbie's hours. They came up with a suggestion that Debbie come in to work later on those days when she has night meeting. Debbie argues that this still causes a situation where she is not in the office available to assist the public.

Mark moves to change the starting time to 6:00 pm for the budget review meetings. Seconded by Bill.

Frank questions whether changing the time will really result in more public participation at the meetings. Chris explains that this will only be for the budget review meetings that involve staff, school administration and department head participation. This change is not intended to be better for the public.

Vote: Motion unanimously approved

Chris does not recommend the same change for the public hearings. He suggests moving this to 7:00 instead. Bill questions why this shouldn't be changed to the same. Chris feels that a large portion of the population works in Massachusetts. To get back to Hollis for a 6:00 start time will be difficult. He wants to make this easy for the public to attend. Paul states that this may result in having fewer people at the beginning of the meeting and more later in the evening. Bill stresses that they are not serving the public when the meetings go so late at night. They have babysitters or work the next day. No productive discussion occurs at 10:30 at night.

Chris suggests 6:30 might work better, yet this still causes problems for Debbie. Mark likes the idea of starting earlier. People will come if it is important to them. He would like to think on this idea a little more and vote on it at another meeting. Everyone needs to be more disciplined to get through the discussion quicker. Tom comments that there is not much attendance at the public hearings anyway. People will have 2 changes to hear the budget during the review meetings. Paul mentions that the selectmen's budget review meetings will all be televised this year, as they are being done in the evening, rather than Friday mornings, as was done in the past. Chris again suggests 6:30.

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Mark moves to change the starting time to 6:30 pm for the public hearing meetings. Seconded by Bill. Motion unanimously approved.

Chris feels that the regular BudCom meetings should be no earlier than 7:00, given the fact that these meetings typically do not go too late and considering Debbie's issues with her hours.

Mark moves to change the starting time to 7:00 pm for all regularly scheduled Budget Committee meetings. Seconded by Bill. Motion unanimously approved

- New Assessment Update and Impact – Paul mentions that there really is not much to say on this until the tax rate is set. Assessment Associates met last night and are still making some adjustments. No abatements can be filed until after the tax bills are due. The MS-1 has been signed, even through there are some inequities. They are hoping the DRA will set the tax rate meeting date next week. This should be early October, yet it all depends on the State. No other communities have had their tax rate set yet. The selectmen went with the lower assessments for properties. Mark does not believe that these numbers are sustainable. In a declining market, with data collected 6 months ago and figures being set for a 5 years, it is better to go with 93% of the market. These are the numbers that were used for the assessing letters. Paul stresses that if the town does not have a certain percentage obtained, the DRA will not certified the assessments.

Chris comments that it would be quicker to leave this range and have the DRA request a revaluation. Mark states that at the current rate, the town will be at 108% by next year. The need a more significant overlay for abatements. Tom asks what they have for a fund balance. Paul states that this is 3.13%, including encumbrances and 3.1% without. With the budgets increasing, it has been harder to maintain the fund balance. The town is currently at 8% of the budget. The DRA requires 8%-13%.

Paul mentions that the town's valuation is currently at \$1,300,000,000. Chris comments that this is up \$250,000, which may impact the education grant. He stresses that the market is going crazy, especially with short term credit. He questions if the town uses any short term credit to finance purchases. Paul states that their leases are 5-7 year terms. The town's credit is still at AA3. Nothing has changed with this and he does not anticipate any changes. When investigating the copier that has just been ordered for town hall, he found that the town's credit was better than using the copier leasing company.

Tom asks about any unpaid taxes. Paul indicates that they are currently running at the same collections as for previous years for this same tax bill cycle. He will not know until the new bills go out. Chris comments that there have been many foreclosures in town. Mark states that the unpaid taxes have increased. There are currently \$13,000,000 in back taxes owed, which is up by about \$100,000. Many people are refinancing. The town is seeing an impact on the number of new homes being constructed. Debbie points out that last year only 13 new homes were constructed in town, which was a 50 year low. This year she has only issued 1 new home permit.

Chris questions what the economy has been doing to the welfare budget. Mark had anticipated seeing much more of this, but they are not. There is a certain amount of pride in the community. They are actually seeing less welfare requests than last year at this time. Peter expects that this will change. Mark feels that many people are attempting to take responsibility for themselves. He does anticipate a record number of abatement requests next year. Peter states that they will always see this during a revaluation period.

Chris asks about revenue. Mark states that current use penalties have fallen way down. However the Town Clerk is reporting slightly higher motor vehicle fees. Building permits are down, as well as subdivisions.

- Budget Guidance – Chris comments that the BudCom has previously given guidance that the budget should remain flat.

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

Meeting adjourned at 9:25 pm.

Respectfully submitted,

Deborah Adams, Secretary