



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

Minutes of October 14, 2014

Meeting was held in the Community Room, Hollis Town Hall. The Budget Committee was called to order by Tom Gehan at 7:04 PM.

Members present: Tom Gehan, Mike Harris, Chris Hyde, Frank Cadwell, Susan Benz, Frank Whittemore, Tom Jambard, Rosemary Mezzocchi - Hollis School Board Rep.

Others present: Deb Padykula – Finance Officer, Eric Horton – SAU41 Business Administrator, Jay Sartell – Police Chief

Pledge of Allegiance was said.

Approval of minutes:

Mike H. moved to accept the minutes of 9/9/14. Frank C. seconded. Motion passed unanimously, with Frank W. abstaining. Vote was 7-0-1. Minutes were accepted.

Budget Cycle Calendar:

Tom G. stated that changes were made to the departments scheduled to present during the November Selectman meetings and also that the town meeting is set to be on Saturday, March 14, 2015 at HBHS. The Hollis School Board and Hollis Brookline Coop meeting dates have not yet been set.

Town Report:

Deb P. stated that the legal line item is over expended by \$32K through September. Frank C. asked if there are outstanding legal fees resulting from the pipeline. Deb P. stated that the estimate provided by the attorneys for the remainder of 2014 could be as high as \$17K. Chris H. asked if the Selectman had decided to approve the estimate provided by the attorneys. Frank C. replied that the Selectmen have not yet taken a position.

Frank C. also pointed out that the legal fees resulting from personnel issues is also over budget and will continue to incur expenditures. Deb P. stated that there are surpluses in Health Insurance and that the town received a \$33K refund from HealthTrust. Frank C. asked for the estimated health insurance savings. Deb P. replied \$80K. Deb P. stated there will also be surpluses of \$20K in retirement and \$21K in workers compensation. There is also \$71K in the contingency line item.

Chris H. asked if there has been work done between the schools and town regarding oil and gas price contracts. Eric H. stated that oil was set at \$3.02 and that the town was included in negotiations.

Deb P. stated that most budget lines are at approximately 75%, which is as expected.

Deb P. stated that the financial consultants sent out RFPs regarding bond refinancing and they are due back October 21.

Frank C. stated that the Recreation Commission is in the preliminary stages of planning to add a new field and will be requesting funding for the 2016 budget.

School Report:

Eric H. stated that everything is where it should be for this time of year and that all staffing is in place. Paula Izbicki has been appointed as acting principal for the Hollis Primary School.

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Eric H. reported that one of the three boilers at the primary school is offline and they are in the process of evaluating the cost to replace/repair the boiler. The first quote received for replacement is approximately \$21K. No quotes for repair have yet been received. Eric H. plans to expense out of the Maintenance Trust if money is not in the existing budget.

Rosemary M. stated there will be no additional expenses incurred in the restructuring of the school administration.

Mike H. asked if any decisions had been made regarding full day kindergarten. Eric H. replied that they are observing Brookline's program and that parents would pay tuition for their child to attend the second half of the day. There is high demand and revenue is expected to exceed the additional costs.

Public Input:

No members of the public were present.

New Business:

Police Department Accreditation

Jay S., Police Chief, presented the benefits of becoming accredited with The Commission on Accreditation for Law Enforcement Agencies (CALEA). Jay S. stated that the accreditation would provide outside oversight of policies and procedures that is currently lacking. It would also assist in providing guidance for human resource issues, help refine and implement best practices, and reduce the department's risk and liability exposure. Jay S. also recommended implementing Power DMS, a document management software system, to modernize the department's policy record keeping and help ensure that policies meet accreditation standards.

Chris H. asked if Power DMS would both maintain policies and also archive records. Jay S. replied that DMS is a policy governing system and not a records management system for all documents.

Chris H. asked if storing data on DMS servers complied with NH RSAs. Jay S. stated that only policy data and no personnel information would be stored on DMS and that it does comply with NH RSAs.

Tom G. asked if other departments in NH are accredited. Jay S. stated that Hudson, Dover, Nashua and several other departments are accredited through CALEA.

Frank C. asked if the town would lose local authority over policies and procedures. Jay S. replied that the town would lose some control over setting policies but that in most cases the accredited policy is the best practice.

Frank C. asked if building and vehicles would be part of the accreditation process and could this become an additional expense. Jay S. stated that some standards may be waived.

Chris H. asked if it was possible to perform a preliminary review to determine the required improvements and costs involved in becoming accredited. Jay S. outlined a 3 year process of self assessment, Power DMS implementation and application for accreditation from CALEA.

Chris H. asked how this would impact union negotiations and agreements. Jay S. stated it would assist with collective bargaining because the rules and procedures would be better defined.

There was discussion of accreditation organizations for fire, communications and ambulance. Chris H. asked if accreditation would result in any savings. Jay S. replied that it would reduce worker's compensation cases and qualify the department for a refund from its risk management insurance.

Jay S. stated the accreditation process would account for about 1% of the department's budget.

COOP Apportionment Update:

Frank C. stated that the committee will present the recommended formula to the school board on October 15 and a public forum will be held on November 13. The recommended formula is 95% ADM /5% EV for non-bonded costs and 100% EV for bonded costs.

Tom G. stated that this formula was as far as Hollis could go before it becomes economically advantageous to dissolve the COOP.

Mike H. stated that the tax burden on Hollis would fluctuate as bonded costs shift. Currently this formula shifts \$1.7M in costs to Hollis. There was a discussion of the apportionment committee meeting, how the formula was derived, and Brookline's school tax rate excluding the COOP.

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Frank C. stated that he presented the apportionment committee's recommended formula to the Board of Selectmen the previous evening and it failed 1-3 with 1 member out of town. The Board supports a 100% ADM formula. There was more discussion about dissolving the COOP.

Final Budget Guidance - Town

Tom G. reviewed the preliminary guidance as determined at the September meeting, which includes an additional \$100K for road rebuilding and a 1% increase for all non road rebuilding items for a total increase of \$176.7K. Mike H. moved to approve guidance for the Town of Hollis budget in the sum of \$9,509,854. Chris H. seconded.

Tom J. stated that some of the fund balance should be used instead of a 1% across the board increase and asked how the surplus funds were generated. Frank C. replied the most of the surplus is a result of missing budgeted employees.

Deb P. stated that several budgeted items did not occur in the DPW due to the transition in directors last year. She also stated that most of the savings was from personnel items (switch to high deductible health plan, holiday surplus from Health Trust and workers compensation, retirement).

Tom J. asked if reduced energy and maintenance costs were reflected in the budget.

Deb P. stated that several large truck repair expenses were incurred this year and that given the unanticipated nature of such events it needed to be budgeted for even though the funds may not be used. Chris H. stated that the \$2.4M unassigned fund balance may be large enough to decrease the size of the budget.

Tom G. asked if the Selectman have decided to use the fund balance to offset this year's tax rate. Deb P. said they had not.

Frank C. said that the Selectman had agreed to build the fund balance up to \$2M and then use excess funds to offset the tax rate. He also said that \$175K of the balance was used to renovate Town Hall last year.

Deb P. stated that using the fund balance one year could cause a spike in the tax rate the next year and that it might instead be used for large expenditures via warrant articles.

Chris H. stated that an annual \$500K surplus should not be ongoing.

Mike H. stated that using smaller amounts of the fund balance could be used consistently to avoid spikes in the tax rate.

Tom J. stated that more discussion should take place to determine the reasons for surpluses and overages rather than implementing an overall 1% increase before the budget guidance is finalized.

Chris H. stated that he would like to add an explanation of how the fund reserve was generated with a bias toward potentially adjusting the guidance in the future.

Tom G. stated that the guidance needed to be finalized to enable department heads to move forward with their 2015 budgets. The committee reserved the right to revise the budget guidance at a later date as necessary.

Tom J. moved the previous question.

All voted in favor. Motion was approved 8-0-0. Tom J. excused himself from the meeting.

Preliminary Budget Guidance - School

Eric H. stated that the budget reflects existing sections as they are currently and that the Superintendent is reviewing how personnel are being used across the district. Enrollment numbers are down slightly. The budget is very preliminary and any changes will result in decreases.

Tom G. stated that a 1% increase would reflect an increase of \$84K and the proposed budget reflects an increase of \$377K.

Eric H. stated that the budget needs to come down and includes several maintenance items that should come out of the trust. He also stated that duties outside the scope of special education for paraprofessionals have been moved back into the guidance part of the budget, resulting in a \$188K labor shift.

Chris H. asked about the disparity between the transportation increase of \$60K and the drop in out of district tuition from \$137K to \$0. Eric H. replied that students were brought back into the district and the

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district is still providing transportation for special services. Eric H. stated that he would reexamine the figures. He also reiterated that the class sections still needed to be reviewed by superintendent. There was a discussion of what the guidance should entail since the proposed budget is very preliminary. Mike H. suggested removing the 1% increase since enrollment is slightly down.

Eric H. requested that the guidance stay flat because the new superintendent is taking a fresh look at the budget and that the school will request increases as needed.

Mike H. moved to offer preliminary school district guidance of a flat budget. Chris H. seconded. Motion was approved 7-0-0.

Tom G. asked about FY16 revenue projections. Eric H. stated that he anticipated decreases due to students moving to the COOP.

Chris H. requested an analysis of the administrative functions at the primary school to help determine if changes should be made.

Motion to adjourn was made by Mike H. Susan B. seconded. Meeting was adjourned at 9:40 PM.

Respectfully submitted,

Christina Winsor, Tax Collector