



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

Minutes of October 26, 2010

Meeting was held in the Community Room, Hollis Town Hall. The Budget Committee was called to order by Chris Hyde, Chairman at 7:02 PM.

Members present: Chris Hyde, Chairman; Mike Harris, Tom Gehan, Susan Benz, Ray Valle, Frank Whittemore, Tom Jambard; Peter Band, Selectman's Representative

Also present: Paul Calabria, Finance Director

BudComm Minutes of September 28, 2010:

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

BudComm Minutes of October 18, 2010:

Mike H. moved to accept minutes as amended. Tom G. seconded. Frank W., Tom J. & Peter B. abstained
Susan B., Mike H., Chris H., Tom G., & Ray V. voted to approve.

Budget Schedule Review:

Susan passed out the tentative schedule. Discussion ensued regarding town report deadline dates and meeting schedule conflicts. It was decided to move a BudComm meeting from Tuesday, Feb. 8 to Monday, Feb. 7 to avoid a conflict with the Co-op meeting.

Budget Guidance:

Chris discussed the chain of events leading up to the generation of the annual budget and presented, via power point, the thought process and methodology used to arrive at the current budget guidance. The New Hampshire Office of Energy and Planning provides a Town of Hollis population of 7570, which is down about 300 from a few years ago. However, the towns' population has increased about 7% from ten years ago. Taxes have increased about 30% since 2004, primarily due to bonded indebtedness. However, debt levels will decline steadily over the next few years, and then drop significantly after about 2014. The Consumer Price Index (CPI) has lately been running around 1.7%. Several slides were shown which detailed various economic indicators, all pointing toward a dire outlook for at least the near term. The need to build up Hollis' Unreserved Fund Balance was again mentioned as an ongoing topic of discussion. Chris H. then proposed a "balanced guidance".

Public Input:

Ellen Lencsak (Forest View Drive) is the school nurse at the primary school. She praised the teachers and staff at the elementary schools (many of whom were present in the audience) and stated that they were in attendance for the purpose of answering any questions that might arise pertaining to the schools. William Beauregard (Arbor Lane) expressed his concern over basing the budget model on CPI. The increase in school district budget since 2006 (18.8%) does not track with the CPI at all, so it's important to dig into the data a little more thoroughly in order to understand what has been driving the increases. One quarter was in benefit increases, another quarter was in maintenance, 19.5% was in special education, etc.

Budget Committee Minutes October 26, 2010

It's too early at this point to set strict guidance, since the magnitude of the increases in all these categories is unknown at the present time.

Ellen Lencsak (Forest View Drive) stated that in order to keep good teachers, you have to have something to offer them.

Sandy Van Sciver (Goffstown, NH) requested that the budget be fair and equitable in light of the contract negotiation process.

Debbie Pucci (Nartoff Road) expressed concern that raising taxes in this economy is not the answer; that it's time to cut spending. With falling enrollments and a declining population, the taxpayers can't continue to support yearly increases.

Mary Ann Shanley (Buttonwood Drive) requested that the budget development be a collaborative process. She wanted the committee members to keep in mind that having a top quality school district increases real estate values for all taxpayers.

John Anderson (Wheeler Road) would like the BudComm to look at outsourcing of things like snowplowing and road work to help cut costs.

Peter B responded that the Selectmen are actively looking into it.

Nancy Kring-Burns (Lynn Drive) is a teacher at the Upper Elementary School. She spoke to the quality and dedication of the teachers in Hollis. They put in numerous hours over and above what is spent at the school.

John Ferlinds (Dow Road) recommended that we hold the line on union contracts.

Dennis Kane (Pepperell, MA) mentioned that when salaries don't go up to cover the increased cost of health benefits, teachers end up taking home less pay.

Chris H wanted to make clear that the Collective Bargaining Agreement is not being discussed at this meeting.

Dan Zorn (Truell Road) would like to compare the top ranked towns on the basis of test scores as a function of per student expenditure.

Rich Manley (Truell Road) asked for clarification on one of the items in the power point.

Chris ended the Public Input.

Chris H. provided a formula for a starting point for the budget appropriation limit.

Susan B. presented the projected enrollment numbers for FY2012. Discussion ensued regarding methodologies for student population projections. FTE staff has increased 25% since 2003, while enrollments have declined 20%. Some of this is based on special ed. students that have been brought back into district, and the addition of the preschool program, both of which result in a higher staff/student ratio.

Tom J. suggested (and several members agreed) that the formulaic approach for budget guidance may be too complex to be practical. The committee members have been elected to use their best judgement to arrive at a cost-effective budget that meets the requirements and demands of the taxpayers. Budget setting does not always fit into a mathematical model.

Mike H. made a motion to recommend a flat budget for the Town and School District, with the formulation method that Chris detailed at the top of his proposed guidance worksheet. Peter B. seconded. Further discussion revealed that the intent was to have a flat budget including any recommended warrant articles. Peter B. then withdrew his second; Tom J. and Susan B. argued that this was too restrictive. The RSAs state that warrant articles are voted on at town meeting separately. Ray V. suggested "zero budget creep", so that budgets don't keep going up automatically each year. Mike H. stated that any change in the level of service needs to be explained explicitly and voted on at town meeting. Guidance needs to be given on the CBA separately from the operating budget, so that a change in one doesn't skew the other. Chris H. stated that the obligation of the BudComm is to always be mindful of what the taxpayers can afford.

Mike H. offered to amend his motion.

Chris H. opened the floor to additional public input.

David Petry (Federal Hill Road) stated that the BudComm is missing the point. He requested that the BudComm be more specific than just simply saying "flat budget". They need to suggest where cuts should come from. Chris H. felt that asking for input from the Selectmen on where cuts should come from was not

Budget Committee Minutes October 26, 2010

unreasonable. David P. stated that a flat budget every year actually results in a continual decrease in the level of services, in order to compensate for unavoidable yearly increases in costs for items such as health insurance and retirement.

Mike H. wanted to know what David P. would suggest the BudComm provide. David P. suggested that the BudComm advise the Selectmen as to where they would like to see additional cuts in the budget. Chris H. was reluctant to micromanage, and stated that he had been told by each of the selectmen in the past year that there were places in the budget where further cuts could be made. He also felt that in the past, any guidance he did provide was not acted upon. David P. then requested that if the BudComm did have something in mind for budget cuts, to please provide it up front rather than wait until February.

Peter B. made a motion for a zero increase for the School & Town in Operating budget only, not including warrant articles. Tom J. seconded.

Betsy Cox (Buttonwood Drive) wanted to raise the concern that if you link the CBA warrant article to the Operating Budget you may tie the hands of the School Board in "good faith" negotiations. It was made clear that this would not be the case.

Candy Fowler (Greenfield) wanted to reiterate that zero guidance results in cuts in the overall budget due to increases the cost of benefits.

Rich Manley (Truell Road) stated that everyone is aware at this point of the need for fiscal conservatism, that it's a given. However, in order to move forward with the CBA, some flexibility must be allowed so that they are not still spinning their wheels in February for the third year in a row.

Paul C. expounded upon Rich Manley's comments regarding several unknown factors and costs that will be affecting the budget in an unfavorable way and over which we have no control.

Susan B. said she would have preferred to amend the motion upward from zero to a 1/2% increase, to allow for inevitable increases in fixed costs, but sensing the climate, did not. She stated, however, that to include the CBA within the operating budget guidance would require too many last minute iterations, since the CBA numbers are not available until January.

Chris H. argued for some small percentage reduction in the budget guidance due to falling enrollments over the last several years that have not yet been accounted for. This is in anticipation of a CBA that will result in upward budget pressure.

Peter B. called the question. Chris H. dismissed the motion.

Mike H. equated the accrued retirement liability as similar to the CBA situation, where the town is anticipating future liability and should start compensating for it now.

Ray V. proposed to amend the motion to a 1% drop in the Operating Budget, not including warrant articles, for both the town and school district budgets. Chris H. seconded the amended motion.

Chris H., Frank W., and Ray V. in favor; Susan B., Tom G., Tom J., Mike H., and Peter B. opposed. Amendment was defeated.

The original motion for a flat operating budget was then voted on. Motion passed 6-2. (Chris H. and Ray V. opposed.)

Important meetings:

First budget reviews in December. (Dec. 14 – Town, Dec. 22 – School)

Second budget reviews in January. (Jan. 11 – Town, Jan. 26 – School)

Public hearings: Feb. 7 – Town; Feb. 9 – School

Chris H. and Paul C. will put together the budget numbers and circulate them to the BudComm members.

Motion to adjourn was made by Mike H. and seconded by Peter B. Meeting adjourned: 10:25 p.m.

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