

BUDGET COMMITTEE

Minutes of January 18, 2007

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

Members present: Michael Harris, Chairman; Chris Hyde, Vice Chairman; Melinda Willis, Selectmen's Representative; Bill Beauregard, School Board Representative; Tom Jambard, Mark Johnson, Mort Goulder; Deborah Adams, Secretary

Also present: Peter Band, Don Ryder, Vahrij Manoukian, Selectmen; Cath Hallsworth, Director of Administration; Paul Calabria, Finance Director; Russell Ux, Police Chief; Arthur LeBlanc, Director of Public Works; Jeff Babel, Assistant Director of Public Works; Rick Towne, Fire Chief; Don McCoy, Emergency Management Director

Presentation of Town Budget

Peter comments that since the last presentation of the budget to the BudCom, the department heads and selectmen have been very busy. They have made several adjustments. They tried to trim wherever possible, yet still maintaining critical infrastructure and services. This has been difficult, yet he feels the proposed budget will meet the needs of the town, while also being fiscally responsible. There are some maintenance items that still need to be handled, yet he will address those later.

At the first presentation there was a delta of \$447,105. They were able to cut this amount in half with a variety of reductions. This leaves a new delta of \$205,081. There are also some items that have been found, which can be put back into the revenue stream totaling \$123,918. If this revenue is included, it will leave a delta of \$81,163. The selectmen have also looked at the growth factor and feel there are unavoidable fixed costs due to the growth of the town totaling \$123,142. With the reductions that were made, the additions to revenue and consideration for growth the proposed budget is \$41,980 below the BudCom's target.

Mike is not sure all of these items should be considered towards the target. These revenue items, while they will help with the tax rate, are really only one time alterations. He would like to hear more explanation on the growth related items. Peter points out that while the Flint Pond fund is listed as a possible revenue source, the selectmen have not made a firm commitment on this item. They will be addressing this issue on Monday night. Therefore these figures have not been included in any numbers being presented this evening. He points out that the 2006 budget has been underspent by \$101,000. Mike asks if this will be used to reduce taxes or will this be put towards the undesignated fund balance. Paul explains that this will go to reduce taxes in the Fall. Melinda points out that the undesignated fund balance must be a certain percentage of the budget. This is set by the DRA. Mark feels that there are really 2 components to the concept of a budget; the expenses and the revenue.

Peter discusses the items that have been removed from the budget. He stresses that nobody is really happy about these eliminations.

- New fire personnel - \$12,633
- New police officer - \$36,250
- Animal Control Officer, additional hours - \$13,800
- Motorcycle program reinstatement - \$7,650
- Recreation, new programs - \$5,000
- Library, additional hours to be open – \$7,891. This was the 2nd part of a two-year request for increased hours at the library. The increased hours for the 2nd year have been removed. This will not change the level of service from 2006.
- Upwards adjustment – there were a few minor budget items that had to be increased. This is the total of a mix of small miscellaneous items.

Peter discusses items that were reduced in the budget. Again, nobody is really happy about these reductions.

- Emergency response pay – \$42,880. This was to fund a new ambulance. Rick explains that ambulance calls have increased, which has generated increased revenue. They have taken this \$42,000 and the request for new personnel and should be able to fund this through the ambulance revenue.
- Health insurance – \$10,249. The employee premiums have increased by 45%. This will not be a large dollar amount for the employee. Melinda explains that for a family plan this will be an increase of \$350 per year (\$13 per pay period) and for a single plan will be an increase of \$128 per year (\$5 per pay period).
- Major capital reserve – \$50,000. This item has been removed for this year.
- Town clerk, December primary – \$2,000. This budget was increased just in case a primary will be held in December. The selectmen felt that if this does happen, they will use contingency funds to cover this expense.
- DPW salary – \$20,000. There are some anticipated changes in personnel for this coming year that will help to reduce this item.
- Old Home Day fireworks – \$10,500. This item has been eliminated. There will be no funding through taxes for this item. If the town wants to have a fireworks display again this year, it will have to be funded through private donations to Old Home Day. Chris comments that he always thought this entire event was funded with private donations. Melinda explains that the town has funded \$10,000 for the fireworks

each year and another \$35,000 has come in and out for this. Removing this item will be challenging the Old Home Day committee to do more fundraising this year. Peter points out that they felt that if they were removing items from emergency services, they should also look at other items to reduce as well.

- Contingency – This has been left at \$70,000. The selectmen felt that with the other reductions, it would not be prudent to remove any from this line item.
- Recreation – \$6,000. Melinda comments that this has been reduced over 2005.
- Street lighting – \$5,000. They feel there are some street lights that can be turned off, which will save money to the town.
- Miscellaneous due to encumbrances – \$20,000. \$5,000 for Farley Building and Town Hall structural studies and \$15,000 for Storm Water funding. Chris feels that any encumbrances should be approved by the BudCom first. Mike agrees. Paul explains that these funds were appropriated in 2006 and should not come out of the 2007 budget. Melinda explains that they had money in the 2007 budget for an engineering study of the town hall, yet they were able to get the same engineer to study both the Farley Building and the town hall. Funds from the Farley Building engineering study were encumbered to help cover this. Chris still feels this should come before the BudCom. Cath stresses that the 2006 budget has a line item for special studies and this would fall under that classification. Chris states that they were not told about the need to study town hall. He only knew about the Farley Building. He feels it is good practice to bring items like this before the BudCom and the town. These should be identified so they can be tracked. Paul asks if they would prefer having a special meeting to discuss this at the end of the year. Mike feels it would be safer to discuss these with the BudCom. Cath argues that they have a line item for special studies, which has been used for surveys for land purchases, title searches, legal fees, etc. She questions why this would be so different as to need a special meeting to use these funds to study town hall. Chris states that a town hall study has never been identified before, while land purchases are approved at town meeting. Melinda states that there is upfront money necessary to determine if the land purchase is a good deal or not, prior to having the special town meeting. This is the same as studying town hall. We need to determine the needs before bringing the full project before the town. Mark does not agree with the statements being made by some BudCom members. The selectmen are using encumbrances. They are not going outside the budget. This money has been approved and it is up to the selectmen and the department heads to use it for services to the taxpayers. Hollis has consistently had a board of selectmen that have treated every dollar in a prudent manner. They have managed the money to the most efficient means. He feels the selectmen sometimes need more flexibility to expend these funds.

Mike questions why the budget has increased so much. Peter discusses the various growth factors.

- New positions that were approved and hired in 2006 for a partial year expense. The delta between the 2007 expense and the 2006 partial year expense. \$15,368 for the SRO and \$61,474 for new police officer.
- Library, increased circulation - \$3,100
- Veterans Tax Credit, due to increase in new residents - \$12,500
- Solid waste removal, due to increase in population - \$10,000
- Liability insurance, due to new and/or expanded facilities - \$3,200
- Lawrence Barn utilities, due to increased or new usage - \$9,500
- Police/Fire station utilities, due to increased facilities - \$8,000

Total of \$123,142

Melinda explains that of 3 new positions approved in 2006, only 2 of these were actually hired. 2006 had only a partial year expenditure, therefore the growth factor is the difference between the full year expenditure for 2007 and the partial year expenditure for 2006. This is for salary and benefits. Chris asks what was actually budgeted for these items. Melinda explains that the warrant article was for the amount that would be spent in 2006. She stresses that they all knew these new positions were coming, yet the need for the positions is a factor of growth. Mort asks about the population growth. Cath explains that in 1991 the population in Hollis was 5,700. The town is now at 7,800 people. Melinda points out that in 15 years the town has increased by 2,100 people, yet few additional employees have been added until the last few years.

Cath presents the BudCom with a spreadsheet showing the percentage of the tax rate (broken out by town, school and county) for the past 15 years. The county portion of the tax rate has remained fairly consistent for this time. The town started out with 22% of the tax rate in 1991, dropped to 13% in 2001 and is now at 20%, with much of this due to debt service. The town has also recently added some new personnel, which should have been added back in the 1990's. The school portion of the tax rate began at 68% and is now at 74%. The 2nd handout shows the actual taxes paid for the town portion of the taxes on a \$200,000 home. In 1991 the town portion of the tax was \$936. This dropped to 746 in 2001. After this time, this same \$200,000 home was revaluated to be \$300,000. During the past 5 years the town portion has increased with additions to personnel in police/fire and debt service. If the debt service is removed from the equation, the taxes have increased only \$86 in 15 years. This was all done with increased population and very little increase in personnel.

Mike comments that this data is very informational, yet it does not address the current problem. He adds that this was a good compilation of data. Mark comments that these figures were not adjusted by inflation. Mike would like to review this data at a later date.

Tom questions why the added personnel would be considered growth if the commitment to hire was made last year. Melinda states that if there had not been any growth in population, they would not have needed to expand the police or fire stations, hire new positions or increase the veterans tax. She points out that every year the school is given consideration for growth in school enrollment, yet the town never gets this same consideration.

They are merely asking the BudCom for consideration for certain items that can be directly related to growth in the town. Mike feels that some of these items are not related to population growth. Tom comments that some of these items are previous commitments that were made last year. He does totally support the expenditure of those items. Items that were approved last year should continue to be funded.

Chris states that the school has inflation plus population. If the town grew by 1% over the last year, he would allow 4.9% inflation, which gives \$78,000 growth factor for a \$8,200,000 total budget. Bill questions why they would only consider 1 year's worth of growth when no consideration has been given for growth for more than 10 years.

Mike asks the BudCom members if they agree with all the items listed as growth factors. Chris does not. He does not see any item on this list that are related to growth. The Lawrence Barn reconstruction was previously approved, yet they should not increase the budget for any more than inflation rate. The selectmen have been given a 3.9% guidance which is above inflation. Mike does not agree that the solid waste is increased usage. Melinda argues that they did not include the added costs for the increased maintenance or supplies for the new facilities or expansions. Mark feels that when there are increased facilities, they must allow some consideration for the increased costs associated with this. He agrees that all items are directly related to growth.

Chris does not agree with the Lawrence Barn. He does not see how this could be attributed to growth in the population. This is merely a new feature that was added by the town. Melinda points out that there would be no need for this meeting space if they did not have the population increase. She stresses that they have a desperate need for meeting space in the town.

Department Head Comments

Fire Department

Rick Towne explains that emergency services have increased 33% over last year. With the proposed budget they will merely be maintaining status quo. He reports that January 2007 is up by 50% over January 2006. Mort mentions that he has heard some criticism of the fire department, regarding how most fire departments wash their own fire engines. He heard that the wife of one of the fire department employees has a business and has been hired to wash all the equipment. Rick insists that this is not true. Mort asks if they have hired personnel to run the ambulance. Rick states that there are some full time fire and ambulance employees. Mort comments that during emergencies there are many volunteers that arrive at the scene whether they are needed or not. These volunteers are paid anyway. Rick stresses that he does not have enough personnel and that he has no control over when the volunteers arrive at a call or not. If they do arrive, they are paid. He does not have any excess. He points out that this is standard practice for an on-call service.

Peter mentions that as the Chairman he has received many calls or emails from people thanking the fire department for the emergency care they received. These have all been glowing comments of the professionalism. Mike comments that sometimes during an ambulance call there are also 6-7 other vehicles responding. In a professional city department, they normally have all the equipment responding. Melinda points out that the fire department is the most self sufficient department within the town. They do their own maintenance for both the building and the equipment. They do a lot to keep the budget down.

Mark asks if this was a 33% increase to the actual number of calls. Rick indicates that this is correct. He explains that he recently had 100 calls during just the last few days. Mike comments that this is a similar increase that was experienced in previous years. He questions why the significant increase. Rick explains that there are now more elderly residents in the town. The baby boomer generation is now older and requiring more services. Chris comments that the theory about creating elderly housing creates a need for fewer services is not necessarily true. Rick states that elderly housing increases the need for emergency services, but not for school services.

Chris asks about any increase in union salaries. Paul states that with the 1 new employee recently hired, this gives a 5% increase over last year. This includes a 4% cpi + 1% negotiated increase. Chris comments that there should be some allocation of shared costs with the coop. One cost item is the services provided to the coop by Hollis. He questions what other structures are within town that make it necessary to have the large tower truck. Rick explains that the problem in Hollis is the huge homes that are being constructed. These structures are very sprawled out. The tower truck is not needed for the schools or skyscrapers, but is necessary for the extension required to go over these large homes. It is not needed for its height, but for its reach. Tom points out that the town did not fund this truck. It was obtained through insurance.

Bill asks what impact these budget cuts will have to the fire department. Rick states that it already hurts. He currently does not have adequate help and this will just set him back another year.

Police Department

Russ Ux provides the BudCom with a handout showing departmental statistics from 2006. The numbers listed are for initial calls for service and do not reflect the number of crimes or incidents that were investigated. Tom questions the item listed as "police service". Russ explains that this is for someone that may be locked out of their house or their car, or a flat tire. The call is not for a crime, but a need for assistance. He points out that the total of calls does indicate a decrease over 2005, yet the number of motor vehicle stops are way down, since the officers are busy with the other increased needs. Without including the motor vehicle stops, the statistics show an 11% increase. There was also a 9% increase in custodial arrests. Chris questions how much can be attributed to the State Park usage. Russ states that he had 6 arrests at the State Park on July 4th alone.

Russ discusses the investigative statistics. The total offenses (crime) are up by 39%. Felonies are up 31%. Crime related incidents are up 51%, with non-crime related incidents down 26%.

Other statistics include:

	2005	2006	%
DWI	24	34	14%
Thefts	56	64	14%
Burglary	14	14	0%
Criminal Mischief	74	81	9%
Drug Offenses	39	35	(10%)
Criminal Threatening	25	43	72%
Sexual Assault	9	6	(33%)
Assaults	16	28	75%
Fraud	52	58	12%
Trespass	20	26	30%

Russ mentions that after the budget had been completed, the District Court informed him that due to the increased numbers, Hollis must now hold arraignments 2 times per month instead of only 1.

Mike comments that these percentages seem very high. Russ states that he has been in Hollis for over 20 years. When he was hired the department had more officers and less population. There is now 8,000 people in Hollis with only 13 police officers to protect them. Mike states that he read in the paper that crime was going down. Russ disagrees. It is not going down in Hollis. He stresses that when applying the growth factor, they cannot use just Hollis. They need to also look at the growth in surrounding towns. When the surrounding area grows, Hollis must also grow. Many people from other towns travel through Hollis. The State Park draws many from out of town and out of State.

Mike asks if they have any idea of the increase in crime over the last 15 years. Russ indicates that he can get this information, yet it may not be accurate. The way the statistics were reported in the past was not accurate, therefore he would have to spend countless hours trying to compile this information. Chris asks if there is any overlap of these figures being reported. Russ states that this is not the case. He stresses that some incidents can result in multiple offenses being committed. Mort asks where the officers spend most of their time. Russ states that more time is spent with the computer doing reports these days. They have no control over the requirements to file these reports, the RSA laws mandate this. Anything that is done must be documented. This is also needed for liability purposes.

Bill asks if there is any data available regarding service hours. Russ indicates that they can see how much time is spent on each item. He stresses that the #1 item that Hollis residents want is traffic calming, yet they must spend more time on the computer at the station instead of being out on the street. Bill asks if a dictation service would be helpful for this. Russ is not sure if this would help. He mentions that some crimes require a deposition be given, where they must pay \$160.00 per hour for this service. Bill asks about the practical impact that the budget cuts will make. Russ states that there have been no cuts to existing services, yet the selectmen chose to eliminate the addition of a new police officer. He is currently behind on the number of personnel needed to provide services, based on their call numbers. Bill questions what happens when they cannot properly prosecute. Russ stresses that without adequate personnel, he cannot prosecute properly. The case loads have increased, he has officers doing investigations instead of detectives, which keeps them off the streets where they are needed. He feels the department has been going backwards because they have not added enough positions. They used to have 2 detectives, yet now there is only 1, who also must do the prosecuting.

Tom asks if the animal control duties are being handled by the animal control officer or by a police officer. Russ explains that most of this is handled by the police officers. Approximately 99%. The animal control officer handles most of the paperwork for this, but not the physical work. Melinda states that they will be maintaining this level of service vs. expanding the hours. Ideally they would be asking for a new police officer, a new fire fighter and increased hours for the animal control officer, yet these items must be removed to keep an austere budget. The mobile data terminals that have been requested by the police chief for the past 2 years are not included in the budget. This item would greatly assist with reporting and would help to keep the officers out on the roads.

Russ mentions that he has received reports from the schools regarding the new school resource officer. These have been great reports, yet the #1 complaint has been that the SRO must leave the school to file her reports at the police station. If they had mobile data terminals, this could be handled right at the school. Chris agrees that this would offer more efficiency. He questions if there is anyway to juggle funds in the budget to allow for this need. Russ states that the selectmen fully support this need, yet there is just no money available for it this year. They have asked him to research grants to assist with the funding, yet he is already doing 4 jobs and does not have time to file the paperwork necessary to apply for the grants. Mort suggests getting a volunteer grant writer to help. Russ agrees that this is a good idea, yet he is already seeing a lack of volunteerism these days. He would love to have someone step forward to assist with this. Bill asks how much a grant would help. Russ explains that they received \$60,000 in grants for their records management, with a total cost of \$80,000. He cautions that with any grant there are usually some strings attached.

Bill would like to see an estimate of what the department could receive in grants vs. what it would cost to purchase 4 units this year. He would like

to see the delta included in the budget. He questions how much time is spent in the office doing paperwork. Russ states that 2-3 hours per shift. Bill states that it may be more important to get the mobile data terminals than hiring new personnel. Russ explains that the amount of time spent on the computers will not change, it will merely make things more efficient, as the officers would have the ability to do reports while also doing traffic patrolling. Mike states that he fully supports trying for grants. Melinda mentions that they could put money into capital reserves for this purpose, with more to be added next year.

Mike asks why the total budget is increased so much. Paul explains that there are mandated increases for retirement, personnel added last year is now included for a full year and also \$150,000 for the South Merrimack Road culvert. Peter points out that without this culvert, the budget would not be an issue. Paul continues explaining that the budget also includes \$125,000 capital reserves for a new fire truck, which makes up for not budgeting towards this item last year. There are also increases for utilities and solid waste disposal is way up. Chris questions whether is due to increased tonnage or for increased costs for disposal. Arthur states that while he does not have statistics, there has been an increase to the tonnage. More is being disposed. Paul states that as payroll increases, so does workers compensation and other benefits. The building insurance has increased with the new buildings and with the additions to the police and fire stations.

DPW

Arthur LeBlanc states that he has presented a bare minimum budget. This year they were scheduled to get 2 new trucks, yet they are getting none. He needs money for the culvert. He needs a new generator for DPW to keep heat in the building. There are several big ticket items coming up. Two years ago they put \$50,000 into capital reserves for culverts, yet last year nothing was added to this. This year they must catch up. Recently the new sprinkler system that was installed last year almost froze due to the lack of electricity in the building. They had a generator to run the gas pumps, but this does not provide heat to the building.

Paul mentions that the CIP shows reconstruction of the retaining walls at the transfer station, yet this has been pushed out until 2008. The culvert work for South Merrimack Road, Wright Road, Federal Hill Road and Hillside Drive are also scheduled for 2008. A new grader is on the horizon for 2009, as well as dump trucks. Arthur stresses that these items have all been scheduled on the CIP, yet keep getting pushed out. They cannot continue ignoring these items.

Peter stresses that emergency services and DPW are doing a lot with their decreasing resources. The budget provides the basic needs and does not expand any services. This is a bare bones budget. There are a number of items that need to be addressed. They are handling some items that are absolute necessities, yet pushing other items off for another year. These are real expenses.

BudCom Comments

Mike appreciates the work that has been done on the budget, yet the town cannot sustain a 10% increase to taxes. He agrees they need to absorb growth and he appreciates the items that have been held off, yet they still need to do all of this will less than a 10% increase each year. Melinda points out that they are proposing a 5.4% increase in expenditures over 2006, yet the problem is with the anticipated revenues for the next year. Therefore the hit on the tax rate will e 8.9%. Mark questions why the budget shows a 8.89% increase, not the 5.4% Melinda just quoted. Melinda explains that the 8.89% includes all of the in/out items. Mark points out that the target was 3.9%, while the proposed budget is 5.4% or \$\$205,000 over the target.

Chris recommends some consideration be given to user fees to help offset the taxes. He agrees there is not much left to cut, yet they cannot continue with a 9% increase. He is not sure the voters will swallow this much of an increase. Perhaps the user fees for recreation programs, the Lawrence Barn, dump, etc. should be increased. He feels they need to consider more user fees. Vahrij stresses that the residents pay enough taxes in town and if they now have to start paying more for the little things, this is pushing the envelope. They cannot impose pennies on people. This seems to be a cheap way of getting more money. The selectmen have worked very had for the budget that has been presented. There is a certain level of service he expects from the town and emergency services is one of them. When someone need assistance, they should not have to pray that these services were cut. This is very important to all people in town. They need to look at the level of service that must be maintained. Hollis has the best schools, the best ambulance, fire and police departments. They must maintain this. They cannot keep cutting back.

Peter comments that in order to make any further significant cuts, there would have to be a reduction in personnel. To reduce the staff to less than what they now have would be irresponsible and intolerable. He questions how they could possibly make any more reductions when 80% of the police budget is for personnel. Mort stresses that the BudCom’s roll is to the hold the line. That line is inflation and growth of the town. He states that if the Selectmen feel strongly about this, they should take it to the voters and convince them that this budget is needed.

Melinda revises her target spreadsheet to incorporate the items affected by growth .

2006 Operating Budget	\$8,306,121
+ Veterans tax credit	201,000
2006 Approved Budget	\$8,507,121
- in/out	345,000
- existing debt service	1,196,877

Recommended Base	\$6,965,244
x Multiplier of 3.9%	271,645
+ growth factor	123,142
= Base + Multiplier	\$7,360,031
+ in/out	335,000
+ tank truck in/out	225,000
+ new debt service	1,155,841
Total Recommended	\$9,075,872

Melinda states that with this new total recommended amount of \$9,075,872, their proposed budget of \$9,157,811 there a delta of only \$81,939. This is a 5.67% increase over the recommended base.

Tom moves to allow the BudCom recommended base to be increased by \$123,142 for growth. Seconded by Bill.

Mort indicates that he will only agree to a .5% increase for growth, which would allow for a 4.4% total increase. Paul explains that when looking at a 8.89% increase to the budget, this is a \$.41 increase to the tax rate. He stresses that the BudCom should keep in mind that the town does not account for the entire tax rate. The schools account for most of the taxes. Chris points out that they are asking for a 43% increase over 3 years ago. Paul comments that when the voters approved bonds to purchase open land, they did not place a condition on those purchases that if the taxes got too high the town would have to cut personnel.

Chris states that they are also using a base increase on a much larger number than it was 3 years ago. He feels that this is already giving the town consideration for growth. Melinda points out that the debt service is not included in the multiplier. Mark comments that the increase seen over the last 3 years is mostly attributed to the debt service. The BudCom has consistently argued that land purchases are an investment for the town. Mort agrees that land is an investment, but not police or fire stations. Paul explains that only 18% of the town portion of the tax rate for 2006 is for debt service. Melinda points out that the percentage of debt relative to taxes is much different than the percentage of debt relative to the budget.

Bill states that they need to consider items as being attributed to growth that are not attributed to inflation. Melinda stresses that they have tried to be conservative with this list. There are many other items that could have been included, but they are not. Bill states that there are also many items that are wearing out that now need to be replaced. Melinda mentions the hard work done by the department heads and the Selectmen to get to this point. Mike indicates that he is not saying that the town does not need these items, he is merely stating that they cannot continue with these increases each year.

Chris understands the logic, yet he also sees the impact of a 25% increase in 2 years. The reality is that he is getting phone calls from people that cannot afford to remain in town and are having to sell their homes. He has also heard rumors of a petition for SB-2. If such a proposal passes, it could cause many problems. He feels it is hard enough to handle budgets from year to year with the existing process. He stresses that they must begin to stabilize the budgets for both the town and the schools. Bill reminds BudCom members of Chief Russel Ux's comments regarding how the services required are not just for the growth being realized within Hollis, but from other surrounding communities that use the town. This is a fact. Many people cut through Hollis while commuting and many others use the State Park. This is a fact. They need to consider that people are leaving for many reasons, not just because of the taxes. This is something that cannot be tracked.

Mort feels that if they do not hold the line, they will have the same problem with the school and the coop. They need to hold the budget to inflation and a slight growth. They must be firm. Mark feels that what is being proposed is exactly that, inflation plus growth. They must also balance holding the line with maintaining services. The town cannot afford to reduce services.

Don McCoy, Director of Emergency Management states that he has worked closely with all emergency personnel and the dpw. Over the years he has watched the town grow, yet the town infrastructure has not increased at the same rate and has fallen behind. Things are more complex and expensive these days. Lately emergency services has taken a back seat to land services. The town needs these services available. Don explains that the town recently went through a 3 day emergency situation with a severe ice storm and another storm is on the way. His job is to make sure that emergency services are available during these catastrophes. This was the 2nd worst ice storm in 20 years. He has watched this debate regarding maintaining services vs. other expenses. He suggests selling some of the land that has been acquired to help fund these necessary services. During this latest storm event, the dpw almost lost their new sprinkler system because they do not have an adequate generator to supply heat to the building. The fire department is also in need of a generator. These buildings must remain open during emergencies. He stresses that it is hard to have a zero budget with no increases. He mentions how he frequently hears the fire chief responding to ambulance calls in the middle of the night because there are not enough personnel to help cover this need.

Vote on Motion: In Favor – Tom, Mark, Bill, Melinda Opposed – Chris, Mort Abstain – Mike The Motion passes 4-2-1

Paul states that there will be increased revenue for the school resource officer for 2006. Melinda explains that money was set aside in capital reserve

in the past for the purpose of purchasing cemetery land. This was done for several years. The town recently purchased land for the cemetery and the town may not need any more land for this purpose for many years. The Selectmen feel it would be prudent to return these monies to the general fund to help offset taxes. This is also the same for a capital reserve account for recreation land. The total for the increased revenue is \$123,918. This will have to be done with warrant articles. Mark asks if this money should be used to help offset the \$82,000 delta to the target or should the BudCom be telling the Selectmen to find more cuts. Mike feels it is appropriate to return these funds, yet one time revenue items should not be used to offset budget items. He still regards this proposed budget as being \$82,000 off and the Selectmen must meet this target.

Warrant Articles

1. Reports
2. Place holder for land acquisition. Not anticipating anything at this time.
3. Capital Reserve for fire truck - \$125,000. This item is listed on the CIP for 2009. They will also need another \$125,000 next year and more in 2009 to fully fund this item. They would like to continue moving forward on this. It is prudent to split up the costs, otherwise in 2 years they will need \$400,000.
4. Capital Reserve for Public Improvements - \$150,000. Currently they have \$50,000 reserved in this account. The South Merrimack Road culvert is the 1st project that needs to be addressed. It should be repaired this year, yet they cannot fund the full amount until 2007, where another \$150,000 will be budgeted. Chris suggests holding off on the \$125,000 capital reserve for the fire truck until next year in order to fully fund the culvert this year. Then next year more can be budgeted for the fire truck.
5. Compensated Absences Trust Fund - \$20,000. This is the same as for the past several years.
6. Employee Health Insurance Expendable Trust Fund - \$602,000. This is for the self funded employee health insurance.
7. Removal and expenditure of money from the Tank Truck Capital Reserve for the purpose of purchasing a new tank truck - \$225,000. This is an in and out item. The money is already set aside, so there will be no tax impact with this.
8. Removal of the Recreation Land Capital Reserve Account - \$19,656.86. This is to return the money to the general fund.
9. Removal of the Cemetery Land Capital Reserve Account - \$25,835.62. This is to return the money to the general fund.
10. Interest earned on Safety Complexes Bond - \$24,662.39. This is to return the interest back to the general fund.
11. Approval of usage of credit cards for Recreation Commission payments. This will have no tax impact, as all fees will be passed onto the user.
12. Police Private Details Funds - \$100,000. This is an in and out account. No tax impact.
13. Old Home Days Fund - \$35,000. This is an in and out account. No tax impact.
14. Ambulance Fee Fund - \$200,000. This is an in and out account. No tax impact.

Chris asks if they would be able to create a capital reserve account that would allow for more flexibility. Such as for the intention of fire equipment, yet with a contingency that if the culvert fails it could be used for this purpose. Paul states that the warrant article must be written for the specific purpose. Mike recalls that they have made them more general. Melinda states that they will look into the suggestion of funding the culvert this year and the fire truck next year. Paul comments that the problem with doing this is that next year there will be something else that comes up and then they will have robbed Peter to pay Paul from this fund. Melinda states that she will see if there is a way to combine capital reserves for both items. Mike does not think this can be done.

Mike feels they should reduce the capital reserve items to avoid cutting staff. It is always been felt that anything over \$500,000 should be funded with capital reserves, under this amount should be budgeted as an expense and more than this should be bonded.

Tom comments that if there was an issue with the generator at the dpw, the money left over from the facilities project should be used for this. He questions why there is a warrant article to return this money if there is this need. Mike agrees. He comments that this is the first he has heard of the need for a generator. Rick comments that a generator for the fire station was originally included in the specifications, yet when the project began to go over budget, this had to be cut. Arthur states that this is the same story for the dpw. Russ points out how the sprinkler system was cut from the police station. Chris questions why they would require a sprinkler system at the Lawrence Barn, but not in other town buildings. He does not feel this is right. Mike agrees with Tom's comments.

Mark asks how much money will be returned to the town from the 2006 budget. Paul states \$101,000. Mark comments that he appreciates that this much was returned. He feels that this reflects good management by the Selectmen.

Melinda asks if they should consider obtaining bids for the generator and include this in the budget. Mike stresses that the generator is a safety issue and should be done. He would like to see this matter addressed somehow. Melinda agrees that this is a concern. Peter states that he appreciates the BudCom's consideration with the generator. He points out that while they are \$82,000 apart from the BudCom's target, this is not a great difference. He stresses that they need to maintain the current level of service in Town. He points out that if they did not have the culvert issue to correct, the difference would not be an issue.

Budget Schedule

Debbie reminds the BudCom of their regularly schedule meeting next week. She questions if this meeting will be necessary. Mike sees no need for this meeting.

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

Next Meeting will be held February 13, 2007 at 7:30 PM in the Town Hall Community Room for the Public Hearing of the Town Budget.

Meeting adjourned at 10:30 PM.

Respectfully submitted,

Deborah Adams, Secretary