

BUDGET COMMITTEE

Minutes of January 20, 2005

Meeting was held in the Community Room, Hollis Town Hall and was called to order by Chairman, Mike Harris at 7:35 PM.

Members present: Mike Harris, Chairman; Melinda Willis, Vice Chairman; Vahrij Manoukian, Selectmen's Representative; Anita Moynihan, School Board Representative; Scott Bartis, Mort Goulder, Chris Hyde; Deborah Adams, Secretary

Also present: Mark Johnson, Chairman Selectmen; Peter Band, Ray Lindsay, Richard Walker, Selectmen; Paul Calabria, Finance Administrator; Cath Hallsworth, Administrative Assistant; Richard Darling, Police Chief; Michael Pischetola, Communications Director; Rick Towne, Fire Chief; Howard Bigelow, Chairman Library Trustees; Bob Leadbetter, Heritage Commission member; Gerry Gartner, Chairman Land Protection Study Committee; David Udelsman; Nikki Fisher-Quittmeyer, The Minuteman Group

Mike announces that there will be 3 BudCom seats on the ballot in March; 2 three-year terms for the incumbent seats and 1 two-year term to finish out Jim Belanger's vacancy. He urges all interested parties to register during the next week with the Town Clerk.

Mike suggests discussing Warrant Article 3 first, to allow the presenter the ability to leave early for another appointment.

Proposed Warrant Articles

3. Bond for Land Acquisition. Mark explains that the Selectmen are recommending \$2,500,000 for this warrant article, as is listed in the draft wording of the warrant. This decision is based on other budgetary demands for this year, such as municipal buildings. Mike comments that last Fall it was suggested to set aside this program for 1 year to allow for the facilities work, yet at the last meeting the Land Protection Study Committee chair gave some good explanations about how doing this would ultimately hurt the program with the potential of disbanding the committee. Mark agree that this is a potential problem. Mike questions the deadline for posting the warrant. Mark states that they have until February 21st, yet they are targeting February 14th.

Gerry Gartner explains that the Land Protection Study Committee originally felt that \$5,000,000 would be a good figure again this year, yet they have taken the BudCom and Selectmen's comments to heart and lowered their request to \$3,500,000. He stresses that this has been a very successful program over the past few years. Last year the BudCom amended the Selectmen's recommendation of \$3,500,000 to increase it to \$5,000,000. He is hoping the BudCom will again amend the Selectmen's recommendation by increasing this to the \$3,500,000 being recommended by his committee. He stresses that this is not a warrant article to spend funds, it is merely authority to present acquisitions up to that dollar amount to the town for a vote.

Gerry explains that the committee is currently in various degrees of discussions with landowners of properties in excess of 400 acres. These are 4 separate parcels, varying in acreage from 50 – 150. He stresses that if any of these negotiations come to fruition, the committee needs funds to work with. They need to be ready if and when property comes available. He mentions that just yesterday he met with a family member about a potential property that he had no idea was available. He urges the BudCom to increase the Selectmen's recommendation. The Land Protection Study Committee does not see this as an issue of infrastructure vs. land as an either/or situation, they recommend and support both ideas.

Mike questions how the committee arrived at the \$3,500,000 figure. Gerry states that this is not done by adding up specific parcels. There is no science involved with this. Mort stresses that the BudCom and the people of Hollis need to understand the difference between an investment and an expenditure. If a resident has no cash, they have a cash flow problem, not a wealth problem. Their wealth is enhanced by the number of properties being purchased by the town. These people could get 2nd mortgages on their properties or the town could forgive the extra tax increase from the land purchases and mortgage this for the owner. He would like to have this bond at \$5,000,000 again this year. He points out that neighboring towns, Amherst, Brookline, Pepperell, Merrimack and Milford have all put large dollar amounts in their budgets for land, yet Hollis is backing off. This is not right.

Mike asks if Mort is suggesting they solve this problem before voting on the bond amount. Mort feels this is not a difficult problem to solve. Mike points out that it is not the BudCom's domain to fix this. Mort comments that he does not want to wait another year to fix this problem. He stresses that if the town cannot afford to offer this service to the residents, then he will offer his services until the town can solve the problem. Vahrij comments that this is a very generous offer. He explains that if both the land purchase and infrastructure bonds are high amounts, the voters may want to lower the amount on the facilities and not the land. This is the reason the Selectmen voted to lower the land purchase bond to \$2,500,000. The committee's proposal of \$3,500,000 was too high, yet the Selectmen agreed that eliminating this for the year was not a good idea. By a vote of 3-2 the proposed bond was lowered.

Vahrij urges the BudCom to support the Selectmen this year, rather than recommending a higher amount like they did last year. Mike comments that historically the BudCom has supported the Land Protection Study Committee's recommendations, yet they do understand the Selectmen's position of this year. Chris asks if the \$1,000,000 difference in bond amounts will have any impact on negotiations for properties. Gerry states that

the owners understand the town's purchase power and if there is not enough approved for bonding they will not want to waste their time when the town doesn't have the ability to make the purchase. Lowering the warrant article to \$3,500,000 reduces the town's commitment. He questions what message this will send to the community and to the State.

Chris questions whether this lower figure will hamper their ability to purchase the 4 lots that are currently in discussions with the Committee. Gerry comments that they never close on 100% of the properties that they enter into negotiations for. They actually turn down more inquiries than they process. Many properties do not meet the criteria. He stresses that they need to have the ability when the need arises. When families make the decision to sell, they do not want to wait for years to see if the town will purchase the land. This is an investment, not an expense. The town will have this land forever. There are means to support those individuals that feel they cannot bear the increased burden on their taxes. He points out that on a per family basis, this is not a huge amount of money. The increase is in the \$100's not the \$1,000's. Property values will increase because of these acquisitions and there will be less need for town/school services.

Scott is concerned about the argument that the committee would disband if no money were approved this year. He stresses that there are other important issues that need to be addressed this year. Gerry questions what would happen to the basketball team if the coach said there would be no games this year. Anita states that they do not have to spend millions to keep the committee together. She agrees that this is not a good reason to request more bonding money this year, although she does support not eliminating this altogether. Gerry stresses that he is not suggesting that they need something to do.

Chris questions what difference there will be to the taxes with the \$2,500,000 or \$3,500,000 amounts. Paul states that he does not have the specifics with him this evening. He estimates approximately \$11.00 increase per \$100,000. Vahrij stresses that nobody has received tax bills including the bonds yet. This will be a major wake up call. Mike agrees that this year will be a surprise to everybody, yet next year will be even worse. He estimates that people will see \$800 increases. This is not just for the land, it will also include the Middle School addition.

Mort comments that if the Town feels they should continue to subsidize Brookline, why would they object to purchasing land. Mark points out that 2 of the 5 Selectmen did support the \$3,500,000 bond amount. Without a majority vote for this amount a motion was made to decrease this to \$2,500,000. This was approved by a vote of 4-1.

Mark invites Mort to attend the Selectmen's meeting this coming Monday evening to discuss the issue he brought up earlier.

2. Bond for Safety Complexes – Fire, Police and DPW. Mark introduces architect David Udelsman to present and explain the proposal for the Fire and Police Departments. David presents a site plan of the existing conditions at the fire station. They currently have a multi-purpose room, office, undersized bathrooms and a kitchen that needs modern updates. The second floor has 2 offices, bathrooms and a day room for the firemen. The department needs to provide rooms that can be used 24/7 at this facility. Originally they looked into using the upper level for a bunkroom, however this area needs to be on the same floor as the vehicles. The plan incorporates an 8 person bunkroom on the first floor, an updated kitchen (not commercial), shower facilities and more bathroom facilities. This will displace the existing training/multi-purpose room. A new addition will be constructed to add a new multi-purpose room above the bunkroom. Currently people use the multi-purpose room during off hours, which allows for unwanted access to other portions of the building. The new plan will accommodate a separate entrance to eliminate this problem. The addition will also include extra office space. There will be handicapped accessibility to the second floor via a chair lift.

Mike asks if the facility will be equipped with a sprinkler system. David states that the building will be brought up to current building codes. They have had 2 separate contractors bid on the renovation and addition. This also includes paving of the parking lot, HVAC issues and a sprinkler system. Mort questions the amount of square footage that will be added. David explains that there will be 4,000 square feet added and 3,300 square feet of existing space that will be renovated. There will also be a sprinkler system included in the vehicle bay. The construction cost is estimated to be \$910,000, architectural and engineering costs \$63,000 and additional costs for stormwater related issues. The total cost will be approximately \$1,068,000. Mort comments that this sounds very expensive. David states that this is based on the schematic design. There is not a complete set of drawings on the project yet. He points out that construction costs also escalate. There is also the added difficulty that the building will be used during the construction, therefore contractors will have to work around the employees and vehicles. Mike agrees that this does seem rather high. David states that this is based on an estimate of \$100 per square foot. He mentions that he recently worked on the Derry Town Hall at \$110 per square foot. Vahrij points out that he has first hand knowledge of the costs associated with a sprinkler system, as it cost him \$100,000 for the pharmacy.

David presents plans of the Police station. They are proposing an addition off to the side, increased parking and also an impound parking area. There are several issues with this building; the traffic flow of how prisoners are moved through the building, an undersized sally-port and a very cramped dispatch area. The existing sally-port can only support 1 vehicle at a time. It is difficult to get prisoners in and out of the vehicles. The public entering the main lobby interferes with prisoners being transported to the interview rooms. The current locker rooms are extremely undersized. There is not room for the officers to move around. All of these issues will be addressed with the addition and renovation.

David explains that the existing second floor is usable space. There is an existing elevator shaft that will allow for handicapped accessibility to this area. The Chief, secretary detectives and lieutenant offices will be moved to this area. The existing exercise area on the second floor will remain. The second floor work will be the 1st phase of the project. Once this is completed, the areas being vacated will be renovated. The dispatch center will be moving to the west end of the building, yet they cannot move until their new space is 100% complete, as they cannot be down during the project. This means that the contractors will have to work around them during the project. The interview rooms will be reworked, as well as the

locker rooms. Simultaneous work can be done on the sally-port. The addition will allow for more than 1 vehicle to be under cover. Currently one prison cell is being used for storage, the renovation will alleviate this problem.

David states that the police station currently has an HVAC system that has been very problematic. He hopes to fix this system and make it work properly. Installing a sprinkler system is not a code demanded item. Anita comments that she understood that once a certain % of a building was renovated, the entire building must be brought up to current codes. Mort questions why a sprinkler system is being put into the fire station when they are the one's fighting fires, yet they are not putting one in the police station. Rick Towne comments that the issue is more about life safety. At the fire station there will be people sleeping. If the vehicle bay area has a fire, there is separation from the sleeping area and the personnel may not realize there is a fire until it is too late. Mike comments that there might be prisoners sleeping in the cells. Rick states that although he totally supports having a sprinkler system in the fire station, they do not have to with the code. Mike P. states that although there may be prisoners sleeping in the cells, there is always a dispatcher in the building. Protocol dictates that during an emergency the dispatcher will evacuate any prisoners that are in the building.

Mike questions if this plan will accommodate both men and women police officers. Dick Darling states that it will. Mike questions how they will keep the dispatch center going during the moving process. Mike Pischetola explains they have 2 independent stations. When they are ready to make the move, 1 station will be moved to the new area, while the 2nd station remains functioning. Once the 1st station has been installed and tested the move can begin. The stations are merely a plug in and plug out system. He expects the move to transition smoothly.

David explains that the construction estimates are \$820,000, architectural and engineering costs, as well as stormwater compliance costs are \$35,000, \$20,000 for a new septic system, \$15,000 for the vehicle impound area and \$10,000 for repaving. The total cost is estimated at \$955,000.

Mort questions how many employees use the building today and how many the renovations/addition will accommodate. David comments that the officers come and go during the day. Dick states that he could essentially double his staff with the new design. Melinda questions the square footage of the renovation/addition. David states that 9,000 square feet will be renovated and 1,200 square feet will be added. Melinda comments that this makes it less than \$100 per square foot for the project. She feels that \$15,000 for the impound area seems expensive. David states that this is reasonable, as the area will need grading, paving and fencing. He adds that the new sally-port will be equipped with property drainage to a storage tank to capture any pollutants from vehicle washing.

Peter Band questions how much additional expense it would be to add a sprinkler system to the building. David states that this would cost \$1.50 - \$2.00 per square foot. He explains that the largest cost is the water source, which is a reservoir storage. This is in the \$40,000 range, approximately \$1.00 per gallon. The fire pump is also very expensive. Mort comments that the threat of the sprinkler going off makes more damage than a fire. Rick stresses that this is not the case. Mike feels the Selectmen should investigate having a sprinkler installed. He feels that any public building should have one. Vahrij agrees. He comments that although installing a sprinkler was not required at his pharmacy, he felt it was good to have one. He invites any BudCom member wishing to inspect his system to come by the pharmacy. He will be glad to show them the system. He comments that he has many water tanks in the basement.

Dick remarks that this is the 1st time the BudCom has ever added money to his budget. Mike comments that if they have the opportunity for major renovations to this building, they should also look into including a sprinkler system. Melinda suggests having sprinklers just in the dispatch center and the holding cells. This would help to reduce the costs. David indicates that he will get some estimates on the system and will discuss the issue of a full system vs. specific zones with the building inspector and the fire chief.

Anita asks if there would be adequate room if more female officers were hired. Dick indicates that there would be room for this. He indicates that they can accommodate 6 women at this time. Melinda states that the footprint for the women's locker room is not very large.

Cath Hallsworth explains the plans for the DPW. She presents a conceptual plan prepared by Cuoco & Cormier Engineering. She states that much of the cost of this project is not in the building, but in conforming the lot to handle stormwater issues. \$500,000 of the cost will make the lot in compliance with EPA standards. The Selectmen are currently in negotiations to purchase additional land to the rear of the existing parcel. The cost for these 10.24 acres will be \$300,000. A new 80' x 120' salt shed will be constructed on this new parcel at a cost of \$175,000. There will also be a sand storage shed constructed. Some interior renovations will be performed inside the existing DPW building, which includes a sprinkler system. This portion will be approximately \$100,000. For EPA compliance a cover will be constructed over the fuel tanks to decrease the potential for spillage, this will be \$7,000. An additional \$20,000 has been included to cover associated costs for the purchase of the land; surveying, title search, subdivision costs, etc.

Melinda asks for the cost of the sand shed. Cath does not see this broken out, she thinks it may be included in the cost of the salt shed. Mort questions why the town needs to purchase 10 additional acres. Cath explains that the original plan was to purchase 4 acres, yet now has the opportunity to purchase 10 acres for the same price. The land is needed to bring the DPW facility into EPA compliance. Mort comments that if the Land Protection Study Committee spent this amount of money on land, the voters would balk at the price. He questions why they couldn't move the facility elsewhere. Ray states that they do not have that ability. Cath points out that this needs to be centrally located in the town. Anita questions why they would purchase the 10 acres if they only needed 4 acres. Cath explains that they are looking ahead to the future and the seller wants to sell this amount at the same price as the 4 acres.

Ray questions why they would be installing a sprinkler system in this building yet not in the police station. Cath explains that this is where all of the

DPW vehicles are stored. The sprinkler is for protection of the vehicles, just like at the fire station. Dick states that the DPW facility has time when the building is not occupied, while the police station is occupied 24 hours a day, 7 days a week. David points out that the fire alarms will activate before the sprinkler system will. Melinda questions what affect having a sprinkler system will have on insurance rates. Cath is not sure. The rates should reduce, yet she has not discussed this with the insurance company.

Paul states that the total cost for this entire project, for all 3 building will be \$3,200,000 including \$75,000 for contingency. Mort comments that this could be reduced by \$175,000 if they eliminate the salt shed.

4. New Position in Department of Public Works This position will assist with plowing, cover personnel out on vacations for town buildings and grounds and at the dumps. This has been adjusted to \$35,700 to reflect the actual costs for the 9 months of hire. The full year cost will be \$50,000.

5. New Position of Firefighter The \$10,519 will cover the cost for only a couple of months. The full year cost will be \$65,000.

6. Position of Permanent Part-time Police Employee Last summer a retired police officer from Pepperell was hired for a temporary part-time position. This position has met the objectives to help relieve the staff of errand duties. This position will now become permanent.

7. Public Works Loader Purchase This \$100,000 will be to purchase a new loader. The current vehicle is 10 years old and due for replacement. Most vehicles are at or beyond their life expectancy. Melinda comments that she understood that this would be covered with capital reserve funds. Paul explains that there is currently \$16,000 in the capital reserve account for major highway equipment. The Selectmen feel it is better to fund this from the operating budget and add more to capital reserves for future needs.

8. Public Works Heavy Duty Pick Up Truck This is to replace the old truck currently being used. The existing truck will be handed down to replace an older truck.

9. Sidewalk Construction around the "Block" This sidewalk has been patched many times over the years. The area does not drain properly. This is being done at the request of the "block" owner. Mike questions whether the sidewalk will be cleared during snow storms. Cath states that money for this is included in the budget.

10. Basketball Court and Tennis Courts for New Field The prep work for this has already been completed, yet the funding was not available. Scott asks if this was part of the original approval for this project. Mark explains that this project was short funded. There were many difficulties obtaining bids for the work, at the price that was approved. Hollis Construction graciously stepped in to do the work, yet there was not enough funding available to complete the entire scale of the project.

11. Lawrence Barn Construction The request is for \$200,000. The Selectmen do support this warrant article. Mort asks if this money will be contingent upon the committee raising the remaining money through private donations and fundraisers. Bob Leadbetter indicates that he is does not believe this has been addressed. He stresses that they do intend to raise the remaining funds to construct this community center. Mort feels this warrant article will sell better to the public if the town's money is contingent upon this. Bob states that during a previous meeting, Jim Cram presented this information to the BudCom. Questions were raised about the operating costs of the barn. He states that he is prepared to address this issue, however if other questions are raised he is not in the position to adequately answer.

Bob explains that the first year's operating costs will be hard to predict. The budget for the existing rec field house is \$1,700; \$600 for electricity, \$700 for heat and \$400 for maintenance. They have compared this project to a similar facility in Topsfield, MA, which was restored in 1997. The Topsfield barn is smaller, at 1964 square feet vs. the Lawrence Barn at 3,546 square feet. The Topsfield barn is also located in a more formal setting among other historic buildings, which makes it more appropriate for formal occasions such as wedding receptions. The operating costs for the Topsfield barn are \$2,150 per year; \$1,800 for heat and \$350 for electricity. This facility also realized \$19,700 in revenue for the year 2004. The fees and usage of this barn range from \$45 for a small non-profit meeting, up to \$1,250 for a wedding reception. This barn is rated for a maximum capacity of 100 persons. They hosted 100 events at this facility in 2004, with a population of 8,000, which is very close to Hollis.

Bob explains that the existing field house will be moved, yet will no longer be heated or require maintenance or much electricity. Therefore the operational costs for this building can be applied to the Lawrence Barn. They estimate the yearly costs to be \$5,000 for this facility, yet feel there will be a positive cash flow that will offset these expenses.

Mike questions how this facility will be administered. Bob indicated that they have not developed this plan, yet they will need to prepare a legal document transferring responsibility from the Heritage Commission to some other function. Paul questions how Topsfield handles the planning and scheduling of events. Bob is not sure how this is managed. He feels that the minimal cost of \$45 covers maintenance for the cleaning. Mike points out that the figure estimated does not include cleaning or staff that will be required for scheduling. Paul stresses that if they expect to host 100 events, as did Topsfield, they cannot expect this to be passed off to town hall staff. Mike agrees, yet there is value in the usage. There will be additional costs for management and custodial care.

Mike points out that if this becomes a town facility, there are more costs associated than just heat and electricity. The facility will need plowing, custodial, administrative for scheduling. He stresses that the costs for this structure seem to grow every time they look at it. What started out as a modest project, has now become much bigger and has not been thoroughly thought out. This began as just an old building to be restored, now it is becoming a town institution with year round usage, with little thought for the details. He questions whether the Selectmen will take on the

responsibility to run this facility. Mark indicates that they will. Mike questions if staff will be added for this purpose. If this occurs, rather than costing the town \$3,000 per year, it becomes \$100,000 per year including staff. Mark states that he does not see a need for a full time staff member to run this. He stresses that this project has received enormous support from the voters.

Chris states that he is leery supporting this based on what Topsfield is doing. He recalls this project being advertised all along as a service to the town, for community and scouting groups. These non-profit groups cannot pay \$45 for this space. He feels the anticipated income should be reduced to allow these local groups to use the facility. Bob agrees. He explains that the Topsfield barn is managed by the historical society, who restored an old barn, then found an opportunity to use the space for other purposes. Their barn evolved into a revenue source. The Lawrence Barn is different. This will be a community center for the use of the town, with an opportunity to extend the space to private, fee based events.

Melinda asks if there would be appropriate winter parking for this. Bob believes there would be. Melinda points out that the parking area near this location has frequently been used to create an ice skating rink. Mort comments that many facilities rent out their space and it does not become burdensome. Chris states that these facilities have the staff to handle the addition work, Hollis does not.

Melinda asks if they will return next year requesting more money from the town if their fundraising is not successful. Mort feels a stipulation should be placed on the funding. There should be a condition that they will not get these funds until they have raised the balance. Mark comments that the town has already invested \$70,000 into this project. A substantial amount of money has already been raised. Mike comments that he still has concerns about this. He feels there are many hidden costs associated with this project and that they will return for more money next year.

Vahrij asks about a sprinkler system for this building. Bob indicates that they have discussed this with the architect. They have been told that if they keep the occupancy of the building to less than 300 people, it will not require a sprinkler system. Rick Towne explains that this is a misconception. The square footage of this building can support many more people, therefore he will require a sprinkler system to be installed. He has discussed this with the fire marshals office and there is no question, the barn will definitely need a sprinkler system.

12. Major Public Improvements Capital Reserve This is a new account to fund major public roads. There are many culverts in need of repair or replacement. The culverts at the north end of South Merrimack Road are a priority. Cath states that this one project could be close to \$250,000. Mike questions why this would not be funded the same as major road rebuilding projects. Paul explains that the road rebuilding is funded through the block grant. Mike comments that the road rebuilding money was removed from the budget. Dick states that this was done one year to make the bottom line more palatable. Melinda asks if the town could receive block grant funding for the culverts. Mike states that he does not see why they should create a capital reserve account for this. Cath explains that these funds could be used for other purposes, such as the retention wall at the transfer station that is in need of repair.

Chris comments that he can understand how a major project such as this would be difficult to fully fund. Mort argues that capital reserve is merely an approval to spend. Paul explains that they are attempting to keep the budget level. This provides some stabilization. Melinda states that if the full expense is spread out over several years, this creates a level tax impact. She comments that if there is no need to have money in the major road rebuilding line item, this same money could be placed in capital reserve for these future projects.

13. Major Highway Equipment Capital Reserve This is to build up the capital reserve account. Mort comments that this must be targeted to a specific piece of equipment. Paul states that this is targeted to a \$100,000 item, which is identified in the CIP. Mike feels that items under \$300,000 should be expensed, while items over this amount should be funded through capital reserves. Dick points out that this was intended to avoid large spikes in the budget. Mike suggests having a BudCom discussion regarding what amount should be placed in capital reserves. Paul recalls the BudCom setting a \$100,000 limit. Looking back at previous years, there were many items at the \$100,000 level that were placed in capital reserve.

Dick comments that years ago the Selectmen and BudCom worked with Fred Gemmill who had the theory that the town should make the money work for them, instead of working for the money. Fred felt that placing money in capital reserve was good to keep the budget even. Mort feels that any purchase should hurt, that way it allows the voters to make the decision. Mike agrees. He feels that future residents should pay for these purchases, not past residents. If bonding an item over 20 years, the people getting the use will be the ones paying.

14. Major Fire Equipment Capital Reserve This is to add \$125,000 for a new engine to be purchased in 2008. Rick comments that the truck up for replacement will cost in the area of \$400,000. There is also a 1974 tank that will be replaced next year, then there is a 20 year old truck scheduled for replacement in 2008. Mike comments that this information will need to be explained to the public.

15. Compensated Absences Payable Trust Fund This is an accounting item.

16. Ambulance Fee Fund Appropriation This is an accounting item with no impact to taxes.

17. Old Home Day Fund Appropriation This is an accounting item with no impact to taxes.

18. Police Private Details Fund Appropriation This is an accounting item with no impact to taxes.

19. Employee Health Insurance Expendable Fund This is a self-insurance fund for employee health benefits. Mark explains that the money for this will be shifted out of the general budget. Mort asks if this will be less than what they are paying now. Paul indicates that it will be less. Mike stresses that this will also need to be thoroughly explained to the voters. Chris asks if there are any potential liabilities to the town. Paul introduces

Nikki Fisher-Quittmeyer, an insurance broker he has been working with. Nikki explains that she is merely showing Hollis how to do what the large insurance companies already do. The town will be protected against any catastrophic claims through a re-insurance policy. She has obtained the most competitive bid for the town. Any amount above \$25,000 per individual will be covered by this re-insurance. There is also an aggregate coverage for the group as a whole.

Mike asks if it would help to combine the town employees with the schools. Nikki states that this would change the demographics. The re-insurance costs are always lower with more employees. Paul explains that the problem with joining with the schools are the various unions that would also have to approve the change. Mike states that he has already explained to the Superintendent how to deal with that. Nikki states that she would also need to review what plans and options the school currently offers and compare this with the town. She would need to design insurance plans for the school with varying co-pay levels. She stresses that adding the additional people would definitely offer savings to both the town and school.

Mort questions who determines how much is paid on a specific claim. Nikki explains that the benefit summary that has been prepared for the town will determine how much is paid out for a claim. The administrator will be Atlantic Administrators. All claims will be submitted and processed through them. Chris questions the satisfaction factor of other groups using this administrator. Nikki states that they have administered group medical and dental for many years. She has done much research on them and found no major concerns. Paul states that the Town of New Market has used them for the past 7 years. His contact with New Market indicated that they like the plan.

Mort questions how much will be saved by the town. Paul states that the expected costs will be \$377,000, yet they are budgeting for \$450,000. If they town had remained with Healthtrust again this year, the cost would have been \$468,000 for this year. Mike comments that it will be good to try this. Nikki states that she recommended the town budget for the worst case scenario. The \$450,000 assumes that all employees remain the same, with no changes for adding new children, spouses or new hires. Melinda asks if this includes the new positions listed as warrant articles. Paul states that it does include those positions. Chris questions if there would be a problem going back to the existing plan if the self-insurance proves to be unsuccessful. Paul states that this would not be a problem. He points out that this is becoming a very competitive market.

20. Designation of Map 43/Lot 67 as Town Forest Property This is a non-money warrant article.

21. Petition – Paving of Wood Lane Mark states that they have discussed the conditions of Wood Lane with Arthur and possible road grading and culverts as a solution instead of paving. The Selectmen have not taken a position on this at this time. He is investigating whether it is appropriate for the Selectmen to take a position on a petitioned article. There is some concern that the Selectmen should not voice an opinion on petitioned articles. Mike states that he is not sure if this would be a good or bad thing for the town. He would need to hear more information before taking a position. Mark comments that he has not heard any support for this.

22. Petition – Modification of the Optional Veteran's Tax Credit The petition is to raise this credit from \$300 to \$500. Mark comments that the Selectmen do not recommend this. It would add an additional \$88,000 to the budget.

23. Operating Budget Paul comments that the operating budget is down slightly due to changes to the capital reserve figures. There are no other significant changes.

Mike questions the line for revenue overlay. Paul explains that this is the estimated revenue, less any overlay. This was corrected for the abatements issued. Mike states that the total budget, including warrant articles, except for the bond item for the facilities is at \$9,900,000.

Paul would like to discuss the pros and cons of 15, 20 and 30 year bonds. Mort states that if the interest rate were the same, it would be better to go with the 30 year bond. Mike comments that it is not good to borrow long term. He questions whether the current cost vs. the future cost even out. Melinda feels they should also look at the life expectancy for the renovated buildings. She would not want to pay off one bond only to begin another for the same building.

Upcoming Schedule

Debbie reminds the committee that the BudCom is scheduled to meet the following Tuesday, January 25th for their regularly scheduled monthly meeting. She questions if there is a need to still meet that night. The BudCom is also scheduled to meet February 3rd and 8th for the public hearings. Mike states that he would like to still meet next week to discuss capital reserves and bonding lengths.

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

Next Meeting will be held January 25, 2005 at 7:30 PM in the Town Hall Community Room

Meeting adjourned at 10:20 PM.

Respectfully submitted,

Deborah Adams, Secretary