

BUDGET COMMITTEE

Minutes of January 25, 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; Paul Calabria, Finance Administrator; Bill Boyd and Hank Ciofrone, Hollis Residents

School Report

Anita reports that the School Board took another look at the proposed and feels there is nothing else to cut without hurting curriculum. The contingency line item was large, therefore they felt comfortable removing \$20,000 from this. LeeAnn Blastos the Business Administrator also feel comfortable with this reduction. The School Board has voted on the budget with a condition that a new vote will be taken once support staff negotiations are complete. They have made an offer to the support staff, which has not been accepted yet. She presents a new guidelines comparison sheet to the BudCom.

Anita explains that the School Board had a workshop this last week to discuss the in-house preschool concept. At this time the School Board does not feel they have enough information to make an informed decision on this issue. They are not taking the concept off the table and the school will proceed with obtaining State approval, however they are doing more research to answer all the questions. This will begin during grade 1 registration, where they will be asking parents with younger children for their opinion. The School Board does not wish to start a program that will balloon into a major expense that could ultimately affect regular instruction. Scott asks what questions the School Board has on this program. He recalls with previous discussions that the School Board was very supportive and did not have a problem. Anita states that they need to survey the potential parents of regular education students. They cannot survey any special education parents, as this is determined by the IEP's.

Scott comments that the IEP issue is not unique for this year. They will always have this same issue. He had the impression that this would not be a stopping point regarding starting up this program. He recalls the BudCom had several questions, he wonders if the School Board has the same concerns. Anita states that they are merely waiting to begin the program until all the questions have been answered. Mort states that there are only 2 questions; do we have the space and are people interested.

Chris asks if the budget will be presented with this change in place. Anita states that the budget will not need to change for this program. Chris states that he understood that there were new positions planned for this in-house program, yet the bottom line would not be any different. Anita stresses that according to the Department of Revenue Administration, they need only \$1.00 in this line item to cover this expense. As long as there is money in the budget, they can start the program. Melinda questions the last date for a decision to be made in order to hire appropriate personnel and to have the rooms prepared. Anita thought that June would be the last date, yet she will get a better answer to this. They would have to hire teachers and purchase additional furniture.

Mike stresses that if this is still an option, it should be presented as a warrant article and not hidden in the budget. Anita does not know if they will have a decision on this by March. She stresses that they are not trying to hide anything. They can't make a decision without all the details. Mike states that this could all be explained at the annual meeting. Mort asks about parent opinions and if there are any parents willing to stand up at the annual meeting in support of this program. Anita is not sure. She will have to discuss this with the administration. Debbie reminds them that a decision must be made by February 3rd for the public hearing, otherwise there will not be time to get the warrant posted. Mike agrees. He suggests writing an article, yet if it is not needed, it can be withdrawn during the meeting. Anita stresses that if this were placed as a warrant article, they run the risk of having this voted down. Melinda suggests writing this as a non-money article to get the voters opinion on the concept.

Scott states that it is the BudCom's responsibility to let the public know how the money is being spent. He feels it would be a positive thing to have more communication on such an important program. He is concerned that there seems to be some reluctance to publicly say that the School Board is looking into this program. Anita argues that they have been very public with discussing this issue at open meetings that are televised. Melinda states that that is much different than posting it as a warrant article.

Chris states that many people are questioning the space needs. He has had numerous phone calls. He stresses that this is a budgetary impact to Hollis. They need to proceed with their eyes wide open. If this is a net wash for special education, it is a great idea to keep it local, yet this is a new program with regular education students with the potential to impact the facilities. He stresses that they need to keep the costs fixed. Anita agrees with all of this. There are no space issues at this time. They have had 4 years of declining enrollment, although they do not have the enrollment projections for next year yet. She is not arguing against having this as a warrant article, she is merely concerned that they run the risk of having this voted down. Mike states that this would not negate the obligation for special education. He is concerned about future obligations for staffing and facilities and where this will grow. He stresses that people need to be involved with this decision.

Anita agrees and again stresses that the School Board is not trying to hide this. She agrees people should vote on this. Chris suggests that if she is concerned about this being voted down, they could always have a contingent warrant article to cover the expenses for special education. Melinda recalls warrant articles in the past that were worded "if this fails ... the operating budget is increased by x to cover this obligated expense". Mike agrees. He merely wishes to be totally up front with the public.

Anita states that she will keep the BudCom informed about the support staff negotiations. She explains that the School Board will remain after the public hearing to listen to the BudCom's comments and their vote on the warrant articles. The School Board has already voted on the budget, less the support staff negotiations. They may need to meet briefly before the public hearing to vote on this portion of the budget. Mort asks who is involved with these negotiations. Anita states that Doug Cleveland and herself and 2 members of the coop school board handle the negotiations. They try to keep many items the same for Hollis and the Coop. Mort asks why they do not hire a professional negotiator. Anita states that this is very expensive.

Town Report

Vahrij states that the warrant article for the recreation field basketball and tennis courts is on hold at this time. The Selectmen will be discussing this with Kevin McDonnell next week. They will also be discussing the Lawrence Barn issue with Jim Cram. Mike asks if the Selectmen have taken a position on the petitioned article for paving Wood Lane. Vahrij states that they have not at this time. He mentions that they have added another warrant article for \$5,000 to form a committee to look into the problem of the added tax burden placed on tax payers as the result of land purchases. This expense will be for a consultant. Paul states that the preliminary figures for 2004 shows the town under by \$103,000 that will be returned to offset taxes.

Capital Reserve

Mike states that they must decide what size expenditure should be funded by capital reserve. The last time the BudCom discussed this issue, it was determined that \$100,000 was the minimum cost. Paul presents a schedule of capital improvement projects. Mike points out that not everything on this sheet should be funded by capital reserves. Paul agrees. Mort states that there shouldn't be a dollar figure assigned. He feels this should be determined as a % of the total expenditures. This amount could rise and fall without having to worry about the dollar figure. Melinda comments that this should not include the land or facility bonds.

Mort states that a \$200,000 expenditure is approximately 2%. Paul states that this sounds reasonable. Bill Boyd comments that they should use a % as a cap. Mike explains that he is looking for a minimum amount. Smaller items should be expensed through the budget, yet larger items can be expensed over several years to lessen the tax impact.

Mort moves to set a 2% limit for capital reserve items. Seconded by Scott. Motion unanimously approved.

Bonding

Mike states that they should look at the "useful life". If they have a building that will need more upgrades in 20 years, it would not be a good idea to bond for 30 years. Land bonding should be longer. They should also take into consideration the future value of money, as they are not sure what future inflation will be. He stresses that they also need to keep in mind the total bondedness of the municipality. Chris adds that they also need to consider any bonds issued for the schools. Bill Boyd comments that if the money is going out for land, this should be a longer bond. Anything for infrastructure should be as short as possible.

Mort points out that the problem has not been with the life of the buildings, the problem is with the growth of the town and the need for expansion. The growth of the town is slowing down now. Eventually the town will reach build out. Mike agrees that much of the facility work is to handle the growth of the town. Melinda comments that any improvements should hold the town through the anticipated population increase until build out. Bill Boyd states that once they reach build out, the infrastructure may not need further additions, yet they will need repairs and maintenance. He stresses that it would not be good to have bonding extend beyond when they will need more repairs or expansion. He feels that anything pertaining to buildings should not be bonded further than 20 years. Land should be bonded for as far out as possible. Mike agrees that 20 years for buildings and 30 years for land would be good. Hank Ciofrone comments that buildings have a limited life span, while land does not. He agrees with the suggestions.

Paul points out that the town will have \$15,000,000 in debt including the proposed bonds. Mike points out that if the Land Protection Study Committee keeps adding \$2,500,000 - \$5,000,000 every year, the total bondedness will add up quickly. Paul stresses that this will start affecting the bond rating. Mort states that each year the debt decreases as it is being paid. Mike states that this level is not decreasing as fast as it is increasing with the new purchases.

Anita asks if the town is planning to spend money on land purchases every year, or will this ultimately end. What percentage of total land is the town attempting to own? Mort states that they are looking toward 25%. Mark states that currently the town owns just over 20%. Anita questions whether the people will eventually stop approving this. Bill Boyd comments that it will depend on their tax bills. Mike comments that they should wait until 2006 and see how the voters react after they receive the newest tax bills in 2005. Melinda states that it will depend on the particular parcel of land. Anita feels that people will begin to question how many years this will continue.

Mort stresses that this is not an expenditure for land, it is an investment. When the town purchases \$5,000,000 of land, this enhances the property values more than \$5,000,000. The tax rate may go up, yet the borrowing capacity has gone up \$35,000 on a \$200,000 home. People are actually making money on this. Some people have a cash flow problem, which will be helped by the increase in assessment. Bill Boyd stresses that regardless of this, people on a fixed income will not want to go into debt for their taxes.

Melinda moves that the BudCom take a position to bond land purchases for 30 years. Seconded by Anita. Motion unanimously approved.

Melinda comments that this design for renovations should be adequate until build out. In 20 years there should not be a need for further expansion. There may be a need for updating, yet this would not be as costly. The 30 year bond will lessen the tax impact on tax payers. If a new facility is needed in 20 years, they can roll over the bond for a new one.

Melinda moves that the BudCom take a position to bond facility improvements for 30 years. Seconded by Mort. Motion unanimously approved.

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

Next Meeting will be held February 3, 2005 at 7:30 PM in the Town Hall Community Room for the Public Hearing of the Hollis School Budget.

Meeting adjourned at 8:40 PM.

Respectfully submitted,

Deborah Adams, Secretary