

BUDGET COMMITTEE

Minutes of February 13, 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; Scott Bartis, Tom Jambard, Mark Johnson, Mort Goulder; Deborah Adams, Secretary

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

Public Hearing

Peter announces that Jeff Babel has been appointed as the new Director of DPW to replace Arthur LeBlanc who will be retiring later this month. Jeff has been transitioning into this position.

Peter explains about a situation with the South Merrimack Road culvert. The Department of Transportation sent notice to the town that this bridge was recently inspected and deemed not safe to use. DPW immediately closed the bridge and began working on a plan. For the short term they plan to place metal plates over the bridge in order to open 1 lane, with traffic lights on either side to help control traffic. They were hoping to have this accomplished by this coming weekend, however with the storm coming in this evening and tomorrow, that may have to get pushed out. The cost for the temporary measures will be approximately \$50,000. A permanent solution will entail replacement of the culvert, with an estimate of \$250,000. They plan to use 2 large diameter polymer/plastic culverts with poured concrete on top. This will not be done until early to mid summer, after the high water conditions that occur in the spring. Jeff has been working diligently on this issue. Bids for the work are starting to come in. He stresses that this emergency does change the budget picture.

Peter states that there have been recent discussions regarding the possible acquisition of land, commonly known as Wallace Grove. The Selectmen voted just last night to not place this item on the warrant. Many factors led to this decision, including the initial acquisition costs, legal issue with becoming a landlord with 4 homes currently on the property and the ongoing maintenance costs. When they looked at the totality of the situation, they voted to remove this from the warrant.

Mike suggests hearing about the DPW portion of the budget first, to allow Jeff and Arthur to go home and get rest before the storm hits.

Peter comments that the various DPW budgets have changed a bit since the last presentation.

Town Buildings and Grounds – Major building maintenance has been increased to help replace the roof at the police station.

Highway Administration – There were some changes to the salaries to accommodate Arthur leaving and Jeff taking over as Director. There were also some other minor adjustments within the department. Mort stresses that there is more than just salaries with employees. There are also costs for health insurance, retirement, etc. He would like to know the total impact for these people. Melinda directs Mort to review the employee benefits shown on Page 6 of the proposed budget. These costs should be added to the total salaries for all departments. Mort would like a breakdown of these benefits for DPW personnel. Paul states that he does not have that detail with him tonight.

Chris asks if there is an average wage increase for all employees. Paul explains that DPW employees averaged 4%. Salaries have been budgeted for 4% with a 3% step increase for those employees still eligible. Many town employees are at longevity and do not get this 3%. They must budget at the maximum for the union, as this is their ceiling.

Road Rebuilding – There are 3 large projects this year. The culvert on Federal Hill Road was washed out last spring during a storm. Temporary repairs were done at the time. Wright Road has a chronic drainage problem that will be corrected. A Hillside Drive drainage problem will also be addressed. Mark asks if this problem on Wright Road is on private or town property. Arthur explains that all work that will be done will be in the right-of-way. He explains that the issue on Hillside Drive will need extensive drainage repair and resurfacing. If they do not do this now, they will lose most of the road and will have to start from the beginning. Melinda points out that they have also increased the salt budget by \$10,000. This is not asking for more salt, but budgeting to actual costs.

Street Lighting – The actuals for 2006 were under \$18,000. This account has been reduced by \$2,300. The selectmen have given the DPW a challenge to search for and remove any street lights that are not necessary. There will be a public hearing prior to removal of any lights.

Solid Waste Facilities – More needs to be budgeted for demolition and brush removal. The brush can no longer be burned at the

stump dump and must be removed. It is also more costly for disposal of electronics. Chris comments on an 8% salary increase. He questions whether this is for a new employee. Melinda explains that this is for cost of living increases, step increases and a promotion. Tom questions the number of employees. Paul states that they have 2 full time and 2 part time employees. Scott asks if the town charges for residents disposing of electronics. Melinda indicates that there is a fee, however it would not show in the budget, as that would be considered revenue. Tom questions the line item for portable toilets. Jeff explains that this is as the stump dump. These will be removed once the new building is complete.

Solid Waste Disposal – This is due to an increase by Souhegan.

Public Comments

Dick Brown – He feels spending money on a street sweeper is a total waste. He feels that while some roads may warrant this, such as roads that are not heavily traveled and tend to accumulate dirt. He feels there are many roads in Hollis that are swept that do not need this service. The town could save money by removing this item. Arthur explains that the EPA's stormwater plan requires that the town sweep the roads. The operator of the sweeper does not have the brushes down on some roads. He points out that they also need to keep the road edges clean to prevent the asphalt from being covered with dirt and vegetation. Chris asks if this stormwater issue is a federal mandate. Arthur states that it is. Dick still feels this to be a waste of money. Arthur explains that he has been able to reduce the cost by going with a different contractor. They used to send this item out for bid, yet sometimes the project did not get completed until September. They have since found a preferred vendor that has been doing a much better job.

Mark asks if this stormwater mandate is to keep the streams and rivers clean. Arthur agrees with this. Mark comments how it is the town's responsibility to keep Hollis clean. They must recognize the benefit of clean water. Mort questions how sweeping sand off the road keeps the water clean. Arthur states that the EPA wants all sand and residue swept off roads so it does not flow into streams and rivers during rain storms.

Tom questions the line item for sidewalk maintenance. Melinda explains that this is for plowing of the town sidewalks. Tom points out that \$10,000 was budgeted for this last year, but not spent. Melinda states that they had planned to contract out for this work last year, but did not.

Jeff explains that for the South Merrimack Road culvert they plan to add metal plates for the short term solution. This has been delayed with the upcoming storm. This should be done for next week. Only one lane will be opened, therefore traffic lights will need to be added. Portable lights are leased by the month. Installed lights will be one set price. He is still looking into the best cost solution for the lighting. During the summer a permanent fix, with new culverts will be done. This work will go out to bid. Hollis DPW does not have the equipment to handle this job. He is waiting for the engineering work to be finished, as he cannot get an estimate without this information. He is hoping to have this information by April or May. Arthur adds that they have discussed this with some engineers and suppliers and anticipate the cost to be in the \$250,000 - \$300,000 range. This includes the cost of the temporary solution. They will also be applying for State aid from their bridge aid program and from FEMA. They will try several funding methods to assist with the cost. The Town will have to pay these costs up front.

Continuation of Public Hearing

Melinda gives a slide presentation to the public. The first slide shows the target calculations with updated figures. Peter states that the BudCom gave a 3.9% guideline on an adjusted base budget. During the second review of the budget, the BudCom allowed a growth factor of \$123,142. At the end of that meeting, the selectmen's proposed budget was \$82,000 over the target. The current request, which includes the entire South Merrimack Road culvert expense, is \$202,167 over the target. If the additional \$150,000 that was added for the culvert is not considered in the calculation, the proposed budget is only \$52,000 over the target. They have been able to remove \$30,000 since that last presentation. Mike agrees that if the BudCom grants some consideration for the \$150,000 for the culvert, they have a \$52,000 problem. Melinda stresses that this culvert was planned for next year, yet is now an emergency situation.

Melinda explains the second slide. This is an updated Gemmill Chart showing the tax rate calculation with the proposed budget figures. Mort mentions that the assessing office is currently reevaluating the town. He questions where this expense is listed. Peter states that this is incorporated within the budget. This will be discussed and explained later. Melinda continues with her explanation. They are anticipating a 2.3% increase to property valuations, which includes new properties. Paul adds that this has previously been estimated at 3%, yet this year they are being more conservative. Melinda presents a chart showing the last 4 years of tax rate valuation. Chris comments that they may want to be even more conservative with these estimates.

Paul points out that there will be additional revenue with the capital reserve funds that will be returned this year, which will skew the figures slightly. The DRA requires that these be shown as both an expense and as revenue. The town is mandated to gross base the budget. Mort feels this is confusing to the public. Melinda agrees, yet every year this is the same problem. The town must show the full budget, as it will be presented to the DRA. If figures are removed, then the numbers being presented do not match with the number that have been published in the town report. They must remain consistent. Chris comments that in reality, the revenue is decreasing. Paul points out that last year the figures were inflated due to capital outlays. Melinda agrees to separate these out for town meeting.

The third slide shows the warrant article figures. There will be 2 articles for capital outlays; the South Merrimack Road culvert and for a new tank

truck. One article will be for capital reserve funds for a future fire truck. Other articles are for health insurance and compensated absences, which is mandated for retirement benefits. The last article is for the operating budget of \$8.7M. Chris asks about the increase for health insurance. Paul explains that this is level funded. Melinda adds that since they are not adding any new employees, they are able to keep this account level.

Mike suggests holding off on the fire truck capital reserve for this year and double up on this for next year. Melinda points out that this account was short changed last year. Mark cautions that the \$150,000 for the culvert should not be used in the target calculation next year. Chris asks if the fire truck capital reserve is for a replacement piece or for a new truck. Rick explains that this would be for a replacement. The existing equipment is not holding up well. This is scheduled for 2009 and will be approximately \$400,000. Paul mentions that they currently have \$225,000 in this capital reserve, yet will remove \$125,000 of this for the purchase of a truck this year. Rick stresses that if they keep removing the funding of the capital reserve account, there will not be enough when they need to make a purchase.

Peter stresses that there are many items in town that this budget does not address, yet will need to be looked at soon. The town hall is in serious need of renovations. Just to handle the siding issue will cost \$100,000. The sidewalks around the center of town will cost \$50,000 - \$60,000. There is a dump truck, that will be out on the road tonight plowing, is in need of replacement. DPW keeps fixing the holes to keep it going, yet this will not last. There are many items that are not included. He is concerned that by attempting to save \$1.00 today, it will cost \$4.00 next year. They cannot continue pushing items off from year to year.

Tom asks if there is any criteria for lumping items together for a bond. The new culvert will last for many years to come and the new roof will also last for several years. Is there a way to bond these together? Paul states that items must be similar to be bonded together. Mike feels that items over \$1,000,000 should be bonded, lesser items expensed through capital reserves and items below \$100,000 - \$200,000 should be outright budgeted. Tom states that he would like to have items with level costs. Mike states that capital reserves levels costs to the past and bonding levels the cost to the future.

Mort feels that most heavy equipment could be financed without a bond. Vahrij comments that during the 1990's the priorities in town shifted to the coop and the school. There are many items for the town that keep being shifted to the next year, then to the next year and so on. This is what happened with the South Merrimack Road culvert. Arthur asked for funding for this for several year and now we have an emergency. After the 1990's the priority shifted to land purchases. He questions what good is the town owning land if they do not have adequate roads to get there. Now people are tired of buying land because of their taxes, yet the infrastructure is still not being funded. Right now people are up in arms with South Merrimack Road being closed at the bridge. What is important? Land or Roads? Emergency services? There are also other roads in town that need to be addressed. If DPW does not correct the drainage on Hillside Drive this year, the town will end up spending much more for this road later.

Mike comments that he has been questioning the road repair budget for many years. Each time he has questioned this, the selectmen answer that they do not need this money for that year. Now this is coming back to bite us. Vahrij feels that the town owns land that is useless. Some of this land should be sold to help fund the fire truck purchase. Melinda states that if they were to do that, they would still be paying on the bond for 20 years.

Budget Detail

Executive – This is down \$25,000. This department has been trimmed as much as possible. The stormwater line item was reduced \$22,000 since the town has slowed down on the project for this mandate, therefore money was encumbered from the 2006 budget to help reduce the 2007b budget.

Town Clerk – No changes to this since the last meeting. Most of the increase to this account is due to items that are purchased in bulk every few years. Additional money for a potential primary in December has been removed. If this does happen, money will be expended from contingency to cover this expense.

Finance – This is up 2.7%. Tom questions why a private firm was used to appraise Wallace Grove when the contracted assessors for the town could be used for this purpose. Melinda comments that there may be a conflict of interest, as the assessors are under contract by the town. Mort states that if the seller doesn't like the assessor's appraisal, they can hire their own. Melinda states that they will look into this for the future. Peter states that the town has had many situations in the past few years where a real estate appraisal was needed. They have found Crafts Appraisal to be the best. Cath explains that a real estate appraisal is not the same as a property assessment. There are different criteria used. Mark thinks there may be different licensing requirements as well.

Chris questions how the town is paying for the new revaluation. Cath explains that they were able to encumber some funds from 2006 and the balance being budgeted in 2007. Mort states that the town had this done a few years ago at a cost of \$350,000 and they were told at the time that this would not have to be done again for many years. Cath explains that they are not doing a full revaluation. This is an inspection update.

Chris mentions that he spoke with someone at the DRA about this today and was told that once the town has the data, and are confident with this data, there is no need to have onsite inspections. Unless the town feels there has been large cheating from the residents, there is no need for this. Cath asks if the person at the DRA was making an assumption that the town had been doing 25% of the properties each year. Chris does not know. Cath explains that the town received letters from the DRA indicating that they needed to do these reinspections this year. Chris argues that this could be done statistically and it does not sound like the town is

doing it properly. Cath explains that the reinspections are to make sure the data is correct. It is not at all to do with cheaters, but with correcting the data from the first company that did the inspections. She feels the BudCom should really be addressing these questions to Assessing Associates, who is trying to do the best for Hollis based on the requirements from the DRA.

Chris reiterated that he was given the impression that they did not need to do these inspections unless they feel the prior data was wrong. There should be checks and balances from the State and the assessors all along. He feels this could be done for a lot less money. The existing data could be used and a statistical analysis performed. Cath states that they are already under contract for this to be done. The inspections will be done this year and the statistical analysis done next year. Chris comments that Brookline does this much differently. He feels there are other statistical and lower cost methods to handling this. Mark feels they will be getting tax fairness with this process. Peter stresses that they cannot change what they are doing based on a phone conversation by one person.

Tax Collector – This is increased only for salary.

Legal – This is flat with no increase.

Employee Benefits – Retirement is up 19%. This is a State mandate. Fire department is 15.92% of the employee's salary, police 11.84% and all other employees are 8.74%. Paul points out that these changes do not go into effect until July 1st, so this year is only a partial year's increase. 2008 will have a full year's increase. Mike asks if this is to fund the funding gaps. Paul stresses that the town has no say in how this is funded. These increases are for the town portion, not the employee's portion. Peter points out that this will only increase in future years and still doesn't solve the problem. This is just a small bandaid. Melinda states that the Mayor of Dover has been lobbying to make changes to this. The selectmen have agreed to review this document and possibly participate. Mike agrees that they must fund this. Russ explains that while the town must pay for social security benefits for town hall and dpw employees, social security is not paid for police or fire employees. Therefore the town ultimately pays more for town hall and dpw. He agrees that this is a problem for funding. Mike agrees that this is an unfunded liability that must be dealt with. Melinda points out that the town is facing the beginning of some significant retirement of employees. This will only balloon in the near future.

Planning & Zoning – This is down. Instead of having a circuit rider planner through NRPC, the town now has a contract planner, which has been working out very well. Mark asks if the town is getting the same number of hours from the new planner. Melinda explains that while the planner is working less hours, it is more productive. NRPC was finding it very difficult to fill a Sr. Planner position with someone with experience and were ending up with people just out of school. The town now has a Sr. Planner working part time.

Cemetery – The grounds maintenance line has been increased based on actual expenditures. This year the Trustees will be completing the construction of the stone wall at the Church Cemetery. Some of those funds were encumbered from last year. The lime/seed/fertilizer line item is now at zero.

Angelo Marino of Assessment Associates, the contracted assessor for the Town of Hollis arrives at this time to answer questions about the reinspection of properties.

Mike asks if statistical methods be done at this time instead of inspections of the homes. Angelo explains that the State requires that the town must have a plan for reinspection every 5 years. Mort does not understand, as this was done just a few years ago. Chris also does not understand based on his phone conversation with the DRA this afternoon. Angelo explains that the State requires that the town must do this with a plan. Most communities do 25% of the town each year. Hollis has not done this. He comments that he does not know who at the DRA gave Chris this information. He has been told by the DRA that Hollis needs a plan to ensure that the properties are reinspected and that the properties are appraised accurately.

Chris states that he was told that once the town has gone through a 100% revaluation, that unless the data is faulty or bad, they do not need to reinspect. The statistical data can be used to revise the assessments. The town may need to do some samples, but not a town wide reinspection. The person he spoke with at the DRA was very specific that Hollis did not need this. He doesn't think he misunderstood the DRA. Angelo reiterates that he is not sure who he got this information from at the DRA, but the DRA representative that he has been dealing with has been telling him that this does need to be done.

Tom recalls that during the revaluation they were told that 20% of the town would be done each year thereafter, yet taxes would not be raised until all 100% had been reassessed. Angelo explains that the only time a change is made is if they find incorrect data. They will use the existing tables and existing calculations. Once all properties are reassessed, then they will change the tables for all properties.

Chris stresses that this is very different than what he was told. Angelo recommends that Chris speak directly with

Guy Patell, Director of Property Evaluations at the DRA. Chris asks if they will try to see the inside and outside of all properties every 5 years. Angelo states that this does not mean they have to make a 20% effort every year. With the number of building permits issued each year and reinspections done for this purpose, they may not have to find a full 20%. Chris is concerned that the impression he had 5 years ago was much different than the information being stated tonight. Ray questions how the BudCom became expert assessors overnight.

Peter asks if there are any communities that do not go through this process. Angelo states that every community must have a plan for reinspections and how they will complete the cyclical analysis. Chris states that once they have a large bank of data, and if they have confidence in this data, within 5-10 years they can merely do a statistical analysis and market trends. By doing it that way they will not have to do something as extensive as they are now.

Continuation of Budget Details

Insurance – This is for worker's compensation. Last year they had a few claims that have affected the rate for 2007.

Municipal Dues – This has a slight increase.

Information Systems – This is for the town computers. Dawn does an excellent job rotating computers around.

Police – This account has not changed since the last presentation. This budget has been prepared to allow them to meet historical expenditures, rather than having other departments pick up the slack.

Fire – This account has not changed since the last presentation. Both the police and fire department budgets are extremely lean, with all things considered. Chief Towne has been very prudent with his budget. He has come up with some creative solutions to help reduce the budget. A firefighter to be hired in December was approved in last year's budget, yet this hire did not work out. He anticipates that he will not be able to hire until April 1st, therefore some of these employee costs were removed.

Communications – No new changes since the last presentation.

Building and Septic – No new changes since the last presentation.

Emergency Management – No new changes since the last presentation.

Health Department – No new changes since the last presentation.

Animal Control Officer – No new changes since the last presentation.

Health Agencies & Hospitals – No new changes since the last presentation. Chris questions why this was reduced from last year. Melinda explains that when the selectmen were reviewing the budget prior to the second presentation, they felt it was prudent to reduce items across the board, with all departments making changes. Therefore \$1,700 was removed from this account. Chris asks if these expenditures are for services received by the town or as a donation to the agency. Melinda states that they are donation, however the town does receive data and information on Hollis residents that may have received their services. Mike agrees that these agencies operate on donations from area municipalities. Melinda points out that these are services that are not offered in Hollis, yet Hollis residents may need to utilize. Mort comments that these are services that some people can afford, while others may need more assistance. This goes to help those that need the assistance. Chris feels that if this expense benefits Hollis residents, it is fine, yet if this is merely a donation he has a problem with it. Peter stresses that it does help to benefit Hollis residents. Mike points out that Hollis is too small of a town to offer all of these services. Mort mentions that many Hollis residents also contribute to these agencies. Melinda stresses that those contributing are doing it as a charity donation, while the town is doing this to offer services to their residents.

Welfare – No new changes since the last presentation.

Parks and Playgrounds – No new changes since the last presentation.

Recreation – No new changes since the last presentation. They will be implementing an on-line and credit card registration process for recreation activities this year. This should help with book keeping and help to make things more efficient. Chris asks if they will include the credit card fee within the registration fee. Melinda explains that the user fees will be passed on so there will be no additional costs to the town. She points out that ½ of this budget is covered by user fees.

Library – No new changes since the last presentation. The Library Trustees are not happy with the reductions that were made. Last year they requested to increase their hours and to increase their circulation materials. The selectmen offered a compromise with ½ of their requested increase in 2006 and the remainder was to be included this year, but this didn't happen. Mike comments that the

BudCom agreed to support growth in town, yet the selectmen are not allowing growth at the library. Melinda states that consideration was given for growth back in January, yet this amount did not include the library, as these funds were reduced prior to that meeting. She would be glad to add this back in if the BudCom wished to give additional consideration for this growth. Paul states that it would be an additional \$7,891 to include this in their budget. Melinda explains that this account is also lower due to some one time expenses from last year that are not included this year. Mark comments that he would support including these additional funds, if they can still keep to their target. Mike agrees. He does not see why they cannot fulfill last year's agreement for a 2 year commitment for this growth.

Patriotic Purposes – No new changes since the last presentation.

Conservation Commission – This has been reduced slightly.

Debt Service – They are not requested any new debt.

Capital Outlay – This includes the \$300,000 for the culvert and \$225,000 for the tank truck.

Peter stresses that they have trimmed this budget and have left no fat. This provides for necessary services at the leanest possible way. The departments heads all need more. Both the fire and police need more personnel, yet they are not asking for this. They each have people working 12-14 hours per day. They are not happy with this, but they will get by for the next year. To cut any more out of the budget it will begin to impact services. Last month there was an \$82,000 delta and now they are only \$52,000 away from the target. He urges the BudCom to meet them half way.

Tom would like the selectmen to consider moving the budgeted amount for the Conservation Commission over to the Library account. The Conservation Commission already gets the land use change tax. Paul states that they are allowed to retain those funds from year to year. They currently have administrative funds totaling \$29,000 that they could utilize in 2007. Mark questions why the Conservation Commission would ask for more funding if they already have money in their account. Melinda explains that at the time the budgets were being prepared, the Peacock Orchard deal was still on the table, yet the Selectmen did not revisit this issue when this deal fell through. They have however reduced this account slightly.

Chris asks if there has been any community consensus of the amount of land the town should protect. The Conservation Commission continually receives the land use change funds, yet for how long. When should the town stop funding this? When is enough land, enough land? Mort comments that Hollis is below what is recommended by the State for the amount of conservation land. Peter mentions that he has discussed this with many people and there are many different opinions. Hollis has been moving towards this goal for several years now. Many people feel that the town has purchased enough, while many other feel that more needs to be done.

Bill comments that there is a contingency fund of \$70,000 that is not used every year. Perhaps some of these funds could be used for the Library. Paul states that this is a book entry, yet they have not needed to tap into this much. The town must report everything on a gross basis, therefore the expense must be shown within the line where it is used, yet he does keep track of these funds. This account is an emergency fund. It is not really enough, but they have managed to keep this level. In 2006 they used \$10,000 from contingency and will be returning only \$88,000 to the general fund. This was very close to spending the entire budget. Melinda points out that if the town does not have the funds for an emergency situation, they would have to petition the court for a special town meeting in order to raise more funds.

Warrant Articles

1. *Official Reports* – No budgetary impact.
2. *Employee Health Insurance Expendable Trust Fund* – \$602,000. This is to fund the employee's health insurance.
3. *South Merrimack Road Culvert Repair* – \$300,000. This is for both the temporary and permanent repairs to the culvert. This is a close estimate and they feel the work can be done within this amount. They will also be filing paperwork for grants to help with these costs. They will not have accurate bids until after Town Meeting. Paul mentions that if the repairs come in less than this amount, any balance remaining will revert back to the general fund.
4. *Major Fire Equipment Capital Reserve* – \$125,000. This is going towards the purchase of a fire truck in 2009.
5. *Compensated Absences Payable Trust Fund* – \$20,000. This is to help cover an unfunded liability.
6. *Fire Tank Truck Purchase* – \$225,000. These funds will be withdrawn from capital reserves, therefore there will be no impact to taxes. They feel this is an appropriate time to replace this vehicle.
7. *Flints Pond Restoration Capital Reserve* – \$106,000. This article must be written to raise these funds, yet the funds have already been placed into the capital reserve. The selectmen recently voted not to return these funds. Now the town must pass this article to gain access to the funds in order to begin some work on this issue. Peter comments that it will be good if the selectmen had the ability to access these funds if the newest proposal is proven to be a viable solution. The selectmen will still have to authorize any work to be done. Mark points out that the warrant article that authorized these funds to be placed into capital reserve specifically stated "dredging", yet this article is saying something a little different. He asks if this can legally be done. He also recalls that a 2 year study was to be done to offer a recommendation to the selectmen on this issue. Cath explains that if nothing is done in the 2 years, this issue will be revisited to return the monies. Melinda states that they have recently been informed of other options that have not previously been considered. This may solve some of the problems. Mort asks if there is any requirement for the Flint Pond residents to have matching funds for this project. Melinda states that the

residents do have some money to go towards this; approximately \$35,000. The Conservation Commission has also earmarked some funds to assist.

Melinda agrees to have the wording of this article reviewed to make sure it is worded properly. Mark comments that if the town meeting passes this article, will they be doing so thinking that the pond will be repaired. Chris is concerned about spending this money now, only to have the same problem come up again in a few years. Peter states that the time frame of the benefit to be gained was 20-30 years. Scott is concerned that the procedure is different that it was before. The town now realizes that dredging this pond is not a viable option. The wording of this article is "restoration". He questions exactly what this means. Cath explains that the original warrant article in 1994 was for \$5,000 for Flints Pond restoration. Another much larger expenditure was made to this capital reserve account several years later for the purpose of dredging Flints Pond. She suggests having an additional warrant article to change the purpose of the capital reserve account. Mike agrees that this might be the best thing to do.

8. *Discontinuation of the New Recreation Land Capital Reserve* – This is to help with this year's revenue stream. There is \$19,000 left over in the account that has not been used. There are no plans to purchase any more recreation land in the near future and if that were to happen, the expenditure would be bonded. They would like to discontinue this to help offset taxes. Mark asks if the selectmen discussed this with the Recreation Commission or Director. Melinda admits that they have not discussed this with them.
9. *Discontinuation of the New Cemetery Land Capital Reserve* – This is the same as for the recreation land. This is approximately \$25,000. The town recently purchased additional land behind the cemetery on Wheeler Road for future expansion of that cemetery. The town should be all set for many years to come.
10. *Ambulance Fee Fund Appropriation* – This is an in and out account.
11. *Old Home Day Fund Appropriation* – This is an in and out account.
12. *Police Private Details Fund Appropriation* – This is an in and out account.
13. *Petitioned Article for Stone Walls* – This is a non-money article with no budgetary impact.
14. *Petitioned Article for NH Climate Change Resolution* – This is a non-money article with no budgetary impact.
15. *Operating Budget* – \$7,466,038.

Bill asks what impact there would be to taxes if the 2 capital reserve items were put into a fund for building maintenance rather than being returned to the town. Melinda states that this would impact the revenue. Bill states that it does not make sense to do this. Melinda asks if he would support a warrant article for \$45,000 for future maintenance. Bill indicates that he would.

Public Comments

Mark LeDoux – He questions the impact this proposed budget would have on a \$300,000 home. Melinda states that this would add \$150 to the tax bill. Mark L. questions the percentage of tax increase that will be coming from the Hollis school and the coop. Mike states that it will be large and worrisome. Mark L. comments that the voters need to ask themselves if the services the town is providing are worth this \$150. Chris explains that assuming the apportionment stays the same, assuming the same increase in valuation and not assuming a decrease in State aid, the coop budget will have a tax rate increase of 3.5%.

Mark L. comments that if the town and schools stay according to previous trends, a \$300,000 home may see an increase of \$600 to their taxes. He points out that the schools are driving most of this increase. He questions how much of the tax rate is due to the debt service for the town. Paul explains that only \$.81 of the tax rate is for the town bonds. Mark L. states that an increase of \$150 is manageable, yet a \$600 increase is high. He feels the BudCom is taking much time attempting to reduce a small amount that will not increase taxes significantly, while the schools continue to increase a lot. The town is not talking big numbers here tonight. He points out that it does not help when the town is faced with unfunded mandates from the State and Federal Government. Paul corrects his previous figures. \$.81 of the tax rate is for open land that was purchased and \$.29 of the tax rate is for the renovation bond and the cemetery land. This accounts for \$1.09 of the tax rate. Mark L. stresses that this is also a declining balance and they will see a reduction in this portion of the tax rate over the upcoming years.

There being no further public comment – The Public Hearing was closed at 10:30 pm.

Budget Committee review and recommendation of warrant articles

1. Official Reports – No BudCom action required.
2. Employee Health Insurance Expendable Trust Fund – *Mark moves to recommend this article. Seconded by Tom. Voting in Favor – Tom, Mark, Bill, Scott, Mike, Chris, Melinda Abstaining – Mort. Motion passed 7-0-1*
3. South Merrimack Road Culvert Repair – *Bill moves to recommend this article. Seconded by Chris.*

Mort questions how this fits with the total budget. The bottom line of the budget should be in line with inflation and if this item is added then it will be over. Mark states that half of this amount has been added since the last presentation. They were already budgeting for part of this. Mike states that it is now increased because of the emergency. Mark states that they could keep the road closed until next year when the remainder can be budgeted. Mort feels it should be done now, yet the money should be found somewhere within the existing budget.

Voting in Favor - Tom, Mark, Bill, Scott, Mike, Chris, Melinda Opposed – Mort. Motion passed 7-1-0

4. Major Fire Equipment Capital Reserve – Chris asks Rick Towne if this could be reduced to \$50,000. Rick states NO. He stresses that if this had been left the same for the past few years, they would not be in this position. They cannot keep pushing these large expenses out to the future. Chris stresses that they need to control this the taxes somehow. Mark questions when this purchase will need to be made. Paul states that this will be purchased in 2009, while article 6 is a 2007 expense. Mark comments that they had originally planned to budget another \$150,000 next year for the culvert, but were forced to pull this into this year’s budget. He suggests holding off on the fire equipment capital reserve this year and adding extra next year since they will not have to budget for the culvert then.

Tom moves to recommend this article. Seconded by Scott.

Chris moves to amend this article to \$75,000. Seconded by Mark.

Chris feels they need to close the gap of \$200,000. This should not come entirely from capital reserves, yet this purchase is still far enough out that this can be made up next year. There will be some available funds by not doing the culvert capital reserves next year. Mark states that they are looking to cut \$50,000, not \$200,000. He thought the BudCom had agreed to give consideration for the \$150,000 for the culvert and would not be trying to cut this. If they remove \$52,000 to meet the target, this would work and he would support the amendment.

Voting in favor of the amendment – Mark, Bill, Scott, Mike, Chris, Mort Opposed – Tom, Melinda. Amendment passed 6-2-0.

Voting in favor of the amended article – Mark, Bill, Scott, Mike, Chris, Mort, Tom, Melinda Motion passed 8-0-0

5. Compensated Absences Payable Trust Fund – *Chris moves to recommend this article. Seconded by Scott.*

Tom questions the current balance in this fund. Paul indicates they have \$40,325, which helps to cover the liability of funding a catastrophic event. Melinda points out that this is no increase over last year’s request.

Voting in favor – Mark, Bill, Scott, Mike, Chris, Mort, Tom, Melinda Motion passed 8-0-0

6. Fire Tank Truck Purchase – *Tom moves to recommend this article. Seconded by Mort.*

Melinda states that this will have no tax impact as the funds are already in the capital reserve account. Mark feels the two fire truck warrant articles should be listed consecutively. Cath explains that articles 2-5 are to appropriate funds, articles 6-7 are taking money out of capital reserves, articles 8-9 will discontinue capital reserve accounts and articles 10-12 are special revenue accounts.

Voting in favor – Mark, Bill, Scott, Mike, Chris, Mort, Tom, Melinda Motion passed 8-0-0

7. Flints Pond Restoration Capital Reserve – *Tom moves to recommend this article. Seconded by Melinda.*

Chris feels that stating restoration is too ill defined. Cath explains that they are attempting to word articles better these days, yet this capital reserve was established years ago. Melinda stresses that there would be a public hearing before any of these funds are used. Mark is concerned about this. He would prefer to see a plan before voting on an expenditure of money. He feels the public impression, even if well explained, will assume that they are voting to fix the problem. Mort asks if the money can be taken out even if this article is disapproved. Melinda states that they could not access these funds without approval at a town meeting, or at a special town meeting. Mark would prefer to have them come up with a plan this year, then if the selectmen like the plan it can be put before the voters next year.

Voting in favor – Tom, Melinda Opposed – Mort, Mark, Bill, Mike, Chris, Scott Motion failed 2-6-0

8. Discontinuation of the New Recreation Land Capital Reserve – *Scott moves to recommend this article. Seconded by Chris. Voting in favor – Mark, Bill, Scott, Mike, Chris, Mort, Tom, Melinda Motion passed 8-0-0*
9. Discontinuation of the New Cemetery Land Capital Reserve – *Scott moves to recommend this article. Seconded by Chris. Voting in favor – Mark, Bill, Scott, Mike, Chris, Mort, Tom, Melinda Motion passed 8-0-0*
10. Ambulance Fee Fund Appropriation – *Scott moves to recommend this article. Seconded by Chris. Voting in favor – Mark, Bill, Scott, Mike, Chris, Mort, Tom, Melinda Motion passed 8-0-0*
11. Old Home Day Fund Appropriation – *Mort moves to recommend this article. Seconded by Tom. Voting in favor – Mark, Bill, Scott, Mike, Chris, Mort, Tom, Melinda Motion passed 8-0-0*
12. Police Private Details Fund Appropriation – *Tom moves to recommend this article. Seconded by Chris. Voting in favor – Mark, Bill, Scott, Mike, Chris, Mort, Tom, Melinda Motion passed 8-0-0*
13. Petitioned Article for Stone Walls – No BudCom action required.
14. Petitioned Article for NH Climate Change Resolution – No BudCom action required.
15. Operating Budget – Tom recommends moving the Conservation Commission funds to the Library account. This would not change the

bottom line. Ray does not like this idea. Melinda states that they currently have \$29,000 that they can access right now. After brief Board of Selectmen discussion on this issue, *Melinda moves to move \$5,517 from the Conservation Commission Administrative line to the Library for the purpose of adding hours to the library. Seconded by Vahrij. Voting in favor – Vahrij, Peter, Melinda Opposed – Don, Ray Motion passed 3-2-0*

Chris comments that if everything passes it will raise taxes 14%. Including increased valuation, they are looking at an 11% increase to the town portion of the tax rate. This is too much. The people have had a 25% increase in taxes over the last few years. There needs to be some stability, which is hard to do when valuations are not increasing. Mike states that they need to be looking at the budget, which needs to be reduced by \$152,000. Melinda points out that this is the additional cost for the culvert. She questions whether they should penalize the operating budget for the emergency situation with the culvert. Tom feels they should bite the bullet on this and should not penalize the town for this emergency. Mark agrees that it is not realistic to cut the operating budget to pay for this emergency.

Mort feels this should not be voted on by 3 of the BudCom members. He feels there is too much bias on this board. There is a selectman, a selectman wanna-be and a school board member that has his back scratched. These people should not be voting. Melinda points out that the selectmen and school board representatives are required by RSA. Mort feels they should step down for the vote. Mark stresses that he has an objection with one BudCom members judging the objectivity of other members.

Scott moves to recommend \$7,466,038 for this article. Seconded by Tom.

Chris moves to amend the motion to \$7,426,038. Seconded by Melinda.

Chris explains that he is trying to offer a compromise. He realizes they have an extra \$150,000 needed for the culvert. He sees two places within the budget where the selectmen could reduce. He suggests reducing contingency from \$70,000 down to \$50,000 and taking \$20,000 out of the reassessment to bring this down to \$23,000. Mark states that this contract is already signed and the town cannot renege on this. Chris states that he did not support the compromise for growth. He is concerned that they are setting themselves up for a petition to go with SB-2. That would be difficult for this town to handle. People are feeling the squeeze with their taxes. He feels this is a good compromise. Bill is concerned with cutting back on contingency. If the town had a \$70,000 hit for something, he questions where the other \$20,000 would come from. Chris states they would have to find it from within the operating budget.

Voting in favor of the amendment – Chris, Mike, Bill, Mort Opposed – Tom, Melinda, Scott, Mark Motion failed 4-4-0

Tom moves to amend the original motion to \$7,446,038. Seconded by Chris.

Tom states that this would allow a \$20,000 reduction to contingency. Mort feels this is meaningless. \$20,000 is nothing.

Voting in favor of the amendment – Tom, Bill, Mike Opposed – Chris, Mort, Melinda, Scott, Mark Motion failed 3-5-0

Voting in favor of the original motion – Tom, Mark, Scott, Melinda Opposed – Mort, Bill, Mike, Chris Motion failed 4-4-0

Mark moves to reconsider the last vote for \$7,466,038. Seconded by Melinda.

Mort stresses that the BudCom has the responsibility to keep the budget down. Mark cannot understand why this last vote failed. The BudCom voted down two amendments, yet also voted down the original. Mike states that they cannot vote on the same thing again.

Mark withdraws his motion.

Mark moves to recommend \$7,466,037 for this article. Seconded by Melinda.

Mark reiterates that two votes to cut this budget failed. This motion brings it back to the original, less \$1.00. This is the number that was agreed upon at the last meeting, plus additional money for the emergency culvert situation. They are moving \$150,000 from next year's capital reserve for this purpose. The fire truck capital reserve has already been reduced by \$50,000, which should leave the BudCom with a consensus for this operating budget amount. He does not understand why this was not approved.

Chris states that they started the budget process by giving a guideline for CPI. Then they approved CPI + a growth factor. He did not support this. They need to make things financially sustainable for the long haul. Some people in town have the wealth to handle this, yet many do not. After two years of large tax increases, they must stay tighter. He feels they need to be closer to the guidance. The BudCom needs to exercise their authority. Mort states that the coop is using a 3.4% CPI while the town is using 3.9% and still cannot hold the line. Melinda stresses that the coop is using fake numbers and has eliminated their contingency. Mike suggests having some of the culvert money come out of contingency.

Chris is concerned about the impact to the taxpayers. The reality is that the selectmen gave two presentations of their budget and now it is higher than every. It does not look good to voters if the BudCom just gives in. It is their responsibility to protect the

taxpayers. Mark states that he does agree with much of this, yet disagrees with some. He agreed to the \$50,000 cut to the capital reserve warrant article. He would like to hear from those that voted no on the budget. Mike agrees that the tax rate is not sustainable for the long haul. If they take a portion of the culvert repair out of contingency, this would help. Melinda stresses that this would only leave a very small amount in contingency for the remainder of the year.

Melinda stresses that if she did not understand the details of this budget, she would support reducing it by another \$50,000. Yet she does know the details and there is no wiggle room in this budget to accommodate any more cuts. More personnel is needed in every department, yet they are not requesting this. Repairs are needed to facilities, yet they are not requesting this either. She urges the BudCom to support the additional funding needed for the emergency situation for the culvert. These funds will not be included in the calculation for next year's budget target.

Mike questions how many years the town can sustain a 10% increase to the tax rate. Paul points out that this is the level of service that the voters have approved. Part of the debt service was for increases to the infrastructure. Most of the 25% increase in taxes was for the schools. He mentions that the same thing is happening in all surrounding communities.

Tom agrees with these comments. He points out how only 3 members of the general public attending this meeting tonight. He mentions that the law does allow them to go to town meeting with different recommended figures; a selectmen recommended and a BudCom recommended. Then the voters can decide. Bill questions what kind of funding may come in to help with the culvert expense. Arthur states that this could be 50% or even 75%, yet this could take 1-10 years to receive. Bill suggests taking the \$150,000 that will be used this year for the culvert and will not be in next year's budget and swap this with the fire equipment capital reserve for this year. Melinda states that doing this will require asking for \$275,000 for capital reserve for fire equipment next year.

Mark withdraws his motion.

Bill moves to reconsider the vote on Article 4. Seconded by Scott. Voting in favor – Mark, Bill, Scott, Mike, Chris, Mort, Tom, Melinda Motion passed 8-0-0

Bill moves to NOT recommend Article 4. Seconded by Mark.

Bill feels they can include this for next year since they will not need to have money reserved for the culvert. Mark asks if they will approve this motion, will they finally be able to vote on an operating budget. Tom questions where this would leave them in relation to the BudCom's target. Debbie states that they would be removing another \$75,000 from the target delta, which reduces the difference of \$152,000 down to \$77,000.

Voting in favor of the motion to NOT recommend Article 4 - Voting in favor – Mark, Bill, Scott, Mike, Chris, Mort, Tom Opposed - Melinda Motion passed 7-1-0

Chris moves to recommend \$7,466,038 for the operating budget. Seconded by Bill. Voting in favor – Tom, Mark, Bill, Scott, Melinda Opposed – Mort, Mike, Chris Motion passed 5-3-0

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

Next Meeting will be held February 15, 2007 at 7:30 PM in the Town Hall Community Room for the Public Hearing of the School Budget.

Meeting adjourned at 11:40 PM.

Respectfully submitted,

Deborah Adams, Secretary