

BUDGET COMMITTEE

Minutes of March 28, 2006

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; Chris Hyde, Vice Chairman; Vahrij Manoukian, Selectmen's Representative; Bill Beauregard, School Board Representative; Mort Goulder, Tom Jambard; Deborah Adams, Secretary

Election of Officers

Vahrij nominates Mike Harris as Chairman. Seconded by Chris. Motion unanimously approved.

Mike nominates Chris Hyde as Vice-Chairman. Seconded by Tom. Motion unanimously approved.

Mike nominates Scott Bartis as Clerk. Seconded by Chris. Motion unanimously approved.

Review of Minutes

Chris moves to approve the Minutes of November 22, 2005. Seconded by Mort. Motion unanimously approved with Vahrij, Tom and Bill abstaining.

Chris moves to approve the Minutes of December 13, 2005. Seconded by Mort. Motion unanimously approved with Vahrij, Tom and Bill abstaining.

Chris moves to approve the Minutes of December 15, 2005. Seconded by Mort. Motion unanimously approved with Vahrij, Tom and Bill abstaining.

Vahrij moves to approve the Minutes of January 18, 2006. Seconded by Chris. Motion unanimously approved with Tom and Bill abstaining.

Chris moves to approve the Minutes of January 19, 2006. Seconded by Mort. Motion unanimously approved with Vahrij, Tom and Bill abstaining.

Vahrij moves to approve the Minutes of February 14, 2006 as amended. Seconded by Mort. Motion unanimously approved with Tom and Bill abstaining.

Vahrij moves to approve the Minutes of February 16, 2006. Seconded by Mort. Motion unanimously approved with Tom and Bill abstaining.

Chris moves to approve the Minutes of February 28, 2006. Seconded by Mort. Motion unanimously approved with Vahrij, Tom and Bill abstaining.

Town Report

Vahrij states that last year the town saved much money by switching accounts over to Citizens Bank. The town earned an extra \$117,271 in interest, beyond what would have been earned at the other bank.

Scott arrives at this time.

Vahrij states that going to a self funded insurance saved the town \$33,335 last year. He stresses that the schools should do the same. Mike comments that this is a good point. Mort recalls the school board saying that they are interested and that the new principal has met with Paul to begin discussing this idea. Chris asks about the status of the construction work being done at the Police and Fire stations. Vahrij estimates a ribbon-cutting sometime in May or June. Financially they are still within budget for this project.

School Report

Bill states that the school is currently 8/12th through their fiscal year, with 67% of their budget expended. Some accounts are well over this 67%, yet those areas typically have significant prepay expenditures early in the year. This should all even out by year end. Mike agrees that the schools do have to spend much of their budget up front. Bill asks what sort of information the BudCom would like to hear about. Mike asks if there are any areas of concern or any unanticipated expenses that the BudCom should know about. He would like to know what will happen at the end of the year. The school typically spends much money in the beginning of the budget year.

Bill comments that there will be balloon payments made at the end of the year for retirees. Mike states that employees must declare their retirement at the end of the calendar year and payments are issued on July 1st. Tom asks if there are any savings for this scenario. Mike explains that while there are no actual savings held for this, the budget is based upon these declarations. This is a contractual item. It has typically been considered a cost savings when a teacher retires, as the retiring teacher is usually paid a higher salary than the replacement teacher. Chris is not sure there is really a cost savings for this. A large budget item for the schools is substitute teachers. When teachers retire and are replaced with younger teachers that have the potential to become pregnant, there is still the cost of hiring the substitute. Bill points out that there is nothing they can do about that.

Chris agrees, he was merely pointing out that the theory that new hires will be a cost savings may not necessarily be the case.

Mike stresses that the policy is to hire the best teachers that are available, yet typically new hires are paid less than the retiree. The retiree also have more experience vs. someone newer into the profession. Mort states that experienced teachers can handle larger classrooms vs. the newer teachers. Bill cautions that they are walking on thin ice when making comparisons such as these. Chris states that he was merely making a financial comment. It was always thought that it would be a cost savings with a new hire, but this is not true if the new hire also become pregnant or goes out on medical leave.

Mike questions the recent kindergarten enrollment. He would like Bill to find out more on this. Chris inquires about the status of the insurance payments regarding the fire at the Primary Elementary. There were issues regarding who should pay for the damages; the insurance company or the mechanical contractor. Mike also questions the legal issues surrounding a family that was asked to pay tuition for the time their children attended Hollis schools prior to becoming Hollis residents.

Mike mentions that the BudCom will need to know if any contingency funds will be used this year. He stresses that the School cannot expend more than their budget and that contingency funds should only be used for emergency situations. Vahrij recalls several years ago when this money was spent without BudCom support. They were asked not to expend the funds, but they did it anyway. Debbie states that it was 5-6 years ago when the school spent money on library books for the following year, which was an item that had been cut from the upcoming budget. Mike agrees that was a problem and points out that they also used the unreserved fund balance.

Town Meeting Recap

Mort feels the BudCom was suckered into using the 4% cpi, when it really should have been 2.6%. Mike explains that they always use the cpi from August, with the previous 12 month average. The 4% was the cpi from August, while the 2.6% was from December. Mort feels they should have used December's figures, as this would be more consistent. Chris points out that they did review this issue at the time and agrees that it was hard to use the 4% when it dropped so quickly afterward. It is hard to predict these things. This year they lost, but in other years they could win. Mike stresses that they have always used the August cpi, as well as any increase to population. The schools were actually down in population, yet the BudCom allowed them to use just the cpi of 4%.

Mort feels that bond payments should be included in the budget increase. Mike questions how this could be done. Mort states that the first year is always a partial, each year thereafter they will always know what the payment will be. Chris explains that the debt is removed from the calculation prior to using the cpi multiplier, then it is added back in. This way the cpi multiplier is only applied to those items that can be influenced. Mort feels they need to be more consistent. For new bond items, like the police and fire station, these should be included in the 4%.

Mort points out that the estimated revenue is off by \$1,000,000. Chris believes this to be an accrual from one year to the next. This is usually consistent. Mike states that the revenue does not make any difference to the budget. The Department of Revenue Administration (DRA) decides what is used to offset the budget. Mort stresses that the town ends up with a tax rate that uses these figures and if they are off by \$1,000,000 it skews the tax rate. Mike explains that the DRA takes this into account when setting the tax rate. Some funds are set aside for emergencies, then any remainder revenue is used to offset taxes. Mort argues that if the anticipated revenue is set \$1,000,000 too low, the DRA will be using faulty figures. Mike stresses that this is nothing that concerns the BudCom. It is a DRA issue, as they set the tax rate.

Mort feels the BudCom should set a limit on what can be spend on Special Education. This may not be legal, but the BudCom needs to take a stand. Chris agrees that the superintendent has the discretion to allocate funds. Mike states that Special Education has historically been running around 11% of the budget, yet has now grown to 18% of the budget. The BudCom was told during the budget process that this could grow astronomically. He would like to see this back under some control, as it is unfair to the general population. He agrees that there are laws that the district must provide services, yet the town does have choices, such as going to court over a IEP vs. just giving in and accepting it. There is a fine line with Special Education. The town does not want the reputation as never willing to go to court, yet they also need to provide quality services.

Chris states that the guideline is always set by removing debt and Special Education before applying the cpi multiplier. There should be some level of review by the BudCom on Special Education, so that any increase is frugal. Mike comments that he has seen this increase dramatically over the last few years. There may be legitimate reasons for the increase, but he does not know. Scott states that the BudCom has been told that there are more children, yet they are not being given any further detail. Mort questions the way the children are being classified. Mike states that it depends on the IEP and the fact that Hollis is not willing to take this to court if they do not agree with the parents on the details of the IEP.

Scott feels they need to trust the school board, yet they also need more information. Tom asks if testing the child is included in this budget, as well as transportation costs. Mike states that these items are included. Tom agrees that they need to know more information about this part of the budget. Bill questions how they can bench mark this, as each community has different needs. Mike states that historically Hollis has been below the State average. Scott states that they have not been given enough information to determine why this is the case. Chris mentions that Bob Kelley was asked and he indicated that there are more children with more sever disabilities. Debbie points out that during the budget presentation Bob Kelley was asked to provide statistics on the number of service hours that were required from last year, the previous year and what is being projected for next year. He states that he could not get this information to the BudCom, as it would be too difficult.

Mike feels that when the town calculates the increase for new positions, they should use the entire year salary and not just the partial year. Chris

agrees. He would also like to see any new positions for the schools listed as warrant articles, similar to how the town does it. The voters should be the ones to decide. Mike states that if the new hire is part of a new program he would agree that this should all be done as part of a warrant article, yet the addition of a part time nurse or teacher that is necessary because of population, a separate article would not be needed. Also if the new hire is because of a student's IEP, such as an additional paraprofessional for special education, this would not need to be a separate article.

Mort states that the Coop BudCom tells the school board how much they can spend, yet they do not tell them how to run the schools. If they need a .5 teacher, then this must be done within the budget cap that was set by the BudCom. Mike feels that if there is a new program being instituted, with additional staff required, then they should allow the voters to decide if they want the new program. Chris points out that the addition of a .5 nurse at the Primary School was presented as just that, a .5 nurse, part time. Now he has heard that they will be using the existing .5 nurse from the preschool and making this into a full time position, which will add benefits that were not included in the original picture. This is a new position. He feels that if they make each new program accountable to the voters, they will not have the ability to jump way up in one year.

Chris would like to see better communication between the BudCom and the town and schools, especially with the schools. Currently any BudCom member that is looking for some specific data from the SAU Office must contact the BudCom Chairman, who will contact the School Board Chairman, who will then request the information. This restricts access to public data and prohibits obtaining data that is necessary for the BudCom. Debbie explains that she was told by LeeAnn that she has a difficult time responding to every member of each BudCom/Finance Committee and each school board. She handles the financial data for 3 school districts, each district with 2 schools, each district with a school board and each district with a budget or finance committee. She has asked that requests for information be filtered through the chairman of each individual board or committee, otherwise she would spend all of her time answering questions. Bill adds that they have also had computer software problems, with a DOS based operating system that prohibited getting the information easily. Mort states that the BudCom has no right to ask anyone to do extra work to provide the data. Mike disagrees. He feels they do have the right, yet they need to be considerate. Mike agrees to explain to Bill any request that they may have, so he will have plenty of time to obtain the information from the SAU office.

Plan for Next Year

Chris states that the Coop will be looking at potential changes to the apportionment. There has been some discussion about creating a committee with one Selectmen, a Budget/Finance Committee member and citizens from both Hollis and Brookline to look at the apportionment issue and to make recommendations to each town with as little commotion as possible. Mort stresses that the apportionment should be 100%, period. Chris agrees, yet Brookline does not. Mort points out that last time this came up for a vote, Hollis lost because the Hollis people did not come out to vote.

Mike has heard talk about the size of the schools and this may come up again this coming year. The schools are getting bigger than was envisioned. He questions whether the Strategic Planning Committee will have anything for the BudCom. Chris explains that they are working on this. As soon as they put everything together, they will have a good projection for buildout. Currently they are putting together a financial, budgetary impact for buildout. They will make a presentation to the BudCom when this is ready.

Member Vacancy

Mike states that he has received an email from Christine Furman indicating that she can no longer continue as a member of the BudCom. He had tried contacting her several times, with no luck. Therefore he asked Debbie to place an ad in the local paper announcing that Christine Furman would be removed from the Board due to lack of attendance and that the BudCom was looking for interested candidates to fill this position. The RSA allows the BudCom to do this and on the advice of Jim Squires, he announced it in the newspaper. Debbie states that she has received inquiries from 2 individuals who have shown some interest in this position; Mark Johnson and David Gibson.

Vahrij moves to appoint Mark Johnson for this position.

Mort comments that it is not right to have only one candidate present for this discussion. Mark Johnson is here at the meeting, yet David Gibson has not heard tonight's discussions. Tom feels there should be some interviews before the BudCom makes this decision. Scott agrees. They should invite both candidates to interview, then ask them to step out of the room while the BudCom makes their decision. Vahrij points out that the school recently added \$2,000 to their budget for a professional negotiator. The town had Mark Johnson for negotiations and did not have to spend \$2,000 for this service. Tom agrees that this is good, but there is also another individual that has shown some interest and they should give him the courtesy of an interview. Mike comments that this year the schools had some difficult items that they wanted to negotiate and needed some professional help to do so. The school board did not feel comfortable handling this negotiation on their own. Vahrij points out that the town achieved more than the school during their negotiations.

Mike asks Debbie to invite the two candidates to the next meeting. Chris points out that Mark Johnson is already present at tonight's meeting. He suggests allowing him to interview tonight. All members agree.

Candidate Interview – Mark Johnson

Mark mentions that Hollis is looking toward some large items this year. He has concerns about the BudCom not being able to get information from the SAU. He feels the apportionment for the Coop is a very critical issue and he would like the opportunity to participate in this. This last year he had the opportunity to negotiate a few items for the town. He is very interested in continuing the relationship between the BudCom and the Selectmen and would like to see the relationship with the School Board strengthened. He feels the town needs some strategic thinking on the overall

tax level. It is difficult to read the tax payers intent, when very few people actually attend the meetings. This puts a burden on the BudCom to do the thinking for the rest of the town, as they must act on behalf of all people, not just the handful that attend the meetings. Tom asks why he thinks people do not attend these meetings. Mark states that the logical answer is that they must feel that everything is okay and they do not have a problem with the budgets. He thinks that people are just too busy and do not have the time to attend.

Vahrij leaves at this time.

Chris comments that many people in town are land rich and income poor, while others are not in this category. He questions how they can help all people. Mark agrees that what is in the best interest of one group may not be the same for another group. Mike comments that it is interest at town meeting to see large groups of people get up and leave the meeting after a specific article is completed.

Mike asks how he feels about the Equitable Tax Committee. Mark comments that they are only a study committee. The Town is bound by State law to collect taxes from property owners. He stresses that there are many financial issues facing the State at this time, especially with regards to the State funded education. He always felt guilty that Hollis was a receiver town. Mike asks what they should do to keep the tax rate lower than the rate of inflation. Mark agrees they must keep this in control. The town needs a longer term view of issues they will be facing. Recently they had to update 3 facilities at \$3,400,000. The town cannot allow their facilities to get to this point. He also questions why Hollis should continue to expand the Coop school capacity, when the current facilities will meet Hollis' needs for many years to come. He was pleased that the recent addition bond for the high school failed.

Chris points out that the Farley Building is also an upcoming issue. He recently had a tour of this building. He stresses that this structure is in need of serious money to restore. The engineering study may show that it would cost less to tear down this structure and rebuild, rather than attempting to repair it. He asks Mark for his recommendation on this issue. Mark states that he would be skeptical. He would need to see proof that the building would be economically viable. The town cannot preserve everything. He would need a dollar amount to justify saving this building. He realizes that the structure is historically significant, yet the space where it is located is more important. The town needs to determine what would be the best use of this space; restoring a historic building or constructing a modern building. They need to make an informed decision, which is why it will be important to have this study done.

Mike asks Debbie to invite Mark to the next BudCom as well. He would like both candidates present at the April meeting.

Other Business

Chris would like to have a joint meeting with the various school boards and budcoms to discuss consistency. Tom agrees that it would be good to know what these other boards are looking at for future needs or concerns. Mike agrees it would be helpful to get together with the Hollis school board and selectmen, yet does not think it will do much good to meet with the Coop.

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

Next Meeting will be held April 25, 2006 at 7:30 PM in the Town Hall Community Room

Meeting adjourned at 9:10 PM.

Respectfully submitted,

Deborah Adams, Secretary