

BUDGET COMMITTEE

Minutes of April 25, 2006

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

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

Also present: Paul Calabria, Mark Johnson, Kirk Anderson, David Gibson

Candidate Interviews

Chris explains that this BudCom position is open as the result of a former member that is not able to fulfill her term. Her appointment will end next March. Whoever is appointed will have to run for reelection to continue beyond March.

Opening Comments

Mark Johnson – This town is a \$7-\$8 Million corporate endeavor. He has been a Selectmen for the last 3 years and has some experience with this budget. He has supported having the Selectmen meet budgetary caps set by the BudCom and supported a change in their approach to budgeting. Prior to his tenure as a Selectmen, the Board of Selectmen did not always have the opinion to live with the BudCom's cap. The Town needs to look forward to many issues that are coming along in the years ahead; land protection is one major item. This year the town took a break from this. The town needs to consider the future course and reexamine the economic justification to land protection. One model to pursue is the one followed at the 2005 Town Meeting where a vote was taken immediately following the authorization to spend money on land. This vote approved the purchase of land with the bond money, rather than having a special town meeting later in the year that is scantily attended. He points out that there are some new members on the BudCom now and he would like to bring some continuity and experience regarding land protection.

Dave Gibson – He has been a member of the Historic District Commission for many years. He would like to get involved in how the money is spent. He does not have a lot of outside interest. He feels that the town needs to handle the budget in the best way for Hollis and he would like to be a part of this process.

Kirk Anderson – He has no experience on any town committees. He is looking to get involved with the town and would like to see what it is like from the other side of the table.

Questions from BudCom

Paul asks if the candidates are aware of the hours/work load commitment that this would entail. He explains that there are monthly meetings from April to November, then multiple meetings during the months of December through March.

Dave Gibson states that he is aware of the time commitment. He mentions that he is retired and has time to spare. Currently he is only working a part time job.

Kirk Anderson states that he became less interested when he heard that they sometimes have weekday meetings. Chris explains that this is rare, only a couple of times a year and depends upon which department the BudCom member has been assigned to. Melinda points out that those meetings are generally between 7am to 8:30am and are typically only for the large departments. Kirk states that he was given the impression that the daytime meetings were much more. He is glad to hear that it is not. Melinda explains that the departmental review is divided up amongst the BudCom members.

Tom Jambard asks for some background information from the candidates.

Kirk Anderson explains that he currently works as an electrical engineer at a company in MA. He usually works 6am – 4pm. He has lived in Hollis for the past 4 years and previously lived in Merrimack. Tom asks if he served on any committees while living in Merrimack. Kirk indicates that he did not. He comments that there were many political problems in Merrimack. He has no town experience. When he called the Chairman about this position, he did not realize that there would be such demand.

Dave Gibson states that he was an air traffic controller at Boston-Logan, then later transferred to the Nashua FAA Center. He is currently retired. He has been on the Historic District Commission on 2 separate occasions and is looking for something different. Melinda asks if he would remain on the Historic District Commission. Dave

indicates that he would not, he has had enough of the Historic District Commission.

Mark Johnson explains that he has previously been involved in budgeting while working with a major medical institution to raise money for research. He was formerly a department manager at a major publishing company, where he was responsible for the departmental budget.

Chris asks if they have any budgetary experience.

Dave Gibson states that the only experience he has is personal.

Kirk Anderson indicates that he does not have any experience.

Bill comments that there are many challenges facing the town these days. He questions how they would approach these challenges.

Dave Gibson states that he sees the current tax rate and has listened to complaints from many residents. Many of these residents are older and cannot afford the taxes. He understands that it is a challenge to keep these older residents. He would like to better understand where all the money goes and would like the opportunity to see if the funds could be better allocated. He feels that continued land purchases may be a good plan.

Kirk Anderson explains that he is mostly interested in keeping things affordable so that those currently living in town can remain living in town. He does not want to see Hollis with a Merrimack type situation.

Tom asks Mark Johnson if he is a member of the Land Protection Study Committee. Mark indicates that he is.

Chris asks the candidates to explain what strengths and/or talents they could bring to the BudCom.

Dave Gibson states that although he does not have any experience with large sums of money, he feels that he would be able to see where the waste is going and provide new insight to the BudCom. He would like to keep the older residents in town.

Kirk Anderson indicates that he likes people and enjoys talking. He is good with computers and numbers. He feels he would be a good fit to the BudCom.

Mark Johnson states that from a philosophical point of view, the budget should only cover essential functions. The main departments in town must keep in mind the affordability of the tax rate. The Lawrence Barn came about from a citizen's petition. This was approved, yet did not fit into the town budget. He would like to avoid any more of this kind of spending. The BudCom needs to determine if land protection is a luxury or if it will help to manage future tax burden. They need to manage the taxes for everybody. It is hard when there is a small turn-out at town meetings. These few people are voting on what they believe is in the best interest for the entire town.

Dave Gibson comments that the tax rate in Hollis is not as bad as in Merrimack or other nearby communities. Mark Johnson mentions that he has worked with Dave Gibson on the Historic District Commission and feels he would do a good job on the BudCom. He has always been a very cooperative member on that Board. He points out that only 1 of the 3 candidates will be appointed to this position, yet there are many vacancies on other boards in town. He comments that it is too bad that the town does not have more people volunteering for all the boards. He wishes they had 3 volunteers for each vacancy. Chris echoes these comments. He agrees that it is too bad that there are not more people volunteering.

Melinda moves that the Budget Committee enter into NON-public session in accordance with RSA 91-A:3-II-(c) for the purpose of discussing the candidates to be appointed to the Budget Committee, which could adversely affect the reputation of the candidates. Seconded by Tom. Voting in favor: Tom, Chris, Melinda, Bill. The motion passed 4-0-0.

Melinda moves that the Budget Committee come out of NON-public session. Seconded by Bill. Voting in favor: Tom, Chris, Melinda, Bill. The motion passed 4-0-0.

Chris explains that based on discussions held in NON-public session, the BudCom has 1 additional question to ask of Mark Johnson. He points out that one BudCom member, Mort Goulder is also a member of the Land Protection Study Committee. Mark Johnson has also recently been appointed to this same committee. The BudCom has concerns about how Mark would address issues of land protection with the BudCom. Chris questions whether Mark would want to recuse himself from any vote regarding this issue, or possibly step down as a member of the Land Protection Study Committee. Mark Johnson indicates that he has been thinking about this. If he is appointed to the BudCom, he plans to offer the Selectmen the chance to reconsider his appointment to the Land Protection Study Committee. His first choice is to serve on the BudCom. If the Selectmen feel this would be a conflict, he will gladly step down.

Tom moves to appoint Mark Johnson to fulfill Christine Furman's open position on the Budget Committee until the March 2007 Town Meeting

process. Seconded by Bill. Voting in favor: Tom, Chris, Melinda, Bill. The motion passed 4-0-0.

Chris mentions that Mark will need to be sworn in by the Moderator. He thanks the other candidates for their time and urges them to consider volunteering on other committees in town. He points out that he also serves on the Strategic Planning Committee, along with Melinda and Bill, where they are reviewing town services and the build-out analysis and comparing potential impact from this. He urges both candidates to volunteer for this committee. This is a great way to learn about the many aspects of town and to obtain a better foundation. Bill adds that there are 14 different areas of interest on this committee, many of which would be very beneficial to assist them. There are many aspects of town life that are being covered.

Review of Minutes

Melinda indicates that she would prefer to wait on reviewing the March minutes, as there are only 2 members present this evening that were at that meeting. Chris agrees.

Town Report

Melinda states that so far for the 1st quarter, the town is 4% under budget. There are a few departments that are over, yet the bulk of the payments are made up front, therefore this will even out over the year. Street lighting is more during winter months with shorter days and longer dark periods. Tom comments that he thought this was a flat rate per month for each light. Paul states that the fees are higher during the winter months. Tom again states that this should be a flat rate. Melinda states that they should be charged when using the electricity, not just to have the light pole sitting there. Tom explains that this is all factored in. He mentions that they should be getting a 12% reduction.

Chris questions the status of the facilities. Melinda comments that things are coming along. There have been a few delays, but nothing significant. The budget is tracking well. Paul indicates that he will have figures on non-NorthBranch expenses next week. Debbie mentions that they plan to move the Communications Department into their new space next week.

Chris points out that when the police are called in for a private detail, many times this also involves the use of the cruiser. He questions whether the town is reimbursed for the fuel and wear/tear of this use of town equipment. Paul explains that a \$10 per hour cruiser rate is charged for this. Each year they compare these fees to other communities in the area.

Mark comments that a few weeks ago Paul prepared some information for the Selectmen regarding changes in how some revenue sources have increased and some expenses have been reduced. One item was increased revenue due to a change in bank accounts. He questions whether this was the result of administrative decisions or increased interest rates. Paul explains that Citizens Bank really wanted the town's business. He went to all other banks in the area to obtain competitive bids. He asked for the best price available and Citizens was the best choice. This change was implemented in November 2004. The town saw an increase in revenue that far exceeded the rate of increase in interest rates. Bill asks if Citizens offered any services with the package. Paul explains that they offered a free advisory service, which proved to be very beneficial with the bonds. No other bank was willing to offer this. They actually helped coordinate with the bond bank.

Mark refers back to the street lighting discussion. He mentions that there is a municipal light specialist who lives here in town. He assists municipalities in reducing their electrical costs. He suggests that the Selectmen should talk with him, or another consultant to review the lighting in town and school facilities. Paul states that Jeff Babel has already initiated a PSNH program within all town facilities to help reduce costs.

Mark comments that the police department overtime budget has continued to get hammered. He asks for an update on this situation. Paul explains that the police department used ½ of their overtime budget within the 1st quarter. This line item is always a big question. There is no way to anticipate officers being out due to illness or maternity. When this occurs, it results in overtime. This year the department has been down by one officer with the retirement of the Police Chief. Russell Ux moved up to be the Chief, another detective moved up to take his position, which has left an opening. They are actively interviewing for a replacement for this position, as well as for the new hires that were approved at town meeting. He stresses that while the overtime line item is up, the normal salary line is only at 15% vs. 25% through the 1st quarter.

Melinda mentions that the communications department is in a similar situation and they are also currently interviewing for new hires. The Communications Director position was eliminated, one of the dispatchers was moved up to become the Supervisor. There have also been some medical issues. Paul states that they have currently used 35% of their overtime budget, yet the normal salaries are down. Just last week they handled communications during an armed stand off. Additional help is needed during these types of emergencies.

Mark asks if the town would be able to reduce their health insurance rates if they were able to get above 50 employees. Paul indicates that this is correct. Currently there are 43 employees utilizing the town health insurance plan. They are looking at offering an incentive for those employees that have opted not to sign up for insurance, to having just the employee sign up for the plan, not the entire family. This may help to increase the total number of employees to help reduce costs. Mark asks if anything new has happened regarding the schools being involved with the self insurance. Paul states that the schools are very complex with the number of unions that are involved with the various districts. Melinda agrees. They are all under the same SAU and will all have to approve of any changes. Mark asks how many unions are involved. Chris explains that each school district has 2 unions, one for professional staff and another for support staff. Under this SAU there are 3 school districts, therefore there are 6 unions. He comments that he is not sure whether 1 district will hold off all the other districts from making this kind of insurance change. Mark asks

if the unions have the contract with the School Board or with the SAU. Bill is not sure, but he will find out.

Chris asks about the snow removal budget and whether there will be funds available for November and December. Paul states that \$23,000 of the overtime budget of \$35,000 has been used. This should be adequate for 2 big storms. The entire salt budget has already been used.

School Report

Bill reports that the school budget is going well. So far, everything is on schedule. There are 2 areas that are below budget. The first is Improvement in Instruction. New text books will be purchased soon. The second area is School Board Expenses, where they expect to return \$75,000 from contingency. There will be some IDEA money coming in. They have had much higher utility expenses this year, yet so far they are not over budget. The overtime budget for maintenance is up, due to some accidents and employees being out. The boiler issue has been handed over to an attorney, no word on this yet. At this time there are no unplanned or surprise expenses.

Chris points out that the expense report indicates that transportation costs may go overbudget. Bill explains that this is a prepay account. At this point in the year, most items should be at 77% of their total budget. Any items that are over are due to prepays. Paul mentions that a recent newspaper article indicated that Milford Schools will be returning \$100,000 due to the mild winter. He asks if this will be the same for Hollis. Bill states that he is not seeing this. Paul comments that Milford must have overestimated their costs. He mentions that the Selectmen increased any fuel related expenses by 30%. It will be interesting to see how this plays out by the end of the year.

Bill states that they should have more specific data regarding kindergarten enrollments soon. The tuition issue, with the one family that needs to pay has been turned over to an attorney for collections. The last report was that they would be asking for the family to begin making payments. If they do not agree to this, the district will be filing suit. Chris asks if there has been any deadline set for this repayment. Bill states that he has not had a chance to discuss this with Rich Pike to obtain more details. Tom asks how much money they are talking about. Chris states that they have been told it is roughly \$40,000.

Bill states that last month Mort commented that the BudCom should take a harder line on Special Education expenses and perhaps challenges some of the IEP's (individual education plans). The school board's position is for what is in the best interest of the children. They do not like the idea of using litigation to manage the IEP's. He does agree that this is becoming a larger portion of the budget. Chris states that they will discuss this again in the coming months. This portion of the budget has essentially been allowed an open hand with little oversight. He is very concerned that this is becoming such a significant part of the overall budget. Bill mentions that he recently attended a seminar for new school board members and this issue was a major concern to many who were in attendance. The town is mandated to be responsible for such a large expenditure. They must learn to manage the budget and spend money wisely for all the children.

Mark is concerned about the school budgeting. He did not realize before this evening that there are 6 unions involved with the SAU. He needs to learn more about the SAU budget. He asks if there is any BudCom overview of this budget. Melinda comments that this has always been a very contentious subject. The previous administration always scheduled the public hearing for the SAU budget on the same night as the Selectmen's budget presentation to the BudCom. The new administration accommodated the BudCom's wishes this past year, which allowed 2 BudCom members to attend. The SAU was very surprised to see an audience. The BudCom also asked the school board to assist them by asking the SAU to hold to the same increase as the schools are being asked to do, with a 4% cap.

Chris states that he would love to have Hollis, Brookline and Coop budget/finance committee oversight of the SAU budget, however the RSA's do not allow for this. There is an RSA that allows for a warrant article to create this oversight, yet all 3 districts would have to approve this. It has the potential to create more problems that it would solve. He would ultimately like to have a change in legislation to give oversight of the SAU budget to the BudCom's. Tom asks who is on the SAU Board. Melinda explains that this is comprised of the 3 school boards.

Chris explains that the problem comes up when the SAU has a very large increase to their budget, it becomes a nonnegotiable item within the school budgets. The BudCom could ask the school board to reduce their budget to accommodate this large increase, yet this is not fair. Melinda points out that the SAU did reduce \$50,000 from their budget based on comments made by herself and Lorin Rydstrom during the public hearing.

Mark asks if people's faith in the SAU was shaken during the annual meeting this year when they failed to realize that they were not in compliance with the 10% rule. Chris stresses that this should have been known by the Coop BudCom before the meeting. Debbie explains that the SAU financial office prepares this document (MS-27), so it really is not the fault of the BudCom. She explains that she prepares the MS-7 for the Town, similar to the MS-27 for the school. This document is prepared and signed immediately after the public hearing on the budget and must be sent off to the DRA. The 10% rule worksheet is part of this document and should have been prepared at the same time. This information should have been known weeks before the annual meeting.

Mark comments that the SAU budget is out of hand. It appears that the same people who prepare the budget, also approve the budget. There are no checks and balances. This same SAU office then becomes involved with 3 other budgets. He would like to have his confidence rebuilt on how these budgets are handled. Chris would like to have the SAU Board also invite a member of the BudCom from each district to participate in their budget process. There may be no RSA mandate for this, yet it would help to ease tensions. Bill asks if the Hollis BudCom has a relationship with their Coop or Brookline counterparts. Chris indicates that they do not, however it would be good to create this. It would be nice to have some joint meetings to discuss commonalities and to set priorities.

Bill asks if they are more concerned with oversight of the Coop budget or the SAU budget. Melinda stresses that they are concerned with the SAU budget. Chris adds that he is concerned that the SAU budget is set by 3 school boards, yet there is no representation from any budget or finance committees. A good faith offer to allow this oversight would go a long way. Bill asks if this is a line item within the Hollis school budget. Melinda explains that this line item is established and set before the school budget is presented to the BudCom. They have always been told that we can't touch this. Debbie mentions that several years ago there were several administrative positions added to the SAU budget with no oversight by the BudCom and no town vote to approve the new positions. This was a great concern to the BudCom at the time. Chris explains that the SAU budget is covered 100% within the Hollis school budget. They then bill out to the Coop and to Brookline for their portion. This tends to shift more cost to Hollis with the apportionment formula when the SAU budget is increased. It tends to become more onerous to Hollis than to Brookline.

Bill questions the difference between the line item for Office of Principal vs the SAU line item. Melinda explains that if the school wishes to add a new position or program, this is done as a warrant article, allowing the voters a change to decide whether to approve. If the SAU adds a new position, the voters do not have this same opportunity. Bill states that since the SAU budget is part of each district's budget, there is still some oversight. He does not see the problem. Debbie explains that the SAU line item is set in December. Changes are made to the school budget after this time, yet nothing can be cut from this one line item, therefore cuts must be made to programs that affect the students. Melinda stresses that it would be nice if the BudCom could be more involved. Bill suggests changing the date of the SAU public hearing. Debbie stresses that this is set by statute. The public hearing must be held within this time frame. Mark comments that the voters stood up at the Coop meeting this year and voted down a large increase to school spending. He is concerned that the voters should also have this same opportunity with the SAU budget.

Chris mentions that the BudCom had requested LeeAnn to again prepare a spreadsheet that was generated by them last year. They had hoped to have this last fall for budget season, yet that did not happen. He would like to have this completed with the new figures. Melinda explains that this is an analysis of administrative vs. direct teachers. She stresses that the BudCom really needs this for the budget season.

Other Business

Chris points out that it has been brought to his attention that the Coop school board is forming an apportionment committee. They would like to have 1 member from the Hollis BudCom. The apportionment formula for the Coop can be changed every 5 years. We are coming up on that 5 year mark. This apportionment committee will be reviewing the current apportionment and ultimately making a recommendation to the Coop school board for any changes for the next 5 years. He explains that currently the apportionment is set at 75-25 (75% of the formula is weighted to average daily membership and 25% is given to property valuation). He stresses that this is a very important item to Hollis taxpayers. There are some very strong views on both sides. Chris indicates that while it would be interesting to serve on this committee, his schedule will not allow for this.

Debbie mentions that she found this information posted on the Brookline Yahoo discussion group. The BudCom has not been officially notified of this request. Mark points out that the document indicates that there will be an even number of members from each town, Hollis and Brookline, yet the Coop composition has been established by RSA to give more members to the town with more population. He takes offense to the fact that this committee is not being created with these same standards. Tom recalls former appropriation committees and does not remember them being set up equally. He believes Hollis held more weight in the past. Bill mentions that there is a potential for deadlock with an even number of members. Mark is also concerned that this also indicates that the committee shall be non-partisan, yet the person should vote on what is going to be in the best interest of the town. This person should not be criticized or accused of being partisan when they do so.

Mark comments that he has worked with Debbie on many capacities. He stresses that she has much information and knowledge to bring to this committee. He commends her commitment to the BudCom and to the Town. He comments that she is much more than just a secretary.

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

Next Meeting will be held May 23, 2006 at 7:30 PM in the Town Hall Community Room

Meeting adjourned at 10:00 PM.

Respectfully submitted,

Deborah Adams, Secretary