

BUDGET COMMITTEE

Minutes of November 22, 2005

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

Members present: Mike Harris, Chairman; Scott Bartis, Vice Chairman; Melinda Willis, Selectmen's Representative; Harry Haytayan, School Board Representative; Christine Furman, Mort Goulder, Chris Hyde; Deborah Adams, Secretary

Also present: Paul Calabria, Finance Officer; Ginny Hoffman & Vanessa Ulrich from Hollis Preschool

Hollis Preschool

Vanessa states that she met with the BudCom back in August with concerns regarding how the Hollis Integrated Preschool would affect the Hollis Preschool. At the time she was very concerned. Shortly after this meeting with the BudCom, she had a meeting with the Hollis Elementary School staff. This was a very friendly meeting. They discussed the problem with the name confusion. She was assured that this was not intended to create any competition, the name was merely created in a rush. They have agreed not to call themselves Hollis Integrated Preschool, but will instead be referred to as HIP. The staff has also offered to include the Hollis Preschool in any training that may be beneficial. Currently they are level with their enrollment. She is not sure if they would have had more students if HIP had not opened, as this would be hard to say. She is currently happy with the relationship created with HIP.

Mort questions who handles the special education students. Vanessa states that it is mostly HIP. Ginny states that the Hollis Primary School has interpreted the law to state that if the Town has a program, these children must be handled on site. Mike comments that he agrees that HIP is a valuable program, and that services need to be provided to these children. However he is not sure that there is any mandate that the children must be handled on site. He is not sure if this is correct. Vanessa adds that when the HIP program grows, she is not sure how this will affect the Hollis Preschool. Harry invites them to attend the Hollis School Board meetings at any time.

School Budget Books

Mike points out that the Hollis School Board has provided the BudCom with 2 copies of their budget book, which includes full detail of the soon to be presented budget. The members of the BudCom need to share these copies. Scott and Christine each take one copy, with promises to pass it along to others.

Town Report

Melinda states that the current operating budget is going smoothly. They have had many discussions with department heads to keep spending down as we are heading into the last month of the year. She reports that there is good news and bad news regarding next year's budget. The good news is that the BudCom has requested holding to a 4% increase and currently they are looking at only a 2.5% increase and are attempting to lower this even further. The bad news is a 15.9% increase to the total town budget. 10% of this is debt service from previous year's land purchases and renovations. Christine comments that many people in town feel that debt should really say "land". She adds that the Land Protection Study Committee is getting a bad rap these days. The BudCom needs to explain to the voters what debt is comprised of.

Mort asks if the land purchases are less than ½ of the total debt. Paul explains that the largest portion of debt is for land purchases. Chris points out that the town recently went to a 30 year bond for land purchases, while previous land purchases were 20 or 15 year bonds. Paul states that the town approved bonds of \$1,800,000 for land purchases in 2003, \$3,000,000 for land purchases in 2004 and \$8,200,000 in 2005, \$4,900,000 for land purchases and \$3,300,000 for facilities renovations.

Melinda continues explaining the bad news of the 15.9% total increase. More than 2% is for benefits and insurance and the remainder of the increase is for new positions that have already been approved. She stresses that they are attempting to keep the operating budget as low as possible. The department heads are doing their best to accommodate this as well. Mike asks about the negotiated salaries. Melinda states that they are in the process of negotiations at this time. All estimated figures have already been included in the 15.9%. This also includes all warrant articles. The DPW is looking for 1 dump truck at \$100,000, engineering for culvert replacement at \$25,000 and the Selectmen are requesting \$15,000 for engineering studies of the Farley Building, which they will discuss with the Hollis and Coop School Boards).

Christine asks how much is currently being spent on rent at the Market Place for the Town Clerk. Paul states that it is \$1,000 per month, plus utilities. Approximately \$15,000 per year. Christine comments that possibly moving the Town Clerk over to the Farley Building would be an interesting swap in the budget. Christine asks if any additional funding will be requested for completion of the Lawrence Barn. Melinda states that the Heritage Commission has not asked for anything yet.

Mike comments that the South Merrimack Road culvert didn't fail during the recent rain events. He questions why the town is still asking for additional funding to replace the culvert. Paul explains that Arthur LeBlanc has indicated to the Selectmen that although this culvert did not fail, it is

deteriorating. Chris asks if the costs would be greater to replace if the culvert actually fails. Debbie states that it would be a lot more costly, as there would also be much damage to repair. Mike stresses that he is not objecting to the engineering study, yet he is skeptical of the need to actually replace it.

Mike states that he has heard from several people in town that they were shocked with the tax increase. He feels that to some degree, the BudCom did not express to the voters well enough at the meeting what was coming. Somehow they failed to get people to understand what their vote would cause. Mort agrees that people do not know the impact to the tax rate. Mike points out that many people do not attend the meetings. The BudCom's role is to enlighten people at the meeting. Mort states that during the meeting they need to show the total impact on the budget, not just the small increments. Melinda states that she did show the overall total, as well as the smaller increments. She showed the big picture at the beginning of the meeting, during the meeting and again at the end. She stresses that the structure of the law makes them hold the town and school meetings separately, which makes it difficult to teach people. Paul points out that not all of the increase to the tax rate was due to land purchases. The schools, both Hollis and the Coop, accounted for much of this increase.

Chris asks how the facilities project is coming along. Melinda reports that overall it is going well. Mort questions the increase to the tax base for the next year. Paul estimates 2.5%. Chris recalls that they overestimated this figure last year.

School Report

Harry reports that the school has increased by 1 student since the last meeting. Mike stresses that the BudCom prefers to use the October 1st enrollment data to remain consistent from year to year. He asks if there are any projections from Dexter Decker yet. Harry is not sure. Mike stresses that the BudCom would like to have this ASAP.

Harry states that they have received some communication from the Coop regarding the Farley Building. Currently there are leasing this building annually, with the current lease ending 6/30/06. The Coop states that they are looking at what use this building could have for the future needs of the Coop. The Coop should have a decision on this by 12/31/05. Mike asks if the Hollis District has any legal right to stop the lease. Debbie states that this is an annual lease and the Hollis District has the right to give the Coop 30 days notice that the lease will not be extended. Harry comments that he is not really sure how to interpret this memo from the Coop or what the Coop's intent really is.

Melinda comments that the Selectmen have received much feedback from Hollis residents regarding how they wish to have Hollis retain ownership of this building. There are many ideas regarding potential uses for this building. Chris points out that this has the potential to affect either the town or the school budget. It would be nice to know how to plan for these budgetary needs. Harry reiterates that the lease goes through the end of June. They are currently in the middle of staff negotiations. When negotiations have been completed, the School Board will have time to look at the potential for this building. Mike asks if the Hollis School District has any need for this building. Harry indicates that this has not yet been discussed.

Christine comments that whatever this building will be used for will require some work. Melinda agrees that in order to use the Farley Building, it will have to be brought up to current fire and life safety codes. Chris stresses that if the Farley Building were to sit, not being used, this would not serve the Hollis tax payers well. Especially if the town is leasing other facilities for town services. He feels they need to determine if the existing lease agreement is in proper order. Melinda states that the lease is only for \$1.00 and the building is only being used for storage. She has heard from students that the administration had asked them for ideas on how to use the building. Mike stresses that this is a historical landmark in the town and many people wish to see it preserved and kept for town use.

Harry explains the budget books that were presented earlier. There is a memo at the front of the book and an overview of the proposed budget. The most significant tax impact is the fact that they do not know what revenue they will receive from the State. At the next meeting he will bring a memo that describes how the formula is constructed. The year they received \$1,690,000, which was divided between the districts. This amount will go down, but they are not sure by how much. Mike states that they should assume it will go down by a similar percentage.

Harry points out that the books do not include any figures for professional or support staff, as those negotiations are on-going. At this time he is not sure if there will be any retirements. The School Board asked the administration to have a 0% increase and no new programs. There will be an increase to staff for a part time registered nurse to assist with special education students. At the Upper Elementary carpet needs to be replaced and a retaining wall reconstructed. There is a decrease in language arts and guidance. The big unknown every year is special education. Fuel costs have also increased. He mentions that some figures are merely placeholders at this time, until actual figures are known.

Paul asks about an increase to health insurance. Harry states that they do not have those figures yet. He mentions that Rich Pike, the new Superintendent, seems receptive to the idea of a self-funded insurance. Paul states that he will be meeting with Rich in December to discuss this idea. All benefits must be parallel or better for the unions to agree to the change. He stresses that there is potential for cost savings.

Melinda asks if there is any estimate for what the SAU budget will come in at. Harry believes that this will be holding flat. Mike states that the BudCom has requested that the SAU keep to the same guideline as the town and school, with only a 4% increase. He believes the Coop also requested this of the SAU.

Harry mentions that they are still attempting to get insurance funds for the fire damage. Chris recalls that last year the BudCom created a chart to show the allocation of the school budget. He would like to have this chart updated with the new figures. Mike explains that the BudCom has defined

some items slightly different than the accounting system does, yet it is not a complicated form. Melinda agrees to email the form to Harry and to LeeAnn. Mike requests that the Monthly Budget Report continue to be forwarded to the BudCom.

Melinda points out that a recent news broadcast reported that the thermostat in the schools has been lowered. She wonders what the thermostat had been set at previously. Harry is not sure. Chris states that last month the School Board representative reported that there would be a change to the accounting software. He feels this should come out of the SAU Budget. Chris highly suggests having this new software compatible with other software programs, such as Excel. The current accounting program cannot export to an Excel spreadsheet. Harry will discuss this with LeeAnn.

Minutes

Scott moves to approve the Minutes of October 25, 2005. Seconded by Chris. Motion unanimously approved.

Other Business

Debbie reminds the BudCom of upcoming meetings. The SAU Budget Hearing will be held Tuesday, December 6th. BudCom meetings for 1st review of budgets will be held Tuesday, December 13th and Thursday, December 15th.

Christine moves to enter into nonpublic session to discuss a legal issue. Seconded by Scott. Motion unanimously approved. BudCom entered nonpublic session at 8:30 PM.

Next Meeting will be held December 13, 2005 at 7:30 PM in the Community Room, Hollis Town Hall for the 1st review of the Town Budget

Meeting adjourned at 8:45 PM.

Respectfully submitted,

Deborah Adams, Secretary