

BUDGET COMMITTEE

Minutes of November 28, 2006

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; Deborah Adams, Secretary

Also present: Paul Calabria, Finance Director

Minutes

As Chris was not present at the October 24th meeting he asks for some clarification of some items in the minutes. There was mention of the highwater mark for bonding. He interprets this to be the debt ceiling for bonds. Paul explains that this was referring to the fact that all bonds will have a payment made on them during 2006. It was merely a statement that this will be a maximum payout year for bonding.

Scott moves to approve the Minutes of October 24, 2006. Seconded by Melinda. Motion unanimously approved with Chris abstaining.

Town Report

Melinda points out that the departments have to have some growth, yet can only do this for so many years. Mike agrees that this has been done for the schools, but not for the town. Mort states that the town has growth, but also has income. Melinda stresses that this income is also shared with the school budgets. Mike indicates that over the past 10-15 years there have been sporadic jumps in the budgets. Some of these were justified by increased population. Extra staff or a need to provide the same level of service. Mort argues that the level of service goes up as the base goes up. Melinda points out that if there are 30% more ambulance calls, they will need more supplies. Mort feels that if there are 30% more calls, there will also be 30% more of a tax base to help cover it. Mike does not agree.

Melinda reports that financially the town budget for this year is going smoothly. A few lines are overspent, primarily communications and animal control, yet these are not significant. The other budgets are coming in under budget. Mike questions the snow plowing situation. Melinda indicates that so far, so good with this, as there has been no snow this Fall. If things stay this way we will be good. Arthur has indicated that he can handle 3 small storms before going over budget. Melinda mentions that last night the Selectmen approved the expenditure of FEMA reimbursement monies of \$28,000 if needed by DPW. Otherwise, if this money is not used it will go into the general fund. These funds are for expenses incurred during a snow storm at the end of 2005 and for the flooding in May. There was much overtime of DPW employees during these events.

Melinda indicates that the Selectmen would like to ask the BudCom to review the financial aspect of withdrawing from the Coop. They are not pushing to do this, yet they feel it would be a good idea to have a Hollis analysis of the costs involved with dissolving the Coop. Mike asks if this would be a partial or full dissolving of the Coop. Melinda explains that this has not been determined. The Selectmen would like to have a BudCom subcommittee look into this with a mix of people from the Selectmen, BudCom, Coop BudCom, Hollis School Board, etc.

Mort stresses that it would take 5 years to dissolve. Melinda realizes this, yet they want to be proactive and look into this issue ahead of time, rather than waiting until the last minute. Mort does not see this as a financial issue. Hollis is already supporting Brookline, therefore it will not cost much to dissolve. Melinda states that there are mixed views on this, therefore they need to analyze the data. Mike agrees that the Board will discuss this. It is a complex issue with much time that will be involved. There will be a need to develop a scenario of dissolution with a schedule of the payback. Melinda comments that it would make sense to wait until after town meeting, when the apportionment issue has been determined. Mort feels they are making a simple problem into something very complicated. The equity needed to buy out Brookline will be bonded anyway, therefore it won't cost any more. Mike agrees, but only if the education specifications remain constant.

Melinda reports that they town has not yet closed on the transfer of the Farley Building, as they are still waiting on paperwork. Chris asks if there are any complications. Melinda states that there is nothing new. They are merely waiting on resolution of the title. Chris asks if Attorney Drescher is acting on behalf of both the town and the school. If so, this is a problem.

School Report

Bill mentions that he did not send out the BudCom report. The SAU recently moved to their new software and recently ran the first reports from this new system. As they are going through this learning curve, he may not have a report to present for November or December. He hopes to have something for the BudCom in January. They are preparing a "canned" report for the BudCom, yet there is still much work to get up to speed. Mike asks if the new budget is being prepared with this new software. Bill is not sure. He will check into this. They recently printed out the first run of checks and so far all is working well. Melinda mentions that Melanie emailed a report to her that was in a format she had not seen in the past. She questions if this was done from the new software. Bill explains that he requested the budget to be prepared as a spreadsheet.

Mort questions the growth in the schools. Bill states that they recently had 1 addition to the kindergarten. Presently they have 795 students in the school. The person who previously prepared the enrollment projections has moved out of state, therefore this may be delayed. Mike offers to help with these formulas if they need assistance. He stresses that this is just a simple formula. Mort asks if the actual enrollment has changed up or down over the last 3 years. Bill does not know, yet he will get this information. Mike stresses that the BudCom needs the October 1st enrollment numbers.

Bill points out that there are several items within the school budget that do not correlate with either attendance or the CPI; additional mandates for special education, improvement in instruction, maintenance and items shared with the town. This means that the portion of the budget that the school board has any influence over is only 15%. Mike agrees with some of the special education costs, but he does not agree with maintenance. New instructional programs should always be handled as a separate warrant article to allow the people to vote that this is something they want.

Bill reports that the wall project has been completed. The music room will remain where it is for the time being and the physical science call will be using the former music space for now. It is very difficult to move all of the music equipment and there are still a few minor floor renovations to finish. This project came in as it was budgeted, with a minor adjustment made for some piping that needed to be replaced. The walls look beautiful. There are no cinder blocks showing. They will now need to seal the other walls in the school to avoid this problem in the future.

Bill announces that they have 3 teachers going out on maternity leave later in the year. They will have replacements for these teachers for the last trimester of school. Chris asks how they are tracking on expenses for the year. Bill explains that they are right on target. They have had no surprises and nothing unexpected. Chris asks about the boiler issue and the other legal situation. Bill explains that Attorney Drescher has reviewed the file on the boiler and has made some suggestions that will not require legal intervention. The insurance company never issued a formal finding on this case. The boiler normally is not a covered expense. Other damage to the building is covered, but not the boiler itself, yet this was not written into the contract. It has also been noted that there was not a good maintenance log kept by the maintenance company. Chris comments that he is concerned with the timing of the legal support. Mort points out that this would be an administration issue, not a school board or BudCom issue. Bill agrees. Bill mentions that during this process there were also changes with the superintendent and with the business administrator that added to the delays.

Mike questions the legal issue with a family in town. Bill explains that this is still in litigation. Debbie mentions that last year when this issue came to light, she suggested to the SAU that it would be very simple during the enrollment process to verify a family's residency in a newly constructed home with a simple phone call to her in the building department. She could quickly obtain information regarding the status of the home and whether a certificate of occupancy had been issued yet. With many houses being constructed this past year, she has only been called about 1 home. She again stresses that this issue could have easily been avoided right in the beginning if the school and/or SAU office had called to verify the status before accepting the children into the school system.

Paul asks about the issues with the water supply to the schools and if any funds are being budgeted for this repair. Bill stresses that this is one of those items that does not fall under either CPI or enrollment. Most of this is used by the coop and the town, as well as a few homes in the center of town. Paul points out that there is also the added problem that they do not know the exact location of all the pipes. Bill adds that given the age of the water system, it is possible that there is seepage of water somewhere, which is overtaxing the entire system.

Chris asks about the BudCom spreadsheet to analyze the fte. Bill states that the new software will assist with this. It has a built in procedure for categorizing work and time. Once this has been setup, it will be easy. He will need some clarification of what the BudCom considers as overhead, as some principals do spend some time in the classrooms. They do not spend their entire time doing administrative duties. Chris still feels the principals should be classified as administrative. Bill disagrees.

Mike asks about the possibility of going with a self-funded medical insurance, like the town has done. Bill indicates that Melanie will look into this once the enrollments have stabilized. This item is on her checklist of things to do. They do realize that this is an opportunity to save money. Paul explains that Melanie has contacted him during her exploration of this issue. Mike asks Bill to check on the status of this.

Formula for budget guidelines

Melinda presents each BudCom member with her suggested guidelines. The spreadsheet shows a similar formula for both town and school, with differing items being included/removed from the previous year's budget and differing items being removed to determine the recommended base. She begins by explaining the school side of the spreadsheet. The numbers shown in italics for the school formula, are figures that have not been confirmed or verified with Melanie. The formula itself is correct, the figures for the 2006-2007 operating budget and special education will need to be amended based on confirmation with the SAU. Bill questions whether she has included the Hollis school district budget line item for the SAU that includes special education. Melinda is not sure. She will verify this with Melanie. She explains that in the past the BudCom felt that the administrative part of special education should remain within the operating budget and other special education costs should be removed.

Chris asks where the 3.8% comes from. Paul explains that this is the July to July CPI. The town and BudCom have used this for many years. Mort feels they should use the same as the coop to be consistent. They are using 3.4% this year. Melinda comments that they may be using different month to month figures. Paul states that historically they have used July to July. Mike argues that they use the August figures. Mark feels that as long as they use the same 12 month period each year, it will all be equal in the end. Mike agrees, as consistency should be the rule. Chris points out that he calculates this 12 month period to be 3.9%. Paul compares the figures and agrees with Chris. Melinda changes her spreadsheet to reflect this figure. Note: The following table reflects the changes to include the 3.9% CPI.

	Town	School	
2006 Operating Budget	\$8,306,121	\$ 9,657,710	2006-2007 Operating Budget
+ in/out	345,000	122,041	+ special revenue
+ Veterans tax credit	201,000	283,413	+ food service
2006 Approved Budget	<u>\$8,852,121</u>	<u>\$10,063,164</u>	2006-2007 Approved Budget
		122,041	- Special Revenue
		283,413	- food service
- in/out	345,000	423,799	- existing debt service
- existing debt service	<u>1,196,878</u>	<u>1,354,296</u>	- special education – non admin
Recommended Base	\$7,310,243	\$ 7,878,615	Recommended Base
x Multiplier of 3.9%	285,099	307,305	x Multiplier of 3.9%
= Base + Multiplier	<u>\$7,595,342</u>	<u>\$ 8,186,920</u>	= Base + Multiplier
		122,041	+ special revenue
+ in/out	345,000	302,087	+ food service
+ new debt service	1,171,640	402,988	+ new debt service
		1,548,717	+ special education – non admin
Total Recommended	<u>\$9,111,982</u>	<u>\$10,562,753</u>	Total Recommended
Recommended amount to taxation	\$8,766,982	\$10,138,625	Recommended amount to taxation
% increase to budget	3.05%	4.90%	% increase to budget

Chris points out that this is not the guideline he recommended and submitted to the BudCom a few months ago. Bill questions how they handle the collective bargaining. Mike explains that if the negotiated settlement has already been approved, then this should be pulled out prior to using the multiplier, then added back in. If they are currently going through negotiations, then it should remain in the base figures. Mort stresses they should give a hard figure for the budget and not budge from this.

Chris explains that his suggestion also removes the salary items. This way they are not left with much budget to inflate. Mike feels that would not be good. Mort feels that the school board wants to stay close to the teachers and they want the BudCom to be the bad guys. Mike stresses that the school board cannot go against the 2nd year of a collective bargaining agreement. This is a legal point. Yet the BudCom is not legally obligated to support it. Mike stresses that he is interested in influencing ongoing negotiations. He believe that any new settlements should come in within the guidelines.

Chris mentions that most union agreements have cola (cost of living) increases. Mike does not agree. Melinda states that this is written into their contract. Paul indicates that this is true for the town contract, with cola increase written in. Mike states that the unions have step and track increases only. Melinda agrees they have step and track increases, yet this is on top of cola. There is an inflation increase incorporated. Bill indicates that he is looking at the contract and he does not see this. Melinda explains that the previous school board chairman presented it as including inflation. This essentially gives an increase of 3% to their base, then the steps and tracks go on top of this. It may not be the actual cpi, yet it is done for inflation purposes.

Mark does not feel it would be legal to not fund a ratified contract. He questions if this would considered an unfair labor practice. Mike explains that this must be voted on each year. If the school board did not support the funding it would not be fair. Melinda stresses that they cannot negotiate this high of an increase, otherwise the increase should be absorbed into the operating budget. She agrees they must treat the employees well, but the taxpayers must not be placed with this much of a burden. The negotiated settlement should be included in the 3.9%. She explains that the town contract includes a seniority bonus for those employees at the upper end. Mike agrees that once the contract has been approved, it should be used for the base.

Chris points out that there is also the revenue side that the BudCom does not talk about. Such as the amount of State aid that they will be losing. They need to keep this in mind. They shouldn't look at just the budget, they need to look at the total tax impact to voters. Looking at the last 3 years, the tax rate has increased over 20%. This says that the BudCom is not doing a good job. This is not in the best interest to the town. They must look at the budget needs, as well as the budget, and the budget should be modified if they feel the tax rate is getting out of control.

Melinda mentions that in prior years they had anticipated a 3% increase, which was conservative. This year they anticipated 2.3%. Chris stresses that the tax rate will still go up. Mort feels the BudCom has been fairly consistent, yet the town has overruled the BudCom and the selectmen, which has raised taxes. Melinda points out how the town voted for the coop middle school expansion, money for the Lawrence Barn, more for veterans tax credits, more land purchases and they have lost state aid. These are significant items that occurred in the past few years. Something must be done to

slow this down. Mark agrees that the town meeting has voted more than the BudCom and the selectmen's recommendations for the last 8 years. Two years ago the BudCom supported more than the selectmen for land purchases and the town agreed. The selectmen wanted to phase in the veterans tax credit, yet the voters wanted this all at once.

Mike stresses that the bottom line is that they have a target figure for the school of \$10,562,753. However this may change once other figures are verified with Melanie. Melinda feels that they need to make an exception for the water issue, as this should not be entirely the Hollis School District burden. Bill asks if any health insurance increases would need to be included in this target. Mike points out that there is a cap on what the school will pay. Paul agrees that the employees for the school bear the burden for these increases. This is part of their contract. Chris adds that the school must find a way to get productivity as a factor, yet this is hard in a school setting. They need to get the job done with fewer or the same costs. They need to look at the output per employee vs the dollar spent. Mike states that this does not work well for education.

Chris comments that he sat through an SAU board meeting, where they approved a 6% increase for administration. He stresses that there are many ways to control the increases. They must find a way to work cooperatively with the teachers to find ways to provide these services for less. Mike states that the BudCom can only attempt to hold the ratio of teachers to administration.

Bill stresses that with this guidance from the BudCom, the school is already in the hole before they consider any goals to increase educational quality, maintenance or replacing broken desks. Mike states that this should not be the case. These items were in the budget last year and the BudCom is allowing a 3.9% increase to these. Bill argues that they have much in the salary contracts. He stresses that they have a basic, bare bones budget from last year to work with to keep the school running, plus increases for expendables (text books, work books, art supplies, music supplies, etc.). Mort asks why this changes from year to year. These items should be replaced every year on a rotating basis. Mike agrees. He reiterates that these items are included in the budget every year and they are allowing a 3.9% increase to them. Bill again argues that they have collective bargaining for salaries and benefits that already exceeds this amount.

Mike states that the BudCom needs to know what % of the budget is for salary and benefits. Mark asks what percentage the school feels would be justified. Melinda calculates that the school will be asking for an 11% increase. Bill states that it will be closer to 14%. Mark stresses that the BudCom does not want to hear that 3.9% is not enough, there needs to be some justification. Mike states that the school will argue their justifications when they present the budget to the BudCom in December. Tonight the BudCom will set the cap and Bill must take this recommendation back to the school board for review.

Scott stresses that the BudCom talks about the totality of the budget, while the school board talks about the bits and pieces and they never get back to the totality. The total bottomline is what is important. Bill explains that the budget book he was presented with is several inches thick. Mike comments that perhaps the administration feels it is best to spend all of their increase on salaries. Bill argues that they are being forced to do that. Mike disagrees. This is a choice. Bill stresses that if the BudCom must give a guideline tonight, that is fine, however that number is really immaterial.

Melinda explains to Bill that once the BudCom gives this guideline, he must go back to the school board to see where cuts can be made to the budget prior to the first presentation to the BudCom. They need to look at what programs can be changed. Are there any items from the current budget that will not be done again next year? They may not be able to reduce the budget enough to meet the guidelines, but they do need to make some effort. Every department must make some reductions.

Bill explains that he prepared a preliminary budget based on the 2006-2007 budget, then added in new items, except for salary and benefits. He stresses that they simply cannot meet this cap. Mike points out that this is not a new issue. He needs to take the BudCom recommendation back to the administration. This is the process. They will review their budgets and will come back with a different set of numbers. What is then presented to the BudCom will be the result of those changes. He stresses that the voters cannot sustain the rate of tax increases. Bill argues that right out of the gate, the 3.9% increase does not cover necessary increases.

Chris states that the special education component is mandated for the schools to provide. The BudCom has continued to ask for some breakdown on the preschool special education costs vs. tuition costs to verify that tuition students are covering all of their expenses. This has yet to be submitted to the BudCom.

Bill comments that the budget is based on the previous year's budget. He questions how it happens that the tax rate increases faster than the budget. Melinda explains that revenues do not increase at the same rate as salaries and benefits. When the negotiated salaries are at 6% and benefits are at 25%, this cannot be achieved without making cuts elsewhere. The increases in health care costs tend to squash keeping services at the same level. They need to make a choice; keep services level and increase taxes or reduce services to keep taxes level.

Chris asks if they are going up or down in school population. Melinda recalls at last year's March meeting it was announced they had 837 students last year. Bill just announced that they were at 795. It seems that they are going down. Mike suggests reducing classes to help reduce costs. Bill asks how this can be done. He feels it is not possible. He mentions the early intervention federal mandate that requires an attempt to keep students out of special education. Mort states that this is supposed to save them money. Mike cautions that they are talking about too much detail. This should all be discussed when they present the budget. He thinks the special education budget has grown too much and he is not as satisfied with their explanations. This is getting out of control.

Bill mentions that there are other items shared with the town, such as the water system and extra curricular use of the buildings and fields. Melinda points out that this goes on all the time. The town has the same issue for school functions.

Bill asks what kind of presentation he should prepare. Melinda explains that typically a power point presentation is used for the public hearing, however the initial review is typically done with copies of a spreadsheet. Mike states that typically the BudCom receives a couple copies of the budget book to review a few weeks prior to the presentation. Chris stresses that he would like to have the spreadsheet of the fit to track where employees are and where they are headed in the future. This is important to see how resources are spread out in the school. Mike heard earlier from Bill that this was in the process. Chris points out that this information is very important during the budget process. Mike agrees that this is important, yet obtaining the report now may be difficult.

Bill asks if the BudCom offered any guidance during the contract negotiations. Chris states that they offered to sit on the negotiating team, yet were not allowed to do so. Mike indicates that this has been done in the past and they would be happy to do this in the future. Mort feels the school board would be better off to let the BudCom handle the negotiations. Bill feels there is a major disconnect with so much in salary increases vs. what the budget will allow. Chris comments that he is concerned about the increases to the SAU budget, as this become a fixed item for the school budgets.

Melinda moves to adopt the formula and % increase, as submitted for the Hollis School District, subject to verification of the base operating and special education figures. Seconded by Scott.

Chris indicates that he intends to vote against this, as it does not provide for keeping the tax rate in line for the coming year. This will allow for too much of an increase. Mike stresses that the BudCom has the legal responsibility to set the budget. Melinda mentions that last year's budget allowed for a 4% increase, yet the effective increase was much higher based on the decrease in revenue. Chris points out that the valuation figures were also off.

Mark reminds the BudCom of the vote at the coop district meeting last year. The voters looked at the school board's budget and at the BudCom's recommendations, and they voted with the BudCom. Therefore, it is very important to look at what is being recommended. The closer these 2 numbers can be to each other when the vote comes, the better. Bill clarifies that his previous comment about the target number being immaterial was based on the fact that there are mandated items that have already put the budget in the red. Mark feels it is best to take a budget to the voters that both the BudCom and school board can agree with. Mike stresses that they cannot cut back in a way that destroys the schools, yet they do need to tighten the belt.

Vote on motion: In Favor – Mark, Mike, Scott, Melinda Opposed – Bill, Mort, Chris Motion passes.

Melinda explains the town portion of the spreadsheet. She points out that this budget guideline is \$1,000,000 less than what the department heads originally requested. They have since made several cuts to bring them closer to the target. Chris asks if the veterans tax credit should be included in the calculation. He feels this should be removed, then added back in later. Paul explains that the town does not know any details on this until the next September. This is a moving target. Melinda mentions that there are many more people applying for this credit. The selectmen had to eat that increase out of the operating budget. Chris feels that most people have already done this at this point, therefore this should not increase much more. He would still like to move this out, then back in after the calculation. This should not have any cola built in, as this is not directly related to inflation.

Chris moves to remove the veterans tax credit from the formula. No second, therefore motion defeated.

Scott moves to adopt the formula and % increase as submitted for the Town of Hollis, with a total recommended budget of \$9,111,982. Seconded by Chris.

Melinda asks if the BudCom would allow for any population increase factors. The town has had to add both police and fire personnel over the past several years due to the increase demand for services. They have also needed to increase the budget to heat and maintain the larger facilities due to the additional growth. She requests some consideration with the budget for these added needs. She would like to see an effective tax rate increase of 3.9%. Mike indicates that this is something that can be discussed when the selectmen present the budget, however this is an argument to help them justify some increases.

Mark comments that the tax rate is a function of how much money is voted on at town meeting vs. the tax base. It is not accurate that the tax base goes up at the same rate as the budget. If the tax base increases 2% and they do not allow for a 2% increase in the budget to tap into this base, then they will fall behind. If they only allow for inflation increase in budgeting, there is no way to tap into the increased growth factor for additional road maintenance and other services. Melinda stresses that the school have been given growth increases, yet the town has not and has fallen behind in being able to keep up with the need for services. The budget has not kept up with the demand. This is starting to show in the road, as those funds have been used for police or fire, yet there are now more roads in town to maintain.

Melinda explains that when they have a significant winter storms, cuts need to be made in projects to keep expenses under budget. This begins to add up over time. Too many projects have been pushed out. Mike comments that they will take this into consideration during the presentation. Growth is not as well linked for the town as it is for the schools.

Vote on motion: In Favor – Mark, Bill, Scott, Mike, Melinda Opposed – Chris, Mort Motion passes.

Apportionment

Mike states that Mark wrote an email that has been distributed to all BudCom members. The email discussed the final recommendation of 100 adm/100 ev that was approved by the Apportionment Review Committee. Mark felt this to be a happy medium. Mark explains that on a net dollar basis, this was the closest the committee members could get. Hollis and Brookline are very skewed on these items.

Mort does not like this. Hollis will be subsidizing Brookline \$7,000 in the 2007 budget. This idea was prepared by the Brookline people. Mark points out that the amount of money that Hollis will save with this formula far exceeds this amount. He explains that the vote was taken with 5 Brookline and 2 Hollis people. Brookline was willing to compromise for this, rather than taking the chance of losing much more at the district meeting in March. Mike comments that if this is approved, it will hit Brookline hard. Mark agrees. It will also pull out more voters in Brookline with the possibility that it could be voted down. There is a big incentive for them to vote. Historically more people from Brookline vote on these issues. The Hollis members of this committee did not have enough faith in the Hollis voters to vote for their best interests, therefore they felt that this was the best compromise.

Melinda points out that currently Hollis receives \$500 per household for State aid, while Brookline receives \$2,000 per household. Chris mentions that this will increase next year for Brookline. Even with 100 adm, Hollis will pay more per student than Brookline would due to the amount of State aid.

Mike asks if the BudCom feels they should take a position on this issue. Mort stresses that the BudCom already took a position of 100 adm. This should not change. The formulas and calculations were flawed, as they used old budget amounts and not current figures. He argues that Brookline is not his favorite charity. Although it may be the coop's favorite charity, it should not become Hollis' charity. He does not want the BudCom to seem wishy-washy. If Lorin and he had been in attendance at this meeting, the vote would not have been the same. He did request an absentee ballot on this, yet could not do so. He will be speaking out to the school board on this issue.

Mike asks if this is a done deal. Mark indicates that the vote was 7-1 in favor of this recommendation. If all members had been in attendance, it most likely would have been tied at 5-5. Mort feels they pushed through the vote knowing that certain people could not attend. Two Brookline members were running the meeting and pushed this through.

Chris feels the BudCom should reaffirm their recommendation. Mike sees no need for that, unless they were changing their recommendation. There is no need to reaffirm what has already been voted. Mark indicates that the chairman of the apportionment commit will make this recommendation to the coop school board. It will now be in their hands. The chairman of the school board was one member of the apportionment committee. Mark will be very surprise if this does not become a warrant article. The actual motion from the Brookline people was to have a 5 year phase in, yet the Hollis people did not go for this. Instead it was decided to go with a 3 year phase in.

BudCom Subcommittee to Review Dissolving the Coop

Mike points out that if this were to happen, the schools would become part of the Hollis school district. Melinda agrees and feels a member of the Hollis school board should also be included on this subcommittee. She stresses that this is not about education, yet is merely a financial look at the impact of dissolving the coop. Bill asks if they will be looking at equity reimbursement. Melinda indicates they will be looking at this aspect, yet so much more. Mike adds that they will also need to look at administration. Melinda agrees. If there is a drop in population in the schools, how many teachers would remain in Hollis and how many would move to Brookline. There are some items in the budget that will remain constant, such as utilities or maintenance.

Bill questions what changes would occur to the extra curricular activities with the reduction in population and whether some programs would need to be dropped with the lesser need. Chris suggests also looking into what will happen if Hollis remains in the coop. Will any new facilities be needed? He points out that any assets that are currently in town, will remain in town, yet some capital will have to be paid to Brookline. He mentions that they have looked at the RSA's on this issue and it is not clear how the formula work regarding splitting the equity and negotiating the needs.

Mike states that they need to decide if this is a good idea to form this subcommittee. Chris points out that Dan Peterson made a recommendation to do a "future of the coop" study. This was accepted by the members of the apportionment committee. He questions if it will be necessary to form another committee. Melinda and Mike both agree. Melinda stresses the Hollis needs a committee that will look at the financial aspect for Hollis. Any committee formed by the coop will be looking at all aspects for both Hollis and Brookline.

Chris moves to create a subcommittee to review the financial implications to the Hollis School District by dissolving the Hollis Brookline Coop. Seconded by Melinda.

Mark questions why this would be a subcommittee of the BudCom. Mike explains that the BudCom should look at the long term budget requirements for this. Melinda feels this is a budget impact item. Mark agrees, yet he sees it to be difficult to find any long term thinking when the voters approved \$7,900,000 one year and rejected \$1,000,000 the next year. He questions whether this should be done by Hollis residents or should they hire someone to assist with this study. Mike believes it should be residents.

Mark suggests looking at other coops around the State that have been dissolved. Chris mentions that there are 3 coops in the process right now. Mark indicates that the State Board of Education does not care about taxes, they only care about the education of the children. Melinda states that the DRA does however care about those issue. This would have to go before a judge to make the determination. Mike indicates that this will never be approved unless the educational requirements for the children are taken care of. Mark agrees. This would need the cooperation of both towns. He would not want to merely throw out the other town, as this would not be a reasonable approach. If dissolving the coop is right for Hollis, it must also be right for Brookline. Mike stresses that the education of the children is the most important.

Mort states that it does not matter what Hollis would need to pay Brookline to buy them out for any assets, as Hollis would merely bond this amount anyway. It would not be a lump sum to add to the budget. Scott stresses that this is merely the first step in gathering information. Melinda agrees with Mort regarding bonding any buy out.

Vote on motion. All in Favor – Motion unanimously approved

Budget Schedule

Debbie reminds BudCom members of the meeting next week. Wednesday will be the first review of the town budget. There will also be a public hearing on the SAU budget. She stresses the importance of attending this meeting. Chris feels that the new administration at the SAU is more acceptable to hearing from the BudCom representatives. Melinda agrees that it is best to have the least amount of items included in the SAU budget, as this budget is then apportioned at 50/50 adm per RSA. It is better to have items included in the 3 school district budgets.

Bill asks for suggestions on handling the lease on the SAU building, as the current lease is expiring. Mort stresses that they are not changing enough for this. This should be done at market values for rental properties. Melinda feels this should be charged to the separate districts. Bill states that the school board did not agree to a 5 year lease, yet chose to go with a 1 year lease to use this as a place holder. They will be using the same figure as was in the previous year's bond amounts. They are not charging rent, but are charging bond amounts. It is around \$8,000. Chris agrees that this was recommended as a quick fix to keep it at this level.

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

Next Meeting will be held December 6, 2006 at 7:30 PM in the Town Hall Community Room for the 1st review of the Town Budget.

Meeting adjourned at 10:40 PM.

Respectfully submitted,

Deborah Adams, Secretary