



## BUDGET COMMITTEE Town of Hollis

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### Minutes of December 3, 2007

Meeting was held in the Community Room, Hollis Town Hall and was called to order by Chairman, Michael Harris at 7:55 PM.

Members present: Michael Harris, Chairman; Chris Hyde, Vice Chairman; Melinda Willis, Selectmen Representative; Tom Jambard and Bob Labednick. Members absent: Mort Goulder, Scott Bartis and Bill Beauregard, School Board Representative.

Staff present: Troy Brown, Town Administrator; Paul Calabria, Finance Director; Richard Towne, Fire Chief; Russell Ux, Police Chief; Jeff Babel, Director of Public Works and Kimberly Dogherty, Secretary

Selectmen present: Melinda Willis, Chairman; Mark LeDoux, Mark Johnson, David Petry and Vahrij Manoukian.

#### Presentation of the Town Budget

M. Willis explained the Budget Guideline Form below. She specifically explained why the Selectmen removed \$171,000 as "Connected" Revenue. Of the \$160,000 being requested for the Ash Street sidewalks (Article #11), \$128,000 would be reimbursed to the Town of Hollis as part of a state/federal grant. The Selectmen were also releasing \$43,000 of Capital Reserve monies to the General Fund. Budget Committee members stated no objections.

The Selectmen requested a 2.43% increase over the recommended base. The figures being presented were reasonable for the 1<sup>st</sup> budget review. The Budget Committee's recommended 1.8% increase would be difficult to attain this year. The Selectmen had not yet reviewed all departments. M. Willis was confident that further reductions in the budget were possible. M. Harris questioned if there were any pending negotiated items in this budget. M. Willis stated that the budget was all-inclusive and explained that the budget included the third year union contract. Next fall a new union contract would be negotiated.

#### Budget Guideline Form

2007 Operating Budget	\$8,738,038
In/Out	\$350,000
+ Veterans tax credit	\$205,000
2007 Approved Budget	\$9,293,038
- In/Out	\$350,000
- Veterans tax credit	\$205,000
- Debt service	\$1,155,841
Recommended Base	\$7,582,197
x Multiplier of 1.8%	\$136,480
= Base + Multiplier	\$7,718,677
+ In/Out	\$375,000
+ Veterans tax credit	\$205,000
+ Debt service	\$1,104,578
+ Presidential Primary/Election	\$9,250
Subtotal	\$1,693,828
<b>Total Recommended</b>	\$9,412,505
(including vet tax credit) Subtotal	\$9,689,669
Requesting	
"Connected" Revenue	\$(171,000)
Total Requesting	\$9,518,669
Delta Recommended to Requesting	\$106,164
<u>Percentage Increase</u>	2.43%

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M. Willis explained that the Selectmen were considering leasing equipment instead of requesting monies for Capital Reserve accounts. Interest rates were extremely low and putting the money into low interest savings accounts was not financially responsible. The philosophy was that the property owners who benefit from the purchase should pay the expenditures. M. Willis explained that the term of the lease would vary from 5-7 years depending on the equipment. After the last lease payment was made the Town could purchase the vehicle for one dollar. Currently, the interest rates were varying from 4.25% – 3.75%.

M. Willis explained for the figures being discussed tonight the Selectmen used the 4.25% interest rate. The Fire equipment would be leased for seven-year terms while the DPW equipment would be leased for five-year terms. M. Harris requested more financial information regarding the leasing program. He asked if one financial institution would be used to purchase all vehicles. M. LeDoux explained that it would be in the town's best interest to purchase all of the vehicles under one umbrella. M. Harris was concerned that the budget remained level funded. M. Willis agreed. D. Petry explained that Chief Towne would not request any funds for equipment over the next ten years.

The budget committee was concerned about the multi year commitment. P. Calabria explained that the contract would have an escape clause. C. Hyde recalled that the town had funds accumulated in Capital Reserve accounts. P. Calabria explained that because the leasing contracts had escape clauses, the town was prohibited from using any funds from the Capital Reserve accounts for down or yearly payments. The town could save the funds in the reserve accounts to make the last loan payment. To balance the budget and help reduce taxes, the town planned to discontinue the major fire equipment and highway equipment Capital Reserve accounts and return \$165,523 to the General Fund. C. Hyde asked how much the tax rate would increase if the abovementioned warrant articles failed and the \$165,523 was not returned to the General Fund. M. Willis explained that the tax rate would jump to 13% increasing by 2%.

### **Warrant Articles**

1. Official reports

This article was not discussed.

2. Municipal Building Maintenance Expendable Trust Fund - \$40,000.00

M. Willis explained that currently each department budgets for its own major maintenance items. By major she meant, replacement roofs or multiple rotted window sills. She explained that each department would still budget for its minor maintenance items. C. Hyde asked if the \$40,000 being requested was removed from other areas of the budget.

M. Willis stated yes. The Budget Committee and the Selectmen had a discussion regarding the difference between major and minor maintenance items. T. Brown added that this idea was a tool he had used in other towns to stabilize costs. Each department budgeted extra funds in preparation of replacing a major maintenance items. If the budgeted item did not need to be replaced the funds were spent by that department but were not spent for their intended purpose. T. Brown understood the budget members concerns and intended to discuss their concerns with the Board. The Selectmen could place a dollar figure on the item to categorize between minor and major expenditures. He agreed that dollar limits and guidelines were needed. The operating budget would still carry costs for maintenance items such as annual cleaning of buildings.

The budget committee was in favor of a long-term level funded maintenance plan but was unsure if this was the correct strategy.

3. Cable Franchise Fee Special Revenue Fund - 50% of revenue or \$25,000.00

This warrant article would address appropriations of the cable franchise fee. M. Willis explained Charter Cable subscribers paid the franchise fee and although she was the minority vote, the Selectmen agreed the funds should be used for cable purposes. She explained the funds currently go into the General Fund. The Selectmen intended to use the money in 2008 to add five additional hours to the IT specialist and install equipment at the police station that would allow web broadcasts for all satellite users. M. Willis explained the reason the Selectmen were requesting 50% of the revenue was because the Selectmen were opposed to taking all of the monies from the General Fund in one year. M. Harris would like to see individual "cable related" items budgeted for and have this money remain in the General Fund.

M. Johnson explained that the monies collected from the town for the franchise fee should benefit the cable customers who paid the fee. M. Johnson personally would like to reduce the franchise fee, which in turn would reduce the cable bill. C. Hyde agreed with M. Harris that this money should remain in the General Fund. C. Hyde disagreed that appropriating funds for a new web streaming server or additional IT hours benefited cable users. C. Hyde agreed with M. Johnson and would like to see the franchise fee removed entirely. The budget committee was very concerned with this appropriation of funds.

4. Employee Health Insurance Expendable Trust Fund - \$724,490.00

The Health Insurance was \$602,000.00 in 2007. The Selectmen recently requested quotes from many different insurance companies at the recommendation of the Health Advisory Committee.

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The increase is level with benefits remaining the same but due to the increase in employees and healthcare costs the insurance costs have risen 11-12%. M. Willis assured the budget committee that the benefit plan would be discussed at the next union contract negotiations next fall.

5. Compensated Absences Payable Expendable Trust Fund - \$20,000.00  
This article was not discussed.
6. Ambulance Fee Special Revenue Fund - \$200,000.00  
This article was not discussed.
7. Police Private Details Special Revenue Fund - \$100,000.00  
This article was not discussed.
8. Old Home Day Special Revenue Fund - \$50,000.00  
The Old Home Day Committee added fireworks to their fundraising efforts this year. The expense for Fire, DPW and Police would be in the operating budget.
9. Cable Franchise Fee Special Revenue Fund  
This is a duplicate warrant article. See Article #3 for any discussion.
10. Elderly Exemption (optional)  
M. Willis explained that the elderly exemption totals have not changed in many years. This article would raise the limits that an elderly property owner would be exempt from paying. C. Hyde asked if all of the information to qualify for this exemption was verified. M. Willis stated yes. T. Brown explained that the figures printed in the article were existing conditions. M. LeDoux stated that the figures would increase approximately 10%. The Selectmen agreed to update the figures by their next review.  
M. Willis intended to add another warrant article regarding tax relief for residents that was not based on age but based on income. The major difference between the elderly exemption and this type of exemption was that payments were deferred not abated. M. Harris asked if it was like a lien. M Willis stated yes. She explained that legislation was currently at the State level regarding this type of tax relief. The new legislation would allow towns to make their own provisions. M. Harris asked if any legislation currently existed regarding this type of exemption. M. Willis stated no. M. Harris was opposed to supporting this potential warrant article before the state passed their legislation. He stated that the town would benefit from knowing and using the same language as the state.
11. Ash Street Sidewalk Grant - \$160,000 (128k NHDOT & 32k town)  
M. Willis stated this was the last year the town would be able to utilize the \$160,000 state/federal grant. M. Willis explained that the scope of work for the originally proposed sidewalk project no longer met the needs of the town. For this purpose, T. Brown and J. Babel met with the New Hampshire Department of Transportation to discuss an amended project. At the meeting, they walked the project area and decided to construct the Ash Street sidewalk. The sidewalk would begin at the post office and continue down the northerly side of Ash Street until it reached Main Street. With the cost of construction calculating at \$120 per square foot, finishing the sidewalk might not be possible. T. Brown explained a new grant program that specifically targeted sidewalk construction for elementary schools. These grants were 100% funded and the town would be positioned perfectly to be awarded one of these grants. T. Brown reminded the budget committee that if the sidewalks were not constructed in 2008 the grant monies would be given to another community. C, Hyde was concerned with the condition of the existing sidewalks and wondered how the town would maintain the new sidewalks. The Budget Committee and the Selectmen discussed the many pros and cons of new sidewalks. Everyone agreed that safety conditions existed with or without the proposed sidewalks.
12. Mobile Data Terminals for Police Cruisers - \$60,000  
This was the third year Chief Ux requested the mobile data terminals. R. Ux amended the warrant article to read that mobile data terminals would be purchased for four police vehicles instead of three vehicles. The cost would remain \$60,000. R. Ux was hopeful that the Police Department would receive approximately \$30,000 in grant monies to help with this expense. M. Harris asked if any other expenses were associated with this request. R. Ux stated it would cost \$6,000 a year for ongoing costs. R. Ux explained the system worked by cell service and preliminary tests showed few problems. One of the major benefits of these terminals was that the officers could write their reports while on patrol. R. Ux estimated that this would save two hours of additional work time for daily paperwork per officer.
13. Fire Engine Lease Purchase - \$29,786.00 (1<sup>st</sup> year)  
M. Willis explained that the Firs Engine was not scheduled to be purchased until 2009. The Selectmen added the Fire Engine this year because of level funding, higher resale and better interest rates.

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R. Towne explained that the process for purchasing a fire engine was different than a regular vehicle purchase. From start to finish the transaction could take up to 14 months. M. Harris was concerned about the language of the warrant articles and wondered if all articles relating to leasing should be listed as one article. T. Brown agreed that all of the warrant articles regarding leasing could be consolidated listing each individual piece of equipment. M. Harris asked the Selectmen to gather more information regarding severability. C. Hyde questioned why the purchase of the excavator and backhoe were accelerated. M. LeDoux explained that all of the equipment was needed and the town did not want to pay retail. T. Brown explained that the excavator would have cost \$10,110 to repair this year. T. Brown questioned why the town would not want to have new equipment that was under warranty while recovering good trade-in value for older vehicles. M. Willis noted that any funds received from traded in vehicles were not included in the budget. The backhoe was primarily used to plow snow and dig graves in the cemeteries. J. Babel explained that he would not have replaced the backhoe this year because of budget constraints although it was needed.

14. Forestry Fire Truck Lease Purchase - \$8,191.00 (1<sup>st</sup> year)  
This article was not discussed.
15. Fire Tank Truck Lease Purchase - \$14,893.00 (1<sup>st</sup> year)  
R. Towne requested \$85,000.00 to replace the body of a 20+ year-old tank truck. The truck was still operable, therefore would be sold and any monies collected would offset the expense of purchasing the new tank truck. R. Towne explained the fire department always had three tank trucks and after the two new purchases would only have two. R. Towne stated that this was a small all around type truck, primarily used for forestry and structural purposes.
16. Discontinuance of Four Wheel Drive Truck Capital Reserve Fund - \$28,395.00 (estimated balance)  
This article was not discussed.
17. Discontinuance of Major Highway Equipment Capital Reserve Fund - \$22,129.00 (estimated balance)  
This article was not discussed.
18. Dump Truck Lease Purchase - \$28,148.00  
This article was not discussed.
19. Back Hoe Lease Purchase - \$11,780.00  
See Article #3 for discussion
20. Excavator Lease Purchase - \$20,850.00  
See Article #3 for discussion
21. Skid Steer Lease Purchase - \$3,962.00  
This article was not discussed.
22. Town Hall Architectural Design/Bonding Authorization  
The Board of Selectmen requested proposals from individuals or firms to provide architectural services for the future renovation of Town hall. They received three responses to their advertisement. They had not had the opportunity to review the responses. M. Willis explained that the Town hall lost the use of the Lower Town hall meeting space to office space several months ago. The Town hall was built in 1884 and had many drawbacks when considering renovations. C. Hyde asked if the Selectmen had given any thought to building a municipal complex. There were many differing opinions on this subject. D. Petry, opposed to a complex, stated that whether the town hall was used for office space or not the building would need to be maintained.
23. One New Police Officer Position - \$58,338.00  
Chief Ux requested permission to hire two police officers in 2008. Due to budget constraints the Selectmen supported hiring one new officer. The Selectmen would support another officer if the funds existed.
24. Operating Budget

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**2008 Budget Requests**

Due to time constraints M. Harris asked for a summarized version of the operating budget. Although all of the line items were summarized, below are the line items that were discussed.

1-4140 Town Clerk / Election & Registration 5.03%

M. Willis stated that the Town Clerk budget increased \$6290.00. After considering \$9200.00 was mandated for elections the budget would have actually reduced this year.

1-4150 Financial Administration 3.09%

C. Hyde questioned the large increase in the postage budget. P. Calabria explained that the statistical update was scheduled for 2008 by the assessing department.

1-4153 Legal

P. Calabria explained the -14.29% decrease was due to the fact that \$5000.00 was moved to account 1-4191 for Planning and Zoning.

1-4194 Town Building and Grounds -20.32%

This budget decreased by \$38,587.00 because \$40,000.00 from major building would not recur in 2008. The Selectmen asked for this \$ 40,000.00 in Warrant Article #2. For that reason this should be considered a flat budget.

1-4210 Police

The Police budget would be increasing by 92,448.00 or 8.61% in 2008. Tom Jambard questioned how and why this budget increased from their last meeting. M. Willis explained that the Selectmen were not in support of the motorcycle program but have been convinced to support it, which added an additional \$4000.00 to the budget. R. Ux explained that there would be a one-time \$4000.00 cost to reinstate the program. R. Ux assured the Budget Committee that after initial costs there were no hidden costs.

M. Harris questioned the increase to #0-113, Union Full Time Salaries of \$43,698.00. R. Ux explained that an officer was not added in 2007. The 2007 budget was actually reduced because the Police Department lost an officer. The fallen officer was replaced in September 2007 so the increase this year was actually just balancing last year's reduction in the budget for the same position.

1-4220 Fire

The increase of 8.73 % was due to fire positions that were approved in previous years coming into full effect.

1-4312 Road Rebuilding 22.12%

M. Willis explained the increase was due to deferred road maintenance. The Selectmen budgeted \$4.00 a gallon for fuel in 2008. The major road repairs that would take place were:

Ames Road	\$41,000.00
Rocky Pond Culvert	\$35,000.00
Hillside	\$40,000.00
Wright Road	\$10,000.00

Tom Jambard had concerns about the \$10,000.00 budgeted for the engineering study of the Wright Road culvert. T. Jambard did not support this study. J. Babel explained that the major force driving the cost was the engineering and wetlands permits.

M. Harris asked if the request of \$126,000 for these purposes should be expected in the future. J. Babel answered yes. C. Hyde questioned which roads were scheduled in the future. J. Babel explained that the DPW would be focusing on culverts. The Rocky Pond Bridge, Van Dyke culvert and the Federal Hill stone culvert would be addressed in the future. J. Babel explained that bridges were a priority. T. Jambard asked if the work would be subcontracted out. J. Babel explained that his department intended to complete as much of the work as possible.

M. Willis explained the \$23,750.00 budgeted for sidewalks was to repair them not replace them. The Selectmen supported a \$17,999.00 truck for the Director of Public Works.

**Closing Remarks**

Anticipated Revenues and Credits for 2008 were significantly lower because in 2007 a credit of \$225,000.00 for monies that were removed from Capital Reserve accounts to purchase fire equipment. M. Willis stated that although their percentage increase of the operating budget and warrant articles was 2.43 % the increase to the tax rate would be 11%. For this reason, the Selectmen would work to further decrease the budget and increase revenues before the 2<sup>nd</sup> budget committee review.

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The Selectmen still needed to review seven or eight departments and agreed to look for ways to further decrease the budget. C. Hyde asked the likelihood of the Selectmen hitting the budget committees 1.8% target. M. Willis was confident that they would come close. C. Hyde urged M. Willis to meet the 1.8% for the next review. M. Harris questioned why a 2.3% valuation increase was being used. P. Calabria explained that in 2007, 2.3% was the increase. M. Harris requested an updated valuation percentage using recent figures.

The Selectmen did not want to reduce services and agreed to work to further reduce the budget by the next review. M. Harris was opposed to adding new staff.

M. Harris thanked the Selectmen for their presentation.

**Review of Minutes**

Review of the September 25, 2007 and October 23, 2007 minutes was postponed until the next meeting.

**Next Meeting** will be held December 20, 2007 at 7:30 PM in the Community Room, Hollis Town Hall.

*Tom moved to adjourn. Seconded by Bob. Motion unanimously approved.  
Meeting adjourned at 10:55 PM.*

Respectfully submitted,

Kimberly Dogherty, Secretary