

BUDGET COMMITTEE

Minutes of December 6, 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: Peter Band, Don Ryder, Ray Lindsay, Vahrij Manoukian, Selectmen; Cath Hallsworth, Director of Administration; Paul Calabria, Finance Director; Russell Ux, Police Chief; Arthur LeBlanc, Director of Public Works; Jeff Babel, Assistant Director of Public Works

Presentation of Town Budget

Peter presents a bottom line of \$8,646,233, which represents a 9.25% increase over last year. He explains that an error was made in the spreadsheet calculation of the base figure, which was discovered less than an hour before this meeting. The net effect of this error is an increase of \$443,000 over the BudCom's request. Although they may be over the target, he still feels this to be a good dollar amount. The selectmen have looked at the operating budget and have crafted a proposed budget after holding many lengthy meetings. The final result is a very austere budget, that maintains the essential services of the town. He does not feel that any decisions have been made that will hurt the town in the future. There are many items that have not been included in the budget that they selectmen do have concerns about.

The South Merrimack culvert is in poor condition. The reports from the State indicate that this needs to be repaired. The budget funds only a portion of the remainder needed to completely repair this problem. They need another \$350,000 and the budget only includes \$150,000 for capital reserves. He feels this is a high priority. Cath points out that an engineering study of the culvert was started with funding from the current budget.

The Fire Station parking lot and driveway is in need of repaving. This would cost \$60,000 and would be included in the fire department capital reserves. This really should be done, yet has not been included in the proposed budget.

Rebuilding the retaining walls at the transfer station. This would cost \$100,000 and would be included in the capital reserves. Last year money was budgeted for an engineering study of this issue. The study was started, however since the project will not begin until 2008, the remainder of the study, including project bids will be done later next year. This will give a more accurate estimate of the costs.

Repairs to the exterior of the Town Hall. The siding has deteriorated and will need to be replaced and painted. An estimate was given at \$100,000. This has not been included in the budget.

The sidewalk from the Library up to Main Street in front of "the block" needs repairing. They have received many requests from residents about this. It should cost approximately \$60,000 to remove the existing sidewalk and replace.

The DPW needs to replace one dump truck. This would be \$130,000. They have a 1995 International with many man hours, which gives an equivalent of 350,000 miles. This vehicles needs work. They have been holding off of this. They will attempt to continue repairing this for another year.

Mike comments that he would like to hear from the department heads regarding the necessity of these items.

Peter states that the BudCom has recommended a 3.9% increase over last year. Their proposed budget is a 9.25% increase. Much of these increases to the operating budget are attributable to growth in town.

\$9,500 for the Lawrence Barn and Farley Building for increased utility costs.

\$3,200 for increased liability insurance for the 2 new buildings (Lawrence Barn and Farley) and increased square footage of the police and fire stations. This is a fixed cost of ownership.

\$6,800 for increased utilities at the police station.

\$63,000 for increased part time needs, increased utilities and hoses for the fire department.

\$15,000 for solid waste hauling fees. There is increased usage resulting in more tonnage. Arthur explains that there has been an increase from Souhegan, due to increased incinerator fees in Penacook and a surcharge for trucking and increased trips. Mike agrees that having more trips and increased tonnage can be attributed to growth, however the rest of these cannot.

\$11,000 for increased hours at the Library, as well as additional circulation materials. This is due to an increase in usage. Mike asks if this is an increase from last year. Melinda explains that last year they funded half, and this year they will fund the remainder.

\$12,500 for veterans tax credit. Mike questions how this would be due to growth. Cath explains that there are more people in town. Mike asks if this means there has been an influx of veterans into Hollis. Melinda points out that last year this jumped from \$13,000 up to \$192,000. They are anticipating \$250,000 this year. More elderly residents have moved into town and more are accessing this benefit. Mike does not agree that this is growth. This is just a case where more people are taking the benefit. Mark states that they cannot cut the DPW or town hall budgets to fund this credit.

\$52,000 for employee retirement costs. This may just be considered an unfunded mandate. Mike is more like an accounting adjustment to make the reserves more fundable. Melinda explains that the State is realizing that this is not properly funded and they are passing this expense onto the municipalities. It is hard to absorb this 20% increase into the budget. She feels this should be considered as growth, as there are more employees going into retirement without the funding available to them. Mike points out that New Hampshire is in good shape compared to other states around the country. Paul explains that 24% of the fire department salary goes to retirement. They are way behind. Town hall, DPW and communications employees have an increase of 8.74%, police employees are at 18.21% and fire is at 24.5%. He mentions that since the last increase to retirement benefits, many communities have put aside constructing needed fire stations because of the added expense.

Mike agrees that increased police station utilities, more trips for DPW and the library are all growth factors. The veterans tax credit is only growth if there are more veterans moving into town, not just because more people are asking for this benefit. If a person has been living in town for many years and now chooses to receive this benefit, this is not growth. Chris asks if they have any statistics on those receiving this benefit and whether they are new arrivals or long time residents. Mike stresses that if they want any consideration for growth, he will need to see a clean list, as he does not agree with all of these items. Melinda points out that the new positions have not been included on this list, yet those are dictated by growth. The BudCom does not give consideration for these new positions.

Tom asks if the increase at the library is due to new people using the library or that they are making better usage with what they have. Is this new residents or existing? Mike would like the selectmen to remove unnecessary items from this growth list and they will revisit this issue at the next meeting. Peter stresses that the increases to police and fire are significant, yet there is more personnel and corrections have been made to under-budgeting problems from the past. He feels this is a very realistic budget.

Melinda explains that when she was reviewing her spreadsheet prior to the meeting tonight, she discovered a high increase in dollars when compared to the %. After reviewing the figures again, she discovered that the in/out accounts were mistakenly included twice in the budget. They were included in the operating budget, then added in again at \$345,000. This mistake has now been corrected. Instead of being slightly under \$100,000 over the BudCom's target, they are now \$400,000 over the target.

2006 Operating Budget	\$8,306,121
+ Veterans tax credit	201,000
2006 Approved Budget	\$8,507,121
- in/out	345,000
- existing debt service	1,196,877
Recommended Base	\$6,965,244
x Multiplier of 3.9%	271,645
= Base + Multiplier	\$7,236,889
+ in/out	185,000
+ new debt service	1,171,640
Total Recommended	\$8,593,529

Melinda explains that the veterans tax credit is not shown on the proposed budget sheets, as this is really a reduction in revenue. The in/out accounts are shown in the budget, yet they will have offsetting revenue, therefore those items have no net effect on the tax rate. The in/out accounts were reduced by \$160,000 this year, as a new ambulance was recently purchased and this amount is no longer needed for this year.

Scott moves to accept the changes to the budget target with a new guideline of \$8,593,529. Seconded by Mark. Vote: In Favor – Tom, Mark, Scott, Mike, Melinda, Bill. Opposed – Chris. Motion granted.

Police Department

Russell explains that his proposed budget contains no new programs or services. This does nothing but maintain the existing level of services, however it is a significant increase to the budget. He faced many challenges when preparing this budget. He has an increase in salaries from the negotiated contract and would need to cut \$50,000 out of the operating budget in order to meet the target. He stresses that 82% of his budget is for salaries. The police station renovation creates an increase in energy costs. After reviewing prior year's budgets, he realized that this account has been grossly under-budgeted all along. The electricity line item has been over spent for the last several years. This has been increased by \$2,500 to accommodate true costs, however it is difficult to estimate what increases will be needed for the new renovations. Chris asks how much of an increase was made in the square footage of the building. Russell indicates that the building had been 7,000 square feet and is now 11,000 square feet. He adds that propane costs were also over spent in both 2005 and 2006. Mike does not see how under-funding of accounts in the past would count towards growth increases now. Melinda feels that the proposed budget for those items is actually less than what they should be.

Russell mentions that the vehicle fuel account is very frustrating. In 2004 this account was over spent by almost double what was budgeted. This tends to fluctuate with the market. This is a significant part of the budget. During his review of prior year's budgets he found many items that were significantly less than what it should have been. He started at a zero budget and created a proposed budget that will serve the needs of the town. This year he chose to delay hiring and changed some programs in order to come in at budget. This new budget is accurate to what will serve the needs of Hollis. Mike comments that Russell is requesting a new employee for this coming year. He questions when this employee would be hired and how much of the year will be budgeted. Russell explains that this past year he had intended to hire employees during a specific time frame, however the hiring was delayed. This was not intentional but due to a tragic loss the department suffered with the death of one employee, which created a 4th opening in the department. His loss was filled in September.

Russell stresses that the police budget has been significantly under-funded in the past, yet with holding off on some programs and rearranging some funds they will be okay for this year. He feels the motorcycle program wasn't being handled as efficiently as it should and therefore felt it was best to hold this off for the year until the program could be revamped. This program is now included in the proposed budget with better policies. Chris comments that many of the private details are done with the use of a cruiser. He asks if there is a fuel adjustment included with the charges for these private details. Russell explains that very little is spent on fuel. Any fees paid towards private details come in as revenue. Due to the many personnel issues he has dealt with this year, most private details within Hollis have gone to officers from other communities, approximately 90%. Less than 1% of this goes towards fuel.

Tom asks why this account is listed as only \$1.00. Paul explains that this is an in/out account. At the end of the year the actual expenditure will be shown and the special revenue fund will offset these expenses. Russell comments that he is proposing a significant increase to the overtime budget. This account has been flat funded at \$40,000 for many years and has historically been over-spent. Mike recalls the argument in the past was that if they hire new employees, there would be less need for overtime and would offset the overspending in the overtime budget. Russell stresses that he never insinuated this. He does not feel the overtime budget could ever be reduced, unless he hired so many people that they were basically standing around all the time. There are many situations where overtime is necessary and required. When an officer is sent to court, many times this is on his day off, therefore the town must pay overtime for this. When working on a holiday, they are paid time and one-half. There is mandated training that the officers are paid for.

Chris questions why the officer cannot appear in court during their normal work schedule. Russell explains that he has no control over the court schedule. The court sends them their schedule and if an officer is off duty that particular day, they must appear in court. If the officer is already on duty, that position within town must be covered with other personnel. Mike states that in the past there was the argument that the department had many officers out on sick leave, which therefore increased the overtime budget. It was felt that when new hires were added it would help to cut down on the overtime. Russell again stresses that he does not believe this argument. This would only be true if he were adding extra positions beyond what is necessary, which he is not.

Russell explains that he also found overtime expenses hidden within other accounts. He has removed these expenses from these other accounts and placed them all within just one overtime line item. This way it is not as confusing. Overtime used for training, vacations, court time, emergencies, holidays, etc. are now all included within this one account. Melinda stresses that police employees are not the same as town hall personnel, where each person has a unique job, yet the others fill in when they are absent without needing overtime. With emergency personnel, these shifts all need to be filled. Mike states that he understands the situation with this explanation, yet he felt that with many people out on disability or family leave, the coverage for those individuals, which resulted in overtime, would go away when they returned from leave or when a new hire was made.

Mike states that given Russell's explanation, some of his increases can be attributed to growth. Melinda states that the growth factor was not included for electricity or propane expenses. If they now have a 40% increase in space, these accounts may be overspent next year.

Russell explains that the increase for court time and the attorney is contractual. They hired an attorney 2 years ago and have been increasing his responsibilities in order to gradually pull this away from the officers. This was accelerated in June due to the death of an officer. He did not have an officer ready to handle these duties, so much of this was handed over to the attorney. The attorney gave a quote of \$90,000 for the coming year, yet they have reached an agreement where his services are not to exceed \$3,000 per month. If necessary, they will back fill with a department detective at court to keep this in check.

Russell states that he currently has one officer still in training. His department is almost back up to snuff. Mike asks if he intends to fully fund the attorney eventually. Russell indicates that at the moment his services are cost effective at this level. These items are hard to predict. He feels there will be a reasonable increase to this costs for the next few years and eventually they will need to hire an in-house attorney. Chris asks if this will

reduce the amount of officers in court. Russell explains that it saves having a detective in court, but does not free up the patrol officers. Without this contract attorney, they would not have a detective at the station, as he would be in court all the time.

Russell further explains changes to his budget. The copy machine is in need of replacement, so this account has increased. The amount previously budgeted for conferences has been transferred to the training account. Vehicle maintenance is down due to changes in services and how products are being purchased. Uniforms are a contractual item and with 2 new hires, this line must increase. Police equipment has been reduced. The line item for the State Police computer has been transferred to the communications budget. He currently has a program where 1 primary police vehicle is purchased each year. Yet as these new vehicles were purchased, existing equipment was retained and reused. Now he needs to begin replacing some of these items. The training budget formerly included mostly overtime expenses, which have now been transferred to the overtime budget. It was rather confusing before, it will now be more accurate accounting of expenses.

Mike recalls a discussion in the past regarding a program for computers that would be networked with the State. Russell explains that this is an efficiency issue. Each patrol officer must use 2 hours of their day for just paperwork; arrest reports, activity reports, incident reports, etc. Having a mobile data station in the vehicle will enable the officers to stay in the cars and on the road longer. If they have the ability to do some of this data inputting while in the vehicle, it will save time. They would have a link to the department records system. Bill states that with remote disconnected laptops, they could download a portion of the database to assist with their work. Russell stresses that this would improve efficiency. He would like to look into some grant funding to help with these costs and will address this as a budget item later. Mike thought this was a communications issue. Russell explains that currently the dispatcher must do much of the work to pull up vehicle or driver information to relay to the officer.

Russell reports that the SRO (school resource officer) program is going well. He has received great feedback so far. The negative report is that the officer must return to the police station to file her paperwork. With the mobile data station, this will make the sro job more efficient as this could be handled from the school.

Chris questions the line item for maintenance and contract cleaning. Russell explains that this is a \$20,000 transfer from town buildings and grounds. Chris questions whether this was increased for the addition square footage of the building. Russell indicates that the contract was made with the cleaning company after the addition/renovations were almost complete, therefore their fees include the entire building. Chris questions the administrative salaries. Russell explains that last year this was reduced as he was promoted to police chief with a lesser salary than the former chief and the lieutenant was not promoted until April. The proposed budget includes a full year salary.

Russell points out that he is requesting one new officer. His plan is to have 2 people on duty at all times; 24/7. He is still not at this level of service, yet this will help. As of January 1st he is supposed to have a certain amount of patrol officers, sergeants, lieutenants and detectives. In 1989 the department had 2 detectives, he currently has only 1 with increased duties. There have been 11,000 calls for service filed for the first 10 months of this year. Crime related incident reports are up 55% from last year, while motor vehicle enforcement activity is down by 35%, which is a direct result of the crime increases. Silver Lake State Park produces much work for the department with many out of state visitors. Hollis has also had an increase in domestic calls. Beaver Brook also creates work for the department with calls of strange people walking around. Mike comments that this is not a crime. Russell agrees, yet when a call comes in, it must be investigated. Mike states that 11,000 calls sounds alarming, yet if officers are responding to non-crime calls like Beaver Brook, this isn't too bad. Russell explains that those are considered a no crime report and are not included in the statistics.

Russell explains that with the addition of the new position, he is trying to get the department back to what it was. In the 1980's they had 2 secretaries, now there is only 1. They had 2 animal control officers, now there is only 1. The department has been "robbing Peter to pay Paul" for years. Adding the new patrolman will bring the number of patrol officers back up to what it should be. It is recommended to have 2.3 officers per 1,000 in population. He feels this recommendation would be adequate for Hollis' needs. Mike disagrees, as this recommendation is for Boston, not Hollis. Russell disagrees. The numbers published are for the Boston region, not just Boston. If those numbers were applied to Hollis, it would put Hollis at a staffing level of 18 officers, which he feels is close to what this community should have. Right now he has 12 union and 2 non-union. The additional position will allow him to back fill and allow the officers to do their job. These recommended numbers can be somewhat subjective, as some communities have lesser needs than Hollis, which are based on the demands placed upon each individual department. For example, Hollis borders several large cities and the State of Massachusetts, has a heavily used State Park and large conservation area.

Russell stresses that quality of life means traffic enforcement for many residents. This is the #1 issue for Hollis citizens. Yet with the increased demands on the department, this quality of life issue has been going in reverse. Growth in crime reports and investigation has taken time away from traffic patrol. If a detective is tied up, patrol officers must pick up the slack. Chris asks why he is not asking for a new detective. Russell explains that he is asking for a new position. The detective is a rotating position for the patrol officers.

Melinda mentions that the selectmen support the increased hours for the attorney, the increased hours for animal control and the new position. The animal control officer works enough hours to handle the office work, yet patrol officers typically handle the actual physical work. The increased hours will help to free up the patrol officer. Mike agrees that the restructuring that has been done to this budget will be better and will help to keep the budget more level in the future. He feels it would not be bad to let the police department continue 1 more year with this same level. Melinda points out that last year the warrant article was for 2 new officers; 1 for the sro and 1 patrol officer. Russell explains that he physically added 1 officer last year. An existing officer was used as the sro. He will physically have her services for only 10 weeks per year. One officer passed away and has been replaced.

Melinda states that the warrant article will reflect the full amount for the new employee. Paul points out that the last page of the budget shows only 6 months of this employee. Mike stresses that the full cost for this employee is \$72,000. He still feels it would be better to wait another year on this. He would like the selectmen to come up with a long term plan for the prosecutor. He also questions why crime is increasing by 55%. He would like to see a phasing plan for the mobile data terminals. Melinda reiterates that Russell will attempt to obtain grant funding for these and budget the remainder of the cost next year. Russell points out that the town receives \$43,000 in revenue for the sro. The increase for the new officer is offset by this revenue. The full cost of the sro is included in the town budget, with the schools reimbursing for some of the cost.

Peter mentions that the police department is actually the best example of the cumulative effects of growth. The town must adequately provide police protection to all residents, yet have not kept up with the growth within the town. Mike states that he supports the decision to rationalize the budget this one time, however he would like to hold a closer line in the future.

Department of Public Works

Buildings and Grounds

Arthur explains that the 331 accounts (maintenance and contract cleaning) have been transferred to the police budget and the 332 account (maintenance) transferred to the fire budget. The 349 account (major building maintenance) is for a new roof on an old section of the police station. This is the original roof and is need of repair. The Lawrence Barn and Farley Building have created new maintenance and utility accounts. Tom points out that the Lawrence Barn does not appear to have spent much on propane yet. Cath explains that they had anticipated the Lawrence Barn to be open by now, yet this has not happened.

Highway Administration

This is up due to increased salaries.

Road Rebuilding

The Federal Highway Block Grant is the same. Account 449 (annual road rebuilding) historically had been at \$100,000, yet they have been cutting back on this for years to enable other increases to the budget. Mike stresses that they must keep up on the roads and if they short change this in the budget it will come back to hurt the town later. Arthur points out that previously he requested capital reserve funds for the culvert on South Merrimack Road and the bridge on Wright Road, yet those were cut. Mike asks what big road projects the town will have in the future. Arthur explains that the culvert for South Merrimack Road is the first priority and will cost approximately \$350,000. Two years ago \$50,000 was placed into capital reserves for major road projects. The second priority is the bridge on Wright Road. This should cost \$160,000, yet when the developer begins construction on the subdivision in this vicinity, they must reimburse 38% of the cost back to the town.

Mike asks why the selectmen are putting the South Merrimack Road culvert as a warrant article, rather than funding it from within the budget. Melinda explains that they are looking to fund half of it this year into capital reserves and the remainder will come next year. The work will be done next year as well. Ideally they would like to fund it all this year, yet they must split it to keep the budget down. Arthur explains that he has been looking funding from the State and FEMA, as they do have emergency mitigation funds. South Merrimack Road flooded this past spring. In order to mitigate this issue, Hollis may be eligible to ask for funds to expand this area, to raise it or to lengthen it or to make it into a bridge not a culvert. The existing culvert is 25 years old. Mike asks if they would still need money for this project if they do get the grant. Arthur explains that the \$350,000 is to create more of a bridge design vs. a culvert. Similar to Broad Street or Ames Road. FEMA will hopefully contribute towards this. He does not know the exact numbers for this yet. Mike cautions that if the town does receive Federal funding, they may need to build to federal specifications. It is not always beneficial to accept federal funds.

Chris asks about paving of Witches Spring Road. Arthur states that this will be done with the Block Grant. Mike asks if there will be any major road rebuilding next year. Arthur indicates that as long as they continue with maintenance of the roads, there will be no need for any major rebuilding. The next projects on the horizon will be the shoulders and drainage on South Merrimack Road. He recently did some work on Ranger Road. He is trying to keep ditches, culverts and catch basins clean to keep the water off the roads. Melinda adds that there is also a section of Wright Road that has had some flooding problems. This will need drainage and regarding to correct the situation.

Street Lighting

Chris asks if any more lights have been added, which accounts for this increase. Cath mentions that 2 lights were added on Depot Road near the recreation fields. Paul explains that the amount budgeted is a projection based on electricity costs. Melinda states that the selectmen will review the study done a few years ago to determine if they want to remove certain streetlights in town. They will need to hold a public hearing to discuss this issue. She will put

a list together and review this with the police for safety aspects. She agrees that there are a few streetlights in town that seem to do nothing.

Solid Waste

They have brought in \$65,000 in revenue this year. One new item to be aware of is electronics. These can no longer be placed in land fills and must be hauled away. Mike comments that there are businesses that will reclaim used electronics. Melinda states that they have an agreement with Souhegan to handle this aspect. Arthur explains that this is sent out to Northeast Resource Recycling to handle the disposal, which also helps protect the town with liability issues. Mike reiterates that some businesses specialize in reclaiming metals from these pieces. Arthur states that Northeast deals with those businesses.

Arthur feels that they can get through another year with the retaining walls at the transfer station. He will be encumbering funds to complete the engineering study. He anticipates doing this work in another year. Chris asks why they have not finished the engineering study. Arthur explains that since the work will not be done until 2008, he does not want to go into next year's budget preparation with obsolete information.

Tom questions why none of the \$27,000 for stump dump maintenance has been spent for this year and why it would still be proposed at \$20,000 for next year. Arthur explains that a new well will be installed within the next month, as well as constructing a new building. Next year added costs will be used for chipping of brush, as they can no longer burn. Chris question what the new building will be used for. Arthur explains that this will be for the employees and will be heated. The bathroom area will be super insulated and will also contain an eye wash station, which is necessary to comply with State law. The main room will have a woodstove to keep them warm.

Chris asks if there is offsetting revenue for the increase in demolition removal. Arthur indicates that he has revised the fees to help with this. Melinda states that this is close to being an in/out account. Paul states that there has been almost \$65,000 in revenue. Arthur mentions that he recently read an article regarding New Boston and the scales they purchased. The report indicates that they have paid for their scales within 2 years with the fees it has generated. He jokes with the BudCom that this idea has not been forgotten. Tom asks if residents in town can still burn brush on their properties. Arthur explains that many residents were complaining about the smoke from the burns at the stump dump, therefore the town has decided not to do this anymore.

Melinda presents the remainder of the budget.

Executive

This is down by 6%, with various cuts being made throughout.

Town Clerk

This is up due to the possibility of a significant primary being held in December next year. They need to consider this need for 2007 instead of 2008. Paul indicates that \$6,000 has been added for this possibility. Melinda explains that the town clerk has also added \$3,600 for new car registration forms, which she buys in bulk every few years. This will all come back in through revenues. Mike comments that the town clerk does take in much for revenue. He recalls that NH may be a guinea pig for a national identification program. He questions if any additional budgeting will be required for this. Don explains that this program, Real ID, was shot down this past year, yet the governor says he may bring it back up again. At this time nothing is happening with this idea. Mike asks if this would impact the town clerk's computer system. Don does not believe this would impact the towns. He feels it will just affect the State.

Financial Administration

\$2,200 for tax map maintenance has been transferred from the executive budget. Chris comments that this budget appears to be historically over-budgeted and under-spent. Paul states that this is due to excellent management. Cath explains that \$20,000 will be encumbered for the assessing contract to allow them to relook at properties to determine if the assessments are correct. This encumbered money will be combined with the money for 2007. She explains that while Hollis maintains the actual data, Vision Appraisal updates the software for the computers. Mike asks if this will be an ongoing expense. Melinda explains that the town is supposed to assess ¼ of the properties each year to keep assessments up to date. Chris states that if it will cost \$40,000 to assess all properties, then they could budget only \$10,000 each year to keep up. He questions how often they will need to do this. Cath explains that this should be done every 5 years. They are hoping to assess ¼ of the properties each year for 4 years, then use the data from these inspections during the 5th year to update values.

Tax Collector

This is up only for salary increases.

Legal

There are several items that are currently being worked on that will cause some legal expenses. Part of this is finalizing the paperwork for the transfer of the Farley Building. Mike asks if the town has any outstanding legal issues or liabilities at this time. Peter indicates that there are none.

Employee Benefits

This is up \$50,000, which is being driven by the number of employees and retirement. Paul explains that the increase will go into effect in July, therefore the increase is only included for 6 months. Melinda states that the medical insurance is not included at this time, as this must go as a warrant article for the self funded insurance. Paul stresses that this is a flat increase.

Planning & Zoning

The entire account is down slightly. The town now has a contract planner that is not through NRPC. The hourly rate for the planner has increased, yet they have cut back on the number of hours to keep this reasonable. The town is still a member of NRPC, yet the circuit rider portion for the planner is not being handled through them.

Cemetery

This is up slightly as they are working on replacing the wall at the Church Cemetery. Paul explains that they will be encumbering \$2,000 this year to add to the \$6,000 for this new wall. Debbie adds that all cemeteries must be surrounded by a wall or fence, per State law.

Insurance

This is up. The mod rate for workers comp has gone up, which is the rate of employee injuries. There are also more employees being insured.

Information Systems

The IT Specialist has been doing a great job rotating computers. This is down by 7%. Pictometry costs were reduced significantly this year. Digital photos of the town are taken during a fly-over, which are then accessed by police, planning, building etc. There is specific contract language regarding access to this material. The general public can view the pictures, yet cannot print without paying fees. There is a licensing agreement for this use.

Fire

The primary driver for increases is salaries. There is also increases for uniform allowance for new personnel. In prior years not as much was spent on this account, as funds were needed for use towards other line items. The bunker gear now needs replacement for the safety of the fire fighters. There will be a warrant article for a new fire fighter for a 2 month period. The article will have full disclosure of the full cost, including training, benefits and gear. Mike asks how many more employees will be needed. Paul indicates that Rick Towne had mentioned that 10 full time fire fighters will get him to a full complement. This request will be the 8th new employee and he will need 2 more in coming years.

Melinda states that they are also budgeting to install a cistern. When developments are approved and built, a special revenue account is established to assist with these costs. Bill is concerned as these can be expense. He does not believe that \$10,000 will be enough to cover many cisterns. Melinda states that she is not sure what the fire chief's plans are. Bill mentions that the planning Board has been trying to get a map of where cisterns are needed in order to generate a plan. Debbie points out that once the town takes money from the developer or property owner for the installation of the cistern, the town is obligated to get one installed within a reasonable amount of time. If this is not done, the town must return the money, which will ultimately cost the town more in taxes.

Chris comments that the actuals for diesel fuel seem low for 2006. Paul explains that not all bills have been processed. This will be higher by year end. Melinda explains that the fire department is also asking for new hoses, as replacements for old equipment. Chris asks if these could be repaired. Paul stresses that they do not want to skimp on safety, as the hoses could blow out during an emergency situation.

Communications

This department has gone through a major revamp this year. Salaries are down, as they removed the director's position. Cath points out that they also had a vacancy all year. Chris states out that the overtime budget is high this year. Melinda points out that the projected salaries are down. They had no director for the year, which left a vacancy and now they have a supervisor, who was promoted within. The overall number of employees is still down by one. Mike asks if there will be any anticipated new equipment for this year or the future. Melinda indicates that nothing is being projected. Mike asks about the cost sharing with Brookline. Melinda explains that this was increased by 2% this year. The selectmen felt this to be an appropriate increase, given the many variables involved. Cath points out that Brookline took a big hit of an 11% increase last year. Chris feels that if the entire budget is increasing by 3.9%, Brookline's portion should be the same increase. Mark asks if the new supervisor is also a working dispatcher. Cath indicates that this is true. He was hired from within and is a non-union employee. Chris points out that there is a new line item for uniforms. Paul explains that this was included within other line items in the past. This will help to give an accurate accounting of this expense.

Building and Septic

This was held to a 3% increase. Chris questions the 6.39% salary increase. Paul explains that they have budgeted non-union employees at what the union has negotiated and will adjust these line items with actuals. This has been estimated at the maximum.

Emergency Management

No Change.

Health

This was increased by \$1,000. This is merely a stipend for the health officer and it was felt that splitting the previous amount of \$500 was not much for the amount of work put in by the health officer and deputy health officer. This will allow for slightly more of a stipend for each.

Animal Control

The fuel oil account has been transferred from the DPW account. Tom comments that this seems to be a lot to heat such a small kennel. Melinda agrees. She will revisit this expense. The animal control officer's hours have been increased to make this position full time. This is not merely to attend to call, but also to help maintain dog licenses. Tom thought they already had 2 part time employees for this. If one employee increases hours and goes to full time, this will also include benefits. Melinda explains that the 2 part time employees are not available for a full time schedule. Cath points out that this will also help to free up the police officers.

Health Agencies

This is down slightly.

Welfare

This is a hard item to estimate. Mike cautions that this can become a problem if it is budgeted too low. Melinda agrees. The current year will be overspent. Paul explains that when looking at the budget in totality, welfare is the only line item that can be overspent with unreserved fund balance monies used to cover the added expenses.

Parks and Playgrounds

This is staying level.

Recreation

The selectmen received a request to expand the lacrosse and football programs to the middle school age. These programs are currently offered at the high school. The selectmen said no to this request. Peter explains that they felt it would be more appropriate in the school budget. Melinda points out that much of the recreation expenses are covered by revenue from the participants. There will be a warrant article for credit card use for registration fees. This will be no cost to the town if approved, as the charge will be passed on to the payee. Tom questions why this would be a warrant article. Paul explains that by Statute, this must be approved by town meeting. The article will stipulate that this is only for payment of recreation fees. Mark asks if they are required to charge the extra fees to the user. Paul answers no, yet if they didn't, they would have to budget for this added expense. Mike asks if they are trying to encourage more on-line usage with credit cards for other departmental fees. Paul states that they wanted to start with

the recreation department, which will offer convenience to parents when registering their children for programs.

Library

This is seeing a slight increase. Mike thought this would be much higher with the request to add more hours and staff. Melinda explains that money that was budgeted last year for shelving has been reduced from the budget and more has been added for the increased hours and staff. Wages are up, with a \$6,400 or 4% increase for current employees. The trustees had requested \$15,000 for a consultant to look into a library expansion, yet the selectmen did not support this. They have not indicated how large of an addition, yet the biggest issue will be figuring out how to expand, while also preserving parking and Little Nichols Field. This is why they wanted to hire a consultant. Mike recalls the previous addition and that it was said they would not be able to expand any further. Chris suggests having an attorney look over the wording of the deed for Little Nichols Field and the library, rather than spend \$15,000 for a consultant. Melinda explains that they need to study past and present usage of the library, future needs, expansion options and space needs. Mike states that he would like to have an idea of when they anticipate this need. Melinda will check into this.

Patriotic Purposes

This account is flat with no change.

Conservation Commission

This is down. This account is primarily used for administrative fees. The current use penalties are not shown in this account. Mike asks if there are any plans to utilize the current use funds. Melinda mentions that there has been a request to spend \$160,000 to assist with the purchase of Peacock Orchard. Mark asks how much the Conservation Commission has in their account. Paul indicates they have \$350,000.

Debt Service

The original bond for the police station is being retired this year and there is also a decrease on the land bonds. Mark asks why they have a line item for bond issuance costs. Paul explains that this is in case of an emergency. If the culvert completely fails and an emergency bond is needed to repair this they need funds available for this. Chris suggests just including this in the bond.

Capital Outlay

There are two items this year; a police officer and a fire fighter. Many of these line items were for things that may have been requested, yet the selectmen have pushed them out for another year.

Warrant Articles

Official reports

Place holder for land acquisition

Police officer starting 7/1/07 - \$34,750

Fire Fighter starting 11/1/07 - \$12,633

Capital reserve for major fire equipment - \$125,000

Capital reserve for public improvements - \$200,000 (\$150,000 of this for South Merrimack culvert)

Compensated absences - \$20,000

Self funded health insurance - \$602,000

Credit card usage – Recreation commission

Revenue fund for stump dump and transfer station – money to be used for renovation, equipment and future improvements – \$60,000

Revenue fund for police private details - \$100,000

Revenue fund for old home days - \$35,000

Revenue fund for ambulance - \$50,000

Petitioned warrant article – New Hampshire Climate Change Resolution

Operating Budget

BudCom Comments/Questions

Tom questions where the town stands on Flint Pond. Peter explains that the study committee's report will be discussed next Monday night at the selectmen's meeting. Mark asks if any consideration has been given for funding for senior citizens and if there has been any progress on the Farley Building. Melinda states that the paperwork is still with the town attorney. Mark is more interested in what will come of this building. Peter states that the transfer of the property will be coming soon. At that time the selectmen will establish a committee to study the future plans of this building. Right now they have moth balled the building in the short term to stabilize it. Eventually this will end up before the town to vote on what to do. There is still the possibility of having some use of the building for the seniors in town. There are many ideas floating around.

Chris asks about the occupancy of the Lawrence Barn. Debbie indicates that they have not yet received their Certificate of Occupancy. Peter mentions that they are planning a formal ceremony in February. Paul announces that the town received a stock donation of \$18,000 just today, which will greatly help in getting items done for the Certificate of Occupancy.

Chris comments that the selectmen should keep their knives sharp and make additional cuts to the budget. Mark comments that he appreciated the police chief's presentation. Mike agrees, yet still feels they are asking for too much.

BudCom Subcommittee to Review Dissolving the Coop

Melinda mentions that she has received an offer from a resident who is a professional accountant and would like to assist with this committee. Mike indicates that he thought this would be established after the annual meetings. He asks BudCom members their thoughts on the timing of this subcommittee. Melinda feels there is some validity in having some data from this subcommittee prior to the annual meetings, yet the results of this subcommittee will also depend on what happens at those meetings. Mike comments that there will be a lot of work involved and people will need time to devote to this study. He is not sure he would have the time right now to do it justice. He would prefer to hold off until after March. Melinda indicates that she already has 1 volunteer and possible another. She questions what kind of structure this group should have and whether the selectmen should prepare appointment letter for those interested. Mike does not wish to establish any structure for this at this time. The BudCom will take up this matter in April. He asks Melinda to invite anyone interested to the April BudCom meeting.

Budget Schedule

Debbie reminds BudCom members of the meeting being held the following night for the public hearing of the SAU budget, as well as the meeting the following week for the 1st review of the school budget.

Mark moves to adjourn. Seconded by Tom. Motion unanimously approved.

Next Meeting will be held December 12, 2006 at 7:30 PM in the Town Hall Community Room for the 1st review of the School Budget.

Meeting adjourned at 10:50 PM.

Respectfully submitted,

Deborah Adams, Secretary