

BUDGET COMMITTEE

Minutes of December 13, 2005

Meeting was held in the Community Room, Hollis Town Hall and was called to order by Chairman, Mike Harris at 7:35 PM.

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

Also present: Mark Johnson, Chairman Selectmen; Peter Band, Selectman; Paul Calabria, Finance Administrator; Cath Hallsworth, Director of Administration

Presentation of Town Budget – Mark Johnson

The directive given by the BudCom was to keep the operating budget to a 4% increase, including any warrant articles. There are some sharp increases that are beyond the town's control; debt service is up 10%, fuel costs are up. The most recent CPI was also up to 4.3% as of 10/5/05. The total proposed increase is under the 4% guideline. Combine this with the 10% debt service increase the total increase is 15%.

Mark stresses that the Selectmen approved budgets have been tighter than the BudCom and Town Meeting approved budgets for the last few years. The BudCom voted to increase the Selectmen recommended amounts and voters approved expenditures above the Selectmen recommended amounts.

Mark mentions that the Selectmen have been working closely with all Department Heads to keep to the 4% guideline, however retirement increases, unfunded mandates for stormwater and safety issues are beyond their control. They are proposing a 3.25% increase to the operating budget, yet this may change slightly with a few items that are still under review. The budget is lean and no further cuts can be made. They can justify all dollars being proposed.

Executive – This is reduced by 3.9%. Cath explains that a major decrease was made to Special Studies. This has been a separate line item, however the environmental or special studies being performed for land purchases are now being incorporated into the bonds, therefore this has been reduced. Chris points out that Employee Benefits appears to be overspent. Paul explains that the trust fund for the self funded insurance will make this even out at year end. Melinda mentions that most of the contingency funds will be turned back to the town. Mort is concerned that the 2005 actuals are only through the end of November. He would like to see this estimated out for the entire year. Mark stresses that this is a multi-stage process and they will have more accurate year end figures at the January meeting.

Cath mentions that a majority of the stormwater budget will be encumbered, as this has a May-April year with most of the work being done in January. Christine agrees with Mort that they could attempt to estimate the year end figures. Paul argues that tonight is just the first review of the budget, another review will be held in January. The final costs and actual data will be available at this second review. Mark stresses that this is his third time doing this budgeting process and this is the first time this has been an issue. He reiterates that this is just a preliminary review.

Town Clerk – This is up by 6.9%, as 2006 is a State election year, which adds more costs to this department.

Finance – This remains flat.

Legal Expenses – This remains flat.

Employee Benefits – This line item is up 25.46%. Retirement benefits are the main driver of this increase. Christine mentions that this is a problem everywhere. She questions how much the employees pay into their insurance. She feels that employees should bear more of this burden. Paul explains that retirement benefits are mandated by the State. Christine states that she was referring to health insurance benefits. Mark mentions that this is why the town moved to a self-funded health insurance last year. They are anticipating \$10,000 in savings that will remain in this trust fund. Chris sees the line item for Blue Cross/Blue Shield at zero, yet he does not see a corresponding line item for the self-funded insurance. Paul explains that this is shown in Capital Reserves. This must be done as a Warrant Article each year because it is a trust fund. Cath mentions that if the town had not done the self funded insurance, the premiums would have been up 16% over last year. This is remaining flat. Paul states that if the town stayed with Health Trust, they would have added another \$56,000 to the proposed budget for those increases. He mentions that he has met with the new Superintendent, Rich Pike to discuss the same insurance ideas for the schools. Chris questions why Social Security and Medicare line items are up. Paul states that this has been increased for new employees that were recently hired.

Planning & Zoning – This is down a few dollars.

Buildings & Grounds – This line is up 8.75%. \$9,000 are for additional costs for the Lawrence Barn. Paul explains that if these costs were removed the increase would only be 2.7%. He mentions that the \$9,000 is only partial year costs for the Barn. Cath explains that the Lawrence Barn costs were based on town hall costs. Chris stresses that this means that there will be an \$18,000 annual cost for the Lawrence Barn. Christine asks if they have any revenue estimates. Mark states that they are not anticipating much revenue from the Lawrence Barn. There is a committee working on recommendations for use of the barn. Melinda mentions that this account now includes contract cleaning for the Police Station rather than hiring a new employee to cover the additional space at the Police and Fire Stations. The current employees are already stretched too thin and will now be handling the Lawrence Barn. The Fire Department will handle their own cleaning. Chris suggests utilizing the part-time person the Police Department hired last year to help with the cleaning. Melinda states that this was discussed and it was determined that this would not work. Paul mentions that the Fire Department personnel also helped with much of the demolition work at the Fire Station to help defray costs.

Chris questions the line item for highway garage maintenance. Paul explains that this is for building maintenance, repair and upkeep, not for cleaning. Christine asks if this also includes touch up painting. Mark states that this is not included in the budget. Melinda states that this discussion regarding touch up painting was regarding the town hall. Currently Arthur LeBlanc is obtaining bids for this work. She points out that the building is already peeling from the paint that was done just a few years ago. This is a large expense. Mark points out that a long term fix to this problem would be a major expense. Mike asks if this will be an increase to the budget during the second review. Mark states that it is possible, yet they still wish to stay within the guidelines. Mike indicates that he would like to hear more information on this issue; long term and short term solutions.

Cemetery – This is up 15.51%, yet these are relatively small numbers. The Cemetery Trustees are making improvements to the Church Cemetery Wall, which is looking much better. Paul explains that they are looking to encumber some of this year's budget for this project.

Insurance – There have been dramatic increases in the health care portion of workers compensation. This is experience based as well as increased health costs for treating employees. The town does have an active safety committee to help with preventative policies. Chris asks if any portion of this is being driven by the police officer that was recently hit on the road. Paul explains that the town's worker compensation carrier will get reimbursement from the other person's insurance. This is not affecting the current rate. Mike comments that some companies do better or worse in this area. Mark mentions that several weeks ago the town had a visit from the worker's compensation representative who toured all of the town's facilities. They were very impressed with all of the sites, witnessed many safety practices. He spent several hours with this individual. Mike is pleased with this report.

Municipal Dues – This remains flat.

Information Systems – This budget is up 17.42%, which is being driven by growth in the departments. They need more hours for the Information Technology Specialist. She will be bumped up to 25 hours per week, which is still under the limit for benefits. She handles all computer needs for all facilities. Mike asks if there are any new programs anticipated. Paul states that there will be no major programming changing. Cath points out that she has done a great job recycling the computer equipment. Melinda adds that there is a normal rotation of computers.

Police – This is up 4.62%. There is a rate increase for the State Police computers. Union part time salaries have increased, yet the non-union items are down accordingly. Chris mentions that the overtime budget has historically been overbudget. Paul explains that each year there have been unique issues that have come up causing personnel to be out, which creates more overtime. One year there were multiple officers with new babies at home who chose to take extra time off. Another year an injury caused an officer to be out on leave. Chris questions whether this should be increased, since they know that this continues to happen. Paul explains that the budget is based on the full time officers, yet each year something has come up. Cath points out that the full time union salaries are down, while the overtime is up. Melinda states that they are also looking at hiring another 2 officers, which would reduce the amount of overtime. Lorin comments that there are contingency funds to help cover these costs. Chris comments that if the new hires are not approved at town meeting, the overtime budget will be up again next year.

Fire – This is up 16.26%. The Selectmen have been notified by the Fire Department that they no longer wish to remain union members. There is still various legal paperwork to be filed to handle this. He stresses that this is one wild card for the collective bargaining agreement. He hopes to have all figures prior to the public hearing. Paul mentions that the deadline for declaring an impasse is February 1st. Mike stresses that it is not in the town's best interest to go to town meeting at an impasse. Mark comments that they are still working on this. Christine asks if this budget would remain the same if the staff does not remain in the union. Paul states that the figures would not change significantly. The proposed increase to the salary line item is for the new hire. The overtime budget is higher because of difficulties with having an on-call staff, therefore full time staff is utilized for emergencies.

Communications – This is up 4.7%. This budget has been reviewed extensively and they have attempted to get this below the 4% guideline.

Building & Septic – This is down 2.43%.

Emergency Management – This is down slightly.

Highway Administration – This has only a 2.09% increase. Mike questions whether the culvert replacement is included in these figures. Mark states that this will be a warrant article.

Road Rebuilding – This remains flat. Mike asks if there are any major projects anticipated. Paul mentions that the Highway Block Grant figures have not come in from the State, therefore they are using last year's figures. He feels that this will be the same. Melinda states that they have no major projects planned for next year. There is a rotating schedule for road maintenance. Chris mentions that the Strategic Planning Committee has discussed that the Town is not spending enough on routine maintenance to keep the roads from crumbling and deteriorating. This Committee thinks the Town may want to increase this portion of the budget. Mark reminds the BudCom that this tends to be the line item that gets attacked when other items are up due to excessive plowing needs or salt costs.

Street Lighting – This is a 30% increase, yet low dollar amounts. This is due to increased electric costs.

Town Dumps – This is a 14.05% increase. Changes need to be made at the Stump Dump to meet safety and environmental compliance. A concrete pad is needed for equipment parking. Electric, plumbing and heat are needed at the attendant's building. Currently the eye wash station freezes in the winter, which is a safety violation.

Solid Waste Disposal – This is up 2.23%.

Health – This remains flat.

Animal Control – This is up 4.23%.

Health Agencies – This is up 37.35%. This budget has remained level for many years. The Selectmen feel the Town should help out more than they have been. Money from the welfare budget has been redirected to this line item. Cath explains that they have added a new agency to support, the Child Advocacy Center. Mark explains that this program serves child victims of sexual and physical assault. This is a non-profit agency that assists the children, their families and the police investigations. Currently there is a multiple interview process for the child. Through this program this has been changed to a single interview process to create a more comfortable environment for the child. They have been seeing 1 new case per day since the Center opened last year. Six crime victims from Hollis have been assisted by this Center. The program helps to take the perpetrator out of circulation. This is a great program. Vahrij Manoukian, one of the Selectmen is also on the Board of Directors for the Center. Peter mentions that the conviction rates have been higher with the use of this program.

Welfare – This is down 38%.

Parks & Playgrounds – This remains flat.

Recreation – This is a 2.87% increase. Much of this budget is funded by user fees, which come back in as revenue. There is an increase in the director's salary, which is well justified. Christine asks if the Lawrence Barn is included in this budget. Melinda states that there are some overlapping uses as the Director's office will be located in the barn. Christine asks if the Schools contribute towards these costs for their use of the fields for games and/or practices. Mark states that there are no reciprocal feels.

Library – The Board of Directors presented the Selectmen with compelling data to justify their requested increases. The Library has seen much growth and demand for services. Currently they are only open part time hours. Last year their budget increased 14%. This year they are asking for a 24% increase. After reviewing their presentation, the Selectmen felt their request to be well justified, yet did request they reduce it by \$5,000. The main driver of the increase is staffing for the additional hours they will be open. The Selectmen support this increase. Chris asks about roof repairs to the building. Mark explains that the roof is actually in better shape than most people assume. It was recently inspected and found to be in good shape. Melinda mentions that this also includes \$9,000 for new shelving. Last year they requested \$9,000 for half of what was needed and indicated that the remainder would be requested this year. Chris asks if the staffing increase would result in more benefits. Cath indicates that this will not increase benefits. Mark feels that this is something the taxpayers will support. Mike questions if their goal is to bring the Hollis Library closer to norm for other libraries in the area. Mark will ask the Board to respond to this. Melinda, upon reviewing the data presented by the Board of Directors, states that with this increase Hollis will remain 2nd from the bottom of other towns in the area. Mike mentions that he has heard much feedback from people in town that this is a much needed service.

Patriotic – This remains flat.

Conservation Commission – This remains flat. This line item does not include the land use change tax penalty, which is revenue that accumulates until it is used, then it becomes a warrant article to approve the expenditure.

Debt Service – This is up 131.23%. Chris comments that after this major increase, this should start heading down. Paul explains that

in 2006 this line item will show another increase and will then start heading down. Mike comments that the town was fortunate to obtain great bonding rates.

Capital Outlay – These are warrant articles. Last year was an expensive year for warrant articles, while this year these are reduced. Lorin comments that this tends to skew the budget when bonded items are included. Paul states that this is precisely why they remove these items prior to calculating the CPI. Lorin asks what the total increase to the budget is without capital outlay and debt service. Paul states that this is at 3.25%. Melinda adds that this 3.25% does include a portion of capital outlay, but not \$3,000,000 for land bonds.

Proposed Warrant Articles

1. Land Purchase Bond – The Land Protection Study Committee is requesting \$3,000,000 again this year. This is the tax payers decision to make. The same rules apply as all previous land purchase bonds. Mort comments that the bond is peanuts compared to the increase that will be coming. Lorin comments that if there is a hole in the bottom of the boat, there is no need to shoot another hole in the bottom of the boat.

2. Collective Bargaining Agreement – This is still being negotiated.

3. Police Department – This is for 2 new officers and related equipment/uniforms. The intent is to have one of these new officers serve as the school resource officer, with some financial support from the school. The other officer will be on patrol. Chris questions how this officer will be shared between the schools. Mark states that the overall split will be 60% to the schools and 40% to the town. Of the 60%, 54% is for the Coop, and 6% for Hollis Schools. He adds that having only 1 officer on duty at a time is not a good safety situation. Mort asks if they anticipate more break-ins over the next year. Mark stresses that there are many situations and incidents where 2 officers are needed on each shift. Paul states that the last new officer was added in 2004. Scott recalls that this was supposed to help reduce the overtime. Mark again stresses that there are many situations in town that are unsafe for only 1 officer. Mike comments that he would like to hear more rationale from the Police Chief on this topic. Melinda mentions that the Police Department has been asking for more officers each year. Originally they asked for more than the 2 this year, yet the Selectmen cut this back to the 2. Mark states that the school resource officer is greatly needed and highly requested by the schools. This is a geographically large town. Although Hollis is a fairly safe community, there have been increased incidents where it is unsafe for only 1 officer. Chris comments that the school is only open 6 ½ hours. He questions what the resource officer would do for the remainder of this time. Mark states that they may come in early or stay later to meet with students. Cath comments that each of these police officer positions are very different. She suggests making this into 2 separate warrant articles. Mike feels this is a good suggestion. He agrees this would be best. Mark would prefer to keep this as one warrant article. He will have the Chief attend the next meeting to answer questions.

4. Fire Department – This is for 1 new firefighter. The town is experiencing a decline in on-call firefighters and needs to convert to a full time staff. This warrant article is for only 2 months, as the Chief likes to hire in the fall.

5. Communications – This is merely a placeholder for 1 dispatcher. This is still being discussed by the Selectmen. It has not been included in the capital outlay at this time. Mort asks if Brookline is paying their fair share. Melinda states that they have recalculated the agreement with Brookline with a significant increase to reflect the call volume and administrative costs. Brookline has since requested additional data. Mort stresses that they must stand firm if Brookline does not agree.

6. Department of Public Works – This is another placeholder for a part time position for the Lawrence Barn. They are hoping this will not be needed.

7. Dump Truck - \$100,000 for a new dump truck. There is a need for a 2nd new truck, however the Selectmen them to increase the maintenance line item to keep this other truck going for another year.

8. Engineering Study, South Merrimack Road Culvert – This was reduced to \$20,000. This is a highly traveled road in and out of town. 20 years ago this culvert was replaced with corrugated steel, which is rusting. They are looking into using a concrete culvert. This needs to be studied prior to making the full plans. Next year they will have a better idea of the full costs for this.

9. Engineering Study, Transfer Station Retaining Wall – This wall was constructed many years ago and is now degrading, eroding away between the beams.

10. Engineering Study, Farley Building – This building could potentially come available for the town's use. This is a 130 year old building that is in need of significant work to be put back into use.

11. Lawrence Barn – \$5,000 for expenses to connect to the existing septic system. This was not a unanimous decision by the Selectmen (3-2) to support this warrant article. The Lawrence Barn still needs an additional \$160,000 for completion, which the Heritage Commission intends to raise privately. They have not discussed asking for any more taxpayer funds. Melinda explains that they have enough money, except for the septic, to finish the barn to the point where it can be issued a Certificate of Occupancy. The additional \$160,000 is above and beyond what is required for the CO. Lorin comments that the Police Station does not have a sprinkler system installed, yet the Lawrence Barn does. Mark indicates that this is correct. Lorin comments that this is confusing why one building needs it and another does not.

12. Employee Health Insurance Expendable Trust Fund - \$500,000. This is for the self funded health insurance. This must be approved each year as a trust fund to allow the town to retain the excess.

13. Major Fire Equipment Capital Reserve – \$125,000. This is going towards a 2008 purchase of a new engine at \$400,000. There is already \$150,000 in this fund. There is also a tank truck that is needed in 2007 for \$120,000. If the town continues to put money in capital reserves for these vehicles, there will be enough to cover both.

14. Major Public Improvement Capital Reserve - \$50,000. This is for the South Merrimack Road culvert to be replaced in 2007. This will put aside a portion of the full cost.

15. Compensated Absences Payable Trust Fund - \$20,000. This is an attempt to build up this obligation.

16. Release of money from the Flints Pond Capital Reserve – This account was established years ago, yet has since proven to be unreasonable. There is no other lawful use of these funds, therefore the town must turn the money back over to the tax payers.

17. Establishment of the Municipal Transportation Improvement Fund – This fund is authorized by State Law to allow the town to collect an additional \$5.00 for each vehicle registration to support a municipal transportation improvement fund. Mort does not like this idea. This should all come from taxation, not from this source. Mike questions what advantages there are to doing this. Mark states that this would be a use pay system. Lorin asks if there would be any costs to administer this tax. Mark anticipates that this would raise \$25,000 per year. The State Legislature felt a need to approve and allow this. Mike states that this seems like a pain in the neck.

18. Ambulance Fee Fund Appropriation - \$175,000.

19. Old Home Day Fund Appropriation - \$35,000.

20. Police Private Details Fund Appropriation - \$100,000.

21. Expend interest accrued on Safety Complexes Bond for the purpose of finishing the projects – Holding the total costs to \$3,300,000 has been difficult. This would help to relieve the pressure. Paul states that he should have better numbers for this at the next meeting. Currently the interest is at \$30,000, which may be up to \$60,000 by March. When the warrant article was written last year they did not realize that this could be written into it.

22. Operating Budget

Mark comments that he will have all Department Heads present at the next meeting. Mike stresses to the BudCom that if they have any specific questions, they should pass them on to the department heads prior to the next meeting. Mark asks if there are any concerns from the BudCom.

Mort is still concerned that the presented budget only shows figures through November and does not estimate year end actuals. Melinda states that they do not have final numbers yet, but true actuals will be available in January. Many expenses do not come in until December.

Lorin understands that they are essentially looking at a 15% increase. Many of these costs cannot be controlled, yet this is unacceptable after last year. The guidance of 4% is not unrealistic. Mark stresses that they would need to cut operating costs by 10% to accomplish this. Melinda points out that of the 15%, 10% is for debt service. After removing debt service, special revenue and new positions, this is only a 3.25% increase. She feels the Selectmen have met the 4% guideline.

Christine stresses that they do not know what the negotiated settlement figures will be. Melinda states that they do have a ball park figure for this. Mort thinks the proposed budget is fine.

Mike understands that the increase is comprised by items that have already been voted upon, yet the voters will need to realize that the tax rate will also increase because of this. He is concerned about the lack of attendance when these items are voted upon. Melinda points out that 77% of the tax rate is the school budget. She gives brief explanation of how the June and December tax bills are calculated. There are high bills in December, yet lower amounts in June. This looks worse than it really is. Tom Jambard, from audience, states that he thought both bills were the same. Mike

explains that they have had a reasonably flat tax rate over the last few years, therefore each bill was close. This year was not flat, therefore voters saw a major increase in their December bills.

Mark stresses that the 10% increase in bonding costs is what the tax payers approved. This is what they wanted. They do not wish to layoff any emergency personnel or lose services. This is what the people of Hollis voted. He feels the voters will respect the 3.25% increase with a CPI of 4.3% and fuel up 30%. He feels the taxpayers will agree that this is a lean budget. The town has continually supported these land purchases. He reiterates that the BudCom and the Voters approved more bonding for land than the Selectmen had supported. They should not expect them to now cut the operating budget. He urges the BudCom to support the proposed budget. The Selectmen took the BudCom's guidelines very seriously and were very conservative.

Mike is concerned that these figures do not include any collective bargaining numbers. Chris comments that the Selectmen did technically come in with a budget below the guidelines, yet he is still concerned that the overall inflation number is artificially high. He believes this figure will start coming back down. He recommends splitting the police officers into 2 separate warrant articles. He would like the opportunity to not vote down both officers if there is a chance to approve one or the other. He comments that many people were very shocked at the recent tax bills. There are many new employees proposed, yet he does not fully understand how all of this fits. He would like to know how many police officers are in the department now. He does not wish to place anyone at risk, yet he would like to hear more justification for the new officers. Paul states that they currently have 10 officers and are looking to add 2 more. The Communications Department has 6 employees and are looking for 1 more. The Fire Department has 4 full time, 3 open positions and looking for 1 more.

Lorin feels they need to make more cuts. Mort asks if credits are taken out of this budget to make it look better. Melinda emphatically denies this. Those are revenue items, not budget items and are tracked elsewhere. Mike anticipates a significant drop in State funding. Melinda points out that this is reflected in the school budget. Chris mentions that the town assessment did not increase as high as was anticipated.

Christine comments that she is concerned in general. As the town grows, they must be careful when adding more overhead, such as administration, as those positions are hard to eliminate. Mike agrees about the overhead and this should only be done when really necessary. He is skeptical on the need for the police officer, the culvert and warrant article 17. Mark stresses that they are NOT adding any new administrators, only front line personnel. This budget includes everything that has been discussed tonight and no revenue figures have been included to make the numbers look any different.

Tom Jambard states that overall the Selectmen have put together a good budget. There are many items that are beyond their control. There are now new building expenses that are being added for the Lawrence Barn. If the DPW is already doing the cleaning at the Police and Fire Stations, with those being dropped and picking up the Lawrence Barn, the expenses should be a wash. He is concerned with the costs to Vision Appraisal. With so many engineering studies being performed, perhaps the town should look at hiring their own engineer to help with these items.

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

Next Meeting will be held December 15, 2005 at 7:30 PM in the Town Hall Community Room for the first review of the School Budget

Meeting adjourned at 10:05 PM.

Respectfully submitted,

Deborah Adams, Secretary