



BUDGET COMMITTEE
Town of Hollis
Seven Monument Square
Hollis, New Hampshire 03049
Tel. 465-2209 FAX 465-3701

Minutes of February 3, 2015

Meeting was held in the Community Room, Hollis Town Hall. The Budget Committee was called to order by Tom Gehan at 6:36 PM.

Members present: Tom Gehan, Chris Hyde, Frank Whittlemore, Tom Jambard, Susan Benz, Rosemary Mezzocchi - Hollis School Board Rep (arrived 6:52), Frank Cadwell – Selectman (arrived 6:55)
Others present: Deb Padykula – Finance Officer, Troy Brown – Town Administrator, Mark LeDoux – Selectman, Peter Band – Selectman, Tom Bayrd – DPW Director, Jay Sartell – Police Chief, Rick Town – Fire Chief, Dawn Desaulniers – IT & Technical Director

Pledge of Allegiance was recited.

Tom G. spent a few moments discussing the budget process and schedule. He mentioned upcoming meetings: Tonight's meeting is the Hollis Town Budget Public Hearing.

Wednesday February 4 – Hollis School District Budget Public Hearing, 6:30 pm
Tuesday February 10 - Hollis Budget Committee Meeting, 7:00 pm
Thursday February 12 – COOP Petition Article Hearing
Tuesday March 3 – COOP District Annual Meeting (Snow Date March 4)
Tuesday March 10 – Town Elections
Saturday March 14 – Town Meeting (Snow Date March 21), 9:00 am
Thursday March 19 – Hollis District Annual Meeting, 7:00 pm

Tom G. discussed the assumptions and methodology that go into developing the town and school district budgets each year. He reviewed economic data, valuations, tax bills, demographics, bonded debt, etc; all factors that are taken into consideration when developing budget guidance. He stated that a 1% increase in the tax base was assumed when developing the guidance for FY15. He stated that the guidance budget was increased by \$176K (2.6%), which includes \$100K for road rebuilding. Tom G. reviewed the reduction in debt service costs resulting from bond retirement and refinancing. Tom G. highlighted the growth in the \$2.7M unassigned fund balance, which can be used to provide tax relief or fund unanticipated town expenditures. Mark L. stated that this amount is in line with recommended best practices. He also stated that \$400K was at risk pending the outcome of an abatement application filed by PSNH.

Tom G. made a quick review of the anticipated warrant articles on the town side. A preliminary estimate of the town portion of the tax rate results in a \$0.12 increase (~2.0%). This reflects an anticipated revenue increase of \$234K and assumes all warrants as currently written will pass. Tom G. stated that if all of the budgets and warrant articles pass as proposed, the projected total tax rate could increase to \$23.21, up from \$23.13 in 2014 (a 0.3% increase).

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Discussion of Warrant Articles:

ARTICLE 1 - Officials Reports

To hear reports of the Board of Selectmen, other Town Officers and Committees. – No discussion necessary.

ARTICLE 2 - Establish an Expendable Trust Fund (Special Warrant Article)

To see if the Town will vote, pursuant to RSA 31:19-a, to establish an Expendable Trust Fund, to be named the Environmental Defense and Study Expendable Trust Fund, for the purpose of retaining and funding legal representation, engineering experts, and other technical experts as well as related studies and other technical reports associated with the potential environmental impact on the Town occasioned by circumstances affecting the Town in order to determine the extent to which such circumstances may impact wetlands, lakes, rivers, aquifers and other water systems, as well as naturally occurring habitats that sustain wildlife, humans, flora and fauna, as well as determining what, if any, action should be taken by the Town relating to the same; and, further, to appoint the Board of Selectmen to expend any funds in the trust, including interest and principal, for the purposes of the trust; and, further, to raise and appropriate \$50,000 to put in said fund, said funds to come from the unassigned fund balance as of December 31, 2014, available for transfer on January 1, 2015. No amount to be raised from taxation. Majority vote required.

Recommended by Selectmen

Mark L. clarified that this article was written to prepare for future litigation that may arise resulting from the Tennessee Gas Pipeline project, or other unwelcome development initiatives. Peter Baker (Buttonwood Drive) asked if the funds in this article would also be to stop those who break town conservation easements or encroach on town land. Mark L. replied that generally conservation lands are the responsibility of the trusts in which they are held. He said that although this was not the intent of the article, the funds could be used for that purpose if necessary. Chris H. added that this would be outside the scope of the article as written. Drew Mason (Baxter Rd.) asked what makes this a “special” warrant article. Mark L. explained that the term “special” is required by the DRA when designating funds from the unassigned fund balance for a specific purpose. Mr. Mason stated that he was a member of the pipeline commission and supported this article because there are no guarantees that Kinder Morgan will not revert back to Hollis as the desired location for the pipeline.

ARTICLE 3 - Old Home Day Special Revenue Fund

To see if the Town will vote to raise and appropriate the sum of \$50,000 for the purpose of sponsoring the Old Home Days event and to fund this appropriation by authorizing the withdrawal of said sum from the Old Home Day Special Revenue Fund. This article will not affect the tax rate, as these funds will be raised from fees and donations.

Recommended by Selectmen

Estimated Tax Impact - \$0.06/\$1,000

There was no discussion.

ARTICLE 4 - Compensated Absences Payable Expendable Trust Fund

To see if the Town will vote to raise and appropriate \$30,000 to be placed in the Compensated Absences Payable Expendable Trust Fund as previously established at the 2002 Annual Town Meeting.

Recommended by Selectmen

Estimated Tax Impact - \$0.03/\$1,000

Tom G. explained that the town is liable for accrued earned time in the event that employment is terminated. The purpose of this article is to have a reserve in place for this contingent liability. At the end of FY14 the town’s liability was \$232K and the fund’s balance was \$45K. Bob Labelednick (Truell Rd) asked why the town did not require earned time be forfeited if unused. Tom G. replied that the

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town was contractually obligated to allow employees to accrue time. Mark L. stated that 45 town employees are members of collective bargaining units, several members are grandfathered under older agreements, and the town is slowly moving toward a more conservative approach in terms of paid time off.

ARTICLE 5 - Revaluation Capital Reserve Fund

To see if the Town will vote to raise and appropriate \$14,000 to be placed in the Revaluation Capital Reserve Fund as previously established at the 1996 Annual Town Meeting.

Recommended by Selectmen

Estimated Tax Impact - \$0.01/\$1,000

Tom G. explained that NH state law requires a town wide property reevaluation every 5 years which costs ~\$70K to administer. This article attempts to fund this expense over several years to lessen the tax rate impact.

ARTICLE 6 - Municipal Buildings and Facilities Maintenance Expendable Trust Fund

To see if the Town will vote to raise and appropriate \$150,000 to be placed in the Municipal Buildings and Facilities Maintenance Expendable Trust Fund as previously established at the 2008 Annual Town Meeting and amended by the 2009 Annual Town Meeting.

Recommended by Selectmen

Estimated Tax Impact - \$0.12/\$1,000

Tom G. reviewed the fund balance and proposed FY15 projects.

ARTICLE 7 - Contingency Fund

To see if the Town will vote to raise and appropriate \$70,000 to be placed in the Contingency Fund as previously established at the 2014 Annual Town Meeting.

Recommended by Selectmen

Estimated Tax Impact - \$0.06/\$1,000

Tom G. stated that this used to be a line item in the operating budget but recent changes to NH law allow smaller towns to separate out this type of fund and to vote on its funding each year at town meeting. Mr. Mason asked for the current balance. Mike H. said that the town is required to provide an itemized report of how the fund is used. Mark L. stated that most of the fund had been spent on the TGP issue (legal fees, water study). Deb P. confirmed that leftover monies are returned to the unassigned fund balance and each year the fund balance begins at \$0.

ARTICLE 8 - 2015 Operating Budget

To see if the Town will vote to raise and appropriate the sum of \$9,485,288 which represents the operating budget of the Town for 2015, not including appropriations by special warrant articles and other appropriations voted separately.

Recommended by Selectmen

Estimated Tax Impact - \$7.89/\$1,000 (does not back out revenue)

Tom G. stated that this budget is \$892 under the BudCom guidance amount and thanked the Selectmen and department heads for their efforts.

Increases to the proposed budget include:

1. NH Retirement contributions
2. Salaries - collective bargaining agreements, the addition of a police officer in 2014, and increased Selectmen salaries.
3. New communication specialist position
4. Road rebuilding efforts
5. Capital lease agreements – DPW equipment and Finance software.

Decreases to the proposed budget include:

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1. Employee health benefit funding
2. Transitioning the contingency fund to a warrant article
3. Expired capital lease agreements – Fire Department
4. Long Term Debt refinancing
5. The elimination of a communications part time position

Bob Labednick (Truell Rd) asked why the salary increase for the Board of Selectman was not put on a warrant article. Mark L. replied that the \$3.5K annual stipend had not been adjusted in over 30 years and when looking at similar communities he found that selectman earned ~\$10K. He explained that this increase raises each selectman's salary to \$7K and is an executive expense which should be included in the budget. Mark L. also stated that he intends to provide full disclosure and explain the rationale behind the increase at town meeting. Mr. Labednick replied that the frequency of selectmen meetings has decreased, not all selectmen attend every meeting, and the town pays \$150K to administrators. Mark L. respectfully disagreed and listed additional responsibilities including union negotiations, consultations with legal counsel regarding the gas pipeline, and special town meetings. He also reiterated his intention to be transparent and stated that if this was rejected at town meeting the increase would be removed from the budget. Mr. Mason requested that the collective bargaining contract increases be broken out from the budget so that voters can see the actual amounts. He asked Tom B. if a list of planned road projects for 2015 was available. Tom B. replied Ranger Rd., Wright Rd., and parts of Louise Dr.

ARTICLE 9 - Conservation Easement

To see if the Town will vote to raise and appropriate the sum of \$400,000 to allow the Conservation Commission, in the name of the Town and subject to the approval of the Board of Selectmen, pursuant to RSA 36-A:4, (l), to acquire conservation easements on approximately 39 acres, more or less, consisting of two parcels of land located on Ranger Road, identified in the Town of Hollis Tax Maps as Map 26 - Lot 26 and Map 26 - Lot 80. To authorize not more than \$200,000 to be raised by taxation it being expressly understood and a condition of this appropriation that the balance of the purchase price remaining to acquire said easements shall be funded through the use of available funds in the conservation fund, grants and/or private donations, but not any additional taxes, failing which this appropriation shall lapse at the end of the fiscal year. Further, it is understood that the conservation easements shall restrict the entirety of the parcels identified except for an area surrounding the existing Old Pine Hill School House consisting of sufficient acreage to allow said structure to constitute a separate legal and buildable lot pursuant to typically applicable land use regulations, and the easement conditions shall otherwise be on such terms and conditions as are acceptable to the Conservation Commission and the Board of Selectmen.

Recommended by Selectmen

Estimated Tax Impact - \$0.33/\$1,000

Tom G. suspended public input so the BudCom would have a chance to review the article as it had not yet been seen by the BudCom. Peter Baker – Conservation Committee (Buttonwood Dr.) stated that the intent of this article is to limit the amount of town funds spent to no more than half of this property's cost, which at the time this meeting is unknown. Susan B. asked if the cost would be known by town meeting. Mr. Baker said the appraiser would have a preliminary number. Chris H. asked what happens to the \$200K if this transaction does not transpire. Troy B. replied that it would be rolled into the unassigned fund balance. Mark L. explained that conservation land is valued at 80% of the tax card (\$500K) which is how they arrived at \$400K. There was a discussion of potential outside funding sources. It was reiterated that no more than \$200K would come from taxation. Peter B. stated that the Conservation Commission fund balance is \$300K, and that while the Conservation Commission voted in favor of acquiring the property, no amount of money was offered for funding. Tom J. asked if the land was in current use. Mark L. said that it was. There was a discussion of the property's availability

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for public use. Susan B. asked if there was a sense of urgency. Mark L. stated that several grant programs would not be available in upcoming years and that the location of the property is desirable.

Tom G. opened the article for public input.

Sharon Howe (Nartoff Rd.), speaking on behalf of the property's owner, stated that she had just received the wording for this article and could not commit to the dollar amounts as there has not yet been an appraisal. Chris H. asked about public access. Ms. Howe replied that public access is allowed in the winter and would be limited in the summer so as not to interfere with crop production. Dave Gilmour (Depot Rd.), a member of the Hollis Land Protection Study Committee, stated that this was a very unique property and asked the members of BudCom to support the purchase. Mr. Mason asked about the condition of the Old Pine Hill School. Ms. Howe replied that it is the only remaining one room school house in Hollis in original condition and that it is intended to be donated to the Hollis Historical Society. It has been maintained and is in good condition. There was discussion of subdividing the part of the property where the school house sits and whether that part of the property would be buildable. Frank C. asked if Sharon had additional questions about Article 9. Ms. Howe said she had not had a chance to look at the Article in depth.

ARTICLE 10 - Withdrawal from the H/B Cooperative School District

To see if the Town will vote to direct the Hollis-Brookline Cooperative School Board, pursuant to RSA 195:25, to undertake a study of the feasibility and suitability of the withdrawal of the pre-existing Hollis school district from the Cooperative school district.

Recommended by Selectmen

Frank C. stated that this study will help determine whether it's possible for Hollis to educate only Hollis high school students and if a smaller student population will solve some accreditation issues.

ARTICLE 11 - To Transact Any Other Business That May Legally Come Before Said Meeting.

Public Hearing was ended at 8:34. This was followed by a 10 minute recess.

Tom G. opened deliberations at 8:44.

Article 2: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Susan B. Chris H. asked why the verbiage did not state that the fund was non-lapsing. Troy B. stated that it will be an ongoing fund and that the term "non-lapsing" was not required. Tom J. asked if the funds could be used to help neighboring towns. Mark L. replied no. Tom J. moved the question.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Yea, Tom J. – Yea, Frank W. – Yea, Rosemary M. – Yea, Frank C. – Yea

Motion carried 7-0-0

Article 3: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Rosemary M.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Yea, Tom J. – Yea, Frank W. – Yea, Rosemary M. – Yea, Frank C. – Yea

Motion carried 7-0-0

Article 4: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Tom J.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Yea, Tom J. – Yea, Frank W. – Yea, Rosemary M. – Yea, Frank C. – Yea

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Motion carried 7-0-0

Article 5: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Susan B. Rosemary M. asked about the math of the \$.01 tax increase. Mark L. clarified that this is a gross number that does not back out revenue. Tom J. moved the question.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Yea, Tom J. – Yea, Frank W. – Yea, Rosemary M. – Yea, Frank C. – Yea

Motion carried 7-0-0

Article 6: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Tom J. Tom J. asked if the costs for the heating system repairs used existing duct work. Troy B. replied that both the heating and cooling systems would use existing pipes and ductwork. There was a discussion about the cost of wood pellets. Frank C. stated that they would be dual fuel systems. Tom J. moved the question.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Yea, Tom J. – Yea, Frank W. – Yea, Rosemary M. – Yea, Frank C. – Yea

Motion carried 7-0-0

Article 7: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Tom J.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Yea, Tom J. – Yea, Frank W. – Yea, Rosemary M. – Yea, Frank C. – Yea

Motion carried 7-0-0

Article 8: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Rosemary M. Chris H. stated that he wished the Selectmen's salary increase was a separate warrant article because he would like it to be explicitly transparent to the town voters. Mark L. said that presenting this in a separate warrant article would invite dissension and that the board has every intention of being upfront with voters. There was a discussion about the town meeting slide presentations. Tom J. moved the question.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Yea, Tom J. – Yea, Frank W. – Yea, Rosemary M. – Yea, Frank C. – Yea

Motion carried 7-0-0

Article 9: Chris H. made a motion that the BudCom recommend this article. Motion was seconded by Rosemary M. There was a discussion about the preliminary nature of the \$400K value. Chris H. stated that he liked that tax payer exposure is capped at \$200K and that the land is desirable. Tom G. stated that he had concerns with the sense of urgency and the amount of unknown variables. Mark L. stated that the article needed approval before the purchase would become eligible for federal grants. Tom J. stated that if the sale does not transpire the \$200K would be used next year to reduce taxes. Tom J. moved the question.

Roll call vote:

Susan B. – Yea, Tom G. – Yea, Chris H. – Yea, Tom J. – Yea, Frank W. – Yea, Rosemary M. – Yea, Frank C. – Yea

Motion carried 7-0-0

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Article 10: There was a discussion about whether or not the BudCom was required to take a position since this article does not appropriate funds. Tom J. made a motion that the BudCom recommend this article. Motion was seconded by Frank W. There was discussion about the pros and cons of the Coop. Tom G. asked Tom J. to withdraw his motion to recommend the article so that a motion could be made on whether to take a position on the article. Tom J. withdrew his motion to recommend the article. Chris H. made a motion to recommend that the BudCom not take a position on the article. Motion was seconded by Susan B. Frank C. stated that this is a financial matter that should be considered by the BudCom. There was discussion about the merits of taking a position and the timing of the article. Mark L. reviewed the legal process and potential financial benefits of the feasibility study. Chris H. rephrased his motion to recommend that the BudCom take a position on the article. Motion was seconded by Frank C.

Roll call vote:

Susan B. – Nay, Tom G. – Yea, Chris H. – Nay, Tom J. – Nay, Frank W. – Nay, Rosemary M. – Nay, Frank C. – Yea

Motion failed 2-5-0

Motion to adjourn was made by Chris H. / Tom J. seconded. Meeting was adjourned at 9:52 PM.

Respectfully submitted,

Christina Winsor, Tax Collector