



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

**Minutes of September 10, 2018**

Meeting was held in the Community Room, Hollis Town Hall. The Budget Committee was called to order by Tom Gehan at 7:38 PM. The meeting was held in conjunction with the Hollis Board of Selectmen until 8:35, at which time the BOS adjourned.

**Members present:** Tom Gehan, Chris Hyde, Tom Jambard, Mike Leavitt, Mark Ledoux – Selectman Rep, Darlene Mann, and Tammy Fareed – School Board Rep

**Others present:** Peter Band – Selectman, Frank Cadwell – Selectman, Todd Croteau – DPW Director, Deb Padykula – Finance Officer, David Petry – Selectman

**New Business:**

Mark L. stated that the BOS passed a resolution to maintain the unassigned fund balance at 10% of the operating budget. He added that the current ~\$4M balance is due to unanticipated revenue from land use change tax and new vehicle registrations. He stated that the BOS is considering using a portion of the unassigned fund for 2019 capital expenditures and for the land purchase bond interest/principal payments.

Mark L. stated that the town adopted the 2018 property revaluation, which increases assessments an average of 12%.

Mark L. stated that using the unassigned fund balance to offset upcoming expenditures with the goal of arresting tax rate increases is a judicious use of the funds.

Peter B. added that he would support using ~\$500K from the unassigned fund balance to offset tax rate increases.

Tom G. asked if the bond agreements allow for the prepayment of principal and whether the town is locked in to a fixed interest amount.

Deb P. replied that she was not sure and would need to confirm.

Chris H. stated that the 10% unassigned fund balance is based on a \$30M budget, which also includes the SAU and Hollis school districts. He does not think the BOS has authority to use the unassigned fund balance for expenditures in the other districts, therefore those budgets should not be included in the basis when determining the desired fund balance amount.

Chris H. stated his concern that using the fund balance to artificially suppress the tax rate hinders the ability of voters to accurately ascertain the cost of projects and acquisitions, and may lead to poor decision making in the future.

Peter B. and David P. replied that they would look into his concerns.

David P. added that they need to improve revenue projections and budget estimates.

Mark L. stated that the Selectmen would consult the DRA, legal counsel, and independent auditors to determine the BOS authority to use the unassigned fund balance. He added that the town now enjoys a AA bond rating due to the current level of the fund.

Tom J. asked for the status of the house on the Stefanowicz property.

Mark L. stated that it is being maintained by the DPW and there is no intention to sell it at this time. He added that studies are underway to determine the best use of the property.

Tom G. stated that the DRA position is advisory and not set in statute. He agreed that the benefit of the fund level primarily relates to credit rating.

Chris H. asked how Hollis compares to other towns in terms of unassigned funds.

Frank C. replied that Hollis is on the higher end per Municipal Resources, Inc.

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### **2019 Road Maintenance Plan Preliminary Discussion**

Todd C. stated that the ten year Road Systems Management Plan currently being developed by NRPC will not be available until early October.

He stated that the S. Merrimack Rd. project is not completed due to a lack of funds available for paving. He stated that the cost to pave the road is ~\$83K plus \$11K for gravel edges. He added that DPW staff has performed some work on the ditching on S. Merrimack Rd.

Chris H. asked why the funds were not available.

Todd C. replied that the material cost of asphalt increased approximately \$65K.

Tom G. asked if they were discussing plans for 2019 or if the current presentation discussed smaller increments.

Todd C. replied that without the plan from NRPC, he is focusing on road reconstruction and maintenance.

Mark L. listed upcoming projects. They are listed below in order of priority (per DPW) and will cost ~\$1.4M.

- 1) S. Merrimack Rd. from Fletcher to town line - \$100K
- 2) Wood Lane - \$125K and stop signs at each end
- 3) Farley Rd. from Pine Hill Rd. to town line - \$180K
- 4) Wheeler Rd. needs a complete rebuild. The road is a little over 3 miles long.

Peter B. asked if road maintenance would cost approximately \$1M/year.

Todd C. replied that it could be more in some years depending on which roads are improved.

Chris H. asked if there is enough staff to complete these projects in one year.

Todd C. replied there is enough staff and added that work on Wheeler Rd. could be segmented.

Tom J. asked if the cost estimates include town labor.

Todd C. replied yes.

Tom J. asked if the cost of labor to work on the road projects would be removed from the DPW salaries budget item since it will be paid for out of the budget for road projects.

Todd C. said it would not because labor is accounted for in the town budget. Labor costs are included in the presentation only to better reflect the true cost of the project.

Tom J. asked how the final cost of past road projects have compared to the projected estimates.

Todd C. replied that this year actual costs are exceeding estimates.

Todd C. stated that the roads currently being discussed are, in his opinion, what should next be addressed. He prepared this list because the 2019 NRPC plan is not yet available.

It was agreed that the NRPC plan is needed to determine which roads should take priority.

Chris H. stated that the purpose of the plan is to get to a point where roads do not reach total failure and need to be completely rebuilt.

Todd C. stated that it is necessary to perform maintenance work every 7-12 years to lengthen the life of the road.

Todd C. confirmed that the roads being discussed are not included in the 2018 budget.

Mark L. requested a cost analysis that omits DPW labor because it is already accounted for elsewhere in the budget. He estimated that the cost is closer to \$1.2M if DPW labor is removed.

Tom J. asked if there would be RFPs for outside contract workers.

Todd C. replied yes.

Tom G. stated that BudCom would set preliminary guidance at the October 9<sup>th</sup> meeting and would adjust the line item for roads as necessary once the NRPC report is available.

Mark L. asked what was planned for rolling stock requests.

Todd C. replied that he will ask for a 6-wheel multi-use dump truck (\$200K) and an additional pickup truck for the transfer station.

### **Approval of Minutes:**

Tom J. moved to accept the minutes of 7/10/18 as amended. Mark L. seconded. Motion passed unanimously. Vote was 7-0-0.

### **Public Input:**

Paul Miller of 6 Farm Pond Lane inquired about the process to file a Citizens Petition Warrant Article.

Tom G. replied that the article should be submitted to the town administrator by February 5th. If the article requests an appropriation of funds it must be discussed at the February BudCom public hearing.

Chris H. added that there is a 2 week window in which the article may be submitted prior to the deadline and that BudCom cannot modify the wording of the article.

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Tammy F. asked how citizens could acquire guidance in terms of how to best state the intent of the article.

Tom G. replied that there is no formal process in place and suggested attending a BudCom meeting prior to public hearing.

Tom J. inquired about the interim Town Administrator.

Mark L. replied that John MacClean is a temporary consultant from MRI assisting during the search for a permanent replacement.

### **Town Report:**

Mark L. stated that revenues and expenditures are in line. He estimated \$100-\$150K in encumbrances across departments that will carry over. This will bring the 2018 expenditures to 98% spent.

Mark L. stated that an Assistant Planner position will be proposed for FY19. Currently Virginia Mills, former Hollis assistant planner, is filling in until December.

### **School Report:**

Tom G. stated that the year-end close will be discussed at the October meeting.

Tom G. asked for the status of the H-Step project.

Tammy F. replied that the project is complete. The energy recovery units are in place and will be functional once wiring is done.

Chris H. asked if there is concern regarding some places on the outside of the building that appear not to be sealed.

Tammy F. replied that there are still pending cosmetic items which will be scheduled in the next year.

Tom G. asked when a final financial report will be available.

Tammy F. said she did not know, but felt it would be soon as the vast majority of the work is finished.

Tammy F. said the air flow in the building is still an issue but the energy recovery units should help once they are functional. She added that air source heat pumps may be requested in the future. She stated that a plan was in progress to propose switching to more efficient lighting.

Tammy F. stated that the public school infrastructure project, which is funded using a state grant, is 40% complete.

Tammy F. stated that enrollment is about the same as last year with 344 students at HPS and 327 students at HUES. She said that smaller numbers had been anticipated given the large size of last year's 6<sup>th</sup> grade class. She stated that an entire new kindergarten class was added which necessitated hiring a new teacher. She added that most classes exceed the NESDEC projections.

Mark L. requested enrollment figures for each grade level going forward.

Tammy F. replied that these numbers are presented at HSB meetings and will be included in BudCom materials going forward.

Tammy F. stated that 3 new employees include a kindergarten teacher due to a new class section, 2<sup>nd</sup> grade teacher due to a resignation, and 4<sup>th</sup> grade teacher due to staff reallocation.

Mark L. asked for the total number of staff in the district.

Tammy F. replied that there is a combined total of 127 staff under the teachers and support staff contracts plus 4 administrators.

Tammy F. discussed the bus driver shortage. She stated that the SAU administrators are actively working with the transportation company to find a solution and that Andy Corey will try to solicit bids from other companies for future years. Bus transportation is state mandated for grades K-8. She asked that conversations regarding Hollis Transportation be respectful as the company is owned by a local family. She added that the transportation contract contains a clause to rebate the school districts if obligations are not met.

Tom J. asked if a CDL license was a requirement for all drivers.

Tammy F. stated that discussions are taking place regarding the usage of vans to alleviate part of the issue.

Tammy F. stated that the audit field work has been completed on schedule.

Mark L. asked for the status of the Collective Bargaining Agreement.

Tammy F. said the meetings have started and the ground rules have been set.

Mark L. stated that based on the Consumer Price Index he would not support a contract that exceeds a 3.4% increase.

Tammy F. stated that it is difficult to find equivalent support staff agreements in other communities because the Hollis contract includes para-educators, cafeteria workers, custodians, and secretaries. Each district has a different type of contract.

Mark L. stated that functions not pertaining to education may be performed by an outside third party.

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### **New Business:**

Tom G. reviewed a letter to be submitted to the Hollis School Board pertaining to the timeline for the Support Staff Collective Bargaining Agreement. He stated that BudCom would like to have finalized documents in mark-up format by January 29, 2019. The BudCom/HSD public hearing is February 5, 2019.

Tammy F. stated there may be a conflicting meeting on February 5<sup>th</sup> with the SAU governing board which will need to be rescheduled.

Tom G. stated the while the DRA deadline for CBAs is February 11, 2019, he does not feel BudCom has the flexibility to wait until that date.

Chris H. moved to accept the authorization of transmission of the letter identifying the collective bargaining deadline as January 29, 2019 from the Hollis Budget Committee to the Hollis School Board. Mark L. seconded. Motion passed unanimously. Vote was 7-0-0.

Tom G. reviewed the 2019/2020 budget cycle.

### **Upcoming Meetings:**

October 9, 2018:	Preliminary Guidance for Town and HSD / Enrollment FY20 Forecast
November 13, 2018:	Final Guidance for Town and HSD / School Capital Improvement Plan / NESDEC
December 10, 2018:	Joint BOS/BudCom First Review FY19 Town Budget
December 11, 2018:	Joint HSB/BudCom First Review FY20 School Budget
January 7, 2019:	Joint BOS/BudCom Second Review FY19 Town Budget
January 8, 2019:	Joint HSB/BudCom Second Review FY20 School Budget
January 29, 2019:	Joint HSB/BudCom Support Staff Collective Bargaining Agreement Review
February 4, 2019:	Town Public Hearing (tentative)
February 5, 2019:	HSD Public Hearing
February 7, 2019:	COOP Public Hearing
March 12, 2019:	Elections
March 16, 2019:	Hollis Annual Town Meeting

Mark L. stated that the town would begin negotiating two CBAs beginning in summer 2019 for FY20.

Motion to adjourn was made by Mark L. Chris H. seconded. Meeting was adjourned at 9:27 PM.

Respectfully submitted,

Christina Winsor, Tax Collector