



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

Minutes of July 10, 2018

Meeting was held in the Community Room, Hollis Town Hall. The Budget Committee was called to order by Tom Gehan at 7:05 PM.

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

Pledge of Allegiance was recited.

Approval of Minutes:

Tom J. moved to accept the minutes of 6/21/18 as presented. Mike L. seconded. Chris H. and Mark L. abstained. Motion passed. Vote was 5-0-2.

Public Input: No members of the public were present.

Town Report:

Mark L. stated that the Board of Selectmen is conducting preliminary discussions to utilize a portion of the undesignated fund balance to help offset the upcoming bond payments associated with the Stefanowicz and Birch Hill land purchases. Mark L. stated that tax receipts and income YTD is positive and there could be significant current use revenue in the second half of the year.

Mark L. stated that the Conservation Committee has identified two potential land acquisitions.

Mark L. stated that the Recreation Commission was allotted \$15K from the Special Studies Fund to conduct analyses on potential locations for new athletic fields. He discussed several locations that are under consideration.

Mark L. estimated that the cost to upgrade Town Hall building security will be \$30K - \$50K and will come out of the Capital Expenditures Fund.

Mark L. stated that in light of recent retirements, the Selectmen would like to use a portion of the Undesignated Fund Balance to keep the Compensated Absences Fund 50% - 60% funded.

Mark L. stated that the property reevaluation is complete and notices will be sent to all property owners in the next few days. He added that the reevaluation resulted in a 12% increase, or \$1.36B, in town wide property value.

Tom G. asked for an update regarding the transfer station fence and roof repair over the community room at Town Hall.

Mark L. replied that the fence is scheduled but he does not yet know the status. He added that bids for the roof repair are forthcoming.

There was a discussion about the police department's upcoming CALEA accreditation in Michigan on July 26.

Chris H. asked for the cost of travel to the ceremony.

Mark L. replied approximately \$2.5K and added it is a good opportunity to learn from other law enforcement professionals nationwide.

Chris H. stated that using the Undesignated Fund Balance to reduce the tax rate on prior approved projects can skew the public's perception of the town's expenditures.

Tammy F. asked about the ramp at Town Hall. It was agreed that repairs are needed.

There was a discussion regarding updates to the SAU offices and the barn at Lund Lane.

Chris H. asked about the status of paving on Route 122, with the understanding that this is a state road.

Mark L. replied that the town intends to inquire about the quality of the paving and is hopeful the state will complete the repairs.

Chris H. asked about the status of repairs on Witches Spring Rd.

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Mark L. replied that he would invite the new DPW Director Todd Croteau to the next BudCom meeting to speak to road rebuilding projects.

School Report:

Tammy F. stated that the 2018 EOY financials are not yet available since the fiscal year just ended on June 30.

Tammy F. reviewed the current status of construction for the energy project. The wrap at HPS has started in the back of the building and the foaming at HUES is completed.

Tammy F. stated that there is upward pressure on kindergarten enrollment due to the transition to a full day program.

Darlene M. added that Amherst is also experiencing an increase in kindergarten enrollment.

Tammy F. stated that the facilities can accommodate the growth.

Mark L. asked for the anticipated increase.

Tammy F. replied that generally enrollment increases 20-30% from kindergarten to first grade as students transition out of private kindergarten, but the actual numbers are not yet known. She added that the number of teachers has not increased.

Darlene M. asked if the state offsets part of the cost for full day kindergarten.

Tammy F. replied that the program qualifies for state funds.

Tammy F. reviewed the status of ongoing Expendable Trust projects:

Hollis Schools Building Trust

1. HUES first floor roof (\$32K) - On hold due to energy project
2. Intercom replacement (\$18K) - Completed \$3.3K over budget due to upgrade of sound system
3. HPS playground mulch (\$15K) – Completed \$3.6K under budget due to use of different material
4. HPS parking lot safety improvements (\$12K) - 80% complete
5. HPS server room A/C (\$9K) - Heat service pump added instead because it is more efficient

SAU Building Trust – Tammy F. stated that parking lot improvements were completed and heat pumps are being added to transition out A/C window units. She added that part of the expenditures also involve upgrading the building's electrical.

Chris H. stated that he missed June's meeting and asked Tammy to review the energy project's reasons for being over budget due to the roof repair and building wrap.

Tammy F. replied that it is anticipated the project will be \$20K net over budget. She stated that the phase change materials have been taken out of the project since they do not offer as much savings as anticipated and they can be added at a later date.

There was a discussion regarding the service heat pumps and how they maintain heat in the building, and a review of other aspects of the project engineering that were presented at the June 21, 2018 meeting.

Mark L. recommended implementing annual analyses on energy usage and expenditures for the town and both school districts.

New Business:

Tom G. stated that the next BudCom meeting is September 11, 2018.

Tom G. asked for a volunteer to act as a BudCom representative to the SAU Budget Subcommittee.

Mark L. made a motion to nominate Mike Harris as the primary representative and Mike Leavitt as the secondary representative. Tammy F. seconded. Vote passed 7-0-0.

Tom G. reviewed the Unassigned Fund Balance. He stated that it comprises the accumulation of unexpended funds and unexpected revenue. The selectmen's policy is to maintain the fund at \$2.5M. The fund has grown to approximately \$4M. The fund can be expended at town meeting via warrant article, the selectmen may vote to use a portion to reduce the tax rate, or it may be used to pay for emergency expenditures as approved by the state.

Mark L. stated that a risk exists pertaining to an ongoing PSNH abatement court case that may result in the town needing to refund up to \$800K.

Mark L. stated that GASB best practices recommends a minimum 5% and ideally 10% of total expenditures. He added that the town's total expenditures have increased from \$25M when the policy was adopted to currently \$30M, which comes out to a \$3M fund balance.

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Tom G. added that maintaining the recommended unassigned fund balance positively affects the town's credit rating and enabled the town to refinance existing debt and save \$400K in interest.

Tom G. stated that the HSD and COOP retained fund balances are limited to 2.5% and 1.0% of net appropriations, respectively. The only way to expend is to petition the state for approval to pay for emergency expenditures. If it is not expended it is returned to taxpayers as revenue in the following fiscal year.

Tom G. stated that the current unassigned fund balance is \$3.73M. He asked if the current policy should be updated. He also stated that it is the BudCom's opinion that it is best to use the fund for non-recurring or emergency expenses, as opposed to supplementing ongoing expenses and operating costs.

Tom J. asked if the amount that can be used to offset taxes is determined by the DRA.

Mark L. replied that it is at the Selectmen's discretion.

There was a discussion regarding the merits of smoothing out cyclical costs versus using the fund to lessen the tax impact of the land purchase bonds.

Chris H. stated that he feels using the fund to smooth out the effect of the bonds unintentionally misleads voters by not reflecting the true tax impact of voter decisions. He added that the fund should be used for one time or emergency expenses or returned to the taxpayers directly.

All parties agreed that the fund balance is currently too high.

Mark L. restated that the fund balance has garnered a high credit rating and interest savings.

Tom J. stated that the new housing developments currently being built will increase plowing and road maintenance expenses.

Mark L. asked if preliminary guidance was available.

Tom G. replied that it will not be available until October.

Mark L. stated that the discussion was very helpful.

Tom G. requested that BudCom be advised of any policy changes pertaining to the fund balance.

Mark L. stated that the Selectmen would ask the advice of the independent auditors regarding the appropriate level of the undesignated fund balance.

Motion to adjourn was made by Tom J. Mark L. seconded. Meeting was adjourned at 8:53 PM.

Respectfully submitted,

Christina Winsor, Tax Collector