



BUDGET COMMITTEE

Town of Hollis

Seven Monument Square
Hollis, New Hampshire 03049
Tel. 465-2209 Fax. 465-3701

Minutes of November 13, 2018

Meeting was held in the Community Room, Hollis Town Hall. Tom Gehan called the Budget Committee to order at 7:03 PM.

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

Others present: Todd Croteau – DPW Director, Deb Padykula – Finance Officer, Kelly Seely – SAU41 Business Administrator

Pledge of Allegiance was recited.

Approval of Minutes:

Mike H. moved to accept the minutes of 10/16/18 as written. Mark L. seconded. Motion passed. Vote was 7-0-1. Chris H. abstained. Minutes were accepted.

Town Roads Study:

Todd C. reviewed the first draft of the next 10-year plan provided by the Nashua Regional Planning Commission (NRPC). He stated that the report proposed a \$5.3M investment over the next 10 years. The plan uses a combination of pavement preservation techniques and road reconstruction once a road is at least 70% degraded. He added that Worcester & Wheeler Roads are scheduled for reconstruction.

Tom G. asked Todd C. to review NRPC's involvement.

Todd C. stated that NRPC evaluated all of the paved roads in Hollis to determine road conditions and assign distress levels. The \$10K project was 90% funded by a grant from the Federal Highway Administration. He stated that the main roads are in good shape, but the town needs to focus on improving secondary roads.

Tom G. pointed out that the results of pavement condition index (PCI) indicate 75% of Hollis roads are considered great or very good, while only 0.4% are in poor condition.

Todd C. clarified that the 0.4% does not reflect the work completed on Witches Spring Rd. so it is actually less than 0.4%. Chris H. questioned the true condition of Farley Rd. and asked Todd C. to review it.

Todd C. replied that work on Farley Rd. is planned for 2019. He stated the priority list takes into account traffic, emergency response needs, and PCI.

Tom G. clarified that the top priorities are not necessarily receiving the most funds; they are just first in terms of receiving attention.

Tom J. asked how prices were determined.

Todd C. replied that industry standards were used.

Mark L. stated that the plan's average annual spending is \$550K, which is in line with past years.

Todd C. stated that the current year is at ~\$625K. The cost of asphalt has increased 11.9% over the past year.

Tammy F. asked if all the proposed maintenance techniques have been tested.

Todd C. replied yes.

Tom G. asked if the plan covered all Hollis roads.

Todd C. confirmed that it does, but clarified that there is deferred maintenance on Flint Pond and Federal Hill Roads due to the need for engineering studies regarding water drainage.

Mark L. asked about the status of paving Wood Lane and if a warrant article is needed to authorize funding.

Todd C. replied the cost will be ~\$130K and a warrant article is needed.

Tammy F. expressed concerns regarding paving and traffic flow on Federal Hill Rd.

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Tom J. asked if the traffic counts are current.

Todd C. replied that he did not have current numbers and stated that NRPC updates counts annually.

There was a discussion regarding the life span of the new road at Cutter Place.

Todd C. stated the goal is a 20-year life span.

Mark L. asked if there is a futures market for asphalt liquor.

Todd C. replied yes but it only goes out one year. There was a discussion about securing costs using futures.

Tom G. asked when the final report would be available.

Todd C. replied that he wanted to receive BudCom's feedback before finalizing the report.

Mark L. thanked Todd C. for the report and stated that it is well done and very helpful.

Todd C. clarified that the costs reflected in the report include only asphalt and do not account for ancillary costs such as catch basins, signage, etc.

Mike H. asked for costs regarding sub-contract work and additional materials.

Tom G. suggested adding 10-15% in ancillary costs to the report for each year in the plan.

Town Report:

Mark L. stated that as of October 31, 2018, expenditures are at 79.7% and revenue is at 80.87%. He stated that LUCT is \$279K over the \$60K budgeted amount and explained that this is one of the reasons contributing to the growth of the unassigned fund balance. He stated that a warrant article would be presented at town meeting to change the allocation so that the Conservation Commission keeps 75% and the town keeps 25% of LUCT revenue. He added that another \$100K in LUCT revenue is anticipated before the end of the year.

Mike H. asked if there has been an increase in building permits.

Mark L. replied yes but many projects are still being presented to the planning board.

Mike L. asked why October revenue from the town clerk is not included.

Deb P. replied that due to elections she had just received that information earlier that day.

There was a brief discussion regarding land development and demographics.

Chris H. asked for an update regarding the unassigned fund balance.

Mark L. stated that the BOS voted to set the balance at 10% of overall expenditures, and to use \$500K for the 2019 annual budget.

Chris H. asked why school expenditures are included in the calculation of the desired fund balance level.

Mark L. replied that the BOS is following the recommendations of Moodys, the NH Department of Revenue and the town's independent auditors in order to maintain the town's AA2 bond rating.

Tammy F. added that the town is liable should the Hollis school district default on its obligations.

Chris H. stated that the increase of the fund balance over the past year has not increased the town's bond rating and questioned the level of the fund.

Mark L. replied that \$500K was relieved of the fund to help offset the tax rate, and several warrant articles will be proposed using the fund balance. He added that the additional LUCT and vehicle registration revenue could not have been predicted. It is not the intent of the BOS to exceed \$3M.

Chris H. stated that he felt the appropriate fund balance level is less than \$3M.

Mark L. noted this feedback and stated that the town level is still less than the 15% recommended by GASB.

Darlene M. stated that she supports following the advice of the DRA and auditors.

Final 2019 Budget Guidance – Town:

Tom G. stated that guidance is set at a 1.6% increase. He stated that the 1.6% increase on the remaining operating budget initially yielded an overall increase of 3.22% (CPI) when debt, municipal leases, and the CBA increases were added back. It has since been determined that the add-backs are \$74K higher than anticipated, which would be allowed as relief from guidance. This results in an overall increase in the operating budget of 3.89%.

Mark L. stated that if the 3.89% is granted the operating budget will be under guidance by ~\$3K.

Mark L. listed non-discretionary cost increases; they include Souhegan Landfill, vehicle fuel, assessing software, and road resurfacing. He added that healthcare only increased 2.5%, as opposed to HSD, which increased 8.1%.

Deb P. stated that while the \$418K increase is large, it should not solely be compared to the prior year's operating budget because warrant articles passed at the 2018 town meeting are now included in the 2019 operating budget. She explained that the 2018 operating budget warrant article did not include \$104K in first year CBA costs or a \$53K fire truck lease payment. She added that the 2019 budget includes \$113K for second year CBA costs and a \$106K fire truck lease payment.

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Chris H. asked if there were any warrant articles presented at the 2018 town meeting for one-time expenditures.

Mark L. replied that the Compensated Absences Trust and other trusts were increased but this does not roll into the operating budget.

There was a discussion as to whether the 2018 operating budget warrant article should be used when calculating the increase of the 2019 budget. Revising revenue projections was also discussed.

Chris H. asked for the anticipated unassigned fund balance amount.

Mark L. stated that due to the 2018 revaluation the number of abatement requests could increase. He added that the town is trying to reach a settlement with TDS, and PSNH is still pursuing significant abatements. He predicted that the fund might grow \$300K in 2019 due to anticipated LUCT and unused overlay. He stated that this year the fund balance would most likely exceed \$4M.

Mike H. made a motion to accept town guidance as presented. This sets the FY19 budget at \$11,167,510. Chris H. seconded. Motion was approved. Vote was 8-0-0.

School Report:

Tammy F. stated that staff increases for math program support are anticipated. She said the NESDEC forecast was adjusted to 655 students for the 2019-2020 school year, which is 10 students less than expected.

Tammy F. reviewed a feasibility study regarding the utilization of the barn at Lund Lane for additional office space. The project study is very preliminary. There was a discussion about the needs and safety of SAU staff, and about digitizing paper records.

Tom G. expressed concern regarding a statement made that the floors are unsafe at Lund Lane due to excessive weight and asked for clarification.

Tammy F. replied that architects have performed analyses on the building and while they determined that the upper floors are not rated for this type of storage, they did not deem them unsafe. She added that many records have since been relocated, but more still needs to be done.

Final 2019-2020 Budget Guidance - School:

Tom G. reviewed the calculation behind setting preliminary guidance. He stated that a 1% increase to the budget, plus add-backs, resulted in an overall 3.22% increase.

Add back amounts include:

- \$95K increase for health & dental insurance
- \$33K increase for NHRS employer contributions
- \$100K increase for kindergarten staff
- \$102 decrease due to staff adjustments as a result of 6th grade cohort moving to Coop
- Additional increases for new bus contract and Envision 2 math program support staff

Chris H. asked for clarification regarding the NESDEC enrollment report.

Tammy F. replied that enrollment is currently 673 and HSB is projecting 665 for FY20, 10 students more than NESDEC.

Tom G. reviewed a proposed change to the Special Education non-guidance composition. He stated that currently SPED contracted services (speech therapists, occupational therapists, etc.) are included in guidance. The adjusted proposed calculation excludes these services from guidance, which results in a \$399K reduction in the prior year baseline amount and a \$3.9K reduction in FY20 guidance. Projected \$371K for FY20 SPED contracted services is then added back. The adjusted calculation methodology reduces FY20 guidance for the operating budget by \$31.7K.

Mark L. asked how many students receive SPED services.

Tammy F. said she did not know because the number is constantly changing. In addition, calculating a per capita cost is difficult since each child requires different services.

Mark L. asked if HSD funds all services.

Tammy F. replied that Medicaid and the other federal government programs help, but most is paid for by HSD.

Mike H. asked how the proposed calculation would affect HSD.

Kelly S. replied that the FY20 budget is currently \$80K over the original guidance number, and that the additional \$31.7K reduction would reduce requested programs. She added that guidance is set at 1%, but many cost increases exceed that such as a 3% increase for Administrator salaries.

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Tammy F. reviewed program requests:

- \$20K increase for Envision 2 math materials
- HPS new copier
- \$15K for new servers at HPS and HUES
- \$20K for wireless technology hardware at HPS and HUES

Tom G. stated that the goal of the discussion is to set guidance. He stated that these items could be looked at more closely in a future meeting.

Mike H. made a motion to accept the revised FY20 guidance number as presented for the Hollis School District. Chris H. seconded. This sets the FY20 budget at \$12,152,782, an increase of \$548,670. Motion was approved. Vote was 7-1-0.

Tammy F. voted Nay.

SAU41 FY20 Budget:

Mike H. stated that Amy Rowe, current HSD Director of Student Services was elevated to an Assistant Superintendent position. Current HBMS principal Bob Thompson will fill the Director of Student Services role, with Amy Rowe assisting part time for the next year.

Mike H. stated that the default budget is \$27K less than the proposed budget of \$1,719,314, which is a 7.3% increase.

Darlene M. stated that \$534,271 of the budget is allocated to HSD.

RSA 32 Amendment:

Tom G. reviewed an amendment that enables BudCom to require that its vote tallies on warrant articles be published on the warrant. There is no obligation to adopt it.

RSA 32:5, V-a

The legislative body of any town, school district, or village district may vote to require that all votes by an advisory budget committee, a town, school district, or village district budget committee, and the governing body or, in towns, school districts, or village districts without a budget committee, all votes of the governing body relative to budget items or any warrant articles shall be recorded votes and the numerical tally of any such vote shall be printed in the town, school district, or village district warrant next to the affected warrant article. Unless the legislative body has voted otherwise, if a town or school district has not voted to require such tallies to be printed in the town or school district warrant next to the affected warrant article, the governing body *or the budget committee adopted under RSA 32:14 may, on its own initiative, require that the tallies of its votes be printed next to the affected article.*

Darlene M. moved to adopt the provisions of HB1392 to include vote tallies of BudCom on warrant articles. Tom J. seconded. All voted in favor. Motion was approved. 7-0-1. Mike H. abstained.

Non-Public Session:

Moved by Mike Harris., seconded by Chris Hyde that the BudCom enter non-public session in accordance with RSA 91-A: 3-II (b) The hiring of any person as a public employee. Voting in favor of the motion were Fareed, Gehan, Harris, Hyde, Jambard, Leavitt, Ledoux, and Mann. No one was opposed. The motion passed 8-0-0. The BudCom entered non-public session at 9:26 PM.

Conclusion of Non-Public Session:

Moved by Mark Ledoux, seconded by Mike Harris that the BudCom come out of non-public session in accordance with RSA 91-A: 3-II (b) The hiring of any person as a public employee. Voting in favor of the motion were Fareed, Gehan, Harris, Hyde, Jambard, Leavitt, Ledoux, and Mann. No one was opposed. The motion passed 8-0-0. The BudCom entered public session at 9:35 PM.

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The minutes of the non-public session in accordance with RSA 91-A: 3-II (b) The hiring of any person as a public employee are not required to be sealed or made available to the public per RSA 91-A:5-IV Records pertaining to internal personnel practices.

Non-Public Session:

Moved by Mark Ledoux., seconded by Tammy Fareed that the BudCom enter non-public session in accordance with RSA 91-A: 3-II (d) Consideration of the acquisition of real property. Voting in favor of the motion were Fareed, Gehan, Harris, Hyde, Jambard, Leavitt, Ledoux, and Mann. No one was opposed. The motion passed 8-0-0. The BudCom entered non-public session at 9:35 PM.

Conclusion of Non-Public Session:

Moved by Mike Leavitt, seconded by Darlene Mann that the BudCom come out of non-public session in accordance with RSA 91-A: 3-II (d) Consideration of the acquisition of real property. Voting in favor of the motion were Fareed, Gehan, Harris, Hyde, Jambard, Leavitt, Ledoux, and Mann. No one was opposed. The motion passed 8-0-0. The BudCom entered public session at 10:03 PM.

Moved by Mike Leavitt, seconded by Mark Ledoux that the BudCom seal the minutes of the non-public session in accordance with RSA 91-A: 3-II (d) Consideration of the acquisition of real property. Voting in favor of the motion were Fareed, Gehan, Harris, Hyde, Jambard, Leavitt, Ledoux, and Mann. No one was opposed. The motion passed 8-0-0.

Motion to adjourn was made by Mark Ledoux. Darlene Mann seconded. Meeting was adjourned at 10:04 PM.

Respectfully submitted,

Christina Winsor, Tax Collector