



BUDGET COMMITTEE

Town of Hollis

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

Minutes of December 10, 2018

Meeting was held in the Community Room, Hollis Town Hall. The Budget Committee was called to order by Mike Harris at 7:01 PM.

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

Others present: Peter Band – Selectman, Frank Cadwell – Selectman, Todd Croteau - DPW Director, Dawn Desaulniers – IT Director, Joe Hoebeke – Police Chief, John MacLean – Interim Town Administrator, Deb Padykula – Finance Officer, David Petry – Selectman, Rick Towne – Fire Chief

Pledge of Allegiance was recited.

Public Input:

Drew Mason, Baxter Rd., provided a sample of the new secret ballot format which will be used in the upcoming Co-Op and HSD annual meetings. He suggested the same format also be adopted for Town meeting.

Approval of minutes:

Mark L. moved to accept the minutes of 11/13/18. Darlene M. seconded. Vote was 7-0-0. Minutes were accepted.

Town Report:

Deb P. stated that as of November 30, 2018 expenditures are at 85% and that she would have a better idea in a few weeks as to the total year's expenditures.

Mike H. asked if the highway funds had been spent.

Deb P. replied yes.

Mike H. asked if there had been any changes in land use change tax (LUCT) since the November meeting.

Deb P. replied that LUCT town portion is \$193K, which will go into the unassigned fund balance at year end.

Warrant Articles

Article 1 – Mark L. stated this is the standard article to hear official reports. It is presented each year.

Article 2 – Mark L. stated that BOS is proposing to raise the Elderly Exemption award and maximum asset level amounts to stay consistent with other NH towns of similar size. The 10% increase to the award amount and asset level was last revised in 2007 and 2013, respectively. The estimated tax impact is \$16.5K.

Mike H. asked if RSAs supported this change.

Mark L. replied yes and stated that the RSA allows for individual communities to determine the amounts, subject to voter approval.

Chris H. asked for clarification regarding the minimum acreage requirement.

David P. said that they would ask Connie Cain, Assistant to the Assessor, for clarification.

Article 3 – Mark L. stated that the Conservation Commission has requested modifying the Land Use Change Tax allocation to increase the percentage from 50% to 75% of LUCT proceeds going to the Conservation Commission. The percentage going to the town would decrease from 50% to 25%.

Article 4 – Mark L reviewed a 5 year capital lease request from the DPW to purchase a new multi-purpose dump truck for \$190K. The truck will replace a 1991 water truck and has a hook-lift system that is capable of carrying multiple bodies. The first year lease payment is \$23K and years 2-5 the payments are \$46K.

Budget Committee Minutes December 10, 2018

Mike H. asked what the \$230K is in reference to.

Deb P. replied that this is the total cost including interest.

Article 5 – Mark L. reviewed a 5 year capital lease request from the DPW for a pickup truck for \$45K. The truck will primarily be for use at the transfer station and has plowing capability. The first year lease payment is \$6K and years 2-5 \$12K.

Article 6 – Mark L. reviewed a 7 year \$550K capital lease request from the Fire Department for a new fire truck. The truck will replace a 2005 Spartan fire engine that will be rebuilt as the Pump Truck. The first year lease payment is \$50K and years 2-7 \$100K.

Article 7 – Mark L. reviewed a \$130K request from the Fire Department to rebuild the Spartan fire engine into a Pump Truck. He added that this is much less expensive than the \$600K it would cost to purchase a new pump truck.

Chris H. asked for the expected useful life of the rebuilt pump truck and what a new truck would cost.

Rick T. replied that he expects the truck to last 10 years and a new truck would cost \$400K-\$500K.

Chris H. requested an analysis of the cost of purchasing a new truck versus rebuilding the Spartan fire truck

Peter B. stated that the rebuild is approximately \$13K/year assuming a 10 year useful life and a new truck would be about \$22K/year, assuming a 20 year useful life.

Chris H. asked for the lease interest rate.

Deb P. replied 3.89%.

Mike H. asked if \$130K of the unassigned fund balance could be used.

Mark L. replied that it would be up to the voters and stated that the fund is being designated for other expenditures.

Article 8 – Mark L. reviewed a \$30K request from the DPW for asset management software that will enable the department to better manage work orders and develop a GIS database. It is to be funded using the unassigned fund balance.

Tammy F. asked if there were significant support and training costs.

Todd C. replied no.

Mike H. asked for more details regarding the software's function.

Todd C. replied that it would track work orders, the GIS database would enable the department to become compliant with the MS-4 permit, and he would be able to locate town equipment locations via GPS.

Mike H. asked how the data would be entered into the software.

Todd C. replied manually and added that he was looking at several vendors.

Chris H. asked if the DPW had the staff required to maintain data in the software.

Todd C. replied that there is a part time position and he was also considering summer interns.

Chris H. stated that it should not be represented as not having a tax impact because the unassigned fund balance is tax money.

Mark L. agreed and clarified that this would not be generating additional taxes.

Article 9 – In reference to the Old Home Days Special Revenue Fund, Mark L. stated that it was self-liquidating and had minimal tax impact.

Article 10 – Mark L. stated that the BOS is proposing to move \$30K from the unassigned fund balance into this fund, bringing the fund to \$167K. The town had a \$273K liability for unpaid compensated absences as of 12/31/17. Six employees left during 2018 drawing \$50K from the fund.

Article 11 – Mark L. stated that funding the Reevaluation Capital Reserve Fund is a required ongoing expense. The town appropriates \$14K annually to maintain a level tax impact.

Mike H. asked how the 2018 revaluation was received.

Mark L. replied that it was generally positive and taxpayers wishing to file an application for abatement could do so by March 1, 2019.

There was a discussion about the assessing process and frequency of reevaluation.

Budget Committee Minutes December 10, 2018

Article 12 – Mark L. stated that there is currently a \$177K balance in the Municipal Buildings and Facilities Maintenance Expendable Trust Fund. The BOS is requesting to move \$100K to this fund and anticipates \$146.8K in FY19 expenses resulting in a year-end balance of \$130.2K. Mark L. listed anticipated projects which include a split rail fence at Hardy Field, Town Hall security enhancements, community room roof repair, police parking lot paving, library and Lawrence Barn exterior painting, and fire panels at Always Ready Engine House. Peter B. added that although it's not included in the projects listed, the exterior of the Farley Building is in need of paint or repair and needs to be addressed.

Article 13 – Mark L. stated that the BOS would request to allocate \$70K from the unassigned fund balance to the Contingency Fund and would remove the verbiage stating that there is no tax impact. He added that unutilized funds are returned to the unassigned fund balance.

Article 14 – Mark L. reviewed a \$130K request to pave Wood Lane. The petition warrant article was passed at the 2018 Town Meeting.

Article 15 – Mark L. stated that this is a placeholder for a pending conservation easement for the Howe property. The town is waiting to see if the USDA will provide funding for the easement in 2019.

Article 16 – Mark L. stated that the FY19 Operating Budget is \$11,157,398 or \$10K under guidance.

1st Review of FY19 Budget

Mark L. reviewed the increases/decreases of the proposed FY19 operating budget:

Increases

- Salaries - \$135K due to CBAs and compensation adjustments
- Fire Capital Lease - \$49.5K
- Annual Road Resurfacing - \$25K
- Souhegan Landfill - \$22.1K
- NHRS - \$19.8K
- Assessing Software - \$15K

Decreases

- Long Term Debt - \$85.7K
- DPW Financed Equipment - \$55.8K
- Fire New Hose - \$5K
- Health Insurance - \$3K

Mike H. asked if the road funds received from the state had changed.

Mark L. replied that only an estimate is available as the amount has not yet been set.

Deb P. added that the estimate is up \$3K from FY18.

Chris H. asked Deb P. to provide the town's total debt amount and confirmed that the long term debt figure does not include capital leases.

There was a discussion about upcoming debt retirement, useful life, and equipment replacement.

David P. stated that after 2019, the capital expenditure plan is ~\$380K.

Mark L. stated that the planning secretary position is being reestablished as a full time assistant planner position, which will add \$27.6K to the FY19 budget.

Mark L. stated that the unassigned fund balance is \$3.6M prior to funding the \$245K in proposed warrant articles. He added that \$500K was taken out to help offset the 2018 tax rate.

Tammy F. asked if it would be more cost effective to hire additional employees instead of paying overtime.

David P. stated that the police department has been short staffed and that this should smooth out. He added that DPW overtime is dependent on the weather. There was additional discussion about overtime and it was agreed that the departments are running well.

Mike H. asked if there are any legal liabilities.

Budget Committee Minutes December 10, 2018

Mark L. replied that he is not aware of any other than the pending Eversource property tax abatement.

Mark L. stated that Moody's confirmed the town's AA2 bond rating. He added that Moody's considers the unassigned fund balance as a percentage of only the town's budget and favorably views the fact that the town has ~35% of its budget in reserve.

Chris H. asked for the reasoning behind changing the allocation for LUCT in Article 3.

Peter B. reviewed recent land purchases that have benefited the Town, and stated that the Conservation Commission is involved in judicious use of finances to protect natural resources.

Mark L. added that the revenue from the LUCT will enable the Conservation Commission to continue to preserve unprotected land without the need for bonding.

Tom Dufresne, Chairman of the Conservation Commission, stated that the remaining land available for purchase is becoming more valuable. He stated that the average annual amount the Conservation Commission receives is \$60K-\$65K and increasing the allocation from LUCT will help avoid the need for bonding. He added that the allocation change will place Hollis in the middle of what surrounding towns receive for conservation.

Chris H. asked about future needs concerning the Municipal Building and Facilities Trust.

Mark L. discussed ideas concerning the Farley Building.

Mike H. asked if there is a revenue proposal.

Deb P. replied that there is a \$12K projected increase over FY18.

Chris H. asked about vehicle registration fees.

Deb P. stated that she can adjust revenues with the DRA in September if the amount exceeds the projection.

Proposed Land Purchase:

Mark L. reviewed a proposal brought forth by the Conservation Commission concerning a 75 acre parcel owned by the Hardy family that is adjacent to town forest. He stated that the Hardy family has allowed recreational use of the land. The price is \$750K over 2 years, of which \$450K will be paid using conservation funds, \$200K from the unassigned fund balance, \$20K from the Forest Committee, and \$80K from private donation or property taxes.

Mike H. asked what would be voted on.

Mark L. replied the vote would be to approve the purchase price and the funding sources.

Peter B. stated that the taxpayers should have some financial stake in the purchase.

Mark L. stated that he was discussing this in public to be transparent and enable taxpayers to make private donations if they would like to contribute.

Chris H. asked about the fair market value of the parcel and if the town was receiving a discounted price.

Tom D. replied that his unofficial appraisal is \$750K and that the seller stated his appraisal is \$800K. He added that average price per acre for past town land purchases is \$17K.

Tom J. asked how much of the land is buildable.

Tom D. replied 51 acres, which equates to 15 lots.

There was a brief discussion about the tax impact of 15 additional lots and potential lost tax revenue.

Peter B. asked when the public will have a chance to see a presentation regarding the proposal.

Tom D. replied January 8, 2019. The Committee Chair had previously published the wrong date. The correct date is Monday January 7, 2019.

Tom J. confirmed that the Forestry Committee receives revenue from timber sales from the town forest and asked about the revenue potential on the proposed land.

Tom D. stated that the land had not been logged for approximately 30 years and estimated \$25K.

Darlene M. asked how much money the Conservation Commission would have left if the purchase is approved.

Tom D. replied ~\$130K.

Mark L. stated that the Conservation Commission also has an additional \$100K set aside for the pending Howe easement.

Frank C. stated that the proposed property is very unique and desirable as it is contingent to existing town land.

Motion to adjourn was made by Mike H. Chris H. seconded. Meeting was adjourned at 8:41 PM.

Respectfully submitted,

Christina Winsor, Tax Collector