



BUDGET COMMITTEE

Town of Hollis

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

Minutes of December 11, 2018

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

Members Present: Tammy Fareed – School Board Rep, Tom Gehan, Mike Harris, Chris Hyde, Tom Jambard, Mike Leavitt, Mark LeDoux – Selectman Rep (arrived 7:11), Darlene Mann

Others Present: Kelly Seely – SAU Business Administrator

Pledge of Allegiance was recited.

School Report:

Tammy F. stated that Dennis Kane, kindergarten teacher for the past 30 years, announced his retirement. She went on to say that the FY20 budget is now within guidance due to projected cost reductions. She stated that 2 bids for a new bus contract have been received, both of which exceed the \$37K placeholder. She added that the contract is owned by the SAU governing body and would be discussed at the upcoming meeting December 13th.

Tammy F. stated that a tentative collective bargaining agreement had been reached with the professional staff. She said that while negotiations are ongoing with the support staff she is optimistic that a tentative agreement will be reached in time to meet the BudCom deadline.

Chris H. asked if guidance would still be met in light of the pending bus contract bids.

Kelly S. replied no, but the overage is not quantifiable until the SAU governing board advises her which contract is accepted.

Tom G. stated that BudCom would review the proposed CBAs on January 29, 2019.

Mark L. asked what percentage of labor expense the professional staff comprised. Tammy F. replied that she did not know but would find out.

1st review of Hollis School District FY20 Budget

Tom G. stated that the proposed budget is \$12,152,787, which is ~\$6K under guidance.

Chris H. asked what reduced the proposed budget amount.

Kelly S. replied that two long serving teachers retired and the Facilities Director position was removed. She reviewed increases/decreases.

Staffing

HPS

- New kindergarten teacher (not in FY19 budget)
- Kindergarten para professional
- Special Ed reading teacher
- Math / Environmental Science – bring each to full time

HUES

- One less 6th grade teacher
- Math / Environmental Science – bring each to full time

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Technology & Equipment

HPS

- Envision Math 2.0
- Replacement laptops / iPads / projectors
- Copier – 4 year lease
- Servers
- Wi-Fi equipment
- Laminator
- Cameras – may be 80% funded by grant

HUES

- Envision Math 2.0
- Replacement laptops / iPads / projectors
- Servers
- Wi-Fi replacement system

SAU

- HR/Accounting software training
- Hosted software updates

Buildings

HPS

- Drinking water testing
- Oil tank replacements - necessary to meet new safety requirements
- Fire alarm upgrades

HUES

- Roof replacement which is needed due to dehumidifier. Tammy stated that the removal of the dehumidifier is on hold until the performance of HSTEP can be observed over a more significant period of time. She described several structural anomalies discovered at HUES during the Energy Project.
- Fire alarm upgrades

Items that did not make the final budget include \$7.8K funding for Lego League and Chromebooks.

Tom G. asked if there was a multi-year plan in place for technology.

Kelly S. replied not yet, but the Co-op just presented a plan and she believes each district in the SAU will follow suit. There was a discussion about the educational importance of providing cutting edge technology and planning for its purchase and replacement.

Tom G. suggested it may make sense to form a trust for technology similar to the Building Maintenance Trust.

Building Maintenance Trust - \$132K (+\$42K)

Kelly S. reviewed the items that will be funded using the trust. They include drinking water testing, oil tank replacements (state safety mandated), HPS replacement chairs/cabinets, HPS library carpeting and flooring, HPS window shades, HPS water heater, and fire alarm upgrades at both schools.

Tom J. asked if the new water heater would be gas or electric. He also asked if the budget reflected projected savings presented as a result of HSTEP.

Tammy F. replied that Eric Ryherd of the Energy Committee is currently working with Dick Henry to determine the source of energy demand charges.

Tom G. expressed concern that years 2021 – 2023 average \$400K/year.

Kelly S. stated that this is because needed projects keep getting pushed into the future.

Chris H. asked about a future year project pertaining to the Rocky Pond water system and stated that charging the entire cost to HSD may not be the best strategy.

Kelly S. agreed and added that usage metering is not available. She stated that this is the reason a Water Trust was established.

Mike H. asked if more should be added to the fund this year to finance needed projects.

Mark L. added that it was better to ask the voters because it is a wise investment for needed maintenance projects.

Tom G. stated that while he agreed the funding should be increased, he felt that \$400K was too much and that capital expenditures such as a gymnasium renovation should be bonded.

Mark L. stated that \$1M is the minimum amount worth bonding. He added that several large capital expenditures can be combined to reach that figure.

There was a discussion about how much to fund the trust versus combining projects to justify the need for a bond.

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Mark L. asked Kelly S. for the amount she was comfortable with to fund the Building Maintenance Trust. He stated that the balance after the projected FY20 expenditures would be ~\$86K.

Kelly S. said this number has been used for many years and allows for unanticipated expenditures. She added that there is also the unreserved fund balance and \$95K in the Contingency Fund.

Mark L. stated that he would support \$120K for this line item, with the understanding that two of the larger expenses are state mandated.

HSTEP Energy Savings

Darlene M. asked about heating oil, electric and service contracts.

Kelly S. replied that she had reclassified some service contracts. She stated that the estimates for oil and electricity are conservative (i.e. higher) because only part the projected HSTEP \$138K savings will be realized as parts of the project were not completed.

Darlene M. asked how FY19 was calculated.

Kelly S. replied that it assumed the \$138K in HSTEP savings.

Darlene M. asked for FY19 actuals and stated that the increase is quite large. She asked if overages were anticipated for FY19.

Kelly S. said overages were possible but the final numbers are not yet available. She added that predicting future costs is challenging because oil and propane costs have increased and it hasn't been a full year since HSTEP was completed.

Tammy F. discussed the parts of HSTEP that were not completed. She stated that they could not replace all the lights due to an issue with importing equipment from China, and that the wrap at HPS had unforeseen engineering challenges which took funds away from LED replacement lights and 13 air source heat pumps.

Mark L. asked how much it would cost to complete these last parts of the project.

Tammy F. estimated \$100K for the lights and \$400K for the air source heat pumps.

Mark L. stated that current data should be presented at the next meeting so that the increase can be explained.

Tom G. stated that the proposed FY20 budget anticipates 60% of projected savings, which is \$83K. He requested that Dick Henry be asked to look at current bills to determine a new proposed savings estimate at the upcoming HSTEP wrap up review in January.

Health Insurance

Kelly S. stated that there was an 8.1% increase in health insurance rates.

Tammy F. stated that younger employees starting families and a number of hospitalizations have skewed the rates.

Kelly S. added that the 2 years prior had rate decreases.

Special Education Trust

Tammy F. stated that the Co-op had instituted a trust to smooth out cost variances from year to year. She said that every year there is a warrant article to allow HSD to accept catastrophic aid, but the funds are received in the following fiscal year. The Special Education Trust would be used to alleviate unforeseen emergencies.

Kelly S. stated that most unforeseen events involve special education students moving into the district.

Mike H. asked what expense this type of event incurs.

Kelly S. replied that is hard to determine based on the number of children and the services required.

Tom G. asked for the amount being requested for the fund and if there is a final target number.

Information regarding historical expenditures and surrounding district policies was requested.

Mark L. suggested setting the final target at 10% of the normal trailing average of the past 5 years of expenditures, to be funded over the next 10 years. He stated that oversight should be given to BudCom and the SAU when the trust needs to be used for extraordinary demands.

There was further discussion about different ways to fund the trust and how to determine the maximum amount.

Motion to adjourn was made by Mike H. Tom G. seconded. Meeting was adjourned at 8:58 PM.

Respectfully submitted,

Christina Winsor, Tax Collector

