



BUDGET COMMITTEE

Town of Hollis

Seven Monument Square
Hollis, New Hampshire 03049
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Minutes of February 10, 2020

Meeting was held in the Community Room, Hollis Town Hall. The Budget Committee was called to order by Tom Gehan at 6:44 PM.

Members present: Tom Gehan, Chairman; Mike Harris; Darlene Mann; Mike Leavitt; Tom Jambard; Chris Hyde; Carryl Roy, School Board Representative; Mark LeDoux, Select Board Representative

Others present: Susan Benz, David Petry, Frank Cadwell, Select Board Representatives; Lori Radke, Town Administrator; Rachael Gosselin, Finance Director; Jim Belanger, Town Moderator; Rick Towne, Fire Chief; Todd Croteau, DPW Director; Joe Hoebeke, Police Chief; Dawn Desaulniers, IT Director

Pledge of Allegiance was recited.

T. Gehan reviewed the agenda & noted calendar highlights.

- February 13, 6:30pm – Hollis School District – Town Hall Community Room
- March 10, 7am – 7pm - Town Elections – Lawrence Barn
- March 11 – Hollis School District Annual Meeting – Hollis Brookline Middle School
- March 14, 10am – Town Meeting – Hollis Brookline High School
- March 17 & 18 – COOP Annual Meeting – Hollis Brookline High School

T. Gehan reviewed the budget process, stating the Town of Hollis is a Municipal Budget Law district under RSA 32. The Budget Committee is responsible to create and present voters with the Town and Hollis School District operating budgets and will also make recommendations to voters on monetary articles. After the public hearing, the committee will then vote to recommend or not recommend the warrant articles presented.

T. Gehan reviewed the Town Budget Assumptions and Biases. The committee assumes a tax base increase of 0.5% annually. Last year's increase was 0.9%. He discussed biases such as high-quality working standards, managing debt burdens and maintaining infrastructure.

Budget Committee reviewed last year guidance, which was a 2% increase to the budget. CPI inflation information was retained for New England that suggested an increase of 1.9%. T. Gehan praised the Select Board and Department Heads for presenting a budget that is \$14 under the guidance provided by the committee.

T. Gehan reviewed Town of Hollis demographics. Hollis population 7800-7900 steady for past 10 years - Hollis median income is in top 5 of towns in NH – Total Town property valuation, or aggregate tax base, for 2019 is \$1.36 billion. This number is the denominator for figuring the tax rate which increased 0.9% from 2018. Home values have increased (4%) since 2018 and so have single family home tax bills (7%).

T. Gehan reviewed town assets, including municipal buildings, town roads & town employees. These assets require ongoing maintenance & improvements.

T. Gehan reviewed tracked changes to the average home tax bill on a graph that displays the last 10 years. He stated that it is important to adjust for inflation. T. Gehan noted that the typical tax bill is almost \$400 less on an inflation adjusted basis than it was 10 years ago.

T. Gehan reviewed town, school and COOP budget debt as well as capital lease annual payments. Assuming all articles are passed, the debt service would increase \$124k or \$0.09 on the tax rate. The 2003-2004 land bonds were paid off in 2019 which drops \$314k in debt services. T. Gehan reviewed percentage of tax bill that goes to service debt which has decreased in recent years.

T. Gehan explained the unassigned fund balance and how it should be used, which is projected to be \$4m in 2020. Written policy states that the unassigned fund balance should be at least 10% of the combined general fund appropriations of the Town of Hollis, Hollis School District, and the Hollis portion of the Hollis Brookline Cooperative School District.

Overview of Warrants and Tax Rate

T. Gehan reviewed the warrant articles for the March 10, 2020 Town Meeting stating that the Budget Committee is only required to take action on articles that appropriate money. Warrant Articles are as follows:

- Article 2 - Subdivision of Stefanowicz Homestead Structure and Lot (no appropriation of money)
- Article 3 - Athletic Field Study
- Article 4 - DPW Loader Lease Purchase
- Article 5 - DPW Chipper Lease Purchase
- Article 6 - Emergency Management Message Board
- Article 7 - Collective Bargaining Agreement, Local 1801
- Article 8 - Collective Bargaining Agreement, Local 3657
- Article 9 - Old Home Days Special Revenue Fund
- Article 10 - Compensated Absences Payable Expendable Trust Fund
- Article 11 - Revaluation Capital Reserve Fund
- Article 12 - Municipal Buildings & Facility Maintenance Expendable Trust Fund
- Article 13 - Establish a Contingency Fund
- Article 14 - 2020 Operating Budget
- Article 15 - Petition Article for Veteran's Tax Credit (no appropriation of money)
- Article 16 - Petition Article for New Hampshire Resolution to take Action on Carbon Pollution (no appropriation of money)
- Article 17 - Petition Article for Proposing Bylaw (no appropriation of money)
- Article 18 - Petition Article for Adoption of SB2 (no appropriation of money)
- Article 19 - Petition Article for Preservation and Protection of "Passive" uses on Town and Steward Property (no appropriation of money)
- Article 20 - Petition Article for New Hampshire Resolution for Fair Redistricting (no appropriation of money)

T. Gehan explained tax rate forecasting limitations. Approved appropriations are unknown until after Town & School District Meetings in March. New Hampshire Department of Revenue Administration will set the 2020 tax rate in October or November of this year. It was noted that the tax rate will increase even when spending goes down if revenue goes down by a greater amount. The revenue estimate for 2020 decreases by \$67,249 due to the Land Use Change Tax that passed at the 2019 Town Meeting.

T. Gehan compared the tax rate from 2019 to the projected 2020 rate, assuming a 0.5% increase in the tax base. The Select Board approved applying \$400k from the Unassigned Fund Balance to the tax rate. The estimated change from 2019-2020 is a 2.8% decrease to the Hollis tax rate. T. Gehan went on to explain the other possible increases that are controllable at the Town level. The Hollis School District tax rate would increase by approximately 13% and the COOP Local Tax rate would increase by 3.3% assuming that all articles are approved as written. When combined, all Town, Local, State and Country taxes are estimated to increase by 4%.

Public Hearing

T. Gehan opened the public hearing on the proposed 2020 Town Warrant at 7:15pm. Reviewed the conduct and rules of the public hearing. Discussion commenced on the articles as follows:

Article 2 – Subdivision of Stefanowicz Homestead Structure and Lot.

To see if the Town will authorize the Board of Selectmen to subdivide the Stefanowicz property, acquired by the Town pursuant to authorization given by the passage of Article 4 at the March 12th, 2016 annual meeting. The authorization to subdivide shall be limited to creating a lot 4.24 acres, (proposed Map 32 Lot 2-1) which would include the existing homestead and appurtenant structures in order to facilitate the sale of said homestead structure and lot and to further authorize the Board to take all steps necessary to enter into any agreements and execute any documents necessary to carry out said sale on such terms and conditions as the Board of Selectmen, in their sole judgement, determine.

M. LeDoux explained the Town's intention for the Stefanowicz property purchase was to subdivide the homestead and any necessary easements. An engineered plan was presented showing the 4.24 acres that will be sold. There will be no cost to the town and M. LeDoux believes that this will raise approximately \$200-\$400k for the Town once sold. This income will be used to pay down debt for the Town. With no further comment, T. Gehan closed discussion on Article 2.

Article 3 – Athletic Field Study

To see if the Town will vote to raise and appropriate the sum not to exceed forty-nine thousand dollars (\$49,000) for the purpose of designing and engineering a rectangular athletic field, conducting ledge test pits and drilling for a test well located on Muzzy Road, (Tax Map 56-13). This warrant article shall also be subject to the following condition: Prior to proceeding with the design and engineering of this project, a sufficient water source needs to be located on the property in order to maintain the athletic field. If this condition is not met by December 31, 2020 this appropriation shall be null and void and shall lapse.

This article was recommended by the Select Board. With no further comment, T. Gehan closed discussion on Article 3.

Article 4 – DPW Loader Lease Purchase

To see if the Town will vote to authorize the Board of Selectmen pursuant to RSA 33:7-e to enter into a five (5) year lease purchase agreement for the sum of \$160,000, for the purpose of lease purchasing one (1) loader for the Public Works Department, and to raise and appropriate the sum of \$16,000 for the first year's payment for that purpose. The lease agreement contains an escape clause.

| FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | TOTAL |
|----------|----------|----------|----------|----------|----------|-----------|
| \$16,000 | \$32,000 | \$32,000 | \$32,000 | \$32,000 | \$16,000 | \$160,000 |

This article was recommended by the Select Board. T. Croteau stated that the old loader is anticipated to sell for approximately \$30k. Discussion ensued on if the salvage money from the old loader could be used toward the lease agreement on the new loader. D. Petry stated that the amounts noted were limits not to be exceeded. With no further comment, T. Gehan closed discussion on Article 4.

Article 5 – DPW Chipper Lease Purchase

To see if the Town will vote to authorize the Board of Selectmen pursuant to RSA 33:7-e to enter into a five (5) year lease purchase agreement for the sum of \$79,000, for the purpose of lease purchasing one (1) chipper for the Public Works Department, and to raise and appropriate the sum of \$7,900 for the first year's payment for that purpose. This lease purchase agreement contains an escape clause.

| FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | TOTAL |
|---------|----------|----------|----------|----------|---------|----------|
| \$7,900 | \$15,800 | \$15,800 | \$15,800 | \$15,800 | \$7,900 | \$79,000 |

Article opened for discussion by T. Gehan. This article was recommended by the Select Board. This unit has no salvage value. No resident approached the podium for comment. T. Gehan closed discussion on Article 5.

Article 6 – Emergency Management Message Board

To see if the Town will vote to raise and appropriate the sum of \$20,000 for the purpose of purchasing a message board for Emergency Management. This warrant article shall also be subject to the following condition: Prior to purchasing the message board, the Town shall receive a grant match contribution from the State of NH for \$10,000. If this condition is not met by December 31, 2020 this appropriation shall be null and void and shall lapse. Said funds to come from the unassigned fund balance as of December 31, 2019, if available. No amount to be raised from new taxation.

This article was recommended by the Select Board. Drew Mason (Baxter Road) inquired if this message board would be the same unit as the current board owned by the Hollis Police Department. T. Gehan answered yes. Chief Hoebeke noted that the grant was approved and the funds will be received once the sign is purchased. T. Gehan closed discussion on Article 6.

Article 7 – Collective Bargaining Agreement, Local 1801 (Town Hall/DPW)

To see if the Town will vote to approve the cost items included in the Collective Bargaining Agreement reached between the Town of Hollis and AFSCME Local 1801, and in doing so, to approve the cost items within said agreement, which calls for the following increases for salaries and benefits over what was raised under any current agreements for the employees of the Union and, further, to raise and appropriate the amount of \$21,500 for the current fiscal year, such sum representing the additional costs attributable to the increase in salaries and benefits required by the Collective Bargaining Agreement over those that would be paid at current staffing levels in accordance with the most recent collective bargaining agreement. The 2021 and 2022 costs associated with the agreement will be included in the respective operating budgets. Said funds for FY20 to come from the unassigned fund balance as of December 31, 2019, if available. No amount to be raised from new taxation.

| FY20 | FY21 | FY22 | TOTAL |
|-------------|-------------|-------------|--------------|
| \$21,500 | \$17,700 | \$5,500 | \$44,700 |

This article was recommended by the Select Board. M. LeDoux reviewed the details of the agreement. With no further comment, T. Gehan closed discussion on Article 7.

Article 8 – Collective Bargaining Agreement, Local 3657 (Police/Fire Communications)

To see if the Town will vote to approve the cost items included in the Collective Bargaining Agreement reached between the Town of Hollis and AFSCME Local 3657, and in doing so, to approve the cost items within said agreement, which calls for the following increases for salaries and benefits over what was raised under any current agreements for the employees of the Union and, further, to raise and appropriate the amount of \$66,630 for the current fiscal year, such sum representing the additional costs attributable to the increase in salaries and benefits required by the Collective Bargaining Agreement over those that would be paid at current staffing levels in accordance with the most recent collective bargaining agreement. The 2021 and 2022 costs associated with the agreement will be included in the respective operating budgets. Said funds for FY20 to come from the unassigned fund balance as of December 31, 2019, if available. No amount to be raised from new taxation.

| FY20 | FY21 | FY22 | TOTAL |
|-------------|-------------|-------------|--------------|
| \$66,630 | \$114,990 | \$126,825 | \$308,445 |

M. LeDoux reviewed the details of the agreement. Drew Mason (Baxter Road) questioned why article 7 and 8 were sanbornized. M. LeDoux replied that the past four contracts have been sanbornized. He believes that a sanbornized contract is more attractive to new hires and helps to better retain them. It also provides predictability to the Town's cost structure. Erika MacDonald (Truell Road) asked how town benefits compare to surrounding towns. M. LeDoux replied that the Town provides PTO in lieu of sick time, a high deductible health care plan with an HSA option. Hollis also has a cap on health care expenditures which allows the Town to identify the best health care for the best value. He noted that surrounding towns followed suit and applied these same practices. E. MacDonald asked what effect this article would have on the tax rate in FY21 and FY22. T. Gehan gave an example based on the aggregate tax base and the dollar amount listed for FY21 stating that the tax rate could increase by \$0.09. Assuming that this is being funded by new taxation. However, this article is funded by the unassigned fund balance which will not have an effect on the

tax rate. C. Hyde raised concerns about the language in this article. He reads it as the three-year agreement will be completely funded by the unassigned fund balance. Discussion ensued regarding clarifying the language of the article. It was noted that the article 7 had the same verbiage. With no further comments, T. Gehan closed discussion on Article 8.

Article 9 – Old Home Day Special Revenue Fund

To see if the Town will vote to raise and appropriate the sum of \$50,000 for the purpose of sponsoring the Old Home Days event and to fund this appropriation by authorizing the withdrawal of said sum from the Old Home Day Special Revenue Fund. This article will not affect the tax rate, as these funds will be raised from fees and donations.

This article was recommended by the Select Board. With no further comment, T. Gehan closed discussion on Article 9.

Article 10 – Compensated Absences Payable Expendable Trust Fund

To see if the Town will vote to raise and appropriate \$50,000 to be placed in the Compensated Absences Payable Expendable Trust Fund as previously established at the 2002 Annual Town Meeting. Said funds to come from the unassigned fund balance as of December 31, 2019, if available. No amount to be raised from new taxation.

This article was recommended by the Select Board. Budget Committee has recommended that the Select Board reduce this liability which they have per Article 7 and 8. M. Leavitt noted that a cap on PTO should be noted in the Article. With no further comment, T. Gehan closed discussion on Article 10.

Article 11 – Revaluation Capital Reserve Fund

To see if the Town will vote to raise and appropriate \$14,000 to be placed in the Revaluation Capital Reserve Fund as previously established at the 1996 Annual Town Meeting. Said funds to come from the unassigned fund balance as of December 31, 2019, if available. No amount to be raised from new taxation.

This article was recommended by the Select Board. With no further comments, T. Gehan closed discussion on Article 11.

Article 12 – Municipal Buildings & Facilities Maintenance Expendable Trust Fund

To see if the Town will vote to raise and appropriate \$100,000 to be placed in the Municipal Buildings and Facilities Maintenance Expendable Trust Fund as previously established at the 2008 Annual Town Meeting and amended by the 2009 Annual Town Meeting. Said funds to come from the unassigned fund balance as of December 31, 2019, if available. No amount to be raised from new taxation.

This article was recommended by the Select Board. (Anticipated maintenance projects were outlined by T. Gehan.) With no further comment, T. Gehan closed discussion on Article 12.

Article 13 – Establish a Contingency Fund

To see if the Town will authorize the establishment of a contingency fund under the provisions of RSA 31:98-a for the purpose of funding unanticipated expenses that may arise during the year. Furthermore, to raise and appropriate \$70,000 towards this purpose and appoint the selectmen as agents to expend from said fund. Said funds to come from the unassigned fund balance as of December 31, 2019, if available. No amount to be raised from new taxation.

This article was recommended by the Select Board. With no further comment, T. Gehan closed discussion on Article 13.

Article 14 – 2020 Operating Budget

To see if the Town will vote to raise and appropriate the sum of \$11,117,261 which represents the operating budget of the Town for 2020, not including appropriations by special warrant articles and other appropriations voted separately.

This article was recommended by the Select Board. T. Gehan reviewed major increases and decreases to operating budget. Drew Mason (Baxter Road) questioned why retirement contributions decreased. R. Gosselin said that the state

received a better interest rate on the fund. T. Gehan closed discussion on Article 14. D. Mason questioned what part of the budget would be used toward road maintenance. D. Petry stated that he would like to have that information in front of him prior to discussing. D. Mason recited from the handout that the 2019 road maintenance budget was \$400k but only \$265k was spent. He did not feel the Town was keeping pace with the aging roads. He proposed adding \$100k to the road maintenance budget due to traffic and growth. T. Gehan explained that the leftover funds, \$134k, from this budget were incumbered so they can be used in the spring of 2020. Jim Belanger (Plain Road) mentioned that Mill Road is a cut through to Milford and the road is in dire need of repair and repaving. He noted that a traffic study has been completed by the Hollis Police Department and DPW and he is requesting that this road be paved. J. Belanger also commented on Article 5 stating that a rental chipper or hiring a local contractor would be more cost effective. With no further comment, T. Gehan closed discussion on Article 14.

Article 15 – Petition Article for Veteran’s Tax Credit

To see if the Town will vote, pursuant to RSA 72:28, to modify the All Veterans property Tax Credit from the existing \$500 to \$750 as currently allowed by RSA 72:28. Said credit shall take effect in the tax year beginning April 1, 2020.

This article was not recommended by the Select Board. With no further comment, T. Gehan closed discussion on Article 15.

T. Gehan reviewed the town calendar as listed above.

T. Gehan closed the public hearing at 8:12pm.

C. Roy asked for clarification as to why the other petition articles were not discussed. T. Gehan replied that Article 15 has a direct effect on the tax rate where the other petition articles are advisory. D. Petry felt that Article 16 directly impacts the town on a state level.

Deliberation

MOVED by M. Harris, seconded by C. Hyde that the Budget Committee recommend **Article 2**, Subdivision of Homestead structure and Lot, to warrant. No one was opposed. The motion **PASSED** 8-0-0.

MOVED by M. Harris, seconded by C. Hyde that the Budget Committee recommend **Article 3**, Athletic Field, to warrant. No one was opposed. The motion **PASSED** 8-0-0.

MOVED by M. Harris, seconded by C. Hyde that the Budget Committee recommend **Article 4**, DPW Loader Lease Purchase, to warrant. No one was opposed. The motion **PASSED** 8-0-0.

MOVED by M. Harris, seconded by C. Hyde that the Budget Committee recommend **Article 5**, DPW Chipper Lease Purchase, to warrant. No one was opposed. The motion **PASSED** 8-0-0.

MOVED by M. Harris, seconded by C. Hyde that the Budget Committee recommend **Article 6**, Emergency Management Message Board, to warrant. No one was opposed. The motion **PASSED** 8-0-0.

MOVED by M. Harris, seconded by C. Hyde that the Budget Committee recommend **Article 7**, Collective Bargaining Agreement, Local 1801 (Town Hall/DPW), to warrant. C. Hyde asked if this article was passed tonight and a change needed to be made to the wording, how would this impact the article. Would changes to the wording need to be made prior to Budget Committee’s vote? Decision was made to amend the wording of this article as follows: The 2021 and 2022 costs associated with the agreement will be included in the respective operating budgets. Said funds for FY20 to come from the unassigned fund balance as of December 31, 2019, if available. M. Leavitt **MOVED** to amend Article 7 and 8 to reflect language. Motion passed unanimously. T. Gehan called the Budget Committee to a vote. Motion **PASSED** 8-0-0.

Budget Committee Minutes January 13, 2020

MOVED by M. Harris, seconded by C. Hyde that the Budget Committee recommend **Article 8**, Collective Bargaining Agreement, Local 3657 (Police/Fire Communications), to warrant as *AMENDED*. No one was opposed. The motion **PASSED** 8-0-0.

MOVED by M. Harris, seconded by C. Hyde that the Budget Committee recommend **Article 9**, Old Home Day Special Revenue Fund, to warrant. No one was opposed. The motion **PASSED** 8-0-0.

MOVED by M. Harris, seconded by C. Hyde that the Budget Committee recommend **Article 10**, Compensated Absences Payable Expendable Trust Fund, to warrant. No one was opposed. The motion **PASSED** 8-0-0.

MOVED by M. Harris, seconded by C. Hyde that the Budget Committee recommend **Article 11**, Revaluation Capital Reserve Fund, to warrant. No one was opposed. The motion **PASSED** 8-0-0.

MOVED by M. Harris, seconded by C. Hyde that the Budget Committee recommend **Article 12**, Municipal Buildings & Facilities Maintenance Expendable Trust Fund, to warrant. No one was opposed. The motion **PASSED** 8-0-0.

MOVED by M. Harris, seconded by C. Hyde that the Budget Committee recommend **Article 13**, Establish a Contingency Fund, to warrant. M. LeDoux noted that the article should be amended to state the correct year, 2020. No one was opposed. The motion **PASSED** 8-0-0.

MOVED by M. Harris, seconded by C. Hyde that the Budget Committee recommend **Article 14**, 2020 Operating Budget, to warrant. No one was opposed. The motion **PASSED** 8-0-0.

MOVED by M. Harris, seconded by C. Hyde that the Budget Committee recommend **Article 15**, Petition Article for Veteran's Tax Credit, to warrant. M. Leavitt would like to follow the lead of the Select Board. M. LeDoux would like to see this article voted on by residents of the town. C. Hyde recused himself as he personally receives this credit. T. Gehan called the Budget Committee to a vote. M. LeDoux, C. Roy, and D. Mann voted to approve. M. Harris and T. Jambard voted to oppose. T. Gehan, M. Leavitt and C. Hyde abstained. **PASSED** 3-2-3.

M. Harris moved to approve the minutes from January 8, 2020. Motion passed unanimously.

M. Harris moved to approve the minutes from January 13, 2020. Motion passed unanimously.

Adjournment

MOVED by T. Gehan, seconded by Mark LeDoux that the Budget Committee adjourn the meeting. Voting in favor of the motion were Tom Jambard, Tom Gehan, Mike Leavitt, Carryl Roy, Darlene Mann, Mike Harris, Chris Hyde, and Mark LeDoux. The motion PASSED 8-0-0.

Meeting adjourned 8:37pm

Respectfully Submitted,
Jaclyn Hill