



BUDGET COMMITTEE
Town of Hollis

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

Minutes of January 22, 2008

Meeting was held in the Community Room, Hollis Town Hall and was called to order by Vice Chairman, Chris Hyde at 7:00 PM.

Members present: Chris Hyde, Vice Chairman; Melinda Willis, Selectmen Representative; Bill Beauregard, School Board Representative; Tom Jambard, Bob Labednick, Don Ryder.

Also present: Rich Pike, Superintendent; Dawna Duhamel, Business Administrator; Susan Benz, Jen McLoed, Jim McCann, Harry Haytayan, School Board Members; Bob Kelly, Special Education Director; Bob Blais, Director of Maintenance

Non-Public Session

Moved by Tom seconded by Melinda that the BudCom enter NON-public session in accordance with RSA 91-A: 3-II – (c) for the consideration of a matter, which, if discussed in public, would likely affect adversely the reputation of any person. Voting in favor of the motion were Chris, Tom Bob, Bill, Melinda. No one was opposed.

The BudCom entered into Non-public session at 7:05 PM.

Conclusion of Non-Public Session

Moved by Tom, seconded by Bob that the BudCom seal the minutes and come out of NON-public session in accordance with RSA 91-A: 3-II – (a). Voting in favor of the motion were Chris, Tom Bob, Bill, Melinda. No one was opposed.

The BudCom came out of non-public session at 7:33 PM.

Appointment of New Member

Chris explains that the BudCom has 1 vacancy due to a recent resignation. They have decided to fill this position for the remainder of the year. There were 2 candidates for this seat, both of whom are well qualified. He thanks both for their willingness to step in at this time. Chris announces to the public that there are 2 seats open for election this year. If anyone is interested they should file with the Town Clerk.

Tom moves to appoint Don Ryder to fill the vacancy on the BudCom, with a term that will conclude at the March 18, 2008 Hollis School District Annual Meeting. Seconded by Melinda. Motion unanimously approved.

Don joins the BudCom at the table. He can participate in discussion, yet cannot vote until he is sworn in.

Review of Minutes

Tom moves to approve the Minutes of December 20, 2007. Seconded by Bob. Motion unanimously approved with Melinda and Don abstaining.

Presentation of the Town Budget

Bill presents several handouts to all BudCom Members. The first is BudCom guidance formula with updated figures for the proposed budget.

	Guidance for FY 2009
FY 2008 Operating Budget from MS22	\$10,359,585
+ FY 2008 Expendable Trust	96,882
+ FY 2008 Special Revenue	122,041
+ FY 2008 Food Service	302,087
FY 2008 Approved Budget	\$10,880,595
- FY 2008 Special Revenue	122,041
- FY 2008 Food Service	302,087
- FY 2008 Debts Service	402,988
- FY 2008 Special Education – Non administrative	2,013,761
FY 2009 Budget Recommended Base	\$8,039,718
FY 2009 Guidance Percent Increase	1.8%
Guidance Increase to FY 2009 Budget	144,715
FY 2009 Base + Guidance Increase	\$8,184,433
+ FY 2009 Special Revenue	130,000
+ FY 2009 Food Service	325,000
+ FY 2009 Debt Service	397,431
+ FY 2009 Expendable Trust	0
+ FY 2009 Special Education – Non Administrative	2,074,460
Total Recommended	\$11,111,324
Total Requesting	10,842,632
Delta – Recommended to Requesting	\$268,691

Bill explains that he has categorized all of the non-administrative special education figures, not just the 1200 accounts. This actually takes more money out of the guidance. There are a few items that are not included in the request. Cost items resulting from union negotiations. They did receive the track increase figure today, which will add another \$9,575 to this number.

The second hand out is a budget summary by cost category, which is also broken out Within BudCom guidance and Outside BudCom guidance. The next hand out is a budget summary by function, broken out by category. Next is a summary of changes. This shows all changes by account.

	Changes
Programs	\$ -27,357.55
Special Education*	61,142.53
Services	-3,095.00
Board	1,988.00
Administration **	23,221.78
Maintenance***	-108,811.46
Transportation	22,346.00
CBA Benefits	87,995.51
Professional Development	-23,825
Debt	-5,557.00
Total Budget Changes	28,047.81

* The Coop used to carry an english as a second language program, yet this is no longer needed. The position is now in the Hollis School budget, yet will be shared with Brookline. The total need for both towns is less than a whole position, which creates an opportunity for another town to take advantage of this person. Chris questions if it is common to share outside of the district. Bob Kelly indicates that it is unique, yet other districts have this common need, but limited resources. He feels

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he will be able to find a need for this. Bill adds that this is a difficult position to fill, especially as a part time position. Rich adds that this is a win/win situation for both Hollis and Brookline. Attempting to secure a part time position for both schools would be very problematic. Bill states that when they get a more accurate sense of Brookline's need, then they will have a better idea of the revenue coming back in.

** Office of Superintendent increases are mostly due to funds that the SAU Board voted for a review of the special education program. This cost will be shared by all districts.

*** Maintenance is down, as allowances were given for extraordinary maintenance last year.

Chris comments that he noticed that special education transportation is up considerably. Bob Kelly indicates that specialized transportation has increased. There have been no changes to the out of district placements, yet there was personalized transportation with reimbursement in the past. They are now requesting district transportation.

The next hand out is a priority list, created by administration. Bill states that the principals were told to start with a flat budget. To remove any 1 time expenses there were no longer necessary and to add in only mandatory items. The administration was then asked to prioritize their needs. The total of this is \$126,041, which is not included in the budget request at this time. There is nothing out of the ordinary included in this list. These are all common expenditures. An increase was made to custodial hours, as the principals wish to keep their schools looking good. Non-union merit increases are at 4%. Bill states that this will reduce the \$268,691 delta by \$126,041. Melinda points out that this also does not include any negotiated cost items.

Bill explains that they are requesting a budget of \$10,842,632. Not included in this amount are the priority items of \$126,041, \$9,575 in track increases, cost items due to negotiations and \$19,021 for a retirement stipend. Melinda asks if this retirement will offset any other items for benefits/salaries. Rich states that they typically use a placeholder of a Masters +5 for the vacant position in the budget. Dawna does not anticipate much for adjustments due to this retirement considering the choices this person had for their health/dental.

Bill explains that another items has not been included in the request. The food service account has typically had a surplus, however they now have increased costs for specialized ingredients. With new policies in place for nut allergies, they need to purchase ingredients that have not been produced on machinery that may also be used on items containing nuts. There is a possibility that if there is a deficit in this account at the end of the year, they may need to transfer funds to offset this. Chris comments that food service will no longer be a self funding entity in that case. Bill states that they can self fund up to \$325,000, anything over this will need to come from the operating budget. The school board needs to determine if they should increase lunch fees to help offset.

Dawna explains that last year they had a loss of \$8,500. She anticipates it may be the same, yet this also depends on potential equipment loss/replacement. Bill adds that food service equipment has now been included into the maintenance expendable trust. Melinda points out that if there is going to be an anticipated cost above revenues for this, the extra should be incorporated into the budget formula. Tom feels they should think about raising prices to account for the shortfall. Melinda feels this should be up to the school board. For future budgets, she would like any deficit amount to be included as a line item in the budget and they will have to decide how to handle the percentage increase at that time.

Jim comments that the schools do have aging equipment. He asks if this is something they should plan for in the operating budget. Melinda questions how they could spread this out over several years and how much increased lunch prices could absorb. Chris comments that food service is easiest to see as a self funding program, yet this may not be east to continue with the need to replace equipment. Tom comments that this equipment usually lasts many years. Replacement costs should not be included solely in the food service budget, as these expenditures do not come every year.

The next handout is a Capital Improvements/Maintenance Plan. This is a 3 year plan. It is sorted by school, then by year. Bill points out that the list includes air duct cleaning, which should be done every 5 years. While this seems like it should be a routine maintenance item, the total for both schools is \$38,000. They feel this is an appropriate idea to save for this expense every 5 years. Having this cleaned is also a health issue for students and staff. Chris questions whether there is any EPA recommendation for the timing of this cleaning. Bill is not sure.

Rich comments that he recently returned from an EPA conference. The conference was great. There was much information obtained that can be used by building maintenance. Many items can be implemented right away at no cost to the schools. There is a checklist to be used by custodians and administration to help them keep up with necessary maintenance items. When things settle down, he plans to meet with the Director of Maintenance to assess the indoor air quality at all schools.

Tom points out that last year \$19,220 was budged for heating/ventilation (2600-431 account). He asks if this is different than the proposed air duct cleaning. Bill states that all boilers for both schools are now under contract. This is a closed forced hot water

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system. The pipes were not being conditioned each year, which caused problems over time. Many of the pipes were filled with mineral deposits. This is the cost for the boiler contracts, which allows for proper filtering and cleaning of the entire system. Bob Blais explains that this year they need to clean the air handling systems. He has received a hard quote of \$28,000 for both schools, which is a reduction of \$10,000. They also need to upgrade the energy management system, which is a computer system that enables them to manage the heating/cooling of the buildings. Once installed there will be a small spike every 2-3 years for software upgrades/maintenance.

Blais explains that this will help to regulate the buildings and will also allow for remote access. They should experience some efficiencies with this system. Bill adds that this will allow for more control of classrooms and will help to reduce “hot spots” in the school. Blais indicates that this will be a 6-8 week labor intensive process to program all parts of the school. He mentions that he has also been looking into geothermal systems for the schools.

Bob Blais explains that he used prices from the high school to budget sanding for 17 storms. This is currently being done by the school. The town had concerns that they would not be able to meet the timing requirements for the schools. Melinda points out that with private plowing/sanding, the sanding is done at the same time as the plowing. For the town to provide sanding services, it would require a separate trip over to the school and it may not be at the right time. The town may come by during their route to sand, with the school’s plowing done after, which would only plow up the sand that was just laid down. Chris questions the difference in cost. Bob Blais is currently getting quotes for next year. They will have to update the contracts. Melinda feels it would be more cost effective and safer for the schools to have the plowing and sanding done by the same vendor. If one entity is overseeing both, there will be less labor and less material used.

Don questions whether all of these maintenance items need to be done in the first year. Can some of these items be pushed out to the next year to help level this out? Bill indicates that the school board has not discussed all of these items yet. Chris would also like to see a way to spread out this \$116,000. Bill mentions that the maintenance items for the SAU are offset by revenue from the other districts. Melinda asks if they will be asking for \$107,000 for the expendable trust.

Tom recalls this fund being established to level out large items, yet this seems to be a large spike. Last year a major priority item was the repaving of the parking lots, yet now this item is pushed out to 2012. Bob Blais explains that they are trying to decide how they will be funding such a large item. Chris also recalls this discussion last year, where this item came across as being a safety issue. He asks what has changed. Bob Blais explains that the entire site needs a total restructuring, including new drainage. There are also some smaller projects on the site that will need to be handled. He is looking to get all of these items done at the same time, as it will ultimately be cheaper.

Bill points out that they also still need to work out the leasing agreement for the SAU building to make this current with today’s rates. They are not showing any current lease payment offsetting revenue. This is on their list to do.

Melinda also recalls the expendable trust was supposed to level out the payments. They are now looking at an additional \$82,000. Bill points out that this can be reduced by \$12,000 with the better quote received for the air duct cleaning. This list is not final yet. Before they finalize the warrant article for this, he would like to get better quotes for these items.

Melinda points out that the guideline sheet presented this evening includes \$97,000 for the expendable trust that was rolled into the operating budget with the formula. This was used as part of the target figure and may be over-inflating the base budget. Rich comments that they do not know what they will have for surplus at the end of the year. If they do not move this over to the expendable trust, it would go back to offset taxes. Dawna explains that they are not appropriating a new amount, this money was already appropriated last year and may be surplus. Tom questions what would happen if there were no surplus. Dawna states that there would be no funding to do these projects.

Melinda understands the process, yet she is confused by the trust funds from last year are included in the 2008 approved budget figure for the guidance formula. She is not sure it makes sense for this \$97,000 to be included in the guidance, as these monies are not raised by taxes, but are really surplus items from the prior year. Chris agrees that this money should not be included in the guidance formula. Dawna states that this only amounts to a small number.

Tom feels they should only be funding major items with the expendable trust. Smaller items should be funded through the operating budget. He has a problem with trying to level this out. He does not like to see such large spikes. He would rather see some of these smaller items in the budget and leave more in the trust to fund future large expenses. Rich asks if the BudCom would be in favor of allowing some of these items to be moved over into the budget. Tom is in favor. Bill stresses that they are trying to show that they have a maintenance plan, yet it is confusing where there are 2 funding sources. Tom comments that if they go over on the maintenance line item in the operating budget, there will just be less surplus to go into the expendable trust.

Melinda is still concerned about how the guidance is being calculated with this expendable trust. The BudCom needs to figure this

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out. If they are showing the money on one end, they must show it on the other end. Either both are in or both are out. With gross base budgeting, they must show all items. If a person has a checking and a savings account, these amounts are not added together. There should be \$97,000 less for the 2009 approved budget, which will give \$97,000 less for the recommended budget. This will then reduce the delta by \$97,000. Bill feels that it will only be a \$1,700 impact. If they remove the \$97,000 before calculating the 1.8%, then the impact is only \$1,700. Melinda disagrees. The following is her newly calculated version of the guidance, removing the \$97,000 from the 2008 approved budget figure. The result is a new delta of \$170,066 vs. the previous \$268,691.

	Guidance for FY 2009
FY 2008 Operating Budget from MS22	\$10,359,585
+ FY 2008 Expendable Trust	0
+ FY 2008 Special Revenue	122,041
+ FY 2008 Food Service	302,087
FY 2008 Approved Budget	\$10,783,713
- FY 2008 Special Revenue	122,041
- FY 2008 Food Service	302,087
- FY 2008 Debts Service	402,988
- FY 2008 Special Education – Non administrative	2,013,761
FY 2009 Budget Recommended Base	\$7,942,836
FY 2009 Guidance Percent Increase	1.8%
Guidance Increase to FY 2009 Budget	142,971
FY 2009 Base + Guidance Increase	\$8,085,807
+ FY 2009 Special Revenue	130,000
+ FY 2009 Food Service	325,000
+ FY 2009 Debt Service	397,431
+ FY 2009 Expendable Trust	0
+ FY 2009 Special Education – Non Administrative	2,074,460
Total Recommended	\$11,012,698
Total Requesting	10,842,632
Delta – Recommended to Requesting	\$170,066

Bill argues that the \$97,000 is shown on the MS-22 as appropriated amounts. Dawna adds that there is also an associated line on the MS-22 showing the \$97,000 as revenue.

Tom points out the late hour and suggests recessing the meeting and meeting again to continue this guidance formula discussion. Chris agrees that this would be a good idea. That would also give them time to research this issue.

Bill stresses that the bottom line of the second handout, has the same FY 2008 approved budget line of \$10,880,595. They must be consistent with how these numbers are reported. Melinda points out that the guidance sheet currently has a zero amount listed as being added back in to create the total recommended amount. She missed this before. There needs to be a figure in here to cover the maintenance items. Debbie points out that if the expendable trust is being added in at the top of the formula, this same amount should also be removed before the multiplier. Then the new expendable trust figure should be added back in to create the recommended. This same amount should also be included in the total requested amount. Melinda agrees.

Bill comments that Tom has already expressed that some items should be expended through the trust, yet should be through the operating budget. He asks for an allowance to permit some of these items to be done outside the guidance. Chris is not comfortable doing that at this time. He recommends that the BudCom recess and meet again next week to continue this discussion on the guidance formula. Once this is cleared up, they can give the school an updated guidance.

Chris stresses that the reality of the proposed budget is that they still have no information on a major block of expenses associated with the negotiated contracts. He would like to have this prior to the public hearing. The BudCom still does not know what they are really asking for. Rich states that the collective bargaining is separate from the budget and they have until February 11th to ratify the contract. Chris points out that this does not give the BudCom much time to do their job.

Melinda stresses that the cost items associated with the negotiated contract are not in addition to the budget, they should be included

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IN the budget. The guidance is already set. They currently have \$155,000 left to cover all cost items from the contracts. This will actually push them above and beyond the guidance. Rich states that there will be 3 separate warrant articles. Melinda states that the guidance given by the BudCom includes all warrant articles. In prior years the school board and selectmen used warrant articles to get around the guidance, therefore the BudCom has the guidance to say that this MUST include all warrant articles.

Rich states that this is clear in years when they already have an approved contract, yet this is not so each when they are currently negotiating. Melinda stresses that they must leave room within the operating budget to allow for what is the anticipated outcome of the negotiations.

Rich stresses that the BudCom guidelines cannot have a direct impact on the contract negotiations. Melinda states that they are only concerned with the bottom line. The discussion on the minutia of the budget is more for curiosity. It is ultimately the school board's choice what is spent on each line item. The BudCom cannot dictate where cuts are made, as they are only looking at the bottom line. The school board decides what goes to negotiations and what goes to books. Rich states that the voters have the final say in this.

Tom moves to recess this meeting to January 25th at 7:30 am to resume discussion on the guidance formula. Seconded by Bill. Motion unanimously approved.

Meeting recessed at 10:45 pm.

Respectfully submitted,

Deborah Adams, Secretary