



BUDGET COMMITTEE

Town of Hollis

Seven Monument Square
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Minutes of November 25, 2008

Meeting was held in the Community Room, Hollis Town Hall and was called to order by Chairman, Chris Hyde at 7:30 PM

Members present: Chris Hyde, Chairman; Mike Harris, Vice Chairman; Peter Band, Selectmen's Representative; Bill Beauregard, School Board Representative; Tom Jambard, Bob Labednick, Bill Matthews, Frank Whittemore.

Also present: Paul Calabria, Finance Director

Review of Minutes

Bob moves to approve the October 28, 2008 Minutes as amended. Seconded by Peter. Motion unanimously approved.

Chris would prefer to review the October 28, 2008 non-public minutes at the next meeting, since the BudCom members just received their copy this evening.

Town Report

Paul states that he is awaiting the November financials. This should be closed out next week. So far the Town is on track and barring any catastrophes they will be underbudget for the year. The Selectmen are currently looking ahead for any encumbrances. They will need to vote on these at the end of December. The tax bills have been sent out and so far the collections have been steady, with half of the taxes being collected so far. The biggest day will be Monday, December 1st, as this is the actual due date.

Paul reports that they are anticipating some problems due to the declining revenue. Recent CD renewals were only at 1.57%, as compared to 3% last year. The idle cash in the investment account is only 2%. Mark Le Doux recently told the Selectmen that he expects this to drop to zero, although everyone hopes this is not the case. Bonding rates for large projects are still up in the 3%-4% range.

Peter mentions that the Selectmen have entered into a contract to have the rot at the library repaired. The bidders all understood the scope and limitations of the work to be done. They received an attractive bid of \$3,800 to repair these areas and prime it for the winter. It will be too late to actually paint it this year. This is the same contractor that reconstructed the ice house. He also bid \$20,000 to paint the building. Chris feels this to be rather high. He questions the size and square footage of the building. Tom asks if this quote is for painting just the older portion of the building. Paul thought this was for the entire building, yet it may also include the Always Ready Engine House and the shed. Peter agrees. He stands corrected. This quote does include the other structures as well.

Mike arrives at this time.

Bob recalls from the Selectmen's meetings that the original bid was only \$5,500, yet has now jumped up to \$18,000. Peter will get the true numbers for the BudCoM. In the mean time, the immediate repair work has been approved and is being done.

Peter states that the Selectmen have discussed any potential warrant articles. The one with the most financial interest is one for the town hall building. If the building were to be completely renovated, it will cost approximately \$2,500,000. This includes all costs, including engineering. At this time there is only lukewarm support from the Selectmen for this. He does not see that this is a good time for such a large project, given the current financial crisis. The Selectmen may still put this out as a warrant article to get the voters opinion. There may also be an alternative warrant article for a much lower amount of \$150,000 for emergency repairs to the tower. He feels this should really be taken care of. To repair the tower now would not be a waste of money if the voters approve an article to renovate the building in the future.

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Bill M asks if the 10% rule would apply if the voters approved a warrant article for the renovation without BudCom support. Paul explains that the 10% rule does not apply for bond articles. Mike comments that the Selectmen have presented this to the BudCom in the past as a necessity. Peter comments that not all Selectmen feel this way. The current board may shy away from offering any support for this project this year.

Bob suggests possibly removing the tower for now and capping the roof. The tower can then be replaced in the future when funding is more available. Peter indicates that this option has not been discussed. Chris points out that this would require much crane work. He feels that if the tower is a safety issue, it should be addressed. Peter explains that the tower is framed into the rest of the structure and the manner in which it was constructed is not adequate. Chris points out that the BudCom may wish to give the Selectmen their own opinion on this during the 1st review of the budget.

Mike asks if there will be any road repair articles on the warrant. Peter indicates that there will be several. The Wright Road culvert for \$100,000. Federal Hill Road for \$10,000. Hillside Drive another \$7,000 to finish the paving. Wood Lane \$30,000 to finish the drainage. Mike questions why the project on Depot Road has taken so long to complete. Peter explains that this is a State project. Many factors caused the delays. Permits for wetlands were tied up in Concord. Contractors had to be rescheduled. The weather was a big factor and more flooding caused damage to some work that had already been done.

Chris asks about the oil contract. Peter indicates that the Selectmen did sign an oil agreement with Lorden. It was the opinion of the Selectmen that the negotiations that were done constituted a contract, by which Lorden purchased oil. A few changes were made to the contract. The commencement date of September was used, rather than the date the contract was signed. The contract also clarifies the number of gallons to be 7,000 rather than a range of 7,000-9,000. The contract locks in at a rate of \$3.09.

Chris feels this is a strict contract. This is more stringent than his personal contract where he must use a minimum of only 500 gallons. He feels the town got beat up on this. He would like to see a copy of this contract. Peter explains that without the minimum gallons being specified, the town could just walk away after receiving 1 gallon. The 7,000 gallons is at the lower end of the usage. The town will use all of this.

Chris asks about the revolving funds. When these funds for recreation and maintenance were established, it was explained that the BudCom would review the activity each quarter. He does not recall having any review of this so far. He would like this to be implemented on a quarterly basis.

Peter mentions that the Selectmen have been working on the collective bargaining agreement. Meetings have been ongoing, yet there is still much work remaining to be done. Chris would like to see the Selectmen negotiate a contract to remain level with salaries in light of the existing financial crisis. Peter assures the BudCom that the negotiating team is very cognizant of this.

Paul reports that motor vehicle revenue has remained flat, yet current use revenue and building permits are way down. Bob questions how many abatements have been filed. Paul heard it was only at 3 so far. Debbie overheard a Selectmen indicating they currently have 12 applications. Paul explains that people filing for abatements to contest the value of their home will need to have their properties appraised before filing the abatement. Peter explains that if there are obvious mistakes, such as the number of bedrooms or 2 car vs 3 car garages, those can be adjusted without an appraisal, yet if the property owner merely disagrees with the value of the home, they will need to have this appraisal for comparison.

Chris comments that the Selectmen recently discussed the communication center renewal for Brookline. Given the present rate of inflation, he feels that the contract would be shifting the cost burden onto the Hollis taxpayers. Peter explains that there is a fixed cost for running the communications center. Chris stresses that he is not looking to make a profit from Brookline, yet if expenses are increasing more than 3%, the Hollis taxpayers should not bear the entire burden. Mike cautions that they cannot raise this contract so much that it pushes Brookline to leave and go out on their own. Tom points out that this arrangement is beneficial to both towns. It is cost effective to Brookline, as they cannot afford their own communications center and with Brookline's share, it helps Hollis to offset some of the costs. Chris feels that if the contract is not beneficial to Hollis, they should hold off and review it further. Tom asks when this will be signed. Peter indicates that the Selectmen signed this last night. Chris feels that when the Selectmen are contracting out items, they should bring it to the BudCom for review before signing a contract. This would be helpful.

Vahrij Manoukian arrives at this time.

School Report

Bill B indicates that the next draft of the FTE report should be available for the 1st review of the budget. The SAU board recently

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discussed the oil contract. The Superintendent attended a few meetings with the Selectmen and Lorden Oil to discuss a possible buy out of the contract. They determined that there would be much risk in doing any buy out and it was not the direction they wanted to go. Vahrij stresses that the meetings with Lorden Oil and the Superintendent were non-public and should not be discussed this evening. Those minutes have been sealed.

Bill B states that they locked in the oil contract at a price of \$3.09, which is the same as the town. He would like to create a board with 1 member of each budget/finance committee to research oil contracts and report back to each respective town and school. This could be instituted for next year.

Bill B reports that the SAU budget is proposed at \$13,000 over last year, which is a 1.1% increase. There has been some discussion about the need for a special education administrative assistant. The Board wants more information on this for the next meeting. The proposed increase does not include this position. Chris questions the cost of this new administrative position. Bill B states that this will be discussed at the public hearing. Chris stresses that this will amount to having a discussion and a vote on the position at the same meeting. It would be helpful to have the information to review prior to the meeting.

Bill B states that the RSA proposal was discussed by the SAU board at the last meeting. Concern was raised that if the budget is not supported by all 3 districts, it will become difficult to budget as the default goes back to the last year's budget. Chris explains that the budget would be voted upon at all 3 district meetings, yet must be a majority of all 3 districts combined. Bill B stresses that there is still much concern over this. Chris points out that he has attended the SAU public hearing for the last 5 years. Each year the SAU budget increase has far exceeded the Hollis budget increase.

Bill B announces that the director of maintenance has resigned. Since that time there have been a few serious incidents. These have not been factored into the proposed budget.

Bill B mentions that he received a hard copy of the proposed budget at the last school board meeting. He points out that the NESDEC figures do not look right to him. The Superintendent will be contacting NESDEC about this issue.

Old Business

- **Petition for SAU Budget Vote** – Chris sent out sample copies of the petition via email. A separate petition will be needed for each district. Each district must pass the article (by simple majority) to enable this process. If it is not approved by all districts, it cannot be enacted by just 1 district within the entire SAU. Once this is enacted, the following year there must be an accumulated majority vote from all 3 districts to pass the budget. If this does not pass, a default budget will be enacted. This would be level funding from the previous budget, with some modifications for contractual items. Bill M comments that this would be merely an up or down vote.

Chris explains that this can be handled as a petitioned warrant article, the SAU Board could vote to place it on the warrant as a regular article or each school district could vote to place on the warrant. He stresses that this is a \$1,200,000 budget that is outside any budget/finance committee oversight or any public vote. If the voters wish to change this lack of oversight, they should approve this. Once the SAU budget is approved by the board, it is then divided out into each school district budget as a single line item, yet this one line item cannot be touched or modified by the voters. Bill B comments that this is no different from any other line item in the budget. He feels that if the budget or finance committees were really interested in this, they would each have a quorum at the SAU board meetings, but this does not happen. When comparing the numbers to last year's budget, it is clear that if they had to use the default budget there would not be much to work with. He questions where the BudCom would suggest making cuts. Chris argues that this budget is approved by only 17 people from 2 towns. It should go before the voters.

Bill B points out that if this is based on not having BudCom oversight, if all the budget/finance committees were to attend the meetings and voice an opinion, it may have some impact. Mike argues that historically this has been attempted, yet they always come away with the feeling that they have not say over this budget and it is pointless to try. Bill B will forward a spreadsheet of the SAU budget to the BudCom. If anyone sees any area that could be treated differently, the Hollis school board will listen to those comments.

Mike recalls a year when the BudCom was trying to hold the town and school to a certain percentage, only to have the SAU increase their budget double this recommendation. Chris points out that Bill B is only looking at the fear factor of what will happen if. Chris is looking to get more people involved in the process. This places the SAU budget as a role call, up or down vote at each district meeting. Bill B comments that this will necessitate having the SAU budget presented and discussed at the BudCom's presentation meetings. It will make the meetings longer, as it will be a separate budget presentation. It is not like presenting just 1 line item, it will be an entire budget presentation. Mike likes this idea,

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as it will allow the BudCom to offer support or nonsupport to give more leverage to keeping the budget down. Bill B stresses that he could have arranged to have the SAU budget presented during tonight's meeting.

Chris points out that there needs to be more continuity. Each year the SAU public hearing ends up being scheduled at the same time as a BudCom meeting. This happened again this year. He tried to get their meeting rescheduled, yet the chair did not return any phone calls and the BudCom ended up rearranging their schedule. He is personally in favor of this and will be signing the petition for both Hollis and the Coop. Each petition needs 25 signatures. He urges anyone that is interested to sign the petition he has with him tonight. He plans to present one to the Brookline Finance committee as well.

Tom clarifies that at the district meeting, the vote will be to approve or disapprove. Bill M agrees and points out that there will be no ability to amend the budget. Chris explains that if the budget were disapproved, the default would have each line item of the SAU budget remaining the same as last year. Bond items will be reduced. Any contract items would remain the same. Mike states that the key is having the ability for the BudCom to recommend or not recommend. Will this be the case. Chris will talk to the DRA to get some answers. He hopes to have these answers in time for the December 9th public hearing.

Tom agrees that they need the voters to see the details of this budget, yet nobody seems to care. Not many people attend these meetings. Bill M agrees that the year to year budget items are not so much of an issue. The changes to administration, such as adding new principal or assistant positions should be voted on.

- School Facilities Study – Chris comments that there really is nothing for the BudCom to do with this at this time. The committee gave a good presentation of their findings and recommendations. There was much information given with many recommendations. The BudCom should discuss at a later meeting how they should proceed with this information. He does not want this information to get buried and forgotten.

New Business

- School population projections – Chris comments that the data distributed to the BudCom was definitely eyepopping, yet Bill B has indicated that this data may be incorrect. They should wait to discuss this any further until the school can verify the data.
- Legal Advice – Chris comments that this has come up a few times in the past. If the BudCom needs legal advice on the same issue as the town or school, they cannot use the same attorney. He wonders if there should be a line item for BudCom legal. Paul points out that within the finance budget, the BudCom has \$500. Some of this is used for legal notices for the public hearings. Bill B questions why they would need a separate line item for BudCom legal. If a legal opinion is needed, the Selectmen should approve the expense with monies expended from the legal budget. Paul mentions that they will be combining all legal line items into one heading for the 2009 budget.
- Information needed for budget reviews – Chris indicates that he would prefer to have Excel spreadsheets of the budgets, although others may want paper copies. He would like to see line item budgets with history back to 2000, both Budgeted and actual, expenditures and revenue, as well as anticipated revenue. He would also like to see the following for each budget presentation:
 - Contractual obligations - (employment, union, bonds, other) – Chris would like to compare old and new contracts.
 - Current employee contract language
 - Employee counts and distribution by dept and function
 - Compensation & Count Comparisons to neighboring and similar communities – Chris questions how difficult this may be to obtain from other communities. Mike feels the negotiation team should have this data. Peter questions if this is an across the board comparison or just certain positions. Mike would like to see how Hollis compares to other towns for all positions. This will show if Hollis can compete with others. Tom wonders how Hollis compares with Pepperell. Paul states that Pepperell pays their police details much higher than Hollis.
 - Valuations
 - Projected & 5 year historical tax rates - (both full value tax rates and reported)
 - Guidance Formula updated to what is presented

Mike would also like to see the spreadsheet with actual taxes. Debbie explains that this is a sampling of properties showing actual taxes. Mike feels this will be useful to see the impact on the same properties each year. Peter would also like to see this information.

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Paul indicates that he will do his best to gather all of this information, however it may be difficult, as much time is being spent on union negotiations. Chris stresses that in order to deliberate properly, they should have this data prior to the public hearing. He may not support the budgets if this is not received timely. Bill B also indicates that gathering this much information will be hard.

- December 23 meeting – Chris explains that historically the BudCom has not held their normally scheduled meeting in December. By this time they will have already met with both the town and school for a first presentation of the budget. He prefers not to have this meeting.

Tom moves that the BudCom not meet on December 23, 2008. Seconded by Bill B. Motion passes 6-0-2 with Mike and Peter abstaining.

- District Meeting dates – Debbie announces that the Coop will hold their district meeting on March 4, 2009 and the Hollis school district will hold their meeting on March 18, 2009. Chris stresses that this schedule is backwards from what will serve Hollis best. He questions why this cannot be reversed. The BudCom has asked for this and are not getting any cooperation. Bill B states that this is not an SAU decision, it is the Coop's decision. Chris questions why Hollis cannot hold their meeting on March 4th. They have asked for this many times before, to have the Hollis meeting the week before Town Meeting and the Coop meeting the week after Town meeting.

Bill B does not understand the urgency in having the Hollis meeting before Town Meeting. All public hearings have been held by this time and all budgets have been posted. He does not see any good reason. Chris explains that when the Coop has their annual meeting, the voters are not seeing the full picture of all budgets. This information is presented at the Town Meeting, but this is after the Coop meeting has already been held. Bill B reiterates that at this point there have already been 2 budget presentations and 1 public hearing. The information has been made available to the public. Chris stresses that he has asked for Hollis to be held first, but this did not happen. He is not happy about this. He feels it has more to do with a conflict with personal vacations vs the best interest to the Town.

Other Business

Bob questions why the Selectmen are asking to have their emergency funds changed. Last year they had contingency funds for each department, which were rolled into 1 account, and now they want to change the wording to remove "emergency" and allow the funds to be used for other purposes. Paul explains that this was changed last year at the recommendation of the new town administrator. The initial intent was an effort to stabilize the budget. This fund was intended to begin at \$40,000 and build up from there. At Town Meeting there was concern about this \$40,000, so an amendment from the floor added the word "emergency". The Selectmen feel that the town will be better served by having a broader wording for this account. Bob is concerned that changing the wording will allow too many items to be expended from this fund; items that are not emergency in nature.

Paul explains that this balance is reported in the annual report each year. The voters will be able to see what balance is left and could vote down any further additions to this fund if they felt it was growing too large. Peter agrees that if the fund were to grow too large it could become a slush fund. This is not the intent. Mike thinks this is irrelevant. Instead of having each individual department having a contingency fund, it makes more sense to have just 1 fund. Chris agrees. This is similar to what the school has established. It is not intended just for emergencies, but can be used for other maintenance items. Mike points out that anything too large will be put in as a bond anyway.

Frank questions the cost for retirement this year. Paul states that this is up \$17,000 for a half year, for only the town portion. The rates are established in July. Peter adds that the new legislation does not come close to touching the problem with this system. The changes made are merely a band-aid.

Tom moves to adjourn. Seconded by Bob. Motion unanimously approved.

Meeting adjourned at 9:10 PM.

Respectfully submitted,

Deborah Adams, Secretary