

**TOWN OF HOLDERNESS
BUDGET COMMITTEE
PUBLIC HEARING MINUTES
February 3, 2021**

Budget Committee Members Present: Chair, Ken Evans, Kevin Barrett, Todd Elgin, Dayna Titus via remote link. Kelly Schwaner, Select Board Representative and Jill White, Select Board Alternate were at the Holderness Town office

Holderness Central School Board Members Present: Chair, Carolyn Mello, Meridith Mitchell and Joanne Pearce were at the Holderness Central School along with HCS Principal Joe Sampson. Kristina Casey and Wendy Mersch were participating remotely.

Others Present: Town Administrator, Michael Capone, at the Town Office. SAU 48 Business Administrator, Dan Rossner SAU 48 Assistant Superintendent Dana Andrews, Holderness Fire Chief, Eleanor Mardin, Holderness Recreation Director, Wendy Werner, Holderness Residents Kristen Fuller, Bill Nesheim and Bruce and Betsy Whitmore were all participating remotely.

Call to Order: Mr. Evans called the meeting to order at 6:32PM. It was noted that due to the ongoing emergency orders in place, the Board is operating under RSA 91-A:2 that allows for remote participation by Board Members.

Ms. White then polled the members of the Budget Committee to ask if they had anyone else present in the room with them and if the meeting was being recorded.

Mr. Evans provided an introduction of the Budget Committee members and a review of the budget process. He also provided some information with regard to Tax Rate history. He then asked Ms. White, Chair of the Select Board, to go through the Town's Budget Presentation. Ms. White proceeded to go through the warrant articles providing additional background for each of them.

- **Article 4:** To see if the Town will vote to raise and appropriate the Budget Committee's recommended sum of Two Million Six Hundred Seventy-Seven Thousand Three Hundred and Twelve Dollars (\$2,677,312) for general municipal operations. Said sum does not include special or individual articles elsewhere within this warrant.
- **Recommended by the Select Board; (5 years, 0 nays) and Budget Committee; (7 years, 0 nays)**

Ms. White provided some information regard to expense items impacting the operating budget.

- The proposed operating budget increased \$104,638.40 (4.07%) from last year. This consists primarily of increases in the following areas:
Employee Retirement Contributions: \$50,533 - to comply with changes to the New Hampshire Retirement System employer contribution rates for the next biennium, with allowance for a possible full time Fire Chief from January 1, 2022 to June 30, 2022 (\$10,979).
Employee Wages: \$37,700 – general 2.75% increase in wages with some additional adjustments as necessary with allowance for a for full time Fire Chief (\$8,079)
Legal Services: \$10,000 – continued increases in Legal activity in Land Use and other areas.
Health Insurance Premiums: \$19,048 – Not to exceed premium increase of 9% with allowance for full time Fire Chief (\$7,416)

The increases would be offset somewhat by a reduction of \$10,500 in the Police Prosecutor line and a reduction in Election Expenses of \$4,092 as well as the use of encumbered funds for \$20,000 of our Property Revaluation Work.

Ms. White then highlighted some of the changes to revenues.

- Town Operating Budget Revenues are expected to decrease overall by \$129,000 from last year.
- This consists primarily of decreases in State Revenues from Shared Revenue Block Grant (\$21,000), Highway Block Grant (\$25,144) and State Rooms and Meals Tax (54,559). We anticipate these reductions may result from a loss of State Revenues due to the ongoing pandemic.
- We anticipate a Decrease in the Revenue generated by our Bank Balances due to a reduction in interest rates (\$44,725) as well as a decrease in the interest received for past due tax payments (\$10,000).
- These will be offset by increased revenue derived from Motor Vehicle registrations (\$18,000), Increased revenue from Timber Taxes (\$2900) and Increased Revenue from Departments (\$3200)

Ms. White asked if there were any questions with regard to this article. There were none.

She next spoke to **Article 5:** To see if the Town will vote to raise and appropriate the sum of Three Hundred and Ninety-One Thousand Five Hundred Dollars (\$391,500) to be placed into the following previously established Capital Reserve Funds. **Recommended by the Select Board; (5 years, 0 nays) and Budget Committee; (7 years, 0 nays)**

Ms. White provide some additional information with regard to Capital Reserve Fund contributions for the proposed budget making note of the differences between the prior budget and the proposed budget.

RESERVE FUND	FY 2020/2021	FY 2021/2022
White Oak Pond Dam	\$ 2,500	
Fire/Rescue Vehicles	60,000	75,000
Road Reconstruction	150,000	150,000
Municipal Buildings	30,000	10,000
Revaluation	35,000	35,000
Fire Equipment	5,000	5,000
Public Works Vehicles	51,000	71,000
Conservation	5,000	5,000
Police Cruiser	26,000	20,000
Transfer Station Equipment	2,000	
Town Office Information Technology	10,000	
Employee Post Benefit Expendable Trust	15,000	
Abatement Legal Defense Fund		20,500
New Cable Expansion	12,000	
Total	403,500	\$391,500

Ms. White asked if there were any questions with regard to this article. There were none.

She then spoke to Capital Reserve Fund Goals

- Continue to Fund Capital Reserve Accounts at or near the overall current amount of \$403,500 annually to avoid overall budget spikes. Some of these reserve funds will come from Fund Balance.
- Adjust yearly contribution levels within existing accounts to minimize or eliminate any long-term borrowing while meeting planned capital expense needs. Maintain sufficient reserves to fund unplanned expenses.
- Maintain ten-year Capital expense plan. Review and update with Department Heads, Select Board and Budget Committee as part of the annual Budget process.

Ms. White asked if there were any questions with regard to this article. There were none.

Prior to moving on to Articles 6-9 Ms. White made note of common language **“no additional funds will be raised by taxation”** you would find in the other Articles 6,7,8 and 9. This wording is included to inform the voters that we are making use of existing funds raised through taxation in prior budget cycles. These funds will be withdrawn from an existing Capital Reserve account or from Fund Balance.

After which, she proceeded to review **Article 6:** To see if the Town will vote to raise and appropriate the sum of Twelve Thousand Dollars (\$12,000) to be placed in the New Cable Service Expansion Fund with funds for this appropriation to come from the unassigned fund balance. No additional funds will be raised by taxation.

Recommended by the Select Board; (5 yeas, 0 nays). Recommended by the Budget Committee; (7 yeas, 0 nays)

Ms. White explained that this article was included this year to correctly identify the source of funding for the Cable expansion capital reserve which comes from franchise fees received from our cable provider during the year. These funds are initially received as revenue, but are then taken from fund balance to be placed in the Cable Expansion Capital Reserve Fund.

Ms. White asked if there were any questions with regard to this article. There were none.

Ms. White then reviewed Article7: To see if the Town will vote to raise and appropriate the sum of Two Hundred Forty-Nine Thousand One Hundred Fifty Dollars (\$249,150) for the following Capital projects and to fund this appropriation by authorizing the Select Board to withdraw the sums indicated from Capital Reserve Funds as noted:

- Road Reconstruction: \$175,350 (from the Road Reconstruction Capital Reserve Fund)
- Revaluation (Cycle Inspections): \$25,000 (from Revaluation Capital Reserve Fund)
- Pickup Truck for the Police Department: \$45,000 (\$35,000 from the Police Cruiser Capital Reserve Fund and \$10,000 from the Police Department Revolving Fund)
- Town IT Equipment: \$3,800 to replace two workstations in the Town Office Computer Network (from the Town Information Technology Capital Reserve Fund)
- **Recommended by the Select Board; (5 yeas, 0 nays) and Budget Committee; (7 yeas, 0 nays)**

Ms. White asked if there were any questions with regard to this article. There were none.

Ms. White then reviewed **Article 8:** To see if the Town will vote to raise and appropriate the sum of Twenty-Five Thousand Dollars (\$25,000.00) to purchase a reconditioned defibrillator for the Fire Department to further authorize the withdrawal of the sum of \$15,000 from the Fire Equipment Capital Reserve Fund. The balance of Ten Thousand Dollars to come from the unassigned fund balance. No additional funds will be raised through taxation.

Recommended by the Select Board; (5 years, 0 nays) and the Budget Committee; (7 years, 0 nays)

She mentioned that this defibrillator goes out on every Medical call and we had 160 medical calls last year.

Ms. White asked if there were any questions with regard to this article. There were none.

Ms. White then reviewed **Article 9:** To see if the Town will vote to raise and appropriate the sum of Twenty-Six Thousand Dollars (\$26,000.00) to purchase Mobile Data Transmitters for the four Police Department cruisers with funds for this appropriation to come from the Unassigned Fund Balance. No additional funds will be raised through taxation. **Recommended by the Select Board; (5 years, 0 nays) and the Budget Committee; (7 years, 0 nays)**

Ms. White explained some of the background on this article noting that the Data Transmitters would provide additional levels of safety for our Police Officers and increase their operational efficiency.

Ms. White asked if there were any questions with regard to this article. There were none.

That concluded the Town presentation. Mr. Evans mentioned that the first session of Town Meeting would take place on Tuesday, March 9, 2021 with voting to take place at the Holderness Central School Auditorium between the hours of 10AM and 7PM. He noted that the Select Board was reconsidering the date for second session in light of Emergency Order #83.

Review and Discussion of the Holderness Central School Proposed Operating Budget and Warrant Articles.

Mr. Evans thanked Ms. White for her presentation and introduced Carolyn Mello, Chair of the Holderness Central School Board, to present the HCS budget and Warrant Articles.

Ms. Mello noted that School Board members Joanne Pearce and Meridith Mitchell were present at the School with her and members Kristina Casey and Wendy Mersch were participating remotely. She thanked those present for attending the meeting and reviewed the School Boards Goals as follows:

1. Commitment to maximizing student achievement and a full and varied experience through learning, kindness, and respect.
2. Support innovative practices at Holderness Central School
3. Provide opportunities for family and community engagement
4. Manage a safe building and technology resources for the future
5. Continue to encourage a schoolwide culture of health and wellness

Ms. Mello then reviewed the bottom-line Numbers for the proposed budget in the following slide noting the impact to the Tax Rate:

	2021/2022	2020/2021	2019/2020
• Operating Budget (Excluding warrant articles)	\$4,619,128	\$4,266,172	\$4,081,906
• Operating Budget (Inclusive of warrant articles)	\$5,007,701	\$4,539,627	\$4,286,026
Total School Revenue	\$333,082	\$253,962	\$355,555
• Net Rate Effect Comp (Op) 5.88 /5.21* (2021/2020)			
• Net Rate Effect (Total) 6.15 /5.43* (2021/2020)			
•			
• 67 cents/\$1,000 tax rate increase of Operating Budget			
•			
• 12% increase in Net rate (Op)			
•			
• * 2020 Tax Rate \$0.20 Lower than projected due to Prior Year Fund Balance			

She also provided a history of the tax rate as summarized below:

Year	Operating Budget	Total Cost	Net Rate Effect
2016	\$4,382,954	\$4,440,454	6.048
2017	\$4,244,906	\$4,532,563	5.873
2018	\$4,177,647	\$4,427,939	5.751
2019	\$4,058,452	\$4,265,702	5.261
2020	\$4,081,906	\$4,286,026	5.296
2021	\$4,266,172	\$4,539,627	5.666
2022	\$4,619,128	\$5,007,701	6.150

Ms. Mello then reviewed the reductions and the increases from the 2020/21 Budget.

Reductions:

Regular Education	\$12,300
After School Program	\$12,000
Electricity	\$4,500
Co-Curricular/Summer School	\$6,603
Food Service	\$8,000
Facilities/ Construction	\$22,701

Increases:

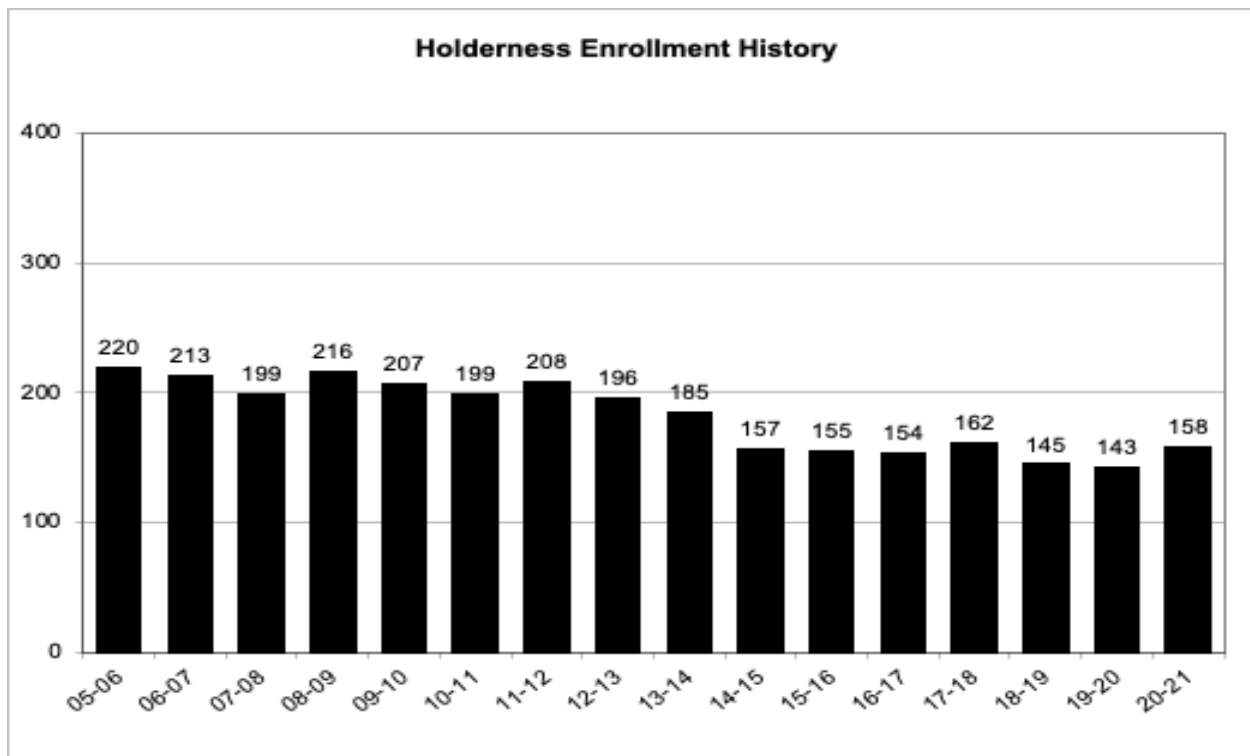
Special Education	\$159,555
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Speech/OT Services	\$6818
Principal's Office	\$21,497
SAU	\$10,348
Operating Building	\$17,265
Transportation	\$45,972
Health Insurance	\$7,598
Guidance/ Appraisal services	\$16,421
Principal/Interest	

Ms. Mello also spoke to the impact of Special Education expenses on the operating budget:

- Special Ed Instruction \$ 676,123
- Speech/PT/OT \$ 131,916
- Transportation \$ 30,000 (ESTIMATED)
- Psych \$ 26,688
- Nurse \$ 42,259
- Guidance \$ 54,008
- Total Cost of Special Ed **\$ (960,994)**
- Special Education accounts for 18% of our student population and 13% of our HCS budget.

Ms. Mello reviewed History of enrollment in the school from 2005 to the present and shared information with regard to staffing as it relates to enrollment.



Comparison Snapshot of HCS

	Teacher FTE	Support FTE	Total FTE	Enrollment	
2012	27.1	16.7	43.8	208	
2013	25.6	17.7	43.3	196	
2014	24.6	15.2	39.8	185	
2015	22.8	11	33.8	157	
2016	20.8	11	31.8	155	
2017		20.8	10	30.8	154
2018	21.6	11	32.6	162	
2019	21.6	8.5	30.1	145	
2020		21.6	9.0	30.6	143
2021		22.6	9.0	31.6	158

Support FTE Includes: Special Education Aides, Cafeteria & Recess Staff , Custodial Staff & Office Manager

Ms. Mello then reviewed each of the Warrant Articles beginning with Article 2: **Building Improvements from Capital Reserve** “To see if the School District will vote to raise and appropriate the sum of Ninety-Two Thousand Eight Hundred Dollars (\$92,800) for Window Replacement and Network Infrastructure and authorize the withdrawal of Ninety-Two Thousand Eight Hundred Dollars (\$92,800) from the School Building Capital Reserve Fund created for that purpose. No amount to come from General taxation. The School Board recommends this article. The Budget Committee recommends this article. (Majority vote required)

Ms. Mello reviewed **Article 3: Technology Improvements from Capital Reserve** “To see if the School District will vote to raise and appropriate the sum of Fifty-Three Thousand Four Hundred Ninety Dollars (\$53,490) for Technology Equipment and to authorize the withdrawal of Fifty-Three Thousand Four Hundred Ninety Dollars (\$53,490) from the Technology Capital Reserve Fund previously established. No amount to come from General taxation. The School Board recommends this article. The Budget Committee recommends this article. (Majority vote required)

Ms. Mello reviewed **Article 4: Building Renovation Capital Reserve Fund** “To see if the School District will vote to raise and appropriate the sum of One Hundred Thousand Dollars (\$100,000) to be placed in the

previously established capital reserve fund for building renovations. The School Board recommends this article. The Budget Committee recommends this article. (Majority vote required)

Ms. Mello reviewed **Article 5: Technology Capital Reserve Fund** “To see if the School District will vote to raise and appropriate the sum of Forty Thousand Dollars (\$40,00) to be added to the Technology Capital Reserve Fund previously established. The School Board recommends this article. The Budget Committee recommends this article. (Majority vote required)

Ms. Mello reviewed Article 6: **Support Staff Collective Bargaining Agreement** “To see if the School District will vote to approve the cost items included in the collective bargaining agreement reached between the Holderness School Board and the Holderness Educational Support Staff Association which calls for the following increases in salaries and benefits at the current staffing level:

Fiscal Year	Estimated Increase
2021-2022	\$62,283
2022-2023	\$60,205
2023-2024	\$60,621
2024-2025	\$60,550

and further to raise and appropriate Sixty-Two Thousand Two Hundred Eighty-Three Dollars (\$62,283) for the current fiscal year, such sums representing the additional costs attributable to the increase in salaries and benefits required by the new agreement over those that would be paid at current staffing levels. The School Board recommends this article. The Budget Committee does not recommend this article (3 yes, 3 no, 1 abstention) (Majority vote required)

Ms. Mello reviewed **Article 7: Fund Balance to Building Capital Reserve Fund** “To see if the School District will vote to raise and appropriate the sum of Forty Thousand Dollars (\$40,00) to be added to the School Building Capital Reserve Fund previously established. This sum to come from June 30 fund balance available for transfer on July 1. No amount to be raised from taxation. The School Board recommends this article. The Budget Committee recommends this article. (Majority vote required)

Ms. Mello reviewed **Article 8: Operating Budget** “To see if the School District will vote to raise and appropriate the budget committee’s recommended amount of Four Million Six Hundred Twenty-Two Thousand One Hundred Twenty-Eight Dollars (\$4,622,128) for the support of schools, for payment of salaries for the school district officials and agents and for the payment for the statutory obligations of the district. This article does not include appropriations contained in special or individual articles addressed separately. The School Board recommends this article. The Budget Committee recommends this article. (Majority vote required)

Ms. Mello provided some additional information with regard to Capital Improvements completed and capital improvements planned.

Completed:

Weatherization
Interior LED Lighting Upgrade

Roofing Coating/Cafeteria
 Classroom /millwork furniture replacement
 Septic Tank Evaluation and Repairs
 Playground Gate
 Security Upgrades including Bullet proof Glass and Camera System
 Security upgrades including Bulletproof glass and Camera System
 Upkeep and Renovations to fields and playground
 Phone and PA system for E911 compliance
 IT Infrastructure upgrades
 Computer Hardware installation at Middle School
 Renovation of Theater and Multipurpose facility
 Propane tank installation and conversion
 Exterior signage
 Sports Shed
 Exterior Basketball Court
 Sealcoat Building Exterior
 North entrance concrete steps
 Signage for e911 compliance
 Classroom windows
 Exterior LED Lighting installed
 Well Renovation
 Pavement extension and playground wall
 Tennis Court recoat
 Fence Repair at Tennis Courts
 Office, Library and Musi Room Flooring
 New range and convection oven for kitchen

Planned:

2025 Replace Septic Fields estimated cost \$100,000
 2027 Replace HVAC system estimated cost \$750,000

Ms. Mello also reviewed the Information Technology Budget.

- Routine staffing, maintenance, upkeep and infrastructure needs addressed through Annual Budget
- Major upgrades, additions, and infrastructure needs addressed through Capital Reserve
- Replacement of Computer Lab and Individual Devices addressed through Capital Reserve.

Ms. Mello provided information with regard to the cost to educate per pupil as of 2019/2020.

Plymouth	\$17,999
Thornton	\$20,492
Campton	\$20,598
Holderness	\$24,688
Wentworth	\$20,159
Rumney	\$30,950
Waterville	\$ 57,058

State \$17,188

Holderness

2020 \$24,688
2019 \$24,056
2018 \$22,043
2017 \$21,865

Ms. Mello concluded her presentation by reviewing the Communication methods utilized by the School Board, the challenges ahead and how the relationships between HCS and the community will help to meet those challenges.

Ms. Mello asked if there were any questions.

Mr. Nesheim asked about the link from the Town website to the School website noting that he was not able to access school information from the Town website.

It was noted that the links will be checked.

Other Business - Mr. Evans thanked Ms. Mello for her presentation. He mentioned that if there were no further questions, he would like to have the Budget Committee members to stay on the meeting so they can vote to place the articles on the warrant for Town Meeting.

Ms. Mitchell expressed concern with the Budget Committees vote on Article 6 of the school warrant. Mr. Evans responded noting that these were his personal concerns and others could comment if they wished. He mentioned that, as proposed, the average yearly wage increase over the course of the contract would be 5%. He also noted that there would be a doubling in the annual cost of health insurance.

Mr. Evans thanked those who attended the meeting for taking the time to participate in the process and he thanked the Committee members as well.

Mr. Evans suggested that if none of the members of the Committee planned to change their position on the articles as voted at the January 14, 2021 meeting, Town Warrant Articles could all be moved by a single vote. He suggested the same for the School Warrant. There was general agreement as to the process for the votes. He asked if a member of the Committee wanted to make a motion to approve articles 4-9 from the Town and move them to the Town Meeting warrant. Mr. Barrett made that motion. There was a second from Ms. Titus. There being no further discussion the Board voted 6-0 in favor of the motion.

Mr. Evans then asked if a member of the Committee wished to move that articles 2-7 on the school warrant be approved and moved to the Town Meeting warrant. Mr. Barret made the motion with a second from Ms. Titus. The Board voted 6-0 in favor of the motion.

Mr. Rossner observed that as voted, the Committee was now approving article 6 of the School Warrant.

Mr. Evans called for a new motion that would recommend articles 2-5 and article 7 be placed on the Town Warrant as recommend by the Budget Committee and Article 6 be placed on the warrant as not recommended by the Budget Committee. Mr. Barrett made the motion with a second from Ms. Titus. The Committee voted 6-0 in favor of the motion.

Adjournment - There being no further business to come before the meeting Mr. Barrett made a motion to adjourn at 7:42PM. There was Second from Ms. Titus. There being no further discussion, the motion passed 6-0 by a roll call vote.

Respectfully Submitted,

Michael R. Capone
Town Administrator