

Municipal Budget Committee Meeting  
Public Hearing  
Armand R. Dupont School  
10 ½ School Street  
Allentown, New Hampshire 03275  
January 13, 2018

The Allentown Municipal Budget Committee Public Hearing of January 13, 2018 began at 9:00 a.m. with a welcome by Town Administrator Shaun Mulholland. Mr. Mulholland called for the Pledge of Allegiance.

**Roll Call**

Present on the Board: Carol Angowski, Dave Coolidge, Melaine Boisvert, Tiffany Ranfos, Kris Raymond (School Board), Chad Pelissier, Mark Wilder, Deb Carney, Jeffrey Venegas, Ron Cox, Deb Carney, Dave Eaton (BOS)

Town staff: Shaun Mulholland, Town Administrator

Others present: David Ryan, Superintendent of Schools

Ms. Boisvert stated that questions and comments from the public were welcome, but no amendments could be made to the proposed warrant articles. She then read the three School warrant articles.

Ms. Raymond welcomed everyone to the Armand Dupont School and invited them to tour the school after the hearing. She said that Mrs. Kruger is the middle school principal and Mr. Blinn is the elementary school principal. She listed the members of the School Board: Carl Schaefer, Tom Irzyk, Jody Moore, Crystal Venegas, and Kris Raymond, Chairman. She said that proposed articles two and three place money in two Capital Reserve Funds. These funds have not been used for a few years, but they are working on a capital improvement plan to address the needs of the two school buildings, which are both over 50 years old. One of the proposed articles places \$20,000 in the School Maintenance Trust Fund and the other places \$20,000 in the SPED Expendable Trust Fund. These will be funded by unanticipated surplus at the end of June, with no impact on the tax rate. Ms. Raymond stated that the proposed FY 18-19 school budget amount is \$10,077,085, down by 2.4% (\$209,559) from the previous budget. The default budget is \$9,981,355, a difference of \$95,730. The student population is about 542, consisting of pupils from ages 3-21. The elementary school has over 200 students and the middle school has 160 students. 146 students attend Pembroke Academy for high school, and 22 students in Pembroke Academy Alternative Skills, PACE, and out-of-district. The cost per student is \$19,343. Class sizes are on a par with the State of New Hampshire guidelines: the elementary school average class size is 18; for the middle school, the average is 21.

Audience question: What is the tuition for Pembroke Academy?

Ms. Raymond responded that tuition this year is \$13,462, up 5%.

Audience question: Will tuition increase because of the revenue shortfall in Pembroke?

Ms. Raymond responded that they are not expecting this to happen. She continued with her presentation, saying that the number of full time employees is down by one. There are no additions to staff. Health insurance costs are down 0.9%; dental insurance is up 2.3%, which is the first increase in over ten years; the pension rate is unchanged at 17.36%. Tuition payments to other districts is down because PACE costs are down. The SAU budget amount is \$203,080, an increase of \$2,454 due to an increased number of pupil evaluations. For that budget amount, Allenstown gets one-third of a superintendent, Mr. David Ryan, who is present at this hearing; one-fifth of a business administrator; one-fifth of an assistant superintendent for SPED; one-fifth of a payroll processing function and one-fifth of a curriculum director, a new position this year charged with ensuring that students in the five towns are equally prepared for the high school curriculum. Regarding, full time employees, as teachers retire, they are not replaced. Allenstown's expenses are approximately equal to those of Epsom, Deerfield and Chichester, and given that these towns each have one school building and Allenstown has two, it is apparent that Allenstown is going a good job controlling expenses. The School portion of the tax rate has been steady at about \$19 per thousand for the past four years. A major concern is that revenue is down due to an erosion of State funds. She stated that the School Board has a history of returning a surplus to the Town. She directed attendees to the legal-sized spreadsheet in their packets. This is the proposed budget, with details in the far-right column.

Audience question: How many Allenstown students are at PACE?

Ms. Raymond responded that 17 students are enrolled at PACE. She said that the cost detail is in the packet of information.

Audience question: What is the trend in terms of numbers of students?

Ms. Raymond responded that the number has been level at about 550.

Ms. Boisvert read the 14 proposed Town warrant articles.

Mr. Mulholland explained that his hearing is about the budget, not the warrant articles. This is the only time today for asking questions about the warrant articles. He referred attendees to the Voters' Guide and other documents on the Town website. Referring to Warrant Article #6, Library Capital Reserve Fund, he said this fund was started last year. These funds can be used for repairs and other capital items. He said that this is the correct way to deal with the year-end budget surplus, versus carrying it over to the next year. Referring to Warrant Article #7, Public Safety Facilities Capital Reserve Fund, he said that this \$50,000 will be used to repair the foundation crack in the Fire Station. At the deliberative session, pictures of this damage will be available. The balance in this fund as of November 8, 2017, was \$16,561. Continuing, Mr. Mulholland said that Warrant Article #8, Streetlight Capital Reserve Fund, is a new fund established to replace the LED streetlights in 2025. These were installed in 2015 and have a ten-year life. These funds can only be used for replacement and repair, not for new streetlights. He said that the electric bill has dropped from \$22,000 to \$12,000 since the installation.

Audience member: The streetlight outside of my home is too bright.

Mr. Mulholland referred the resident to Mike Stark, the Interim Town Administrator. He continued with Warrant Article #9, Landfill Capital Reserve Fund. A new DES requirement calls for testing for PFAS. One of the three wells tested showed 210 parts per trillion of PFAS; the allowed amount is 70 parts per trillion. It is expected that more testing will be needed, and thus this fund. Warrant Articles #10, #11,

#12, and #13 would take funds from two recycling funds, move them to the General Fund and then to the Highway Equipment Capital Reserve Fund. Because the Town has contracted out the recycling pick-up, at no cost to the Town, these recycling funds are no longer needed. The Highway Department would use the funds for a down payment on a new dump truck, which was scheduled for purchase in 2019.

Mr. Mulholland began his budget presentation, saying that the 2018 proposed Town budget is 2% higher than last year's budget. This is equal to the increase in the CPI, which is consistent with the controlled spending plan which has been in effect for the last four years. Prior to that, spending occurred at twice the rate of the growth of the economy. On May 22, 2017, the BOS issued a directive to board chairs and department heads to, once again, prepare budgets with increases no greater than the increase in the CPI. A priority is the implementation of a wage classification system. This was partially implemented in 2017 and will be completed in 2018. 2014 wage data is being used, but this helps Allenstown be more competitive with other towns for quality employees. The goal is to reduce the number of employees who are trained and then leave for a better-paying position in another community. In 2017, property liability insurance costs decreased by 10%. Unfortunately, this cost will probably go up again next year, especially because of the water damage at the Community Center. This insurance is with a Primex pool, not an insurance company. Health insurance costs decreased 10.8%, which almost never happens, and helped greatly with budget goals. Dental insurance costs increased 2.3%, the first increase in about ten years. Property tax collection is at a high rate. Amounts collected are updated regularly on the Town website. The tax rate dropped a bit to \$32.11 per thousand, but tax bills will increase due to the revaluation of property done in 2017. Total valuation is \$288 million. He noted that Allenstown has the fifth highest real estate market in New Hampshire. For 2017, he had predicted an increase in the tax rate of eleven to thirteen cents; the rate actually decreased by two cents. He is predicting a tax rate increase of twenty-four cents per thousand in 2018, but is hoping it will be substantially less than that. Mr. Mulholland said that he always projects revenue conservatively, for obvious reasons. He said that an important number to look at is the \$9.1 million which must be raised by property taxes. This is going in a disturbing direction, in large part because State funding for education is declining.

Mr. Mulholland listed the following objectives for 2018:

- Fire Station foundation crack repair, using capital reserve funds.
- New Highway Department facility; current building is in poor condition and expansion there is not feasible because it sits on an old landfill; the Town is negotiating the purchase of a lot behind the Highway Garage.
- Wage classification system implementation so as to be better able to hire and keep qualified employees.
- Transparency initiative continued effort; push more documents to the website; a lot has been done already; manifests are posted so the public can see how money is being spent; assessing data is on the website so that realtors have easy access, which is especially important since the Assessing staff works only one day each week.
- Road reconstruction – major projects are planned for 2018, after a banner year in 2017 due to surplus funds from the State. Allenstown has 33 miles of roads to maintain, and many of them are in need of repair.
- Carpeting and HVAC replacement at the Police Department.

Mr. Mulholland then outlined the road reconstruction plan for the next four years:

- 2019 - Mt. Delight Road, Albin Avenue, Elm Street
- 2020 - Summers Avenue, Valley Street, Reserve Street, Willow Street, Theodore Avenue
- 2021 – Pine Acres Road, Town House Road, Heritage Drive, Meadow Lane
- 2022 – River Road, Birchwood Drive, Deerfield Road from Mt. Delight to the Town line

Mr. Mulholland stated that the Sewer Department pump station project would include reconstruction of Library Street and East Webster Street. This will be paid mostly by the sewer bond; a small part of the work will be done by the Highway Department, including the Library driveway and some curbing. Replacement of SCBA (Self-Contained Breathing Apparatus) for the Fire Department is a big-ticket item scheduled for 2020. Each year, \$10,000 has been put in a capital reserve fund, which should cover the cost. These were originally purchased via a grant, but it is not likely that another grant will be available for the replacement. Several pieces of Fire Department equipment were auctioned off this year because they were deemed unsafe: a rescue truck, an engine truck and a ladder truck. They are down to only two trucks. They would like to purchase a Quint fire truck in 2021. This is a combined pump and ladder truck. The Highway Department's purchase of a small dump truck, scheduled for 2019 will be moved up to 2018, contingent upon movement of funds from two recycling funds to the General Fund and then to the Highway Department (proposed Warrant Articles #10, #11, #12 and #13). A large dump truck is scheduled for purchase in 2019.

Mr. Mulholland next addressed the MS 737 form, the budget form required by the Department of Revenue Administration. He said that proposed Warrant Articles #3 and #4 are both included, and he directed residents to the Town website for detailed budget proposals of all departments. He cautioned that prior year numbers will not be accurate until March. The total General Government proposed budget is \$1.3 million, down from \$1.327 million last year. This will be presented again at the deliberative session. Public Safety's proposed budget is \$1.488 million, higher than the 2017 amount of \$1.442 million, mainly due to salary increases. The proposed budget for Highways and Streets is \$601,875; the 2017 budget was \$599,881. Again, this increase is mainly due to salary adjustments. There is actually a reduction in street paving. The Sanitation line is up from \$183,657 to \$186,396. This is the contract with Casella for curbside trash pick-up. Water is provided by Pembroke Water Works, so there is no budgeted amount for that. Allenstown does not have a municipal electric company, so nothing is budgeted there. The Health line is down from \$8,023 to \$3,150. The Town does not currently have a health officer. The plan is to hire a secondary health officer to be paid via stipend. The Welfare line is up slightly from \$68,462 to \$68,718. This represents a pay adjustment for the one employee who is responsible for welfare and accounts payable, as well as serving at the Human Resources clerk. The Cultural and Recreation line is increased from \$123,317 to \$124,501. The Conservation and Development line was \$500 in 2017 and \$1,900 for 2018, the increase reflecting the movement of the \$1,300 Old Allenstown Meeting House expense from the Government Buildings line and placing it where it belongs. For the Economic Development Committee, \$600 is the proposed amount. The Town has no debt, so those lines are at zero. The \$15,000 budgeted for interest on Tax Anticipation Notes is there in case money needs to be borrowed because of a short-term cash flow problem between the twice-a-year property tax payment cycles. The Town has not had this situation for more than 20 years, due to the cash management plan it follows. Page 6 lists the proposed special Warrant Articles affecting the Capital Reserve Funds. Mr. Mulholland stated that revenues are projected conservatively. Lines are left at zero unless the Town is absolutely sure of them. For examples, Land Use Change Taxes and Yield Taxes have no projected revenue because it is not possible to know what these amounts might be. He

noted that the Building Permits line is double the projected amount and actual Motor Vehicle Registration fees, collected by Kathleen Pelissier, are higher than projected. She has done a great job. Projected State revenues are valid unless there is a change at the State level. Line 3359 is revenue from various sources conservatively projected at \$99,300. The Sale of Municipal Property line reflects the sale of three fire vehicles and the sale of a parcel of Town-owned land. The Town has land that it does not need and looks for opportunities to sell parcels and get them on the property tax rolls. Mr. Mulholland explained that these numbers will be readjusted in the fall when the tax rate is set. He said that the Sewer Department has done a really good job, which is not surprising. The revenue projection was \$2,246,561 and actual revenue was \$2,713,113. Mr. Mulholland reminded the residents that the voters at the Town Meeting cannot approve a spending amount which is more than ten percent above the amount recommended by the Budget Committee. He also reminded the audience that the Voters' Guide is on the Town website and will be available at the Town election in March. He said that the Town Warrant will be posted no later than January 29, 2018.

Chair Klawes thanked Mr. Mulholland for his excellent service to Allenstown over the last several years. Mr. Mulholland is leaving Allenstown to take a position in Lebanon and will be missed. Mr. Klawes said that he has been an important part of the 'Allenstown family' and presented him with a parting gift.

On motion of Mr. Eaton, duly seconded by Ms. Boisvert, it was voted unanimously to approve the Town's MS-737.

Mr. Mulholland reminded the members of the Budget Committee that, in approving the MS-737, they are taking responsibility for it.

On motion of Ms. Ranfos, duly seconded by Mr. Coolidge, it was voted unanimously to approve the School's MS-27.

On motion of Mr. Cox, duly seconded by Mr. Wilder, it was voted to adjourn.

*Keith F Klawes*

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KEITH KLAWE, CHAIRMAN