

Municipal Budget Committee Meeting
Public Hearing
Armand R Dupont School
Gymnasium
10 ½ School Street
Allenstown, New Hampshire 03275
January 12, 2019

Call to Order

The Allenstown Municipal Budget Committee Public Hearing of January 12, 2019 was called to order at 9:07 am by Chairman Keith Klawes. He called for the Pledge of Allegiance.

Roll Call

Present on the Committee: Dave Coolidge, Kris Raymond, Tiffany Ranfos, Chad Pelissier, Keith Klawes, Melaine Boisvert, Carol Angowski, Deb Carney, Ron Cox, Jeffrey Venegas

Allenstown Staff: Derik Goodine, Town Administrator; Debbie Bender, Finance Director; Paul St. Germain, Fire Chief; Kathleen Pelissier, Town Clerk/Tax Collector

Allenstown Sewer Department and Commission: Jeff Backman, Superintendent; Jim Rodger, ASC

Allenstown Board of Selectmen: Sandy McKenney, Vice Chair

Allenstown Economic Development Committee: Mike Frascinella, Chair

Allenstown Old Meeting House Committee: Armand Verville, Chair

Present from the Allenstown School Department: Peter Warburton, Superintendent for Allenstown, Chichester and Epsom; Kris Raymond, School Board Chair; Amber Wheeler, Business Administrator

Ms. Raymond began her presentation, saying that the School Board approved an operating budget amount of \$10,415,548. This amount was increased to \$10,445,548 by the Municipal Budget Committee in order to fund full-time art and music teachers for the two schools. This is School Warrant Article #1. The default budget amount is \$10,349,197, which is \$66,351 less than the School Board approved budget. Next, she listed the School Board members; Kris Raymond, Chair; Tom Irzyk, Jody Moore, Carl Schaefer and Crystal Venegas.

Ms. Raymond stated that Allenstown has 539 students, ages three to 21: 206 at Allenstown Elementary, 161 at Armand R Dupont, 151 high school students attending Pembroke Academy and 21 students out of district. The average class size at AES is 18; the average for ARD is 20. She presented slides showing a six-year trend in actual spending compared with other districts. Allenstown has 114 SPED students, whose services are mandated by various federal and state laws. For the 2019-2020 school year, there is a reduction of one full-time educator. Health insurance costs are down three percent, dental is up 2.3%, and the pension percentage is up from 17.36% to 17.8%. Tuition costs, based on the number of students projected to attend Pembroke Academy, are up \$51,000. The number for 2018-2019 is 148; the projection for 2019-2020 is 167. The tuition rate is down from \$13,463 to \$12,823. PACE charter high school tuition is down \$13,501. Allenstown sends the largest number of students to PACE. The SAU cost

is \$214,975, an increase of \$9,000 over last year due to the number of Allenstown pupils. For that cost, Allenstown gets 1/3 of the superintendent and 1/5 of each of the following: business administrator, assistant superintendent of student services, curriculum director, and payroll processing. She stated that the four percent annual decrease in stabilization funds from the State will continue to impact the tax rate. She concluded with a history of surplus School Department funds returned to the town.

Mr. Frascinella asked how the surplus money returned to the town shows up in the overall budget.

Ms. Bender explained that dollars do not actually move, but the surplus lowers the tax rate when it is set the following year.

Mr. Frascinella asked about the cost to operate each school.

Ms. Raymond said that she would get back to him with those figures.

Ms. Raymond stated that the budget request of \$10,445,548 will have an impact of \$20.661 on the tax rate, an increase of \$3.48 per thousand. If it fails, the default amount of \$10,349,197 will increase the tax rate by \$3.20 per thousand.

Ms. McKenney said that an increase of \$3.48 per thousand is a lot for the taxpayers.

Ms. Bender said that they will not have the exact amount until all year-end calculations are done.

Ms. Raymond added that this does not include the estimated surplus amount.

Chair Klawes read School Warrant Article #2, a request to place up to \$20,000 in the Technology Replacement Expendable Trust Fund. The amount will come from the Expendable Fund balance as of June 30, 2019 and will be available July 1, 2019.

Ms. McKenney asked for the balance in that trust fund.

Ms. Raymond said it is \$310.

Chair Klawes read School Warrant Article #3, a request to place up to \$20,000 in the High School Tuition Expendable Trust Fund. The amount will come from the Expendable Fund balance as of June 30, 2019 and will be available July 1, 2019.

Ms. McKenney asked for the balance in that trust fund.

Ms. Raymond said it is \$22,538.

Mr. Frascinella asked about the purpose of this trust fund.

Ms. Wheeler explained that when the School budget is created, Pembroke Academy has not yet voted for its budget. Sometimes PA owes the School Department and sometimes the School Department owes PA. Actual figures at the end of the fiscal year determine this.

Chair Klawes read School Warrant Article #4, a request to place up to \$20,000 in the School Building Maintenance Expendable Trust Fund. The amount will come from the Expendable Fund balance as of June 30, 2019 and will be available July 1, 2019.

Ms. McKenney asked for the balance in that trust fund.

Ms. Raymond said it is \$31,506.

Chair Klawes read School Warrant Article # 5, a request to place up to \$20,000 in the Special Education General Expendable Trust Fund. The amount will come from the Expendable Fund balance as of June 30, 2019 and will be available July 1, 2019.

Ms. McKenney asked for the balance in that trust fund.

Ms. Raymond said it is \$67,195.

Chair Klawes explained that the purpose of placing money in trust funds or capital reserve funds is to avoid spikes in the tax rate. Setting aside these funds from surplus provides a safety net.

Chair Klawes next read the Town Warrant Articles:

ARTICLE 2 Town Operating Budget

Shall the Town of Allenstown raise and appropriate as an operating budget, not including appropriations by special warrant articles and other appropriations voted separately, the amounts set forth on the budget posted with the warrant or as amended by vote of the first session, for the purposes set forth therein, totaling \$3,984,023. Should this article be defeated, the default budget shall be \$4,000,427 which is the same as last year, with certain adjustments required by previous action of the Town of Allenstown or by law; or the governing body may hold one special meeting, in accordance with RSA 40:13, X and XVI, to take up the issue of a revised operating budget only. (Majority vote required)
Recommended by the Board of Selectmen and the Budget Committee

ARTICLE 3 Sewer Operating Budget

(THIS ARTICLE DOES NOT IMPACT THE TAX RATE) Shall the Town of Allenstown raise and appropriate as an operating budget for the Allenstown Sewer Commission, not including appropriations by special warrant articles and other appropriations voted separately, the amounts set forth on the budget posted with the warrant or as amended by vote of the first session, for the purposes set forth therein, totaling \$2,280,567. Should this article be defeated, the default budget shall be \$2,276,145, which is the same as last year, with certain adjustments required by previous action of the Town of Allenstown or by law; or the governing body may hold one special meeting, in accordance with RSA 40:13, X and XVI, to take up the issue of a revised operating budget only. (Majority vote required)
Recommended by the Board of Selectmen and the Budget Committee

ARTICLE 4 Fire Safety Equipment Capital Reserve Fund

(THIS ARTICLE DOES NOT IMPACT THE TAX RATE) To see if the Town of Allenstown will vote to raise and appropriate the sum of \$10,000 to be added to the Fire Safety Equipment Capital Reserve Fund previously established. This sum to come from unassigned fund balance. (Majority vote required)
Recommended by the Board of Selectmen and the Budget Committee

ARTICLE 5 Library Capital Reserve Fund

(THIS ARTICLE DOES NOT IMPACT THE TAX RATE) To see if the Town of Allenstown will vote to raise and appropriate the sum of \$5,082 to be added to the Library Capital Reserve Fund previously established. This sum to come from unassigned fund balance. (Majority Vote Required)
Recommended by the Board of Selectmen and the Budget Committee

ARTICLE 6 Public Safety Facilities Capital Reserve Fund

(THIS ARTICLE DOES NOT IMPACT THE TAX RATE) To see if the Town of Allenstown will vote to raise and appropriate the sum of \$20,000 to be added to the Public Safety Facilities Capital Reserve Fund previously established. This sum to come from unassigned fund balance. (Majority vote required)
Recommended by the Board of Selectmen and the Budget Committee

ARTICLE 7 Streetlight Capital Reserve Fund

(THIS ARTICLE DOES NOT IMPACT THE TAX RATE) To see if the Town of Allenstown will vote to raise and appropriate the sum of \$6,500 to be added to the Streetlight Capital Reserve Fund previously established. This sum to come from unassigned fund balance. (Majority vote required)
Recommended by the Board of Selectmen and the Budget Committee

ARTICLE 8 Landfill Capital Reserve Fund

(THIS ARTICLE DOES NOT IMPACT THE TAX RATE) To see if the Town of Allenstown will vote to raise and appropriate the sum of \$6,800 to be added to the Landfill Capital Reserve Fund previously established. This sum to come from unassigned fund balance. (Majority vote required)
Recommended by the Board of Selectmen and the Budget Committee

ARTICLE 9 Highway Equipment Capital Reserve Fund

(THIS ARTICLE DOES NOT IMPACT THE TAX RATE) To see if the Town of Allenstown will vote to raise and appropriate the sum of \$51,500 to be added to the Highway Equipment Capital Reserve Fund previously established. This sum to come from unassigned fund balance. (Majority vote required)
Recommended by the Board of Selectmen and the Budget Committee

ARTICLE 10 Town Building/Maintenance Capital Reserve Fund

(THIS ARTICLE DOES NOT IMPACT THE TAX RATE) To see if the Town of Allenstown will vote to raise and appropriate the sum of \$10,000 to be added to the Town Building/Maintenance Capital Reserve Fund previously established. This sum to come from unassigned fund balance. (Majority vote required)
Recommended by the Board of Selectmen and the Budget Committee

ARTICLE 11 Economic Development Capital Reserve Fund

(THIS ARTICLE DOES NOT IMPACT THE TAX RATE) To see if the Town of Allenstown will vote to establish an Economic Development Capital Reserve Fund under the provisions of RSA 35:1 for economic development related efforts to include replacement of Town Line Welcome Signs and other Economic Development Projects and to raise and appropriate the sum of \$15,000 to be placed in this fund. This sum to come from unassigned fund balance. Further, to name the Board of Selectmen as agents to carry out the objects for which this fund was established and to expend from said fund. (Majority Vote Required) Recommended by the Board of Selectmen and the Budget Committee

ARTICLE 12 Assessing Valuation Update Capital Reserve Fund

(THIS ARTICLE DOES NOT IMPACT THE TAX RATE) To see if the Town of Allenstown will authorize the establishment of a capital reserve fund to meet our constitutional and statutory requirement that assessments are at full and true value at least as often as every fifth year. Furthermore, to raise and appropriate the sum of \$16,800 towards this purpose and to appoint the selectmen as agents to expend from the fund. This sum to come from unassigned fund balance. It is anticipated that a revaluation will take place in 2022. (Majority vote required)
Recommended by the Board of Selectmen and the Budget Committee

ARTICLE 13 Repurpose Recreation Capital Reserve Fund

(THIS ARTICLE DOES NOT IMPACT THE TAX RATE) To see if the town will vote to change the purpose of the existing Recreation Capital Reserve Fund to the Parks and Recreation Projects Capital Reserve Fund, and appoint the Board of Selectmen as agents to expend from the fund. The purpose of the proposed change is to allow the Town to appropriate monies for the purchase of land for recreational use, in addition to costs of facilities and infrastructure for Parks and Recreation projects. (2/3 vote required). Recommended by the Board of Selectmen and the Budget Committee

ARTICLE 14 Parks and Recreation Projects Capital Reserve Fund

(THIS ARTICLE DOES NOT IMPACT THE TAX RATE) To see if the Town of Allenstown will vote to raise and appropriate the sum of \$10,000 to be added to the Parks and Recreation Projects Capital Reserve Fund re-purposed in Article 13. This sum to come from unassigned fund balance. This appropriation is contingent on the passage of Article 13. (Majority vote required.) Recommended by the Board of Selectmen and the Budget Committee

ARTICLE 15 Storm Water Asset Management Plan

(THIS ARTICLE DOES NOT IMPACT THE TAX RATE) Shall the Town of Allenstown vote to raise and appropriate the sum of Thirty Thousand Dollars (\$30,000) (gross appropriation) for the purpose of performing asset management for the Town's storm water collection system and public works department, to authorize the issuance of not more than Thirty Thousand Dollars (\$30,000) of bonds or notes in accordance with the provisions of the Municipal Finance Act (RSA 33); and, further, to authorize the Selectmen to issue and negotiate such bonds or notes and to determine the conditions and the rate of interest thereon; and, to further authorize the Selectmen to offset a portion of said appropriation by applying for Clean Water State Revolving Funds (CWSRF) it being understood that repayment of the loan funds will include up to 100% principal forgiveness in the amount up to \$30,000. And further to appropriate this year's interest payment of \$250 on bonds or notes to come from unassigned fund balance. (Requires a 3/5 ballot vote.)

Recommended by the Board of Selectmen and the Budget Committee

Mr. Goodine next presented his budget overview:

The Board of Selectmen issued a directive to the department heads and board chairs to produce their proposed budgets for 2019 by August 31, 2018. Last year the Town voted for a default budget. The goal of the BOS is to have a minimal increase in the town portion of the tax rate in 2019. In fact, estimated at this time, the impact will be a decrease of \$0.50 to the Town portion of the 2019 Tax Rate. Last year, the Town portion of the tax rate was \$10.12, and is estimated to be approximately \$9.62 this year under the proposed budget. The BOS anticipates cost increases in certain areas such as health insurance and continued implementation of the wage classification system. Department heads were expected to develop their 2019 budgets with no increases in their operating budgets other than cost increases due to the continued implementation of the wage classification system and to find savings in other areas when possible. The wage scales were adjusted for a Cost of Living Adjustment (COLA) for employees in 2019. While the Consumer Price Index ended up being 2.7%, a 2.5% adjustment was used for the wage scales. There was a 2% COLA increase in 2018. The BOS anticipates long-term budget preparation will focus on the priority objectives of providing necessary services and minimizing the increase in the tax rate for the residents of the town. For the most part, increases are seen in the salary lines, which is not unusual since we are service driven and labor is how we deliver services.

The proposed 2019 Town budget submitted by the department heads will result in a 0.54% increase in spending from the 2018 Default Budget, which was the budget approved last year. The proposed 2019 Budget is actually 0.48% less than the budget that was proposed for 2018. This year's proposed budget is \$21,463 higher than last year's Default Budget. This year's Proposed 2019 Budget is actually \$16,404 less than this year's Default Budget. This is very much due to the hard work of the department heads, Finance Director, Town Administrator, Board of Selectmen, and Budget Committee, and was very much intentional. It is hoped that the voters will approve the Proposed Budget this year in order to make it easier to give the voters a transparent and easy to read budget proposal for 2020, where the budget lines will be properly adjusted, making comparison easier without the need for a lot of explanation.

The areas where you will see increases are in the salary categories. These can look deceiving in some cases due to reclassifying salary budget lines into other departments to bring us in line with State Department of Revenue model accounting codes in the areas of the Finance, Town Clerk, and Tax Collector. In addition, the Police Department is fully staffed, and the Town now has a part-time Fire Chief. This skews the percentage increases in some departments. Also skewing the percentages in the salary budget lines is the fact that when a default budget is adopted, the lines stay the same, even though there were increases in wages to the various employees. The actual 2018 Budget is the same basic budget from 2017 with minor increases due to contractual obligations. So, when you see large percentage increases, it is very much due to the fact that those lines haven't changed since 2017, and in the departmental salary lines, it's comparing 2017 Budget figures to 2019 Proposed Budget figures. I can assure you that the increases are in line with the 2.5% COLA as directed by the Board of Selectmen. Adopting the Proposed 2019 Budget will correct this problem for 2020 and bring increases in all the various budget lines back to year-to-year comparisons because lines will be current again. In addition, this year the Department Narratives have been presented in account number order rather than alphabetical, so voters can easily compare the budget spreadsheets to the Budget Narratives. It makes the budgets easier to present also. Health insurance rates have increased by 12.8% for 2019. In 2017, there was a net reduction in health insurance costs because we changed to a lower cost plan with deductibles and higher co-pays, which were partially offset by utilizing a Health Reimbursement Account. The good thing about HRA's are that they don't usually get completely utilized, meaning leftover balances lapse to Unassigned Fund Balance at the end of the year. Those are funds that previously went to pay for health insurance premiums. In fact, the most recent year-end accounting balances for the HRA line item is only 22.5% spent. That is \$29,874 that was not spent. Although there is still an outstanding bill, I do not expect that much more will have to be paid out of the HRA budget line.

Mr. Goodine next listed the highlights of the proposed budget.

As stated, personnel and personnel related lines are where the bulk of the increases are for the upcoming year. The personnel salary lines are deceiving; increases are in line with the 2.5% COLA. Dental insurance is up 2.3%. The NH Retirement System related budget lines have been lowered this year due to decreases in the employer percentage shares. Salary increases are the reason for the biggest increase in the Executive Budget, which remember, actually compares original budget numbers from 2017 due to the default budget. There is also an increase for training in that budget line item.

In the Department Budget of Town Clerk, Finance, and Tax Collector you will see what appears to be confusing increases and decreases in those budgets. It is because of reclassifying the personnel costs between these departments in order to comply with the State Department of Revenues Accounting Codes, as well as to put expenses in the proper budget areas. Overall, in these three Department Budgets, the overall increase is \$3,056, which is just 1.4% of the combined budget amounts. This is attributed to the COLA, finding efficiencies and reduced financial auditing costs.

The Assessing Department Budget is reduced due to the elimination of the Assessing Clerk Salary line and a reduction in assessing costs because the previous budget included the cost of a revaluation. Being in a Default Budget for last year skews the ability to easily present a budget from a year-to-year perspective because we cannot readjust these budget lines. Next year, it will be much easier to compare year-to-year expenses in this department and in the other budget areas with approval of the Proposed 2019 Budget.

In the Personnel Costs Department, there is a net decrease to all those combined expenses. While health insurance costs are up 12.8%, there are savings in other areas. The Workers Comp line is up due to higher payroll and experience adjustments. As stated earlier, we expect the HRA budget line to return nearly \$29,000, which actually offsets the increase in the health insurance line.

The Planning Board budget has a significant increase of 39.18%. This \$3,848 for a Capital Improvement Plan update for the Master Plan in order to explore and make development impact fees legal to assess.

The ZBA budget is actually reduced by \$1,097 because they have not had to meet as often.

General Government Buildings has a net decrease of \$165.

Property Insurance has basically stayed the same.

The Police budget is increasing this year due to a full roster of police officers making up the department as well the COLA increases and the wage scale step increases. In addition, the budget lines also have several decreases in various areas.

The Ambulance budget had a decrease for the fourth consecutive year. The reduction was a whopping 34.45%, which has helped with the overall bottom line of the 2019 Proposed Budget. This decrease is due to increased revenue and utilization of their fund balance.

The Fire Department Budget has increased due to staffing costs in order to have per diem firefighters filling shifts during the day in addition to the Fire Captain. The Fire Chief is now part time. Furthermore, they are now tracking payroll differently by separating the training payroll costs from part-time salaries. This budget is the hardest hit budget from having a default budget this past year.

The Building Inspector is now on a contractual basis rather than being part of the Fire Chief duties. Overall, the increase is \$1,978, which is incidentally very close to the increase requested last year which was not approved due to the default budget. In most part, in order to address payroll figures

that haven't been updated since 2017 due to the default budget as well as recalculating the PT Admin Asst. Salary line who is shared with the Fire Department.

The Highway Department increase of \$16,699 is mostly due to salary line increases, along with increased costs of contracted plowing, additional paving and construction funds and salt costs. Also, the Stormwater budget is reduced this year due to contractual costs being less as the MS4 Stormwater implementation process is further along. Street Lights are flat funded, and solid waste related costs are increased due to contract increases for curbside pickup and disposal costs.

Welfare Costs are slightly up due to salary increases for that position, while program costs are reduced by 4.25%.

Parks and Recreation costs are down \$667. Decreases in this budget are due to having a better handle on the costs of the Community Center, now that it has been operating for a couple of years.

The Library is flat funded.

Other smaller budgets like Patriotic Purposes, Conservation Commission, EM Director, Health Office, ACO, and Old Allenstown Meetinghouse, are all flat funded or slightly reduced. A new line has been created for Economic Development Committee Minutes and small expenses that may occur. Debt Service is flat funded and is for TAN, should there be a need to borrow money if there is a problem with tax dollars not coming in as expected.

The Capital Outlay Budget is increased slightly due to the lease costs for a Highway Dump truck and a police cruiser lease.

Mr. Goodine concluded, saying that the 2019 Budget proposed by the department heads results in a 0.54% increase in spending from the 2018 Default Budget that was approved last year. The tax rate for the Town for 2017 was \$10.04. The tax rate for 2018 is \$10.12. The estimated Town portion of the 2019 Tax Rate is \$9.62. The assessed valuation for 2016 was \$249,523,983. The assessed valuation for 2017 was \$288,823,373. 2018 Assessed Value was \$291,898,771, and at this time, we are estimating the value to be close to the same for 2019. Any increased value will reduce the town portion of the mil rate. 2019 revenues other than property taxes for are projected at \$1,177,400, which is \$37,288 greater than 2018.

Mr. Frascinella asked about the 9.5% increase in the police officer salaries and 8.5% in the support staff salaries.

Ms. Bender explained that this is a result of having a default budget in 2018; the increases represent two years of salary increases.

(unknown speaker) asked if Allenstown would receive any direct income from KENO.

Chair Klawes explained that there is no venue yet in Allenstown for KENO. However, the State collects all KENO revenue and distributes it among the communities according to population, not based on whether or not communities offer KENO.

Ms. McKenney thanked everyone who has spent many hours preparing the budget, namely the Town Administrator, the Finance Director, department heads, and the Municipal Budget Committee.

Ms. Raymond stated that she has removed School Warrant Article #6 because it was listed in error. She also said that she confirmed with DRA that the warrant articles funded by the Expendable Fund must say 'up to...' because it will not be known till June what the surplus will be.

Chair Klawes said that was good to hear. He and his committee spent numerous hours checking every budget before making recommendations. He added that there are many openings on boards and committees in Allenstown. He said that the Budget Committee has two openings, the Library has openings for two trustees, the ZBA and Planning Board need members and alternates, and there is one position open on the School Board and one on the BOS.

On motion of Ms. Boisvert, duly seconded by Ms. Ranfos, it was voted unanimously to adjourn at 10:37 a.m.

TOWN OF ALLENSTOWN
 Budget Committee
 16 School Street
 Allenstown, New Hampshire 03275
Signature Page
Budget Committee Public Hearing Minutes
January 12, 2019

Original Approval:	
KEITH KLAWES, CHAIRMAN	DATE

Amendment Approvals:		
Amendment Description:	Approval:	Date:
	KEITH KLAWES, CHAIRMAN	DATE