

Municipal Budget Committee Meeting
Allenstown Fire Station
1 Ferry Street
Allenstown, New Hampshire 03275
January 02, 2020

Call to Order

The Allenstown Municipal Budget Committee Meeting of January 02, 2020 was called to order at 6:02 pm by Chair Keith Klawes. He called for the Pledge of Allegiance.

Introductions

Present on the Committee: Keith Klawes, Melaine Boisvert, Carol Angowski, Tiffany Ranfos, Deb Carney, Julie Keane, Dave Coolidge, Jim Rodger, Maureen Higham, Selectboard Representative; Jeffrey Venegas, Kris Raymond, School Board Representative; Bobbie Laflamme

Arrived at 6:30 pm: Ron Cox

Excused: Michael Juranty

Allenstown Staff: Derik Goodine, Town Administrator

Review of Minutes

Chair Klawes asked for a motion to approve the minutes of the December 19, 2019 meeting.

Ms. Raymond said that the minutes don't flow right. Said she really struggles with these minutes; she will review them and make corrections.

Ms. Raymond made a motion to table the minutes of the December 19, 2019 meeting. Ms. Boisvert seconded the motion, which carried unanimously.

School Budget

Ms. Angowski made a motion to accept the School operating budget. Ms. Boisvert seconded the motion.

Ms. Raymond stated that she wanted to clarify that the motion is to accept the budget only, not the warrant articles.

Chair Klawes confirmed that it was the budget only.

Ms. Boisvert said she wanted to talk about the anticipated revenues, because she thinks offsetting taxes with this revenue is a bad thing.

Ms. Raymond said she asked for clarification about the motion because one of the things she cautions about is how to fund the warrant articles. She said that FY21 revenues are not going to be the budget that determines surplus. The warrant articles for the trust funds are coming out of this year's budget, the one they are in right now. They will be funded from the June 30, 2020 fund balance available for transfer on July 1, 2020.

Chair Klawes noted that \$400,000 was returned to the town to reduce the tax rate.

Ms. Raymond said that the State budget was passed on September 30, 2019, and the tax rate needed to be set immediately, so it was set at \$18.63. She directed the Committee members to page 46 of their binders, saying that next year it is projected to go down to \$17.95.

Ms. Boisvert stated that this is because of the one million-dollar turnback.

Ms. Raymond said that they are not turning back the full one million dollars. She said they won't know how much is going back to the town until the FY20-21 school year is done. Referring to page 46 of the Committee members' binders, she pointed out the proposed revenue projections. Proposed expenses, she said, are budgeted at \$10,857,796, meaning that \$4,680,155 must be raised by taxes.

Chair Klawes said that he struggles with the fact that this is one-time revenue from the State, as far as they know. Putting it into the School operating budget might not have any effect in 2021 but could deeply affect 2022 and going forward, because instead of needing four million dollars, the School will need between \$5.8 and \$6 million. He said he believes it is a false tax rate.

Ms. Boisvert noted that it is not recurring revenue.

Ms. Raymond stated that she didn't understand where the \$6 million was coming from. She said that revenue is typically about \$4.5 million.

Chair Klawes said that the default budget will be high, and it is not fair to the taxpayers not to explain to them that there will be a huge spike in 2022. He said he struggles with showing it in the budget versus putting it in a capital reserve fund for building.

Ms. Raymond said that to take that one million dollars and put it into trust funds would be a March 2021 Warrant Article ballot item.

Chair Klawes said that the School isn't looking to put one million dollars into the trust funds; it is \$200,000. He said that the Budget Committee wants that one million dollars put into a capital reserve fund either for building maintenance or build a new building. He said it is playing with fire.

Ms. Raymond asked how the Committee is proposing to use the one million dollars.

Ms. Ranfos said that the School is showing an extra one million dollars as revenue, so it is lowering the tax rate. She said she would like to see this revenue go toward a warrant article next year. That, she said, negates what the School has written on here as the budget.

Ms. Raymond stated that right now it is revenue and it can't be moved to another bucket.

Ms. Keane asked if the million dollars was being spent to hire three new teachers.

Mr. Goodine said that the proposed operating budget is \$400,000 higher than last year. And, \$400,000 has been spent in tax relief. That leaves only \$200,000.

Ms. Raymond said that the unanticipated \$400,000 for 2019-20 is in addition to what they will get next year when they will have the stabilization amount and one-time revenue totaling about one million dollars. She added that the one million dollars is part of the \$6.5 million in estimated revenue.

Chair Klawes stated that she was correct, but that amount is going to go away because if they don't get one million dollars, they are looking at revenue of \$5.1 million.

Ms. Raymond said that the revenue trend is between four and five million dollars per year, looking at the six-year trend. She asked what the Committee wanted to do with the revenue from the State.

Chair Klawes said that the tax rate is going to explode because the default amount will be \$11.1 or \$11.2 million. He said the default amount is a guess because the Committee is not sure how it is calculated. He said he didn't know if a line item could be put in. He asked if it is not right that it go toward the trust funds.

Mr. Venegas asked what can be done with it since it is a revenue item.

Chair Klawes said it is a revenue item but it doesn't have to be reflected in the budget.

Ms. Raymond said that he was losing her by saying it doesn't have to be reflected in the budget.

Chair Klawes said that if they take out the one million dollars, the School's estimated revenue will be \$800,000 short in its budget.

Ms. Raymond said they should compare apples to apples, which means taking out the \$400,000 as well.

Ms. Ranfos said that if there is no extra revenue from the State in 2022-23, the tax rate will go up, if the School continues to increase spending. She said that the townspeople are not seeing it in the taxes now because the State is helping the School. If the State stops giving the School extra revenue, the tax rate will go through the roof, and the voters might cut one million dollars from the School budget again. She asked how they could educate the voters about the fact that the big hit is coming.

Mr. Goodine said that Concord is the issue because they don't fund education consistently.

Mr. Venegas asked if it could be explained on the ballot.

Mr. Goodine said it would have to be in the Voter's Guide.

Chair Klawes said that there are strict regulations about what can be on the ballot, and many people don't read the Guide.

Mr. Venegas said they have Facebook, the Town website, and each other to do the explaining.

Ms. Ranfos said that someone needs to explain and said she was sorry, but it should be Ms. Raymond.

Ms. Raymond said that is what she does at the Deliberative Session.

Ms. Ranfos countered that very few people attend the Deliberative Session.

Ms. Raymond said that they are trying to solve something, but that she would like to get back to the budget. She asked what they need the School to do.

Mr. Venegas asked what they can do.

Chair Klawes asked if the School was given guidelines for using the revenue from the State.

Ms. Raymond asked why they would give guidelines for something that is revenue-based.

Mr. Coolidge stated that the SAU was supposed to get in touch with the State and find out. That, he said, went south.

Mr. Raymond said she never saw those letters. Because the budget was passed late, the tax rate needed to be set. She said they never knew that that money had to go back to the town.

Ms. Boisvert said they should not be formulating a budget based on what can be given back to the town because the town will expect it.

Mr. Cox said he didn't know if the people were expecting it.

Chair Klawes said that when he talks to residents, they ask three questions: How does the Town budget look? How does the School budget look? How much will the School be giving back to the Town? He asked Ms. Raymond again if she ever got guidelines from the State for the one-time revenue.

Ms. Raymond said she was lost on what he was saying about guidelines.

Chair Klawes asked if the School would be receiving \$1.023 million in anticipated revenue.

Ms. Raymond responded, saying yes, it is anticipated because we know it is coming next year.

Chair Klawes asked if the School was given any indication of how it was to be used.

Mr. Cox asked if there were guidelines or restrictions for the anticipated revenue.

Ms. Raymond said they received \$400,000 in unanticipated revenue, which is being used to reduce the tax rate. They also will receive about one million dollars in anticipated revenue.

Chair Klawes asked if the State has said what it could be used for.

Mr. Venegas said that it was given as revenue.

Ms. Raymond said it was fiscal disparity aid.

Chair Klawes asked if it could be put into a building fund.

Ms. Ranfos asked if it could be spent as soon as it was received or did it have to sit there for a year.

Ms. Raymond said she believed the money came in quarterly checks.

Ms. Ranfos asked if Ms. Raymond would send an email to Superintendent Warburton asking him for a yes or no answer as to whether or not there were stipulations on this money. She said they want to know how to show one-time anticipated revenue.

Ms. Raymond said she was still confused. She said the Committee is asking her if it can be taken out of revenue and put in as an expense. The answer, she said is no.

Ms. Ranfos asked if there is a way to show that this is one-time revenue.

Ms. Raymond said that this is a bullet point in her presentation. She said she doesn't know how else the Committee thinks they should be showing it.

Mr. Cox asked what they were trying to get to.

Mr. Venegas asked if they want to know if it can be placed in a capital reserve account via a warrant article. If so, that seems to be getting lost in translation.

Ms. Ranfos said they are trying to avoid blindsiding the voters.

Chair Klawes said they are only concerned with the one-time one million dollars. Can it go into a capital reserve fund? Must it be shown in the budget or can it go directly to a capital reserve fund?

Ms. Raymond said that even if they were allowed to put it in a capital reserve fund, they would need to show it as revenue first. What sets the tax rate is revenue minus expenses.

Ms. Ranfos said that the School is using part of the one million dollars in the 2020-21 school year because they are using \$400,000 for extra teachers.

Ms. Raymond corrected that figure, saying it was \$106,000 for the new teachers.

Ms. Ranfos stated that they will have to use \$400,000 next year to keep the tax rate level. Does that make sense, she asked?

Ms. Raymond responded not at all. I see that you are trying to level out the tax rate.

Ms. Boisvert said that they were not trying to level out the tax rate.

Ms. Raymond said that they were trying to stop the tax rate from going up and down. She said that happens naturally because of the structure of the tax rate that they have.

Chair Klawes said that this is more drastic. He asked what the School budget looked like before they knew about the extra revenue.

Ms. Raymond said they did not factor the one million dollars into the operating budget. That budget, she said, is based on need.

Ms. Ranfos said that tax rate swings are inevitable, but they would like to minimize them.

Ms. Raymond stated that the problem can't be solved, and then there are the revaluations of property which can cause huge swings in the tax rate. Until they permanently fix school funding, there will be wild swings from year to year which she doesn't know how to mitigate.

Ms. Ranfos asked if stabilization funding is up for a vote.

Ms. Raymond responded that this is a two-year budget only, a two-year "Band-aid," not a permanent fix. She asked if the Committee was still asking about showing some of the revenue some other way?

Chair Klawes asked if the \$1.023 million has to be shown. Does it have to go into the operating budget or can it be used for building maintenance or to fund a new building?

Ms. Raymond said that the \$1.023 million is not a separate check.

Chair Klawes said it doesn't matter if it's a separate check or not. Because it is one-time funding, does it have to do into the operating budget or can it be used for building maintenance or for a new building fund?

Ms. Ranfos said that if they leave it this way, the School is going to be using part of the million to fund the 2021 budget.

Ms. Raymond said that they are using all of it. She said that is why she is confused.

Ms. Ranfos suggested thinking of the money as a bonus or a one-time extra amount received. If it is put aside, it won't be spent, but if not, it will probably be spent.

Ms. Raymond said that the whole amount is revenue and she is being asked if it can go into a building fund. I see what you are saying, she said. You want to take one million dollars out and not have it factor in the tax rate setting – to have it go directly into a capital reserve fund. I think the answer is no, she said. The only way to fund trust funds is through warrant articles, so they would have to wait to see what they have for a fund balance at the end of the 2020-21 school year.

Mr. Goodine said that the funds could be established now, funded by taxes. He added that \$400,000 of the one million dollars is for the second year of stabilization.

Mr. Cox asked about the third year.

Mr. Goodine said he doesn't know if the stabilization is permanent.

Ms. Raymond said she doesn't know either.

Mr. Goodine said that the operating budget increase this year is already using up \$400,000, so they are actually looking at \$200,000. If the State reneges on this whole plan, Allentown will hit a giant tax rate increase.

Chair Klawes said they are trying to make the tax increases as gradual as possible.

Ms. Ranfos said she understands that the Governor wants to help the poorer communities.

Ms. Boisvert said you can't get poorer than Allentown.

Ms. Raymond said that Allentown is in the top twenty list of schools in need.

Ms. Ranfos asked how many towns need a new school or major renovations or tuition to send their students to another town in the next three to five years. They would like to take this chunk of money and set it aside so it helps the town in the long run for when they have to do something like build a new school or make major renovations or have tuition money to send its students to another town.

Mr. Goodine said that he agrees, but if people vote for the default budget when the rate starts to go up, that will make the margin even greater.

Mr. Cox said they proved last year that people do read the explanatory material because they voted for all of the warrant articles.

Mr. Goodine said that when they attempt to provide explanations, they are told they cannot because they are trying to influence voters.

Mr. Coolidge said that the State took away the School Building Aid several years ago. He said that New Hampshire ranks 50th in the amount of funding for education.

Mr. Cox said he wants children today to get the same education that was available years ago. It will cost more now, but that doesn't mean they should take it away from them. Prices go up for everything. The children are our future.

Mr. Goodine said the State fails to pay their fair share for equalizing educational opportunities.

Mr. Coolidge said that some towns got stabilization funding that they didn't need, so they put the money in the bank.

Ms. Ranfos asked Ms. Raymond if she had the question to ask Mr. Warburton.

Ms. Raymond said yes. The Committee wants to know if some of the stabilization and one-time revenue can go directly into trust funds.

Ms. Raymond said that they could put warrant articles on the March 2020 ballot, as Mr. Goodine said, but we don't know if we will have the money to fund them, so they would have to say that they are funded via taxation.

Ms. Boisvert asked if they were not looking at a surplus now, based on the information we got last week.

Ms. Raymond verified that, but cautioned that things could change.

Chair Klawes stated that they were spinning their wheels until they get answers about what can be done with the extra revenue. He made a motion to table the vote on the School operating budget.

Ms. Raymond said that their questions are about revenue - the extra funding - not the operating budget.

Chair Klawes said that they would be approving the operating budget, which is based on the revenue and tax base, without knowing what can be done with the extra revenue.

Ms. Raymond said she will press the DRA for a quick response, but she is 99% sure that they will say no. She added that the warrant articles are due on January 14th.

Ms. Ranfos said the concern is that they are using the extra revenue to fund the budget, and the Budget Committee wants to be able to use it for renovations, a new building, or something like that.

Chair Klawes said that the Committee recommendations are not needed by January 14th. He said they could meet prior to or after the public hearing to accept the budget.

Ms. Raymond said that on January 14th, the School will be giving Mr. Goodine its warrant articles.

Ms. Angowski questioned when the School will be getting the first quarterly check from the State. She said it would likely be in the next budget year, and they cannot pre-spend. So, these questions are accurate but this should not be presented to the taxpayers this year.

Ms. Raymond said she would check with Amber about whether the payments are quarterly or three times per year. However, they have to present the \$10,857,769 operating budget to the taxpayers this year because they will want to know how much the State is paying and how much they have to pay, and what is the appropriation to be raised by taxes.

Ms. Carney said if you tell people it's going to reduce taxes, that's sort of shooting for something.

Ms. Raymond said they have to show a tax projection.

Chair Klawes said the Committee understands that, but is important for people to know that these are one-time revenues and we can't be expect to continue.

Ms. Raymond said she would be taking out slide two because the one million dollars is causing confusion and arguments. She will be telling the public that the State budget was passed, and the State finally gave some additional funding to education, which is not going to be recurring unless something happens in Concord. She also said that last year she sent out a mailer to the registered voters of Allenstown and plans to send another flier this year. Last year's flier was a one-page (front and back) summary about what they were doing in the schools, the student population, and what the tax impact was. Last year's flier went to about 100 houses; this year she hopes to send it to the whole town. This plan is preliminary, she said, until she finds out if she can get the list she needs from the Town Clerk and determines what the cost will be.

Chair Klawes said that last year's flier helped make everything pass.

Mr. Coolidge said that is the thing to do, send out a mailer.

Mr. Venegas said this information could be posted on Facebook also

Ms. Raymond said that she sends lots of items to Mr. Goodine and – kudos to him - he always posts them within 24 hours.

Ms. Raymond said it is important to find out if stabilization will be available in perpetuity.

Chair Klawes withdrew his motion to table the vote on the acceptance of the School operating budget.

Mr. Cox asked Mr. Goodine what the increase to the tax rate would have been on a \$10.8 million operating budget if revenue had been flat.

Mr. Goodine said it would have added about \$1.30 to the tax rate.

Mr. Cox said that the effect in the third year would be \$3.00 if stabilization funding stops.

Ms. Raymond said that nobody goes to the public hearing and that's very, very frustrating.

Chair Klawes called for a vote on the motion to accept the \$10.8 million School operating budget as proposed. The motion was voted unanimously in favor.

Chair Klawes next presented the first three School Warrant Articles for approval and recommendation of the Budget Committee.

I. **Operating Budget**

Shall the Allenstown School District vote to raise and appropriate as an operating budget, not including appropriations by special warrant article 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 \$10,857,796?

Should this article be defeated, the operating budget shall be \$10,672,762 which is the same as last year, with certain adjustments required by previous action of the Allenstown School District, 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.

Ms. Boisvert made a motion to approve and recommend the School Operating Budget. Mr. Cox seconded the motion, which carried unanimously.

11. Teachers Contract - FY2020 through FY2023

Shall the Allenstown School District vote to approve the cost items set forth in the collective bargaining agreement reached between the Allenstown School Board and the Allenstown Teachers Association for the 2020/21, 2021 /22, and 2022/23 fiscal years which calls for the following increases in salaries and benefits at the current staffing levels:

FY 2020/21	\$64,530 -	1.5% raise
FY 2021 /22	\$78,488 -	1.25% raise
FY 2022/23	\$72,491 -	1.0% raise

Changed Health Insurance - moved them **TWO** tiers lower resulting in (\$28,055) savings

Ms. Boisvert made a motion to approve and recommend the Teachers Contract for FY2020 – FY2023. Mr. Cox seconded the motion, which carried unanimously.

III. Paraprofessional Contract- FY2020 through FY2023

Shall the Allenstown School District vote to approve the cost items set forth in the collective bargaining agreement reached between the Allenstown School Board and the Allenstown Paraprofessional Association for the 2020/21, 2021 /22, and 2022/23 fiscal years which calls for the following increases in salaries and benefits at the current staffing levels:

FY 2020/21	\$11,328	-2.0% raise
FY 2021 /22	\$21,750 -	1.75% raise
FY 2022/23	\$15,063 -	1.50% raise

Ms. Boisvert made a motion to approve and recommend the Paraprofessional Contract for FY2020 – FY2023. Ms. Angowski seconded the motion, which carried unanimously.

Ms. Raymond stated that the School Board plans to propose renaming the Facilities Acquisition capital reserve fund in a March 2020 warrant article. The new name will be the New Building/Renovation capital reserve fund. A separate warrant article will request an amount to be placed in the fund, assuming money is available at the end of the school year, since it is not to be raised from taxation. She

said that this and the other capital reserve funds will be taken up at the January 13, 2020 School Board meeting and she will provide them, in ballot form, to Mr. Goodine on January 14, 2020. She added that there are no changes in the dollar amounts of the articles.

Ms. Ranfos verified that these capital reserve fund warrant articles will be funded from the yearend budget surplus in the order they are presented on the ballot.

Mr. Goodine reported that a developer is going forward with plans to construct a 120-unit assisted living facility at the corner of Chester Turnpike and Route 28. There will be no children, so there will be no impact on the school system. He continued, saying that he had presented eight zoning articles at the last couple of meetings, which were approved by the Budget Committee but not recommended. He said this could be done at the next meeting. He also said that \$8,525 for PFAS testing was taken from the wrong budget in 2018, and the auditors recommend correcting the error by adding that amount to the Landfill Capital Reserve Fund Warrant Article, changing that amount from \$9,000 to \$17,525.

Ms. Boisvert made a motion to approve and recommend changing the amount in the Landfill Capital Reserve Fund Warrant Article from \$9,000 to \$17,525. Ms. Ranfos seconded the motion, which carried unanimously.

Mr. Goodine announced that the following Budget Committee members are up for reelection in March: Bobbie Laflamme, Ron Cox, Dave Coolidge and Deb Carney. If seeking reelection, they must file between January 27th and 31st.

Ms. Boisvert made a motion to adjourn at 8:12 pm. Ms. Carney seconded the motion, which carried unanimously.