

Municipal Budget Committee Meeting
Community Center
8 Whitten Street
Allentown, New Hampshire 03275
March 21, 2019

CALL TO ORDER

The Allentown Municipal Budget Committee Meeting of March 21, 2019 was called to order at 6:07 pm by Chairman Keith Klawes. He called for the Pledge of Allegiance.

ROLL CALL

Present on the Committee: Dave Coolidge, Kris Raymond, Tiffany Ranfos, Keith Klawes, Melaine Boisvert, Ron Cox, Jeffrey Venegas, Julie Keene, Jim Rodger

Allentown Staff: Derik Goodine, Town Administrator; Debbie Bender, Finance Director

Guest: Scott McDonald

ELECTION

Ms. Boisvert nominated Keith Klawes as Chairman. Mr. Venegas seconded the motion, which carried unanimously.

Ms. Raymond nominated Melaine Boisvert as Vice Chair. Ms. Ranfos seconded the motion, which carried unanimously.

Chair Klawes stated that Ms. Raymond is stepping down as the School Board representative to the Municipal Budget Committee.

Ms. Boisvert nominated Tiffany Ranfos as Secretary. Mr. Venegas seconded the motion, which carried unanimously.

NEW MEMBERS

Chair Klawes stated that Julie Keene and Jim Rodgers were write-in candidates for the Municipal Budget Committee and welcomed them as new members. He said that Scott McDonald and another candidate tied for write-in votes for the third position, so that position will be determined by a coin toss on Monday, March 25, 2019. He continued, saying that he has called and left messages with Committee member Roger Laflamme and has not yet received a response. He said that the Town Attorney could be asked to attend one of their meetings to explain our options in this situation.

Ms. Ranfos asked if the second write-in candidate could fill Mr. Laflamme's position.

Chair Klawes responded no. Because all seats are filled, if Mr. Laflamme's position needs to be filled, it would involve a one-year appointment.

Mr. Coolidge made a motion to send a letter to Mr. Laflamme. Mr. Venegas seconded the motion, which carried unanimously.

Chair Klawes said that the letter would have to be certified. Based on the consensus of the Committee members, he said the letter would allow Mr. Laflamme 14 days to respond.

Chair Klawes said that Mr. Laflamme has not attended a meeting in over a year.

Ms. Boisvert said that if he needs a ride to meetings, she would be happy to pick him up.

MINUTES

Ms. Boisvert made a motion to approve the minutes of the December 6, 2018 meeting as written. Ms. Ranfos seconded the motion, which carried unanimously.

Ms. Ranfos made a motion to approve the minutes of the December 13, 2018 meeting as written. Mr. Cox seconded the motion, which carried unanimously.

Ms. Boisvert made a motion to approve the minutes of the December 20, 2018 meeting as amended by Ms. Raymond. Ms. Ranfos seconded the motion, which carried unanimously.

Ms. Ranfos made a motion to approve the minutes of the January 10, 2019 meeting as amended by Ms. Raymond. Mr. Cox seconded the motion, which carried unanimously.

Ms. Ranfos made a motion to approve the minutes of the January 12, 2019 Public Hearing minutes. Mr. Cox seconded the motion, which carried unanimously.

Ms. Raymond said that the transcriptionist skipped over four of her slides from the January 12, 2019 Public Hearing. She said the minutes are supposed to be verbatim. She said she is not happy with the minutes.

EXPENSES REPORTS FOR TOWN

Chair Klawes asked if anything is overspent already.

Ms. Bender stated that there are several items which are billed annually so are already fully expended.

Ms. Ranfos asked if they were waiting for any items to come in.

Ms. Bender responded that they are waiting for the March invoices. Due to a flu issue at Town Hall, these will be on the next report.

Ms. Boisvert asked about the Tax software expense.

Ms. Bender said that it is a one-time expense.

Ms. Boisvert asked about the workers compensation expense.

Ms. Bender said that is a one-time expense as well.

Mr. Venegas asked about the Police Department vehicle repairs line.

Mr. Goodine said that was a reimbursement.

Mr. Cox said that the computer software for Assessing appears to be overspent by \$3,295.

Mr. Goodine said that the budget amount is \$9,500 and they have spent \$5,895. He said that Mr. Cox was looking at the previous year's budget amount.

Mr. Cox asked if anything else is overspent.

Ms. Bender said that Fire Department inhouse training is close. Regarding EMS supplies, she said that the Fire Department needed some supplies, so they ordered all at once to last all year.

Mr. Cox asked if any line is way underspent.

Ms. Bender said it is hard to tell this early in the year.

Mr. Goodine said that they have to fix the Building Inspector salary line; it needs to be re-coded.

Ms. Bender agreed. She said she has to do a journal entry.

Mr. Goodine said that contract plowing is over a bit, but should be offset in the salary line.

Ms. Boisvert asked about the river gauge maintenance line. It appears to be overspent and they have not yet reached flood season.

Mr. Goodine explained that this is the flood gauge for the bridge on Route 28.

Ms. Bender said that the town pays the US Geological Survey (USGS) once a year for monitoring; Pembroke pays half, so Allenstown will be receiving money from Pembroke.

REVENUE REPORTS FOR TOWN

Ms. Bender stated that they are having trouble with that software and therefore do not have a good report for that.

Mr. Cox asked if anything is really high or low.

Mr. Goodine responded that he usually looks at that on a quarterly basis.

Chair Klawes asked about revenue from the Timber tax, given that he has seen cutting going on in town.

Ms. Bender said that the town has collected \$12,000.

Chair Klawes asked if there is a budgeted amount for this.

Mr. Goodine responded that there is not.

Chair Klawes said that this is 'gravy', then. Continuing, he asked if the town has any judgements it is receiving revenue from, such as the one with Allenstown Aggregate.

Ms. Bender said there are some small ones related to the Police Department. She said the town does not plan on them. She added that the Meals & Rooms revenue is received in December.

Chair Klawes asked if there have been Planning and Zoning fees.

Ms. Bender said she has seen a lot of building permits.

Mr. Cox asked about Holiday Acres.

Mr. Goodine said that is costing money in the legal line right now. The town did not extend the P & S agreement and is suing the developers, knowing that they would be suing us. He said the proposed number of homes was reduced by 50% in their most recent proposal.

Mr. Coolidge left the meeting at 6:55 pm due to health issues.

SEWER EXPENDITURES

Mr. Cox asked why the Committee reviews the sewer department if it has no governance over it.

Mr. Goodine responded that the town ultimately approves the Sewer Department budget, and if the town does not approve it, they must operate at the default level.

Chair Klawes said that the Sewer Department does not receive tax dollars but they are a government entity. In order to know that their numbers are correct, the Committee must watch for misappropriations.

Ms. Boisvert asked if the Library Street project would be done this year. She asked for an update.

Mr. Rodger said that they are hoping to start early in the summer. There are property rights to be settled.

Ms. Boisvert asked if they would be taking any property by eminent domain.

Mr. Rodger said that it may end up that way.

Mr. Goodine said that he has not had a true update recently. He said they are working with the abutters to resolve issues.

Ms. Boisvert said this was approved two years ago. She asked if that approval is still valid or if it will be brought back to town meeting.

Mr. Goodine said that it was still valid. He said that the town approved the revolving fund bond.

Ms. Boisvert asked if a delay could affect the receipt of bond dollars.

Mr. Goodine responded that it could not. In fact, he said that the good thing is they have applied for reimbursement of a portion of the bond cost via a reimbursement plan the State is offering. He said he does not know how much that would be.

Chair Klawes asked if there was an end date by which the project must be started or it will be dead until 2020.

Mr. Rodger responded that if legal matters get complicated, it might not get done this year.

Ms. Bender said that the Sewer Department has three legal lines. In 2018 these were \$18,000, \$5,000 and \$1,500. For 2019 they are \$18,000, \$10,000 and \$1,500. Legal expenses are divided among all three, based on a formula.

Chair Klawes stated that regarding Sewer Department revenue, we have nothing to look at right now. Turning to another subject, he said the Committee had not looked at the Trust Fund reports for a long time.

Ms. Bender said that she had reports as of February.

Ms. Raymond said just for the record, Ms. Bender and I have been emailing regarding the School Building Maintenance Fund, which shows -\$10,289.01 as the beginning income balance.

Chair Klawes asked what she thought it should be.

Mr. Raymond said she had no idea.

Ms. Bender said that if you follow the line all the way out, the fair value is about \$42,000, which is accurate. There is something about the way they recorded the income, going back to 2016. Michael O'Meara, Chairman of the Trustees of the Trust Fund, is looking into it.

Mr. Goodine said that the funds are comingled.

Chair Klawes said that the reports have weird numbers and are hard to read. He questioned what line item is looked at when any of the funds are touched.

Ms. Ranfos said that about a year ago the Committee asked to have someone come in to explain these to the Committee. That person was supposed to call in.

Chair Klawes said yes, then something happened and he was not able to call.

Ms. Boisvert said that it depends upon what the investment instrument is. With bonds, you have to look at the value today and the value at maturity.

Ms. Bender said that all funds are invested in the same pool.

Mr. Goodine said that the whole idea is to hold them until maturity.

Ms. Raymond said that Amber tracks the total market value on a spreadsheet.

Ms. Bender said that the bank won't talk with her; they will only talk with the Trustees of the Trust Fund.

Ms. Ranfos said that the Trustees of the Trust Fund should know how it works, and the Committee should have them come in.

Mr. Cox said that they should all be here so if one doesn't know an answer, another might. He asked if there are guidelines regarding having them come in.

Mr. Goodine said he didn't know but we thought they would be willing.

Chair Klawes said that they need to explain this to the Committee.

Ms. Boisvert said that, based on a \$1.5 million investment, earnings for last year were \$6,100, which is a return of 0.038%.

Mr. Cox said that they were not at full maturity.

Scott McDonald left at 7:22 pm, thanking the Committee for letting him visit.

EXPENSE REPORTS FOR SCHOOL

Chair Klawes asked Ms. Raymond if she had any concerns.

Ms. Raymond responded the Special Education line. Services are needed.

Ms. Ranfos said that SPED expenses could result from new students or existing students suddenly needing services. She asked about Summer Special Placements; AES is at \$318,000.

Ms. Raymond said that those are out of district placements.

Ms. Ranfos asked how much was in the SPED capital reserve fund.

Ms. Raymond responded \$67,000.

Ms. Ranfos asked if the School was already on a spending freeze.

Ms. Raymond said they had been on a spending freeze since the beginning of the year. She said they are vastly underbudgeted. She explained that the 2018-2019 budget was done 16 months prior in May and June of 2017.

Chair Klawes asked if the school voting could be done at a different time.

Ms. Raymond responded that they can't change their fiscal year because of SB2.

Mr. Goodine said he thought voting could be moved to April or May. He said he was not sure of that.

Ms. Ranfos said that, at any point 17 children could move to town needing services and Allentown cannot say no. Or, the town could lose 17 children and have a surplus.

Chair Klawes asked if changes in need for services could be planned on or if it is all of a sudden.

Ms. Ranfos said they need to beef up the SPED fund.

Chair Klawes asked what percentage of SPED expenses are reimbursed by federal or state funds. The \$10.3 million school budget is not all from Allentown taxpayers.

Ms. Raymond referred to her presentation, saying they get \$100,000 from Medicaid.

Chair Klawes offered an example: If the SPED budget is \$1 million, are we reimbursed \$100,000 or \$900,000?

Ms. Raymond said that she did not know but would get an answer from Amber. She said the School gets \$4.7 million in funding for its \$10.3 million budget.

Chair Klawes asked about the money that comes back to the town from funds not used.

Ms. Raymond said that a lot of that is funds not used for expenses; it's not all revenue. Last year, she said, SPED did not contribute to the surplus. In fact, it used some of it. She said that State Adequacy Funding provides \$1,800 per child coded for SPED.

Ms. Keene asked if they had ever had surplus SPED funds.

Ms. Raymond responded that in 2012 they returned \$1 million.

Ms. Keene asked if that could be rolled over.

Ms. Raymond said that it had to be given back to the town. She explained that they save for rainy days via their trust funds. Last year, she said, they put \$20,000 in each of their four trust funds, but they depend upon a surplus to actually add funds to those accounts. She said that they have a \$25,000 deficit now.

Chair Klawes said that he has been on the Budget Committee for six years and the School typically has had a fairly large deficit at this point of the year. It is not uncommon, although he is not making light of it, he said, because they still have to be careful.

Ms. Raymond said that they heading into the downward slope of the school year and Amber has August through March under her belt, so she can make good year-end projections.

Mr. Cox asked if a big boiler repair had been made this year.

Ms. Raymond said they had made little repairs but not a big one.

Mr. Cox said he thought school was canceled one day because of the boiler.

Ms. Raymond said that a guy came in to check nozzles and pipes. The bad news, however is that they need to replace an electrical part within 30 days and the cost is \$8,000. She said she can't quote what the part is but it is part of the water intake; it is not the boilers. She said there have been no major boiler repairs yet. They have been trying to determine which zone is the problem.

STATE OF THE SCHOOL

Ms. Raymond said that the SAU held two community forums in February – one at ARD and one at AES. Attendees (totaling 28) were asked to respond to five questions. The first was about how the schools are perceived in the community. The second and third were about curriculum. The fourth was about transitioning from one school to another and the last was about the future of the physical buildings. She said that Mr. Goodine consolidated the responses and posted them on the website. The results were all over the place.

Mr. Cox asked about the voting population.

Mr. Goodine said there are about 2,600 registered voters.

Ms. Raymond said that at the March School Board meeting Harriman Architects and Engineers presented the results of its feasibility study. The report, she said, states that ARD must be shut down in two or three years. Harriman listed fixes for the next three years, but the fixes are not permanent. We The school will have to be shut down in four to six years. She said she took parents on a tour of the school after the meeting and there is a lot to be fixed. AES, she said, is in better shape. However, it does not have enough acreage for a middle school. It has 6.5 acres and much of it is sloped down. Ten acres are needed for a middle school.

Ms. Boisvert asked if they could challenge that requirement.

Ms. Raymond said that middle schools need fields for sports such as soccer and baseball.

Mr. Cox said that maybe they could build up AES, tear down ARD, and use that land for fields, similar to what Concord does.

Mr. Venegas said that they cannot build another level at AES.

Chair Klawes said that AES has its own issues. When the second floor was added to that building, it wasn't done right and a third level cannot be added.

Mr. Venegas added that building codes have changed too.

Chair Klawes said that they could be throwing good money after bad. He noted that Pembroke is shutting down the Philips School. He asked if Allenstown might rent that building.

Ms. Ranfos said they have the same issues with that school that Allenstown has with ARD.

Mr. Cox asked about the overall feedback from the community discussions.

Ms. Raymond said it was all over the place and they are at the point that they have to look at everything. She said they are looking at a tuition agreement with Three Rivers for middle school students.

Ms. Ranfos said that she had read about that. Pembroke is shutting down Hill School. She asked if it was truly feasible to send our ARD students there without them adding onto their school.

Ms. Raymond responded that they can accommodate grades six, seven and eight. Allenstown will have to put grade five at AES.

Ms. Boisvert asked about the tuition amount.

Ms. Raymond said they have not discussed that yet. They plan to set up a joint committee for that and another committee to look at a new building.

Chair Klawes said he was aggravated by the amount of money that will be wasted on energy costs and repairs at ARD, and the \$8,000 expense just mentioned for ARD. He suggested paying tuition this year for Three Rivers and using the money saved to figure out how to move Town Hall, buy the convent and take one house to have land to build a new school.

Ms. Boisvert said that if ARD has to come down, they should buy the convent, take the house by eminent domain, and move Town Hall to AES. Then they could build a three-story school building.

Ms. Raymond said that she didn't think that would be ten acres.

Chair Klawes said they could take the Library too, and move Town Hall to the Fire Station. He said that committees take time and putting money into ARD is wasteful. He said the School Board should make an emergency declaration, stop wasting money, and move the students to Pembroke.

Ms. Raymond said that there are 100 other parents who will say that this should be done methodically and students should not just be shoved into another school.

Chair Klawes said that safety and education are more important than appeasing parents. ARD doesn't have a sprinkler system and the halls are crowded. He said they should not waste money on committees and repairs.

Mr. Venegas said that this has to be done in a methodical way. Parents pay taxes too.

Ms. Raymond said that if they had not done the feasibility study, they wouldn't know these things.

Ms. Boisvert said that a new school was on the budget 15 years ago and 70 to 75% of the cost was to be paid by the federal government. Because of SB2, a two-thirds vote was needed and it lost by eight votes. She said she was in Concord with the Governor two weeks ago and he has \$65 million earmarked for property-poor towns, and the funds must be spent on infrastructure. He was adamant that wealthy towns need not apply.

Ms. Raymond said that they had already applied for and received those funds, using them for the new security system.

Ms. Boisvert said this is new, that it is part of the new budget. She said even if it is divided amongst the top ten poorest towns, Allentown would get \$6.5 million.

Ms. Raymond said that is HB 176, calling for a minimum of \$50 million for school buildings. It is in the Finance Committee of the House and has not passed yet. A lot of us are going after that money, she said. Building aid is scarce.

Mr. Cox asked if the Harriman report had a Return on Investment (ROI) calculation.

Ms. Raymond said that the initial presentation was made in March. They will present options in April and pricing in May. She continued her presentation, saying that Conn Valley has filed a lawsuit, the third or fourth Claremont iteration. Conn Valley has been joined by Monadnock. Now it's whoever wants to join in. The timing is interesting, she said, because HB 709 is about increasing education funding.

Ms. Boisvert asked Ms. Raymond if she would be joining the law suit.

Ms. Raymond said she personally would not favor doing that. She said a lot is going on in Concord. One movement is to stop the four percent stabilization loss. She said the Supreme Court needs to force the State to do what it has been instructed to do. The schools have won lawsuits two times but nothing has ever happened. The Supreme Court has never held the State accountable. She said that she presented a whole page of proposed legislation at the deliberative session. A few have gone away, but several are in the Finance Committee. She said that HB 176 is about aid for school buildings, HB 177 is about stabilization funding and HB 709 presents a formula for determining adequacy funding based on free and reduced lunches. In Allentown, 40% of students are on free or reduced lunch, so this will mean an additional \$2,781 per student annually.

Mr. Goodine noted that there is a bill for \$500,000 to study the school issues.

Ms. Raymond said that is not revenue.

Mr. Goodine said it is looking for a permanent fix for school funding issues.

Mr. Venegas said they need to take proactive steps. Something could happen to the ADR building.

Ms. Boisvert said she would not want a long-term contract with Pembroke.

Ms. Raymond agreed. She said they would contract five years at a time.

Mr. Venegas said it was a delicate balance.

Ms. Ranfos said they would also be losing all of the current employees at ARD, unless they are hired at AES or Three Rivers. She said that people move to Bow for the schools and move out as soon as their children are out of school because the taxes are high.

Ms. Boisvert, on another subject, said the last budget season went well and she wanted to thank Ms. Bender and Mr. Goodine for all of their hard work.

Chair Klawes asked if there was a timeline, with deadlines for the Joint Committee and a date by which, for example, three options would be presented.

Ms. Raymond said she would love to have something on the March 2020 warrant.

Ms. Ranfos said she saw the press release asking individuals who wish to serve on the Joint Committee to email Superintendent Peter Warburton or Superintendent Patty Sherman. She asked about the number of people who will serve on this committee.

Ms. Raymond said that 12 is too many and she would like to see eight or ten members – four or five from each community. She said that parents would run the other committee which will explore building options. She said this has worked well in other situations and it removes the politics.

Ms. Ranfos asked how they would choose the Joint Committee members.

Ms. Raymond said the fairest way is to draw names from a hat.

Ms. Ranfos asked Ms. Raymond to let them know when the new building committee is being formed.

Ms. Boisvert asked if the Board of Health might condemn ARD.

Ms. Raymond said they would not. It is inspected annually.

Ms. Ranfos said that if it will be shut down in one to three years, they are in dire straits.

Ms. Raymond said that, according to Harriman, it is not dire.

Chair Klawes said that the bottom line is that it is not up to code. It is not dire, but a decision must be made.

Ms. Raymond said nothing has been done for ARD in 30 years.

Chair Klawes said that it was getting late so they would postpone the State of the Town until the next meeting. He added that they did not have a BOS representative present.

Ms. Boisvert made a motion to adjourn at 8:15 pm. Mr. Venegas seconded the motion, which carried unanimously.

DRAFT