

Municipal Budget Committee Meeting
Community Center
8 Whitten Street
Allentown, New Hampshire 03275
April 18, 2019

Call to Order

The Allentown Municipal Budget Committee Meeting of April 18, 2019 was called to order at 6:34 pm by Chairman Keith Klawes. He called for the Pledge of Allegiance.

Roll Call

Present on the Committee: Deb Carney, Carol Angowski, Keith Klawes, Ron Cox, Jeffrey Venegas, Julie Keene, Mike Juranty, Bobby Laflamme (new member), and Maureen Higham, Ex-Officio member from the BOS

Allentown Staff: Derik Goodine, Town Administrator

Invited Guest: Michael O'Meara

Trustees of the Trust Fund Presentation

Mr. O'Meara stated that he is a member of the Trustees of the Trust Fund and Cemeteries, which meets four times each year and more often as necessary. The Trustees manage 30 sub-accounts, which are capital reserve funds established via town warrant articles. They manage disbursement of these funds upon written direction from the BOS, which also provides backup documents. Funds are disbursed for their established purposes only. The Trustees are assisted in their management of these funds by a liaison from TD Wealth Management. TD Bank, which is the Town's banking institution as well, acts only upon my written directions.

Chair Klawes asked if the bank's liaison guides the Trustees in decisions regarding the investment of the funds.

Mr. O'Meara responded that he does. He added that the Trustees have a written, approved investment policy which is reviewed annually. Stocks or bonds must have no less than a BBB rating, and they cannot invest in overseas or Canadian securities. The portfolio is reviewed with the town's Finance Director and filed with the Department of Justice.

Chair Klawes asked if the Trustees chose TD Wealth Management.

Mr. O'Meara said that they did, and that they are in the process of reviewing that service and have issued an RFP. The town is doing the same.

Chair Klawes asked about the fees.

Mr. O'Meara responded that fees are about \$600 to \$630 per month. Annually, MS9 and MS10 reports are prepared and sent to the DRA. He added that they operate on a calendar year and that their investments are subject to market fluctuations.

Mr. Cox asked if they pay capital gains taxes.

Mr. O'Meara replied that they do not because of being a municipality.

Chair Klawes said that fees of \$600 per month on a \$1.6 million investment seem like a lot.

Mr. Cox said that it actually seems low. He asked about the Return on Investment (ROI).

Mr. O'Meara said that it runs between three and five percent. The Trustees keep the investments short – generally three to five years. He agreed to supply the Budget Committee with this information on a quarterly basis.

Ms. Carney asked if the earnings were reinvested.

Mr. O'Meara said the earnings are just added to the funds.

Mr. Cox asked about the Beginning Principal Balance column.

Mr. O'Meara explained that they operate on a calendar year and that is the balance at the beginning of the year.

Chair Klawes asked about the Total Gain/Loss column.

Mr. O'Meara said he would get an explanation from Finance Director Debbie Bender.

Mr. Goodine said that earnings actually are reinvested because they are distributed to the funds annually according to each fund's percentage of the total. Funds allocated to various capital reserve accounts via town warrant articles are typically deposited sometime after property tax revenue begins to come in, which helps with cash flow.

Mr. Venegas asked how long it takes to release funds from capital reserve accounts once a decision has been made to do so.

Mr. O'Meara said the Trustees can usually schedule a meeting within a week or two, so it does not take long.

Chair Klawes asked about Total Market Value (TMV) versus Fair Market Value (FMV).

Mr. O'Meara explained that TMV is what the value could be, while FMV is the value today.

Mr. Cox stated that Mr. O'Meara's presentation was great and he learned a lot.

Approval of Minutes

Ms. Angowski made a motion to table the minutes of March 21, 2019 because most of the members in attendance at that meeting are absent tonight. Ms. Carney seconded the motion, which carried unanimously.

New Member Appointment

Chair Klawes introduced Bobby Laflamme as a new member of the Municipal Budget Committee.

Ms. Laflamme said that she has a financial background, having worked for Associated General Contractors for 15 years. She became a Library Trustee this past year and has been the PTA secretary for five years.

Ms. Angowski made a motion to appoint Ms. Laflamme to the Municipal Budget Committee for a one-year term. Ms. Carney seconded the motion., which carried unanimously.

Chair Klawes said that Roger Laflamme has resigned from the Committee.

Town Expenses Report

Mr. Cox said it would be helpful if a column could be added to the expense report for an explanation of whether the amount budgeted would be paid on a yearly, quarterly, monthly or some other basis. He suggested moving the data to an Excel spreadsheet.

Mr. Goodine said that would be a good idea and might generate fewer unnecessary questions.

Ms. Angowski asked about the deficit in a computer software line.

Mr. Goodine said that \$500 needed to be shifted to another account.

Chair Klawes asked Mr. Goodine if there were any lines which he is worried about.

Mr. Goodine said he is watching the legal line carefully because of legal action with such entities as 4NH Homes, Holiday Acres, and Eversource. He said that Property Insurance is up \$6,000 because of the new Rescue Truck and Plow Truck. He added that he does not like to move funds around; it is better to see which lines are in the red so that the next budget can be prepared more accurately.

Chair Klawes asked about the outcome of the FairPoint case.

Mr. Goodine said that the town has agreed to let the NH legislature dictate the formula going forward.

Mr. Cox asked about the Town Report, Dues and Subscriptions, the Town Website, Police Department Training, the Fire Department Dispatch, Building Inspector Software, and the Emergency Management River Gauge.

Mr. Goodine responded as follows: the Town Report is all done; Dues and Subscriptions are for professional memberships which are annual payments; the Town website has a one-time payment of \$50 for the domain; the Police Department has two new officers at the Police Academy; the Fire Department Dispatch expense is an annual fee; the Building Inspector software is a one-time cost; and the Emergency Management River Gauge is an annual fee, split with Pembroke, for monitoring the river for early warning of flooding on Route 3 below the double-decker bridge. Also, the Parks & Rec modem line refers to a modem for which they have received no bill.

Mr. Venegas said that the Library expenses are in line. The furnace has had service two times and the fire alarms had to be replaced.

Mr. Goodine said that Fire and Police vehicles are under lease agreements which are staggered. This works well in the event of a default budget, and the vehicles are owned by the town when the leases end. Outright purchases involve bonds and legal fees, which they try to avoid.

Town Revenues Report

Mr. Goodine stated that they do not budget Timber Tax revenue because it is unpredictable, but they have taken in \$12,000 this year. Building permits are coming in well.

Mr. Cox asked about pistol permits.

Mr. Goodine said that, due to changes in State legislation, pistol permits are way down. Recycling income was budgeted at \$0, but selling recycled materials, mostly metals, has brought in \$2,300.

Mr. Goodine said there is a man who takes appliances, dismantles them, keeps the copper and gives other recycled parts back to the town, which the town then sells. It is a good arrangement. He continued, saying that tax bills have not gone out yet, so that revenue is still to come in.

Mr. Cox asked about the problem of contaminated recycled items.

Mr. Goodine said that China, the main market has reduced from ten percent to one percent the allowed rate of contamination.

Mr. Cox asked if this has increased the cost of trash disposal.

Mr. Goodine responded that it has not yet had that effect. He said they are attempting to make the Blue Sheet more prominent, which explains what cannot go in the curbside bins. People need to be re-educated.

Mr. Cox asked if separated recyclables which cannot be placed in the curbside bins could be brought to the Transfer Station.

Mr. Goodine said that they could.

Mr. Cox said it would be helpful if there were a list of such items.

Mr. Goodine referenced Recyclopedia, an online resource which is helpful in the re-education process.

Mr. Venegas said that a synopsis of why recycling is important would be helpful. Not only is it good for the environment but it also keeps trash disposal costs down. He mentioned efforts at the school level – collection of cans, food wrappers and food waste (burned for natural gas).

Ms. Higham asked about real estate owned by the town.

Mr. Goodine said that if tax-deeded property is sold, the proceeds go into the undesignated fund balance. Unfortunately, most of these properties are mobile homes. Much town-owned land is in flood areas or other undesirable locations.

School Expenses Report

Chair Klaves reminded the Committee that the School Department operates on a fiscal year running from July 1st to June 30th. He said that since no one from the School is present, questions should be emailed to him so that he can forward them for responses. He cautioned about using the 'Reply All' option because of the need to avoid an illegal meeting, per RSA 91-A.

Mr. Goodine noted that the School is still operating on a default budget, so there are apt to be several adjustments needed.

Chair Klawes said that he will check with Kris Raymond.

Sewer Expenses Report

Chair Klawes said that no one was there from the Sewer Department, and all the Budget Committee can do is monitor their budget to see that nothing is out of line. If there are questions, he said, they could email them to the ASC. He will email them to ask about the stipend line for the Commissioners.

State of the Town

Chair Klawes asked Mr. Goodine to report on town events which might interest the Committee.

Mr. Goodine said there are several new businesses in town, including Vault Storage and Hudson Quarry, which will sell landscaping materials. He said that the Economic Development Committee (EDC) is presenting its proposed Town Welcome Signs to the BOS next Monday. The signs feature the slogan: Home of Bear Brook State Park and will have carved bear cubs hanging on the sides.

Mr. Venegas said that the State Economic Development people made a presentation to the EDC about ways to promote the town, and welcome signs were on the top of the list. The old signs will be kept, as the slogan and design were part of a school contest several years ago and are part of the town history.

Mr. Goodine said that the EDC is looking at putting banners on poles to dress up the main commercial corridors. He reported that Brady Sullivan is looking to purchase and renovate the property known as China Mill. They plan to have 130 upscale apartments.

Ms. Carney asked how many school-age children might be included.

Chair Klawes said that not many were expected, as these are one- and two- bedroom apartments, each with only one bathroom. A negative impact on the school system is not anticipated. Eventually, this should create a property tax windfall and it should also help area businesses.

Mr. Goodine said that the Sewer Department's Library Street project may see as much as 70% of its project costs covered by a State Revolving Fund Grant. The NHMA supports the legislation for this, and will be testifying in support. Turning to the Police Department, Michael Stark has been sworn in as the Police Chief, and they are reviewing internal candidates for the Lieutenant position. Two new officers have been sworn in as well. Mr. Goodine also reported that a new company, which will employ about 18 people, is looking at a site in Allenstown.

Ms. Carney asked for an update on the option of sending Allenstown elementary students to Pembroke's Three Rivers School.

Mr. Goodine said that the next meeting will be held on May 13, 2019 at ARD beginning at 6:00 pm. The dollars and cents portion of the feasibility study will be the topic of discussion. Contrary to what has been reported, the AES is not going to fall down in three years. The feasibility study has recommended improvements over the next three years and the building should be okay for another three years after that. The town is looking at all options at this point.

Mr. Venegas stressed the importance of doing this carefully and exploring all options. He said that 50 or 60 people attended the last School Board meeting.

Chair Klawes asked the members to consider starting their meetings at 6:30 pm instead of 6:00 pm to allow people more time to arrive. He said the next meeting will be a joint session with all boards, committees and employees of the town. It will be held on May 16th beginning at 6:30 pm. The Town Attorney will offer training on Conflict of Interest and Proper Minutes for back-up in case of a court action. This segment is especially for the ZBA and the Planning Board. Chair Klawes suggested that the Budget Committee could meet at 6:00 pm to approve minutes. He will not be in attendance because of a family commitment. He suggested an unofficial meeting in June to go over account codes and other items which might be especially helpful for new members.

Chair Klawes announced tentative meeting dates as follows: June 20th; September 19th; October 17th; November 7th, 14th and 28th; and December 12th.

Ms. Angowski made a motion to adjourn at 8:39 pm. Ms. Carney seconded the motion, which carried unanimously.