

TOWN OF ALLENSTOWN
Budget Committee
16 School Street
Allenstown, New Hampshire 03275

****Public Hearing held at Allenstown Elementary School for discussion about the 2011 Allenstown School Budget and the 2011 Allenstown Town Budget.**

Minutes of Budget Committee Meeting/Public Hearing on January 8, 2011

Present at the meeting: Carl Caporale, David Coolidge, Don Chaput, Fern Bissonnette, Jason Tardiff, Jerry McKenney, Jon Richardson, Lisa Komm, Mike Frascinella, Penny Touchette, Paul Apple, Town Administrator, and Sandy McKenney

Sandy McKenney opened the meeting at 9:00 a.m.

Discuss School Budget.

Sandy turned the floor over to Tom Irzyk, Chairman of the Allenstown School Board. He began by reading through the first Warrant Article, regarding the Allenstown Proposed Operating Budget, and pointing out the details of the Proposed Budget as outlined in the handout which was given. He made mention that the Proposed Budget was lower than the Default Budget, and then answered questions, first regarding the number of enrolled students.

He then read through the second Warrant Article, regarding the increases for the teachers, and outlining the details of the collective bargaining agreement. There were no questions from anyone in attendance, so Tom turned it back over to Sandy, who suggested closing the School portion of the meeting and recessing until 9:30 a.m., when the Town Operating Budget portion of the Public Hearing was scheduled.

Penny made a motion to recess until 9:30 a.m. Jerry seconded the motion, and all members were in favor. Recessed at 9:14 a.m.

Discuss Town Operating Budget.

Sandy restarted the meeting at 9:30 a.m., turning the floor over to Paul Apple. Paul began by thanking the Department Heads for all their hard work towards creating a 2011 budget. Next, Paul pointed out some areas of the handout provided to attendees, beginning with the major areas of change from the 2010 budget. The Capital Outlay line shows the most significant change due to grant money which will not be received in 2011. He also mentioned the Personnel line, which has been reduced due to a decrease of approximately

15% in the cost of the Health Care package for Town employees. Paul outlined the items included in the Highway Budget, to include the cost of operating the Highway Department, hydrants, streetlights, and solid waste. Carol Merrill asked about the increase to the line item entitled "Legal". Paul said that in fact the increase had not been recommended by the Budget Committee, therefore there in fact was no increase for 2011. When asked about the Civil Defense line, he explained that this was the Emergency Management budget and that the amount listed included a grant that the town receives every year. This, he explained further, was an example of "Gross budgeting", whereas they knew they would receive this grant, and so included it in the total budget; however this did not mean that spending was to be increased. There were no further questions, and Sandy suggested turning it over to the Sewer Department to go over their Proposed Budget.

Discuss Sewer Budget.

Andrea Martel took the podium on behalf of the Sewer Commission, and began by explaining the increase in their proposed bottom line budget. Items listed as contributing factors were equipment upgrades "Biomag", electricity costs for running the pumps/system, and chemicals (polymer, chlorine, and magnetite) used in processing sewage. She said that this new equipment would increase the plant's processing capacity. Sandy asked whether the sewer rate would increase again in 2011 (after the January 1, 2011 increase) to which Andrea answered no, it would not. This, however, could not be absolutely guaranteed.

Also mentioned was the fact that the reasons she had listed for the nearly \$40,000.00 increase, namely the chemical costs, had not been forecast previously. Andrea explained that whereas the new equipment "Biomag" was not yet in use, these numbers were estimated. She said the new system would be online in a few weeks and that after a year of operation they would have much more exact numbers with regard to operation and chemical costs. She also pointed out that the listed estimates were figured high to ensure coverage, therefore next years costs would likely be less. There was some discussion about the moratorium on new line installations due to the plant's intake flow being at full capacity. Further, she said that the plant had been at top capacity for flow since 2005. She stated that the idea was that once the new equipment was online, the moratorium would most likely be lifted as the plant's capacity would increase, allowing for a higher volume of flow to pass through the plant. She also said that whenever they have asked the State when the moratorium would be lifted, they 'would not give an answer.'

Next, there was some discussion about the cuts the Sewer Commission had made to try to keep the rates down, including personnel cuts for certain tasks, i.e. maintenance that has in the past been done by two workers would now be done by just one. This led into some hard facts about the condition of many components of the system, most notably a large percentage of the pipes throughout the town, which are very old and whose replacement has been put

off over the years due to failures in different areas (one mentioned being Al's Avenue, which suffered a failure in 2010) which take precedence and *must* be fixed ASAP after breaking. Andrea made the point that if monies have not been designated in the budget for these emergent repairs, the cost of the repairs must come out of their Capital Reserve fund, which is at this time somewhat depleted due to past emergent fixes such as that on Al's Avenue. Furthermore, the Capital Reserve fund contains monies which have been set aside over the past several years for the reconstruction of Library Street, but this project would now be on the back burner for another two years or so.

Andrea answered a question from a resident about why the maintenance and repairs that have needed to be done for years have not been budgeted for over the years, stating that whenever the Sewer Commission has asked for money in their budget to complete the work, the Town either decreased the amount or voted it down altogether; in short, the sewer users don't want to pay for it. She made sure everyone understood that the new EPA and State Permitting laws were now making regular maintenance and upgrades mandatory, lest the plant be shut down until the required work is completed. A resident mentioned a grant received by the town of Pembroke and questioned why Allenstown didn't receive the same grant. Andrea explained that it was a HUD grant which Pembroke received because of an elderly housing development that was built on Pembroke Road. Allenstown was not eligible as there was not any type of housing development built in town.

There was some further discussion about the grant, which soon led back to updating, repairs, and improvements that are needed all over Allenstown's sewer system. Jim Rodger, Allenstown Sewer Commission (ASC) Chairman explained how the entire system had been flushed and filmed, identifying the areas where improvements were needed, and allowing these areas to be prioritized. He and Andrea both made statements about how the ASC has tried over the past several years to set aside money to begin addressing these areas, yet the emergency fixes of broken lines always takes precedence. One area that was brought up that needs to be addressed is the pipe that runs underneath Suncook Pond, which the ASC wants to reroute around or away from the pond altogether, since a break in the line in that area would cause a major pollution disaster to the pond and also to the river. A new pump station and new lines will need to be implemented with this reconstruction, and the predicted cost of this job is \$1,000,000.00.

Sewer Commissioners were asked what projects were in the works currently and what is planned for this year, with the new rate increase money. Currently, roof work is being done and will be done to all the buildings (new roofs). Repairs and 'band-aids' to roof leaks and weak spots have been implemented in recent years in order to hold off on replacement, but at this point, new roofs are a necessity. The projected cost of replacing all the roofs is \$140,000.00. Also, the aforementioned new equipment costs which are yet to be paid. Then, getting the repairs and replacement of the oldest/weakest areas done as money allows.

This led to a question as to whether it might be wise to just go ahead and increase the rate to \$10.00 for a couple of years, allowing for more of the badly-needed work to get done sooner (since it is inevitable that the work *must* be done). It would likely save money to do the work sooner since materials costs seem to increase regularly, and because emergency repairs always cost much more than planned, budgeted maintenance. This would also lead to the avoidance of catastrophic failures and the resulting EPA fines that would likely follow, especially if the failure pollutes any of the natural waterways adjacent to the pipelines.

Talk of rates shifted to the hauler's rate. The general consensus in the room seemed to be that the hauler's rate should be increased, regardless of what happens with the town user's rate. Sewer Commission reps agreed that this was a possibility, but argued that Allenstown's hauler's rate is just pennies less than surrounding towns' dump stations (Concord and Manchester were mentioned) and that they had held off on any increase in order to stay competitive and keep the haulers from going elsewhere. Andrea mentioned that haulers like to use Allenstown's facility because it is conveniently located halfway between Manchester and Concord, and its layout is more spacious and easy to access. Further making the point for increasing the hauler's rate, someone spoke up and said that since the haulers already prefer to use Allenstown's facility and since a second receiving station was being installed expressly for their convenience, increasing their rate even just enough to match surrounding towns' rates would probably not cause any of the haulers to choose to go elsewhere.

Next, Sandy asked about a couple of line items which appear on the Proposed Sewer Budget, including raises, bonuses, and employees' birthdays off with pay. Regarding whether or not pay raises were being given this year, Jim said that raises were figured into their Proposed Budget, as they were every year, and are based on merit using daily grade sheets which are filled out by each employee, every day. He also said that bonuses were in fact given to employees, and that this was paid out of the hauler's fees and not out of the town user's rate. Sandy questioned this, stating that nobody else (within the town government and municipality) is getting a bonus. She pointed out that it would be more beneficial to those in town who pay a user's rate if excess money from the haulers were used to do some of the work for which they are paying a higher rate. Jim commented that sewer plant employees were especially deserving of bonuses because they are doing not only their regular daily duties, but also the construction/installation of the new treatment equipment. He said that not hiring a contractor to do this work was resulting in a substantial savings. He further pointed out that the amount of each employee's bonus was one week's pay. Regarding the raises, Andrea explained that the idea is to keep their current team intact by keeping them happy, and furthermore, the average pay to Allenstown's sewer facility employees is lower than surrounding towns as evidenced by research that is conducted yearly. She and Jim said that plant workers go "above and beyond" in many ways,

making them more deserving of yearly raises and bonuses. Sandy spoke up in defense of all town and municipal employees, saying that as a long-time elected official in Allenstown, she couldn't think of one employee that hasn't gone above and beyond their daily duties to help a resident, Selectman, or committee member with whatever they needed or wanted. She advised that she saw their comments defending their raises and bonuses, especially in the current economy, as if they were "putting themselves on a pedestal", and that this was totally off base. Others agreed, offering various examples of employees of other departments going above and beyond.

The idea of standardizing these personnel issues across all town departments was brought up, as has been the general trend in the recent past. Further discussion ensued, some rather heated, about whether or not sewer department employees should be receiving raises and bonuses, with little resolution.

Discuss Tri-Town Volunteer Emergency Ambulance Service.

Sandy introduced George Calleganis, Operations Manager for Tri-Town Volunteer Emergency Ambulance Service. He started by stating that they were pleased to continue to be the advanced life support provider for Allenstown and Pembroke, and explained that they had provided service to Allenstown, Pembroke, and Hooksett for 40 years, until July 1, 2010, when they discontinued servicing Hooksett. This means that the cost of operations shifts to Allenstown and Pembroke alone, increasing the burden for both towns. Their proposed operations budget has been submitted to both towns, and Allenstown's portion is 42%, or \$91,258.00. Sandy made the comment that this was a very reasonable rate for ambulance service, and that Tri-Town's service had been excellent to date.

Announce date of next Public Hearing.

Paul Apple made an announcement regarding the next Public Hearing being held by the Budget Committee. It is scheduled for Thursday, January 13, 2011 at 6:00 p.m. at AES, with a snow date of Saturday, January 15, 2011 at 9:00 a.m. Topics on the agenda are the Warrant Articles and the Sewer Bond.

Carl made a motion to adjourn the meeting. Jerry seconded the motion. Voice vote with all members in favor; meeting adjourned at 10:45 a.m.

Date approved: _____

Sandra McKenney, Chair
Allenstown Budget Committee