

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

**Public Hearing held at Allenstown Elementary School for discussion about the Allenstown Warrant Articles and the Sewer Bond.

Minutes of Budget Committee Meeting/Public Hearing held on January 13, 2011

Present at the meeting: Carl Caporale, David Coolidge, Don Chaput, Fern Bissonnette, Jerry McKenney, Larry Anderson, Lisa Komm, Sted Holton, and Sandy McKenney

Others present: Paul Apple, Town Administrator

Sandy McKenney opened the meeting at 6:00 p.m.

After the Pledge of Allegiance and a welcome to Allenstown Residents, Sandy introduced the members of the Budget Committee and thanked them for all the work they have done on the budgets, working with department heads, the Selectmen, and Paul.

The members are: Fern Bissonnette, Carl Caporale, Larry Anderson, Don Chaput, Dave Coolidge, Lisa Komm, Jerry McKenney, Jon Richardson, Sted Holton (School), Sandy McKenney (Chair), and Paul Apple, Town Administrator.

Absent from the meeting: Mike Frascinella, Penny Touchette, and Jason Tardiff (ABOS).

Discuss Highway Warrant Article.

Sandy began by reading the Highway Warrant Article, (#18), regarding whether or not to approve entering into a 7-year lease agreement for a 2011 John Deere 524K Loader with a 2.75 cubic yard bucket in the amount of \$123,435.00, and further, to raise and appropriate the first years lease payment in the amount of \$19,935.00. Sandy then turned the floor over to Ron Pellisier, Road Agent, for Q&A.

Ron began by explaining that the loader currently in use is a 1991 model year and is getting to the point of being unsafe. He said that the differential is making a clunking noise, there are metal fragments in the transmission, and the machine has multiple hydraulic oil leaks. In addition, there is no heat in the cab, the parking brake does not work, and there are no working lights, making it non-roadworthy. He added that the loader is a vital piece of equipment to the town, but at this point, it can only be used in the yard. He did offer that the Department had looked into the cost of repairing it, but

the estimate was extremely high. They had decided it would be “throwing good money after bad.”

Ron described the new machine, saying it is the same size as the old one (measured by weight, this being an approximately 20,000-pound machine). It comes with a 5-year Warranty, and for an additional fee, an Extended Warranty can be added which will cover repairs to the drivetrain/major components (not wear items, such as brakes) if required over the life of the lease. After the first year’s payment (which includes this additional amount), the yearly payments would be \$18,980.00.

He said he had also looked into used loaders of comparable size, but even a 12-15-year-old machine is going for \$70,000.00 and up.

Paul took a moment to explain that due to the economy and the number of Warrant Articles from all departments seeking additional funds, the Department Heads are following a Five Year Plan in which each department takes a turn each year. He said that they had determined that the Highway Department’s need was greatest at that time; therefore they should get their machine this year. He added that next year will be either the Fire Department’s turn or possibly Administration.

There were no further questions for Ron, so Sandy took the podium and said that the Budget Committee was now going to vote on this Warrant Article.

Larry made a motion to approve Warrant Article #18, to recommend leasing a 2011 John Deere 524K Loader. Jerry seconded the motion. Took a roll call: Carl-yes; Dave-yes; Don-yes; Fern-yes; Jerry-yes; Larry-yes; Lisa-yes; Sted-yes; Sandy-yes. Motion passed and Warrant Article #18 is recommended by the Budget Committee.

Announcements.

At this point, Sandy took a moment to explain that the town has three Warrant Articles: the 2011 Operating Budget, the Highway Department Loader Lease, and the Sewer Bond. There are also three Petition Warrant Articles, and the Planning Board has submitted 14 Warrant Articles which will appear first on the ballot in March.

She announced that the Selectmen were holding a Public Hearing on Monday, January 17, 2011 at 6:00 p.m. at the Town Hall to discuss the Highway Warrant Article and the Sewer Bond.

Discuss Sewer Department Warrant Article.

Sandy began by reading Warrant Article #16, regarding the Sewer Bond. She then introduced the members of the Sewer Commission: Jim Rodger, Charles Martel, Andrea Martel, and Mike Trainque from the Engineering Firm of Hoyle, Tanner & Associates, and turned the floor over to the Sewer Department for a brief explanation of the Bond and for Q&A.

Andrea took the floor for a brief correction of some typographical errors on one of the handouts provided to attendees. She then turned the floor over to Mike Trainque.

After introducing himself, Mr. Trainque went into explaining the purpose of the Warrant Article at hand. He said the bond was created in order to take advantage of Federal funds that have been made available through ARRA (the American Recovery and Reinvestment Act of 2009), an economic stimulus program. These funds became available for distribution to other communities for use on their projects because another ARRA-funded project in NH ended up being funded by the Rural Development Council. The top priority for reallocation of these funds is to complete projects that are to better a community, but are as yet incomplete or not feasible due to financial restrictions, and to ease some of the financial burden that would otherwise fall upon the Taxpayers.

He then went on to give some facts about the project for which the funds are being sought in order to give everyone an idea of where the project stands. He said they were working with the processing equipment vendor (BioMag) prior to the original town meeting where the Article was approved. BioMag had given pricing for the equipment, upon which Hoyle, Tanner & Associates' estimates were based. Later, BioMag provided a new estimate which was more than double the original one.

At this point, the engineers had to backtrack a bit in an attempt to salvage the project, but after analysis and exploring many avenues, they were not able to make the project work for what funding had been approved. This was discussed with Dana (the Allenstown Plant Operator) and other staff at the WWTF, and they came up with the idea to use existing plans for another project, for the future upgrade of the plant. They thought that some of that upgrade could be put into play now, specifically the addition of a large rectangular clarifier tank. Estimated cost of this alternative was close to the cost of the original project, therefore seemed workable. They met with the NH Department of Environmental Services (DES), asking if they would allow the replacement of the original project with the alternative project, and DES was agreeable, so the Sewer Commissioner authorized them to go ahead and proceed with design of the new project, and so they began the work of creating a design for the alternative project.

Subsequently, BioMag came back to the table, asking what they could do to help make the original project viable. The engineers told them that if they would go back to the original pricing, it would work out fine. The vendor agreed to work (within reason) with the Engineers and the ASC in order to make the project work. This brought about some debate within the ASC and Engineering group as to whether they should go back to the original project or stick with the alternative they were working on at that time. The original project was more desirable as it did offer significant technical advantages and treatment performance advantages, and the vendor's offer to work with the town financially in order to make the project viable made going back to the original project very attractive. Ultimately, this is what happened, and the project is now under construction.

Mr. Trainque now addressed the financial aspects of the bond. Firstly, construction costs were higher than planned, based on bidding conditions at the time, adding \$53,338.00.

Engineering and Design costs were higher due to work completed by Hoyle, Tanner & Associates after the switch to the alternative project, which of course was not assumed in the original estimate. The difference came to an additional \$49,920.00.

Water quality studies, however, cost less than originally projected, saving \$20,000.00.

Another big savings came from holding off on the BioMag Building Extension; it was determined that this was not a necessity and could wait until the future expansion. This offered a savings of \$65,500.00.

Another \$145,000.00 was saved by having Sewer Plant employees perform the installation of Anoxic Zone Expansions, which are modifications to aeration tanks that are part of the treatment process.

He also mentioned that this is the first full-scale municipal implementation of a new, innovative, state-of-the-art process, and there was no existing history of completed projects of this type upon which to base cost projections. Thusly, some actual costs only became evident by going through the design and construction process.

The total amount of additional money now being sought in order to complete this project is \$360,108.00. The Federal Government, through the ARRA program, will pay one-half of this amount, or \$180,054.00, in order to help see it through to completion. The other half will be paid by funds already in a Sewer Commission account which have been set aside for this purpose.

In conclusion, and very importantly, as is noted on the handouts provided to attendees, "The key point is that this is an opportunity to take advantage of the additional ARRA federal stimulus funds made available to Allenstown. If the Article passes, it will be fully funded- half by ARRA and half by the Sewer Commission, with no resulting impact on the Taxpayers or the Sewer Users."

At this time, the floor was opened up for questions. Concerns were raised by several attendees about the possibility of further rate increases to Allenstown Sewer Users should any other costs exceed projections, namely the costs involved with the actual running of the equipment once it is online, i.e. electricity to run it, chemicals and polymer required for processing. Mr. Trainque stated that if the rate did go up, it would not be attributable to this particular project, but more likely because of upcoming requirements being implemented by DES. A few other items were brought up by Sewer Commissioners that would offer additional savings once the new equipment was up and running, such as water bill savings because of new drill presses which use much less water, and less of the solid waste that is left over after processing, saving on trucking expenses.

After a few more minutes of discussion, Sandy took the podium to suggest

holding off on the Budget Committee's vote on the Sewer Bond.

She thought it would be sensible to recess until Monday, January 17, 2011 at 6:00 p.m., when the Selectmen are holding their Public Hearing. She said she felt it would be wise to vote on this Warrant Article after hearing what the Selectmen have to say about it, and seeing how they vote. Just after this, the Budget Committee could reconvene just long enough to go ahead with their vote on the Sewer Bond.

Larry made a motion to recess the meeting until 6:00 p.m. on January 17, 2011 at the Town Hall. Sted seconded the motion. Voice vote with all members in favor; motion passed.

Sandy asked all attendees if they had any other business or questions, and nobody did. She thanked everybody for coming, and then asked for a motion to recess.

Larry made a motion to recess the meeting. Carl seconded the motion. Voice vote with all members in favor; meeting recessed at 6:55 p.m.

Date approved: _____

Sandra McKenney, Chair
Allenstown Budget Committee