

**BOARD OF SELECTMEN
TOWN OF PEMBROKE, NH
APRIL 21, 2020 at 6:30 PM**

Present: Selectman Sandy Goulet, Selectmen Richard Bean, Selectman Karen Yeaton, Selectmen Mike Crockwell

Via Conference Call Chairman Ann Bond, Selectman Sandy Goulet

Staff: Town Administrator David Jodoin, Recording Secretary Jillian McNeil

I. Call to Order:

Selectman Yeaton called the meeting to order at 6:30 pm.

II. The Pembroke Board of Selectmen will be meeting electronically with the Pembroke School Board to discuss issues involving COVID-19. This meeting is being run by the Pembroke School Board.

Patty Sherman, Superintendent SAU 53, read an email she had sent to the Selectmen on April 6, 2020. The email states that when the Governor issued the emergency stay at home order; the budget was immediately frozen. Patty explained that current budget projections for FY2020 does not include adjustments for remote learning. At this point in time, the School District is projecting a surplus of \$380,000 in Fund One and a revenue surplus of \$117,000. It is too early to know the full impact on the budget at this time and they will still need to assess any surplus that may happen due to the buildings being closed. From this point forward, only essentials will be ordered as needed. At the point that the email was sent, school was not officially closed for the remainder of the year. Now that the Governor has made that official, there is more work to do to figure out the full impact. For example; now that sports are cancelled, money budgeted for officials and transportation will free up. Special Ed services are still being required by law to be provided to all students. They are being done remotely. If they are unable to perform all services, they will need to offer compensatory education. While the budget will remain frozen, there may still be some needs for technology. They have been able to keep up on demand for devices as Chromebooks went to every student that needed them. It is a fluid situation and a serious one and they understand they need to try and return every cent that they can to the tax payers.

Ann Bond, Selectman and School Board Member, asked if the letter was sent to the Selectmen. Andy Camidge, Chair of the School Board, stated that it was attached to an email he sent to David Jodoin, Town Administrator. Ann asked if a copy could be sent to the entire School Board. Andy stated that he will make sure everyone gets it. Amy Manzelli, School Board, asked that all communication with the Select Board be included in their meeting packets on the shared drive.

David Jodoin stated that the Governor in recent communications stated that he had to plan for the worst and hope for the best. David stated that he has to take the same approach for the Town.

The Town's first sign of impact is with motor vehicle registrations. With the exception of property taxes, the second highest revenue generator for the Town is motor vehicle permits. In the first three months, registrations are down \$23,000. If this continues through the end of the year, the Town could be down \$100,000 or more on motor vehicles permits alone.

The second highest revenue generator is from the State of New Hampshire for the Meals and Rooms Tax. Restaurants are closed and are seeing revenue losses of 80-100%. Last year, the Town received \$361,000. David feels that the Town will be lucky to get half of that this year if things continue.

Last Thursday, the Governor stated that the State is currently \$200 Million in the hole and heading towards \$500 Million by the end of June 2021. The Governor also discussed the additional billion dollars that was put into the budget, of which some of that was for direct aid to cities, towns, and school districts. Several communities as well as NHMA are concerned that the State is no longer going to not fund state aid as planned.

David explained that by law, the Selectmen have to give a commitment for property taxes to the Tax Collector by May 15th. The bills will go out and if people cannot pay their taxes, that will negatively affect the Town's cash flow. The School District is the Town's largest debt with the School District receiving over a million dollars every month.

Whatever is saved by the school at the end of June 2020, can be applied to the 2020 tax rate in the fall. At the end of June, the Town has to make a \$1.5 Million payment to the school and \$1.250 Million for two months after that. David is requesting that The SAU look at these payments and see if they can be adjusted lower. The ideal plan would be to notify me that you need money when the A/P and payroll manifests for the School are created. Transfers can be made within a day or so. David is concerned for the Town's cash flow and the Town being put into a position where they may need to borrow. Pembroke has not needed to borrow to cover its cash flow since 2003. The Town only budgeted a dollar for interest costs this year. Several communities are concerned that they will need to borrow.

David explained that the Selectmen have implemented a spending freeze. Standard expenditures and emergency items are acceptable. The cruiser and loader purchase for now has been postponed to the end of the year. The Town has reached out to the department of revenue and NHMA to see if a request could be made to the State to see if they could relax the restrictions on public hearing notices on special meetings. The Selectmen have discussed not funding Capital Reserve this year if that were allowed saving \$462,000. By law, the money has to be transferred to the Trustee of Trust Funds by December 15th.

David explained that the anticipated surplus from the School District is a moving target. Right now, the anticipated \$500,000 coming back to tax payers could mean approximately \$0.65 coming off the tax rate for the November 2020 bills. However, the School District could have unexpected expenditures that makes that number drop or they may be able to

give back more. It is a fluid number. Money saved from the 2021 school year budget will be not applied as surplus to this year's tax bill. It would be applied to next year's tax rate. However, if they were able to drop the number on some of the expenditures for the fiscal year beginning in July of 2020, it would greatly help the cash flows for the Town.

David explained that the Selectmen compiled a list of questions they would like to ask the School Board. Since this is the first time the School Board is hearing of the list, the Select Board asked that they schedule another meeting together where they would be able to discuss the answers. David read examples from the list as where are highs and lows on the 19/20 budget, what are they looking at for a potential 2021 budget, will they be postponing any of the new expenditures aside from the teachers contract, and what is the kindergarten ratio.

David expressed gratitude for the School Board agreeing to meet this evening. And was hoping that the School Board would work with the Town for what is best for the community. David also suggested that this was a good time for everyone to be kind and suggested that people thank their first responders, teachers, and essential employees for everything they are doing.

David asked when they are having another meeting and will they be able to get back to the Selectmen. School Board Chairman Andy Camidge clarified that the most important and most immediate impact that the School can have is by maximizing the surplus at year end on June 30, 2020. They would need to discuss further impacts they could have on next year's budget and the effect that would have on the Town because the monthly payments would be able to be lowered.

David answered that is correct. Chairman Camidge stated that the option to not fund warrant articles has to wait until the Governor makes a proclamation before they could take any sort of action. David stated they could have a special meeting but not with the current social distancing guidelines. The regulation surrounding how many people need to be at that meeting is what they are trying to get relaxed. Chairman Camidge stated that the general expectation is that there would be more than the \$500,000 to give back but that is not a guarantee at this moment. Chairman Camidge stated they will go through all the questions that the Selectmen have sent over in a timely fashion. The next School Board meeting is currently scheduled for May 5th. That meeting date will be a topic of discussion later in this meeting. Chairman Camidge would not be opposed to scheduling more meetings with the Selectmen and clearly expressed a willingness to do whatever they can to work closely with the Town to do what is best for the community.

School Board Member Bond asked if Patty Sherman would be able to look at the questions and see how long it would potentially take to answer the questions so they could set a follow up meeting. Patty Sherman stated that she will work to get all the answers for the next School Board meeting but it depends on how many questions there are, the type of questions, and when she gets them.

School Board Member Bond asked if the \$300,000 surplus is after the warrant articles are paid. Patty answered that it is not. Ann stated that that would mean \$111,000 comes off that

total that will be returned to the Town. Patty answered that is correct. Later in the meeting they will be discussing grant funding under the CARES act how that may be able to cover some of the \$111,000. School Board Member Bond asked if there will be savings from the SAU budget. Patty stated that there will likely not be much to save from that budget because it is largely salaries and there are not a lot of extras in the budget. Patty will look into it.

School Board Member Manzelli stated that if there are straight forward questions that are easy for Patty to answer and do not require discussion, she could just send those to the Selectmen and CC the School Board. Patty stated that she could do that and then add the email to the School Board drive so it would become part of the record. The School Board discussed and agreed with this.

Selectman Yeaton asked if there are additional opportunities for increasing the surplus for the 19/20 school year, specifically a document that was presented at the March 7th School Deliberative Session that represented \$800,000 in proposed cuts. The list appears to have many non-essential items such as furniture and books but it also lists five new hires. Chairman Camidge answered that the list was for next year's budget. While it is a good list for them to start with when considering cuts for next year, the cuts would not be able to be implemented and take effect for the tax relief of this year. Gene Gauss, School Board Member, clarified that the list had five positions they would cut. Only one of the positions was a new hire. The other four were existing positions. Ann Bond School Board Member, clarified that the list sent was for the 2021 budget would not help with the surplus but would help with the tax rate that the tax payers would be paying for 2021. Chairman Camidge stated that the tax rate set in November wouldn't actually be lowered because that rate is set based on what was voted in March. The list of cuts would mean a surplus at the end of the 2021 budget and be returned June 2021 and would lower the tax rate for the November 2021 bills. David stated that any cuts would help the Town with cash flow but it is correct that any cuts to next years budget would help next years tax rate and not this year.

David stated as a recap, that his main priority is the Town's cashflow. He would like the Administration to look at the allotment payment schedule and see if the numbers can be reworked and lowered. If that doesn't happen, the Town could be pushed to borrow. Chairman Camidge stated that he will work on that with the appropriate people. Patty asked if they knew their two-week manifest would be lower, could he make a payment change relatively quickly. David stated that he could fund their manifests as they happen.

Ann Bond School Board, asked if David could explain what it would look like if the Town does have to borrow. David stated that it depends on the amount that would be needed and the interest rate. There is \$1 dollar budgeted to pay for interest so it could potentially be a big hit and another part of the budget would have to cover the cost. Borrowing is a worst-case scenario, and should be avoided at all costs if possible.

Chairman Camidge asked if there has been any chatter through the Municipal Association or elsewhere that any Federal stimulus money may be available to the Towns to help. David explained that the New Hampshire Municipal Association (NHMA) put out a survey to see the potential need for tax anticipation notes around the state as well as other expenses related to COVID 19. The Town is planning to submit for reimbursement for any technology that

has been needed due to COVID-19, PPE equipment, and meeting noticing. Along with anything else that could be considered extra due to the pandemic.

Right now in reality people are waiting to hear that the Governor is not going to try and balance the state budget by making cuts to municipalities. NHMA is working really hard on behalf of Towns to ensure this doesn't happen.

April Villani, School Board Member, asked what the allotment schedule agreement between school and town is and is it something that is regulated by the State of New Hampshire. David answered that it is not regulated by the State. It is a yearly schedule that is put together by the SAU and is a schedule for monthly town appropriations. The Town sends \$4,750,000 combined for the months of July, August, September, and October. November and December are typically less being closer to \$850,000 and \$750,000.

Selectman Bean asked if there are any savings on transportation costs with schools being out. Chairman Camidge stated that they are under contract for the regular school busing so there will not be any savings but there will be savings to realize in sports busing. Special Education busing is a different transportation company and is separated out. Contracted bus drivers are still being paid. Patty Sherman stated that Dale Transportation gave them fuel credits back.

School Board Member Gauss asked if there are any other savings with bus companies. Patty stated the fuel credits will be the only reduction. They did request to negotiate the cost of the contract down and the bus company came back that they are not willing to negotiate the current contract. It will be discussed more in depth later in this meeting.

School Board Member Bond clarified that by the end of the School Board meeting they will have a date for a next meeting with the Selectmen. Chairman Camidge stated they are having a general discussion later in the meeting about future meetings.

III. Adjourn

Selectmen left the School Board Meeting at 7:49pm.

Sandy Goulet, Vice Chairman

For more detailed information, the meetings are now taped and can be seen on www.townhallstreams.com click on Pembroke NH and look for the day of the meeting under the month.