**BUDGET COMMITTEE**

**TOWN OF PEMBROKE, NH**

**January 3, 2019 at 6:30 PM**

 Karen Yeaton, Chairman, called the meeting to order at 6:30 pm

1. **Attendance:**

Present: Michael Connor, Connie Soucy, Gerry Fleury, Karen Yeaton, Tina Courtemanche, Marie Chouinard, Brian Seaworth, David Doherty, Daniel Crean, Armand Soucy, Tom Serafin

Staff: Recording Secretary Jillian McNeil

Excused: Ann Bond

1. **Approval of Minutes:**

Marie Chouinard moved to approve the minutes of December 20, 2018. Gerry Fleury seconded the motion with the corrections sent in to David Jodoin. Motion approved 11-0

1. **Other Business**

Karen Yeaton shared answers to questions asked from previous budget presentations.

* Q: What health insurance plan does the Water Department currently have, what percentage of the premium do they pay, and has the Department looked at other plans to consider a more cost-effective health insurance plan?

A: Anthem BC/BS ABSO20/40/1KDED-Rx 10/20/45/5k (s), they pay 0% of their premiums, and plans are compared yearly by the Board.

* Q: What percentage does the Sewer Department pay of their premiums, has the department looked at other plans to consider a more cost-effective health insurance plan?

A: They pay 15% of their premiums and the Commission looked at two policies three years ago and decided to stay with the same policy, the Commission looks at premium increases yearly.

* Q: Revenue Item 32901, Dog Licenses, average actual is $11,600 so why is the projected revenue of $2,500 not closer to the actual?

A: This can be adjusted upwards at tax rate setting time.

* Q: Revenue Item 34031, Planning Fees, average actual is $19,800 so why is the projected revenue of $4,500 not closer to the actual?

A: You can never gauge how many developers will come before the board.

* Q: Revenue Item 34051, Parking Tickets, average actual is $11,800 so why is the projected revenue of $5,000 not closer to the actual?

A: The Police have stated that their parking enforcement is reactionary and not a real priority based on more important issues in Town. They hit parking in the Village hard when there are a lot of complaints but it is not consistent.

Gerry Fleury stated that Water and Sewer are enterprise funds and the Elected Commissioners have the final word on those budgets. The Municipal Budget Committee serves as an advisory committee for those budgets.

Gerry Fleury shared how budgets were done in 1918.

Tom Serafin clarified that the Budget Committee does not take action on Water and Sewer budgets. Gerry answered that it is treated like the inter-municipal agreement with Tri-Town Ambulance budget. The Municipal Budget Committee reviews the budget but does not have direct impact.

Karen shared that she met with David Jodoin, Town Administrator, to discuss the completion of the tax rate impact sheet. It was sent to the School District and Amber Wheeler, Business Administrator for SAU 53, stated that it was returned to David today. It will be reviewed at the January 10, 2019 meeting.

Karen stated that David made updates to the Town budget. These include increases to the Town Clerk’s revenue, appropriations for the estimated costs for the wall at 4 Union St., and the Town Clock repairs. The Selectmen will review these changes and the warrant articles at the January 7, 2019 meeting. There will be copies of the budget, warrant articles, and updated revenue and expense reports available to the Budget Committee for the January 10, 2019 meeting.

Karen shared that David has reached out to the Town Assessor to meet with the Budget Committee on January 17th to discuss the upcoming revaluation and how it will affect budgets. For her to come, she must go first on the agenda so she can leave by 7:00 due to a prior commitment. The Committee decided to start the meeting at 6:00 rather than 6:30 and put her first on the agenda.

Connie Soucy stated concerns about taxpayers paying premiums for the Water and Sewer Departments. Tina Courtemanche clarified that it is public water rate payers and not all taxpayers paying. If residents have concerns, they would have to go to a Water Commissioner’s board meeting.

1. **Continuation of the 2019/2020 School Board Budget Presentation**

Amber Wheeler, Business Administrator, Patty Sherman, Superintendent, and Tom Serafin, Pembroke School Board, presented the 2019 School Board Budget.

Grant Eliminated, Slide 14 –

Patty discussed the grants eliminated in the 2019/2020 school year. Five years ago, the school was awarded a $75,000 grant to close the gap with students in math. The school hired extra support staff to achieve this. This year, the grant funding was cut. Due to this, two positions at Pembroke Academy providing math support, staff for the summer program at Pembroke Academy, and support staff for the Pushing Your Limits program were put into the budget. Dan Crean asked who provided the grant. Patty answered the State. Karen asked if these employees were full-time. Patty answered that they were part-time at 30 hours or less.

Gerry asked if Title One money still exists. Patty answered that there were two tutors in each of the schools and with Title funds declining, one of the tutors became district funded and one remained Title One funded. With the budget cuts this year, the district funded tutor was cut from each building. Gerry asked what the availability of grant money looks like and does the school still need a grant writer. Patty answered that it varies greatly and staff has been stepping up to secure the grant funds. The school does not have a dedicated grant writer.

Karen requested clarity on the anticipated grant value at the end of the budget for $330,000. Patty answered that it largely the Title One Grant.

Health Insurance, Slide 15 -

Amber shared the health insurance plans for the schools. There was a reduction in the rates on all three plans currently offered. There was a 2.7% decline in rates for the Green Plan which is a no deductible plan with co-pays available to the Administrators, Custodians, Secretaries, and Paraprofessionals. The Red Plan received a reduction of 2.7% which has a minimal deductible and the same networks as the Green Plan available to all non-certified staff. The Yellow Plan Open Access with Choice plan received a reduction of 6.7% and is available only to the teaching staff. This plan is a higher deductible plan also with the same networks. School Care is a pooled carrier. They are able to take all schools within the state and pool the costs and redistribute. With a larger risk pool, the utilization of the insurance is spread out further. Rates are not hit as hard when one employee has a catastrophic event.

Tom stated that we have had a high retention rate of teachers and with retirements, younger teachers are coming in and making the risk pool lower. This is a factor that is causing a reduction in rates. Amber stated that around three years ago a wellness program was put into effect. The SAU has won several awards for utilization and because of that, they have received a reduction in rates.

Connie Soucy asked how many people are retiring this year. Patty answered there have been 3-4 people who have given notice already but there may be as many as 5 or 6 by the end of the school year. Connie asked if there are assumed savings with older, more experienced teachers leaving and newer teachers starting on a lower pay scale. Tom stated that there is a salary structure based on years of teaching and education. It would depend where the outgoing and the incoming teachers fall on that scale.

Connie asked how many teachers there are for each school. Patty asked the Principals of each school to answer. Paul Famulari answered 80 for the high school, John Marston answered 38 for the middle school, and Suzie Griffith answered that there are also around 38 for the elementary school.

Gerry asked if the decreases are a unique experience to Pembroke or did everyone in the pool receive a reduction. Amber stated they are a part of the pool and everyone except for one school received a reduction. The school uses HealthTrust for dental insurance.

Village School, Slide 16 -

Tom shared that the Village School will definitely close and modular classrooms will be placed at the Hill School. Preschoolers and the TLC program will go in the modular classroom and everyone else will be worked into the main school. The closing will produce savings of $332,728 and there will be a one-year cost impact of $203,325 leaving a net impact (reduction in cost) of $129,403. Next year, the savings will likely be over $300,000. Josh Coughlin, Director of Facilities, discussed the details of what “moth balling” the Village school will look like. This will include draining the heating, water, & sprinkler systems, relocating playground equipment to Hill, moving contents to Hill, boarding up basement windows, keeping the security system active, contingency funds, disconnecting fire panel, turning off gas and water, and removal of playground equipment unable to be reused at Hill.

Dan Crean asked if there was a final decision made about the disposition of the school and if the Selectmen indicate that the Town is not interested in purchasing the building, would the school try and sell the building? Patty stated that in order to sell the building, it would have to go on a warrant article. Dan worries that putting the building into to cold storage would lessen its value. Tom stated that the Board agrees with Dan’s assessment.

Tom shared that there were engineering studies done and while assessing the state of the buildings it was discovered that it would be several million dollars to bring the building up to code in order to be an educational facility.

Connie asked if the insurance on the property will be ongoing. Patty said that it would.

Marie Chouinard asked how much land is with the property. Josh answered just over 10 acres. Marie asked if the only access to the property is the front street access. Gerry thinks that the school owns Simpson Street and Josh stated that the school owns into the parking lot next door. Tom and Josh stated that there are around 3+ acres of useable land but it would need to be surveyed.

Gerry asked about the impact to the transportation model they currently have. Tom said there isn’t any real impact or monetary savings. The school has a three-year contract with the bus company and it is the same amount of kids riding the bus. The main impact will be seen at Hill at drop off. With declining enrollment, they do not believe it will be too big of an issue. Gerry asked who sets the routes. Tom answered there has been the same bus coordinator for 40 years.

Karen Yeaton asked for clarification on whether or not the school has officially decided to sell the Village School building. Dan Doherty answered that there is a disposition sub-committee of citizens that has gone to the Selectmen to see if the Town is interested in purchasing the building for a community use. The committee is trying to put some more information together on the total overall state of the building. Clint Hanson, Chair of the Committee, is presenting more information to the Selectmen on Monday, January 7th. The Committee is looking at a grant through Central New Hampshire Regional Planning Services (CNHRP) from the EPA. Someone from CNHRP toured the building today and will give an outline of their role in the process and how they will be able to further assist the committee. The grant money is to develop older buildings into current use. This would be at no cost to the School or Town.

Gerry asked if there has been much opposition to selling the building. Tom and Dan stated that there has not been any negative feedback. Tina stated that while they may not be showing up to meetings, they have been emailing the Selectmen.

Armand Soucy asked if the school is on a historical register. The Board answered that it is not as of now. Josh answered that there are technically three different buildings built in 1907, 1951, and 1957. Michael Connor warns against moth balling the building with the lack of ventilation causing mold. It will make any future rehab very expensive.

Karen clarified that if the Selectmen choose to take the building over, it would have to go on a warrant article. Tina said it would have to go on a school warrant article and a Town warrant article.

Marie asked if the reduced staff and services from Village is included in the $332,728 total savings. Tom answered that it is.

Dan asked about the timeline for permanent change to the Hill School Building. Tom said depending on the plan, it may be possible to have something for next budget season. Josh answered they do currently have a plan but it needs to be fine-tuned.

Pembroke School District’s CIP, Slide 17 -

Tom discussed the School Board’s new approach to CIP. The School Board is looking forward at planned infrastructure maintenances and utilizing capital reserve deposits much like the town departments.

Dan asked if the new approach will include looking at any energy projects. Josh stated that they do not proactively look for any major energy projects but are always open to new projects when presented with them. Tom described the Honeywell project. Honeywell has a division that works with organizations to do an energy assessment and look for deficiencies. They will put together a plan and the organization would then lease to own the equipment that is installed. This done over three phases that included items such as windows, insulating pipes, a woodchip plant that heats Three Rivers and Pembroke Academy, and then solar panels were placed on the roof of Pembroke Academy. The energy savings is guaranteed and any promised savings that did not come to fruition would be refunded. Connie asked when the Honeywell project started was. Tom answered 10-12 years ago. Josh answered that with Phase Three, there were 260 solar panels placed on the newest wing of Pembroke Academy. A solar farm was discussed and looked into but there was not a large enough spot that would not impact athletic fields or parking. They decided with the educational and co-curricular uses of the woods, that it would be cost effective or in the best interests of the school to chop down all the trees and put in a farm. Dan stated that the Town could find land and share the credits between the Town and the School. Connie asked the life expectancy of the equipment that was installed and who is expected to cover the costs of the routine maintenance and replacement. Tom stated that the school owns the equipment. Josh said that while the school does not have a maintenance plan with Honeywell, they are a resource for them and are contracted to do any work that the school is unable to do themselves. Connie clarified her concern for major equipment failures and those costs. Tom stated that is why they are doing this new approach to CIP. They want to have a plan in place for items that have a known life expectancy. Honeywell will only produce a plan if it is budget neutral and while there are no current plans for a Phase Four, they are hoping that there will eventually be one.

Gerry Fleury shared his concerns with the practice of using capital reserve funds versus bonding the project.

Karen Yeaton asked if there are warrant articles being considered. Tom said they should be ready for the next meeting.

Tina Courtemanche stated her approval for the new approach and asked what the funding source will be. Tom said historically capital reserve funds were funded through revenue surplus.

Connie Soucy asked for clarification as to who would be in control of the funds. Gerry stated that it would be the Trustee of Trust Funds. The voters would have to vote to allow the money to go into the trust. The funds would have to be in the account prior to the end of the year. If a withdrawal is needed, there needs to be warrant articles at the respective annual Town/School Meeting to withdraw the funds up to a certain amount or the Selectmen and/or School Board are agents to expend in an emergency situation.

Brian Seaworth stated his concerns for when capital reserve payments aren’t met due to a low revenue surplus and what that does to the 10-year plan.

Summary, Slide 18 -

Tom summarized the presentation. The School Board feels this is a fair and fiscally responsible budget that ensures the mission of Pembroke remaining a school of choice. They will continue to address the declining enrollment and the Board’s approach to current and future budget cuts.

Budget Committee General Discussion -

Marie Chouinard asked for clarification on the school line item numbers and which schools they represent. Amber answered that at the end of the account number will be the three-digit number that represents each school. 104 is Hill/Village, 205 is Three Rivers, and 306 is Pembroke Academy. Michael Connor clarified that 105 used to just Village and this year you will see transfers from 105.

Armand Soucy asked how graduates of Pembroke Academy compare to other towns of comparable size. Paul Famulari answered that the dropout rate is under 1% and the graduation rate is 90-95% when factoring in other diplomas. A direct comparison would take some research but our school is comparable to a school like Merrimack Valley. Students are going to Dartmouth, Ivy Leagues, NYU Film School, etc… Tom stated there is a wall of fame in cafeteria where the school gives recognition to former students Pembroke Academy.

Gerry Fleury explained that the Town Assessor is coming to the Budget Committee meeting January 17th. A few years ago, competitive real estate purchases were outside a certain threshold set by statute and the assessors had to come in and bring the overall assessed valuation up. Commercial properties stayed stagnant and residential properties went up. The liability of that fell on property owners. There appears to be a repeat of that situation happening currently so the assessor is coming in to discuss how the process works and how it may affect the tax rate.

The next Budget Committee Meeting will be held January 10, 2018 at the Town Hall at 6:30 to discuss the School Board budget in detail.

1. **Adjourn**

Gerry Fleury made a motion to adjourn at 8:45 PM. Tina Courtemanche seconded the motion and it was approved unanimously.

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Karen Yeaton, Chairman

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