

**BUDGET COMMITTEE
TOWN OF PEMBROKE, NH
JANUARY 23, 2020 at 6:30 PM**

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

I. Attendance:

Present:

Daniel Crean, Peter Gagy, Michael Connor, Marie Chouinard, Brian Seaworth, Gerry Fleury, Karen Yeaton, Sandy Goulet, Paul Hanson, Andy Camidge, Richard Bean, and Armand Soucy

Staff: Recording Secretary Jillian McNeil

II. Approval of Minutes: January 16, 2020:

Sandy Goulet moved to approve the minutes of January 16, 2020 as presented. Armand Soucy seconded the motion. Motion passed 11-0.

III. Continued Discussion of the 2020/2021 School District Budget

Patty Sherman, Superintendent SAU 53, Amber Wheeler, Business Administrator SAU 53, and Andy Camidge, Pembroke School Board, represented the School District in discussions surrounding the 2020 School District budget.

Amber Wheeler distributed updated warrant articles, updated draft MS-27, and the estimated tax impact sheet.

Gerry Fleury asked when the MS-27 is to be submitted to the New Hampshire Department of Revenue Administration (NHDRA) and if it has already been submitted, does the School need to submit an updated form. Amber explained that all of that is done through the NHDRA portal. They will review all warrant articles prior to School District meeting and then Amber would have to go back into the portal to tell them whether they passed or failed and then the portal will automatically update the MS-27.

Richard Bean asked if the land purchase in the new warrant article 10 has been brought before the Planning Board and if the house on the property line is still there. Andy stated that the warrant article is still very preliminary and he is unsure on the situation with the house. The piece of property is adjacent to property the School District already owns. The warrant article is written in such a way that they can back out of looking to purchase this property at any time. Richard asked if this could be proposed next year. Andy stated that it could, however, it is a good piece of property that is adjacent to property they already own and they feel it would be a good idea to purchase just in case they need it. There is also no guarantee it will be available until next March. The School Board feels the price is very reasonable. Richard asked

Brian Seaworth if the property has previously been through the Planning Board. Brian answered that it was proposed for a subdivision years ago and it had wet lands issues and never went any further. Andy stated that if driving down Belanger Drive it is the piece of property that runs all down the right side of the road. In regards to the subdivision, Andy believes there ~~was~~ **were** also frontage issues on Pembroke Hill Road. The warrant is looking for the opportunity to research the property.

Mike Connor asked if they took a look at the total salaries subject to the collective bargaining agreement (CBA) they had discussed last week. Andy stated that the 1.8% increase was specific to the actual step increase. Each actual salary step is increasing by 1.8%. The larger number presented last week, takes teachers going up more than one step into account. Mike asked if they knew what the total impact of the salary lines are. Mike believes it is around 3.8%. Amber answered that it is around a 4.00% total increase for salaries. Mike asked if the extra pay period will affect the salary budget. Patty Sherman answered that hourly staff ~~is are~~ paid bi-weekly but contracted staff are paid for 260 days and not impacted by the extra pay week. Para-professionals are paid for 180 days so the extra pay week would not impact them either. Mike clarified that the total salary increase is \$436,893 for this year. Andy stated that that figure would account for the new positions and Patty explained that last year's salary increases would be moved into those lines as well.

Brian Seaworth asked if he goes back to warrant article 5, which is the CBA, does that include items that are not salary or salary associated benefits. Patty stated that it is the total package which includes the cost of fringe benefits, salary increases, and course reimbursement increases in the third year.

Richard Bean stated that warrant article 10 is giving the School District permission to buy that piece of property if they wanted to and asked if they will bring it to the Planning Board. Andy stated that he doesn't feel comfortable promising that. Gerry Fleury stated that the School District does not have to go to the Planning Board. The School District has traditionally gone before the Planning Board but they do not have to legally do it.

Dan Crean stated that the wording in Article 10 is missing the language raise and appropriate in order to be approved by NHDRA.

Richard Bean stated that at the last meeting they discussed looking at different providers for health care. Richard asked what they received any quotes back and who they contacted. Amber stated that they reached out to HealthTrust and they had a meeting with them today. They still need to do a comprehensive analysis on what they proposed. Richard asked if their rates came back competitive. Amber stated that there are three main providers for pooled health care that school systems use in the state. Interlocal Trust has Harvard Pilgrim as a provider and they cannot typically offer rates that are competitive with HealthTrust and SchoolCare. If HealthTrust cannot compete with what they are receiving through SchoolCare, Interlocal Trust will not come close. Amber stated that in looking quickly at what they had to offer, it appears that HealthTrust premiums are higher than what they have with SchoolCare.

Gerry Fleury asked about the cost progression of the CBA. The numbers get progressively smaller rather than progressively larger as the years go on. Amber stated that once they are at the top step, they will not receive any more increases and there is a large group of teachers at the top step. Patty stated that since so many staff members are behind on the scale, they will receive an extra step the first year which accounts for the larger figure in the first year.

Mike Connor stated that on the new tax sheet provided tonight, the revenues went down \$102,500. Amber stated that the \$102,500 for warrant article 4 was added to the expense and revenue side in error. There would not be a revenue side since it is voting to raise and appropriate.

Gerry Fleury asked if the School District has a fallback position if their expenditure or appropriation requests are deemed not acceptable at the public hearing. Andy Camidge answered that they do not at this time. Patty stated that they typically prepare a document for what would be cut if the budget is reduced; they have not done that yet.

Gerry Fleury shared concerns for the balance between what has to be spent and what can be afforded. Gerry read aloud a Letter to Editor that he wrote for the Concord Monitor encouraging residents to attend the Budget Committee's public hearing.

Dan Crean agreed that they need to get the word out and suggested trying to get an interview with the Concord Monitor. Paul Hanson suggests a social media strategy to reach a larger audience so they can hear a broader base of opinions.

Karen Yeaton asked if there is anyone in opposition to a social media campaign. Mike Connor stated that social media is great way to get the word out. Dan Crean shared concerns for one person's voice speaking for the whole committee. Brian Seaworth share concerns for separate members of the committee engaging on Facebook because at some point it would constitute a quorum of the Board. Richard Bean shared support for both the social media strategy and the newspaper route. Sandy Goulet also shared support for putting out a statement to various social media sites.

IV. Continued Discussion on School Warrant Articles

- Sandy Goulet made a motion to approve warrant article 3 - To see if the Pembroke School District will vote to raise and appropriate the sum of thirty thousand dollars (\$30,000) for the purpose of floor replacement and exterior painting district wide, with said funds to come from the School Building Capital Reserve Fund previously established for these purposes. Marie Chouinard seconded the motion. Motion passed 8-3.

Marie Chouinard asked for clarification that the money has already been raised. Dan Crean stated that the funds have already been raised and NHDRA requires that the use the language, "to raise and appropriate...".

- Sandy Goulet made a motion to approve warrant article 9 - To see if the Pembroke School District will vote to raise and appropriate the sum of up to thirty-seven thousand five hundred dollars (\$37,500) to be added to the Equipment Installation &

Labor Expendable Trust Fund previously established, for the purpose of replacing and maintaining camera systems district wide, a new pickup truck, and zero turn mower, with such amount to be funded from the June 30, 2020 unassigned fund balance available for transfer on July 1, 2020. Armand Soucy seconded the motion. Motion passed 7-4.

Brian Seaworth clarified that this is money that is surplus at the end of the year that is going into the fund. Karen answered that he is correct.

- Sandy Goulet made a motion to approve warrant article 10 - To see if the Pembroke School District will authorize the Pembroke School Board to negotiate for the acquisition of a 14 +/- acre parcel of real property located at 245 Pembroke Hill Road on such terms and conditions as it deems to be in the best interest of the District and further appropriate the sum of eighty thousand (\$80,000), with the understanding that the School Board need not expend the entire appropriation, and may decline to acquire the property if it deems the purchase price or the terms of the sale to not be in the best interest of the District. Brian Seaworth seconded the motion. Motion failed 2-9.

Gerry Fleury asked where the \$80,000 figure comes from. Andy Camidge stated that the advertised asking price is \$99,000 and the School Board decided \$80,000 is the most they would feel comfortable offering. Gerry asked what they plan to do with the property and stated that this would take a piece of property off of the tax rolls reducing revenue for the town. Andy stated that they do not know what will happen in the future with the Hill School and that property surrounding the properties the school already owns do not come up for sale often. If they could get the land for less than \$80,000, there is inherent value in having property available in case they need it at that per acre price. The tax revenue from that piece of property is incredibly low. They have another warrant article to sell a piece of property they currently own and that will put it back onto the tax rolls.

Dan Crean shared concerns for the purchase and the lack of study done for the long-term effects of closing Village School.

Brian Seaworth shared concerns that not allowing the School Board the ability to act on this piece property, opens up the chance that this property will sell before they can buy it. Brian hopes that the School Board is going to identify a purpose for that land and identify positive value to the property prior to purchasing it. Andy stated that they have discussed the need for more parking at Hill School and if the school is ever expanded, it will be a place to put a parking lot.

Sandy Goulet asked if the bid of \$80,000 is not accepted by the land owner, what happens to the \$80,000. Dan Crean stated nothing would happen since it would not be expendable. Dan also stated that there will be expense associated with doing anything to research that property.

Mike Connor stated he would not support the warrant article because even though it would be good to have, the increase from the School District is already too high. The School did not swap the \$80,000 for something else in the budget.

Paul Hanson shared that the tax assessment of the property is \$112,000 and the 2018 taxes were \$2,939. It has been listed since 2018 and re-listed down from \$149,000 to \$99,900, making the tax impact on the Town's revenues negligible.

Richard Bean asked if the property owner knows they are prepared to offer \$80,000. Andy stated they have not had any formal discussions with the current owner.

Gerry Fleury stated that they should have put \$80,000 aside from the operating budget rather than creating a new warrant article.

Armand Soucy shared concerns for buying property that is known wetlands and does not have a specific purpose.

- Mike Connor made a motion to reduce the appropriation by \$806,500 from the original amount of \$26,883,330 in warrant article 2 to a revised appropriation of \$26,076,830. Sandy Goulet seconded the motion. Motion passed 9-2.

Mike explained that he took the \$806,500 from 1100-1199 Regular Programs line on the MS-27 arbitrarily because the School Board has the latitude to reduce any line in the budget. The \$26,883,330 is the proposed operating budget minus the proposed capital expenditures and the proposed warrant articles. When adding those in, the total proposed appropriation becomes \$27,535,284 (this does not include the \$80,000 warrant article for the land because that was not available to committee prior to the meeting). If the estimated revenue from local and state school of \$15,269,475 is subtracted, this leaves the local school amount to be raised by taxes as \$12,265,809. The total net amount to be raised taxes including municipal and county is \$18,568,038. This equates to a total tax rate of \$26.28 and a total tax rate increase of 11.45% or \$2.70. On a \$250,000 home that is a \$675 yearly tax increase ($\$250 \times 2.70$).

The proposed 3.00% operating budget reduction of \$806,500 plus the \$102,500 reduction from warrant article 4 that was not recommended by the budget committee and the \$436,954 reduction from warrant article 5, which was not recommended by the budget committee, makes a total operating budget reduction of \$1,345,954. Mike feels that a 3.00% reduction is a reasonable and manageable amount.

The revised operating budget is now \$26,076,830 and the revised local school amount to be raised by taxes is \$10,919,855 and the revised total net amount to be raised by taxes including municipal and county is now \$17,222,084. That equates to a revised total tax rate of \$24.38 and a total tax rate increase of 3.37% or \$0.80. The increased taxes on a \$250,000 home is now \$200/year ($\$250 \times .80$).

Mike explained that tonight, Amber clarified that there was a reduction in revenues of \$102,500 due to the error with the warrant article and the addition of land purchase

warrant article of \$80,000. If the reduction was approved, the net effect of those two items would be a tax rate of \$24.52 or increase of \$0.94.

Mike further explained that all this being said, there is still an increase of \$579,240 over last year which Mike considers fair with the health insurance increases, the extra pay period, and some separation benefits that have gone up from last year.

Brian Seaworth commented that a piece of the puzzle that should be noted when discussing budget reductions is the correlating effect it has on the revenues from Pembroke Academy tuition. They typically do not try and re-work revenue figures based on this because estimating tuition revenues is a difficult process, however, it will inevitably be a part of the discussion. Gerry Fleury concurs with Brian's summation and in order for cuts from appropriations and school district budget to be revenue neutral, they have to be levied against K-8. Gerry explained that for every dollar cut from the high school, \$0.60 is lost in tuition revenue

Andy Camidge clarified into simpler terms that the total reduction is \$1,345,954 which is a blanket reduction of \$806,500, \$102,500 from warrant article 4 that was not recommended that is for the long-term planning requested by the MBC and the CIP Committee, and the third place of reduction totaling \$436,954 is warrant article 5 for the collective bargaining agreement for the teacher's raises. Mike Connor further clarified that the warrant articles were voted down during last week's meeting.

Armand Soucy made a motion to approve the amended warrant article 2 - To see if the Pembroke School District will vote to raise and appropriate the Budget Committee's recommended amount of \$26,076,830 for the support of schools, for the payment of salaries for the school district officials and agents, and for the payment for the statutory obligations of the District. This article does not include appropriations voted in other warrant articles. Sandy Goulet seconded the motion. Motion passed 9-2.

V. Other Business

The Budget Committee's Public Hearing is scheduled for February 6, 2020 at 7:00pm at the Pembroke Academy auditorium.

VI. Adjourn

Sandy Goulet made a motion to adjourn at 8:04 PM. Gerry Fleury seconded the motion and it was approved unanimously.

Karen Yeaton, 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.