

**BUDGET COMMITTEE
PUBLIC HEARING
TOWN OF PEMBROKE, NH
FEBRUARY 6, 2020 at 6:45 PM**

Karen Yeaton, Chairman, called the meeting to order at 6:45 pm

I. Attendance:

Budget Committee Members Present:

Daniel Crean, Peter Gagy, Michael Connor, Marie Chouinard, Brian Seaworth, Gerry Fleury, Karen Yeaton, Armand Soucy, and Paul Hanson

School Board Members Present:

Andy Camidge, Gene Gauss, Dan Driscoll, Patty Sherman, Amber Wheeler

Town Administration Members Present: Town Administrator David Jodoin, Selectman Sandy Goulet, and Recording Secretary Jillian McNeil

II. Approval of Minutes: January 23, 2020:

Moved to next meeting.

III. Final Deliberations on Town and School Budgets:

There being no new warrant articles for the Budget Committee to discuss, Karen Yeaton recessed the meeting until 6:46pm

Karen Yeaton re-opened the meeting at 7:00pm.

Karen Yeaton gave an overview of the tax impact worksheet. Karen explained that the worksheet is used by the Municipal Budget Committee (MBC) to determine the estimated tax rate. Karen stated that the Budget Committee supports the Selectmen's budget proposal as presented for an operating budget of \$8,573,871. The net amount to be raised by taxes is \$4,394,063 which equals out to a tax rate of \$5.77. That translates to an .5% increase. The Budget Committee did not support the School Board proposal for an operating budget of \$26,883,330. The net amount to be raised by taxes is \$12,448,309 which equal out to a tax rate of \$16.34. That translates to an increase of 18.8%. Combined with the municipal and county tax rates, that would mean a total tax rate of \$26.51 per thousand which is a 12.4% increase over 2019. After opining on the budget, the Budget Committee felt the School Board proposal was excessive. The Budget Committee is proposing the net amount to be raised by taxes be decreased to \$11,055,355 which equates to a tax rate of \$14.48 and a 6.7% increase over 2019. Combined with the municipal and county tax rates, the new total

tax rate is \$24.65 per thousand which is a 4.5% increase over 2019. Karen explained that when the proposed cuts are made, that will alter the 4.5% increase because any cuts made against Pembroke Academy will ultimately effect revenues which will likely make that increase larger.

David Jodoin reviewed the proposed town budget. The packet made available for the public hearing includes the MS-737, line by line town budget, town warrant articles, summary of expense accounts, and the balances of the capital reserves.

David explained the warrant articles that will be voted on at Town Meeting

- Warrant article #3 - This warrant article is for the MS-4 stormwater permitting process which is mandated by the EPA. This article gives the Town the ability to apply for a grant with the Clean Water State Revolving Fund through the State of New Hampshire. The Town qualifies to receive this grant but needs approval at town meeting first.
- Warrant article number #4 is a standard article that is there every year to raise and appropriate funds to be deposited into capital reserves that are used to stabilize the tax rate.
- Warrant article number #5 is to replace a loader for the solid waste program and other construction projects. This loader gets a lot of use and is part of the CIP program. These funds will come from the Town Equipment Capital Reserve Fund.
- Warrant article #6 is to come from the Police Cruiser Capital Reserve Fund for the purchase of two police cruisers which are replaced on a 2-1-2-1 schedule.
- Warrant article #7 is for the Recreation Department for repairs at Memorial Field with funds to come from the Recreation Capital Reserve Fund
- Warrant article #8 & #9 are similar. In 2008, the Town took a piece of property at 617-619 Sixth Range Road by tax deed. The Conservation Commission has property that abuts it and this article allows the Conservation Commission to purchase it for \$6,000. Another piece of property was taken by tax deed at 6 Howard Street and is wanted by the Department of Public Works to be used as a turnaround for the plowing and trash truck.
- Warrant article #10 is to change the elderly exemptions in the Town which hasn't been done since 2004. The dollar amount that residents would receive off their taxes hasn't changed but the income levels in order to qualify for the exemption has changed.
- Warrant article #11 is to adjust the disabled exemption down

- Warrant article #12 is to approve a sports book retail location.

David explained the total increase in the budget of \$255,204. When subtracting out the water and sewer operating budgets which have no tax impact, the 53rd pay week, the contractual ambulance expenses and the EPA mandated Storm Water Permitting Process expenses, the actual increase this year is \$95,318.06. David further highlighted some changes that will be happening in the near future that will affect the town budget; The current Department of Public Works Director is retiring in November, the Police Department needs to hire a new uniformed officer, there will be a new contract for trash, and there will need to be positions added back at Town Hall.

Andy Camidge reviewed the School District Budget. The School District packet included the warrant articles and the MS-27. Andy explained that warrant articles are funded in order from the unassigned fund balance.

- Warrant article #2 is the operating budget.
- Warrant article #3 is to add money to the School Building Capital Reserve Fund for flooring and exterior painting.
- Warrant article #4 is to raise and appropriate \$102,500 to be added to the School Buildings Capital Reserve Fund. The Municipal Budget Committee and the CIP Committee have requested the school create a capital reserve fund schedule for big ticket items and this warrant article works the same as the town's warrant article. This warrant article is not funded from the unassigned fund balance. This capital reserve fund is currently not at a level that it could sustain multiple large projects.
- Warrant article #5 is the collective bargaining unit (CBA) that was negotiated between the Teacher's Union and the School Board for years 2020/2021-2022/2023.
- Warrant article #6 is a procedural article for if warrant article #5 doesn't pass.
- Warrant article #7, #8, & #9 are funded through the unassigned fund balance and are for the Site Improvement Expendable Trust Fund, Technology Expendable Trust Fund, and Equipment Installation and Labor Trust Fund.
- Warrant article #10 is to give the School Board permission to acquire property adjacent to Pembroke Hill School. The property runs along the right side of Belanger Drive if you are driving down towards the Hill School. The property was previously brought before the Planning Board for a sub-division but the frontage on Pembroke Hill was not sufficient for what was being proposed. The article is written in a way that the School Board could back out at any time.

- Warrant article #11 is giving the School District permission to sell the Grange Building on Pembroke Street.

Andy Camidge reviewed the increases and decreases in the account lines of the MS-27.

David Doherty, 242 4th Range Road, expressed support for the School Board and the School District Budget. David is a State Representative and sits on the Education Committee. David shared that last year the Committee put together a bill that gave \$138 Million back to towns for tax relief. It was structured so the neediest towns were given the most. Pembroke was given \$2 Million over the biennium. There is a Commission that are currently looking for long-term solutions for school funding.

Marc Dumont, 36 Donna Drive, asked if the proceeds from the sale of the Village School could be used to purchase the land they are looking to buy by Hill School. Andy Camidge explained that the money from the sale went back into the budget as revenue for this year. It was not put into a special account. Marc asked for further information on the Grange building. Andy explained that the Grange Building sits on 1/3-acre lot and is directly across from Church Road on Pembroke Street. The building is unsafe as it is. The building is a 100-year old one room brick school house that the Grange was holding meetings at until it became unsafe for them to do so. Marc asked if they would be able to get the full value out of the property or are there issues such as asbestos. Andy explained that they are unsure of the full value of the building and they are not sure the full extent of the work that needs to be completed.

Tom Serafin, 432 Micol Road, asked what the raises for teachers are in the CBA, what concessions were made during negotiations, and what the net amount to be raised by taxes would be if the increase in the adequacy grants wasn't there. Karen Yeaton explained that the MBC did not support the CBA because of the increase in the overall operating budget. Karen explained that there was also confusion on what the values of the increase were and it was decided that the CBA was not affordable. Dan Driscoll explained that the increases are 1.8% for year one, 2% for year two, 2.5% for year three. Those values are the increases to the individual steps. The major concession included the early retirement package that will last three more years and then sunset. Tom shared his reluctance to support the School Board budget because of the large increase in the budget this year and disappointment in what is being proposed. Karen explained that the step increases appeared to be more along the lines of 4.00%. Andy clarified that the 1.8% increase is an increase of each individual step. Some teachers are getting more than one step and that goes into the final number.

Gerry Fleury explained the role of the Budget Committee is to find a fair affordable tax rate change and asks that when people make comments that they also state which rate people will feel comfortable paying.

Clint Hanson, 101 Broadway Street, questioned if the State Adequacy Grant money total is up 15.4%, how is the total revenue down 1.8%. Clint also asked if the Budget Committees' recommendation would change if the voters vote to approve the CBA. Has the Budget Committee thought about if they CBA is passed and the school is forced to pay for it out of the appropriations? Karen Yeaton stated that the Budget Committee has not considered the impact of that. Amber Wheeler stated that the revenue numbers include the surplus that was given back last year. The school is not receiving less money. The only lines that are anticipated to receive less money are child nutrition grants, Medicaid, SPED aid, and charter school funding.

Dan Crean, 414 Eastview Drive, shared that if town votes to approve CBA it would be added in as an additional appropriation. It will increase taxes by the amount necessary to fund the article.

James Garvin, 470 North Pembroke Road, shared that the Grange buildings is an old school building built in 1851 as a model school house. The building is eligible for the State Historical Registry. The sale of this building should be done with a very careful analysis of protecting historic integrity of the history of education in Pembroke and ensure the future of the building is protected and cherished rather than being demolished.

Tammy Songen, 420 North Pembroke Road, explained that when the schools were combined, they lost a speech language pathologist, a school nurse, lunch staff, and a secretary while receiving over 100 new students this year. With those 100 students, 1/3 special needs and a large chunk have severe and profound needs. The school is not staffed nor do they have they space to educate those students that they are obligated to educate. In order to keep costs down, they are hiring specialists to work in the school rather than sending them out of district for placement. Schools were combined to keep costs down and lots of additional staff have been cut to keep costs down. The board can't control how much money the federal government will give or how many students will more into the district and the school district should do a better job of controlling the items they can control. Tammy would like to know what they would consider operational efficiencies. Karen Yeaton reviewed slides of the budget committee rationale for their budget cuts. The Budget Committee found no compelling efficiencies presented to them by the School Boared. Karen explained that the School Board explained to them that the influx of students is due to the combination of schools and not an increase of new students. Comparing year to year student enrollment values and increases in the budgets are part of their rationale. The increases were excessive and not affordable by the town. Tammy asked the Committee to come to see conditions and stated that it is irresponsible to only to look at the numbers. The school is not safe as it is and cutting that much money will mean staff cuts and they cannot handle any more staff cuts.

Sue Whitbeck, 343 Pembroke Street, asked if anyone has calculated tax increase with the Budget Committee's recommendation and only added in the teacher contract and also wondered if anyone has done a Salary comparison to other similar sized towns.

Karen Yeaton stated that they have not looked at the increase with approving just the CBA. Andy Camidge stated that the lowest to highest numbers are easy to compare to other towns but the steps in the middle are hard to compare because different towns have different number of steps. On average, Pembroke pays slightly less than other towns in the SAU and slightly below average across the state.

Kerry Dean, Melissa Drive, asked where the \$806,000 is proposed to be cut from. Karen Yeaton stated that they are limited to making reductions from the MS form so they chose the 1100 line because they cannot cut from individual lines and programs in the school board budget. The reduction proposed is still a 1.9% increase. Karen explained that the MBC is limited on proposing cuts on the line items on the MS form. It is not under the purview of the MBC to make individual cuts. The School Board still needs to compile the area of impacts based on the MBC recommendation and they have not done that yet. The number proposed was based on historical averages of increases over the years, inflation rates, standard budgeting variables, and looking the entire budget for what would be an affordable increase for the town to absorb. Kerry explained that the district is losing quality teachers and a 1.8% increase is not too much to pay them. The way that NH funds schools is through the taxes and that is not the fault of the teachers. Gerry Fleury explained that the State of NH says the MBC does not have the authority to micro-manage the budget. Gerry explained that the School Board has the latitude to move money between lines and the MBC's purpose is to target an amount as a tax rate. The reduction has to go on the MS-27. The MBC uses the 1100 aggregate line amount to make their recommendation. The School Board then has to explain what the impact will be. Kerry asked for clarification on what portions of the health insurance are paid for by the teachers in the CBA. Dan Driscoll explained that the portion paid for by the District for health insurance is 87% and 13% paid by teachers and no changes in this CBA.

Karen Yeaton stated that the tax impact if the adequacy grant had been level funded would be \$1.08 on the tax rate. This was in response to Tom Serafin's earlier question.

John Scrula, Melissa Drive, asked if they will state what the potential cuts would be later in the year. Andy Camidge stated that after the March Town meeting vote, individual cuts will be made once they know the amount of money they will have to run the schools. Dan Driscoll stated that School Board has not met since the last MBC meeting where they made the recommendation. Possible cuts will be available at Town Meeting. John asked if it was true that there was three School Superintendents. Andy Camidge explained that the SAU has two superintendents and 1 assistant superintendent. The Assistant Superintendent is for special education only. Pembroke pays 79% of one Superintendent. Patty Sherman is responsible for Pembroke and Deerfield. Peter Warburton is responsible for Epsom, Chichester, and Allenstown. Andy explained that their pay is in line with state averages according to the Department of Education. The Superintendents are expected to be at all school board meetings and all the MBC meetings which are after school hours. It would not be possible for one person to be in all the places that they are expected to be. John asked

if it is also true that 1 out of 3 students has some sort of special needs. Andy explained that Special Ed is a broad category and he cannot speak to the exact ratio. John asked if the Town is still paying on the bond for the library. David stated that they are. John asked if the Town finds value in the Town Library. The Committee and the voters answered yes. Karen explained that the Library Budget is also down this year.

Peter Mehegan, 145 Pembroke Street, shared concerns that when line items can't be capped, the increases will not stop.

Tom Serafin, Micol Road, stated he noticed that the MBC made a recommendation to cut appropriations but not revenues. Unless those cuts come 100% from K-8, there should be a cut from revenues. Gerry Fleury explained that proposed 4.5% increase will end up being higher because the recommended decrease cannot be cut just from K-8. Any cuts made against Pembroke Academy will also cut revenue. Brian Seaworth explained that uncertainty in revenues will over shadow differences in loss of tuition. Rather than continue to try to move the revenue lines with cuts, they use estimate they have been given. The revenue line is already an estimate since they are trying to predict revenues a year and half out.

Sonya Gelinas, 481 Woodlawn Ridge Road, asked for clarification that the MBC is proposing a 2.00% increase. Karen agreed that they are. Sonya asked if the School Board has the ability to move money between the line items and there is not a guarantee that the money allotted to those lines will actually go to those lines. Karen answered that is correct. Sonya asked if in a hypothetical situation where there is a surplus in the special education lines, could that money then be moved to salary lines. Dan Driscoll explained that salaries are set when the budget is voted on. If there is surplus money from special education, it can be moved to other lines but not the salary line. Sonya asked who decides on how much money is moved to the SAU salary lines. Karen asked for further clarification on the question. Sonya stated that in the budget, the salary lines show one number at the beginning of the year and a different number at the end of the year. Dan explained that the Board sets the increases for the administrative staff. The Board can move the money around and give the administration raises theoretically but that's not how it is done. The amount of the raise has already been determined. The money from special ed would never be moved to give administration raises. Andy explained that the budget is set before the school year happens and a pool of money is set aside to give people raises. Once the increase line is set, it stays set and no money is transferred into it. It gets distributed out throughout the year that line goes to zero. Sonya stated that per the Department of Education website, it appears the District is the only district with two Superintendents, an Assistant Superintendent, and a Business Administrator. Andy explained while that is accurate, the SAU has two Superintendents but Pembroke School District only has one.

Clint Hanson, 101 Broadway Street, shared frustrations that they cannot balance the cut on the back of K-8 and they will have to cut from Pembroke Academy. Pembroke

Academy is offering 24 credits to graduate when the state standard is 20. The School District is giving 20% more education than state average. The district will ultimately have to make some decisions on the amount of education they can afford to provide.

Melanie Camelo, 4 South Browning Court, shared that the school had the ability to bill Medicaid for services provided to special education students and that has recently changed. The Governor rolled out a plan and is meeting with schools so they will be able to start billing Medicaid again. They are having a public hearing about how this new process would work and Melanie is asking if they have a process in place so they can start billing Medicaid again. Patty Sherman stated that she is referencing the Emergency Rule that went into effect this year. The Governor has rolled out a pathway to certification in order to do the billing. However, the hold up for Pembroke and many other schools is the medical referral piece. The speech pathologist used to be able to say a student needs xx number of hours of speech a week and Medicaid could be billed for half of that. They are now requiring a doctor's referral and there is no doctor on staff or working with the IEP team. Until they change that piece, they cannot bill. Melanie asked for clarification that if a student was able to get the referral then they could bill. Patty stated that if a medical doctor is willing to submit for that then they could but they cannot require every family to go to their doctor to get the referral for a speech therapist. Melanie stated that most kids with complex issues have their primary care already set up to approve any services needed. Patty stated that is true and they are set up to bill and entering their time hoping that it will be retroactive.

Jen Murphy, 423 Terrie Drive, commented that there appears to be a disconnect between what the schools need to run and what they want. Jen substitutes at the schools and has seen that classrooms today are very different from classrooms of the past. There are classrooms that have more than 1 or 2 kids who have extra needs. Jen encourages the committee to visit the schools and offer support not cuts.

Gary Seidner, 439 Deerpath Lane, asked if there is a direct financial benefit to town of sports betting. Sandy Goulet explained that the benefit is economic development. There is no direct financial benefit. The proceeds also go to Department of Education which trickles down to Pembroke. Gary expressed support for sports betting.

April Villani, 312 Pembroke Hill Road, asked clarification on the elderly and disability exemptions in warrant articles 10 & 11. April also asked if they are changing the state statutes. David stated that they are not changing statutes. They are changing the amount of the allowable income which hasn't been done since 2004. What happens is when someone applies for the exemption, they take the value of the house and subtract the \$125,000 exemption and then tax them on the remaining value at the current tax rate. April asked if they are changing income levels will less people qualify. David stated that it is likely that more people will qualify. Right now, 8 people take advantage of the elderly exemption, 263 receive the veteran's credits, and zero people take advantage of the disabled exemption. The changes were made based

on the social security increase in 2014. People who didn't previously qualify by a small amount will now qualify.

Jason Menard, 318 Pembroke Street, asked for clarification on the high value items in the School Warrant Article #9. The dollar amount in the article will not cover the items listed. Dan Driscoll explained that the dollar amount is not to buy any one piece of equipment. The items are a part of the CIP plan and in five years they will have enough to purchase the items. Jason asked how the conversation about the property in warrant article #10 came up. Andy explained that the agent selling the property approached both the town and the school about purchasing the property. The purpose of the warrant article is to get the blessing of the town before expending any energy or resources on researching the property.

Diane Schuette, Pembroke Street, shared that the increases in allowable income have not been changed since 2004 and as a State Rep, she has been approached by several residents over the years that qualified for exemption for many years and with a the tiny increase in social security, it pushed them out of the qualifying income bracket.

Mark Chronis, 801 Plausawa Hill Road, shared concerns for the proposed increase in the tax rate.

Richard Bean, 243 Alexander Drive, shared that Bow created their own SAU and is that something the School Board has thought about doing. Andy Camidge stated that they have talked about it. The AREA agreement can only be negotiated if all debts have been settled and any changes need would to be approved by warrant in all towns. Pembroke currently pays 39% of the SAU Budget. Pembroke does not pay for a full Superintendent's salary. If Pembroke became their own district, they would be paying 100% of a Superintendent and it is likely that other costs would mean that Pembroke would be paying more than it does now. They do continue to look into it.

Paul Mason, North Pembroke Road, shared frustrations that there are 3 Superintendents for a district that has 5 towns. Paul also stated concerns for the tax assessments that were just done and knows that his house came out to being \$20,000 more than market can bear. Paul also asked why they are still paying on a bond for the library and wondered why they are not buying a used loader. Paul also asked why are they paying for two police cruisers and stated that \$14,000 to pave a basketball court seem excessive. Paul also shared concerns for the dangerous curve near his home on North Pembroke Road.

David Jodoin explained that assessments are done as required by the state of NH every 5 years town wide. The State of NH dictates that towns need to be between 90-100% of the town equalization ratio. The town was going down into the 80's in 2017 and that is why a reassessment was done. Regardless of that, it still has to be done every 5 years. If anyone thinks their value is wrong, they can fill out an abatement form. The loader went through the capital improvement committee. Jim Boisvert, Director of DPW, explained that if you buy a used loader, you buy someone else's

problems for \$100,000 and there is no warranty. It is better to buy new. David explained that the town is paying on a bond that originates around 2003 and is due to be paid off around 2023. It was refinanced with the safety center. David suggested Paul attend a Roads Committee meeting to discuss his concerns on North Pembroke Road.

Clint Hanson, 101 Broadway Street, shared that going to a single district SAU has been looked at several times in the past and it has not made financial sense.

Chantal Levasseur, 17 Prospect Street, asked for clarification on whether or not SAU personnel are given cell phones that are paid for. Andy Camidge stated that Patty Sherman and a few administrators receive a \$75/month cell phone stipend. She is expected to be available 24/7 and it is cheaper to give her a stipend than buy her a phone and pay for a full cell phone plane. They cannot legally tell her she has to use a personal cell phone for work. The school district does not pay for any one person's entire cell phone and do not pay for anyone's families to have cell phones. Chantelle asked if SAU medical benefits are paid 100%. Andy stated that some SAU staff have 100% paid medical benefits and the teachers do not.

Andy explained that appropriations number is the only thing that the school district has control over. If looking at data from 2010, the increase in appropriations over the last 10-years normalizes out to a 1.5% increase.

Karen Yeaton closed the public hearing was closed at 9:42pm.

IV. New Business

The Budget Committee reconvened 9:49pm

Dan Crean made a motion to re-affirm the recommendations. Paul Hanson seconded the motion. Motion passed 9-0.

V. Other Business

None

VI. Adjourn

Dan Crean moved to adjourn at 9:51PM. Armand Soucy seconded the motion and it was approved unanimously.

Karen Yeaton, Chairman