

**BUDGET COMMITTEE
TOWN OF PEMBROKE, NH
JANUARY 14, 2021 at 6:30 PM**

Mark LePage, Chairman, called the meeting to order at 6:30 pm.

I. Attendance:

Budget Committee Present:

Andy Camidge, David Doherty, Gerry Fleury, Gene Gauss, Paul Hanson, Mark LePage, Brian Seaworth, Michael Connor, Armand Soucy, Peter Gagy, Karen Yeaton, Clint Hanson

Excused: Ann Bond

Staff: David Jodoin Town Administrator, Jillian McNeil Recording Secretary

II. Approval of Minutes: January 7, 2021:

Gerry Fleury moved to approve the minutes of January 7, 2021 as amended; David Doherty seconded the motion. abstained. Motion passed 11-0. Peter Gagy abstained.

III. 2021/2022 School Budget Presentation:

Andy Camidge, Chair Pembroke School Board, shared the end of year surplus is looking healthy and is around \$825,000. After the School Board meeting on Tuesday, they will have a number for Paraprofessionals Contract warrant article.

Mike Connor asked where a reduction \$420,500 was found. The last bottom line projection was \$28,229,879 and on the last sheet the Committee received, the bottom line was \$27,809,379. Patty Sherman, Superintendent Pembroke School District, the MS-27 is in draft form still but the final number that has been voted on is still the 28,229,879. Brian Seaworth believes the difference is likely due to the warrant articles.

Mark LePage asked Patty if they were able to answer the questions related to food service from the last meeting. Patty stated that Amber sat down with the Food Service Director and they found a formula error in the rosters. She was able to cut some staff positions. There will be \$53,000 reduction in those lines. They will be discussing it further with the School Board on Tuesday.

Andy Camidge shared at the December 14th Board Meeting they discussed the warrant articles. The conversation is during the second half of the meeting. The discussion as to why two members voted no to two of the warrant articles can be found there. Andy will try and narrow it down a little further.

Mike Connor asked if they discussed the large increase of revenue in the food service lines. Patty answered that Amber did not give her that information. She will get the answer and email it out.

Gerry Fleury stated the analysis summary of the tax rate impact predicts around a 9.3% increase. It is not the purview of the Budget Committee to opine on where reductions might conceivably come from but that it is a large increase that needs to come down. Karen Yeaton shared concerns about the amount of the increase on top of the increase from last year. Karen feels it is a big ask of the community in the current climate we are in. Karen suggested putting off expenditures that can be put off and revisiting staffing levels since there appears to be an overall 8% reduction in students.

Andy Camidge stated he asked the question at Town Meeting last year about the Town's unreserved fund balance. Last year he was told they were savings for pending lawsuits. Some of those lawsuits have been resolved, so would the Town be able to use some of that to buy the new trash truck. Andy also asked what the recommended level should be kept in the unrestricted fund balance.

Armand Soucy shared concerns for the affordability of the yearly increases as well as wondering where the savings are from this year with the schools being closed due to COVID. Andy Camidge explained the overall cost of the school was actually more expensive than normal. The amount of the things that they are not doing compared to a normal year is minimal. The District did receive a credit from the bus company from buses that are not running, however, the big-ticket items such as salaries and associated expenses and the cost of the facilities did not go down. The cost of the custodial services went up with the need to fully disinfect each school multiple times a week. The staff is still working and the buildings are still open. There were likely some extra savings during the remote time over the holidays, but the pandemic is not changing the finances that much.

Mike Connor stated that a 9.6% increase on \$300,000 home is roughly \$711. Mike would like to see the appropriation down to a 1.4% increase that will reduce the rate to a \$477 increase on a \$300,000 home. Mike explained the surplus buffer is too high. They are returning around \$500,000 every year and they need to be reducing that number. Patty explained the School District is currently losing \$800,000 in revenue a year. They try and do as much as they can but there is an issue with revenue and expenses that are out of the control. They use a multi-step process of putting the budget together. They meet with each school separately so the full picture isn't always realized until they come back and put it all together

David Doherty commends School Board for putting together a responsible budget based on the given situation they are in; however, he is not comfortable with the high number. It will be a tough sell and schools are victims of downshifting costs from the

State. David is hopeful that will change but for now an increase is going to be expected just to maintain.

Clint Hanson explained the estimated tax rate impact sheets are always inaccurate because surplus is not being taken into account. Andy Camidge stated that last year there was an estimated increase of over 10.00% but after surplus was returned, it was closer to a 4.3% increase. After a quick estimate, if the School is able to give back \$750,000, the increase will be closer to 6.5%. Which is still a large increase, but smaller than 9.3%. Andy agrees with Mike that they may be able to more accurately predict the budget and would like to discuss it with Amber.

Gerry Fleury stated there are flaws in the system for how schools fund capital reserves through unanticipated revenue and unspent appropriations. If that is possible to do that, then maybe the budget is too much. Gerry expressed concerns for how the tax rate increase is going to affect the community.

Brian Seaworth stated that the additional warrant article for the union negotiations are still unknown. They need to anticipate the final tax sheet will likely be higher than 9.4% once that is factored in.

Karen Yeaton stated the surplus is too high and they need to do a better job estimating budget and reducing the surplus values come back. Tax payers should not have to rely on the unknown of a surplus to reduce the tax rate. It is not a fair way to work with residents. Karen expressed frustrations that it was again a surprise to see a revenue reduction. We know there will be reductions in revenue so it should be taken into considerations when building the budget from the beginning.

Patty Sherman explained that she understands it is going to happen every year she meant in the incremental steps of building the budget, they are not seeing the full impact of the revenue reductions. Once they put the budget all together, they are able to finally see the entire impact.

Paul Hanson explained put his personal finances to put it into perspective on the effects of the pandemic on households. Paul is concerned for the increase.

Andy Camidge explained that they have limited control over appropriations. After increases voted on last year and increases in benefits and health insurance, they are asking for less than a 2% increase for school related expenses. The next School Board Meeting Agenda has time to look at the budget further and look for reductions. Mark LePage suggested reserves and warrant articles would be a good place to start.

Armand Soucy explained the difficulties he has had explaining the buffer the School District has to people who do not have a buffer in their paychecks. Armand is looking for a zero percent increase.

Clint Hanson explained that as long as the school does not have another revenue stream, the main funding will always be tax revenue. Clint suggested looking at capital reserves balances, look at what a minimum amount would be needed for a crisis situation, and spend down the funds to that dollar amount.

Karen Yeaton stated they cannot look at the budget in a vacuum and exclude revenue considerations. Karen suggested taking a look at staffing to find cost efficiencies.

Gerry Fleury stated that most money is related to human resources. As the school population shrinks and grows, the staff needs to shrink as well.

Andy Camidge stated a few years ago they made staff cuts. One was a special ed speech and language pathologist. They were out of contract and the school felt it was an “easier” cut to make. The next school year a student moved in that needed that service and they had to contract it out. It ended up being close to \$100,000 for that one year. It is always a balancing act when it comes to staffing the schools. There are some large developments approved in town and if positions are cut this year, it could end up costing tax payers more next year to add positions back in.

Clint Hanson explained there is no way to take staffing off the table in order to meet the goals of this Committee. The easiest place to find cuts is the Administration.

Gerry Fluery expressed frustrations for how the SAU budget is built and the impact it has on this budget.

IV. Other Business

The Budget Committee Public Hearing is currently scheduled for February 4th. Mark LePage explained he met on Monday with reps from School Board, the School District’s Attorney, Gerry Fleury, Brian Seaworth, David Jodoin, and Tom Serafin to discuss town/school district meetings and public hearings. Everyone agrees that the decision should be the same for both regarding remote or in person. General thinking is to push the meeting to the spring when the meetings can be held outside. The School District’s Attorney suggested trying to minimize any changes in format and timelines. Gerry Fleury shared if there were people who weren’t comfortable meeting in person, and there were less than nine board members present, there would not be a quorum. There were concerns they would not be able to hand out the typical handouts they give residents as they walk in. They could make the packets available for pick-up at Town Hall ahead of time.

Karen Yeaton suggests meeting in a larger space that would adhere to social distancing. Karen opposes a remote meeting and would like all options to meet in person to be discussed. Mark stated they would have to meet in auditorium or gym because those are the large sites available. The unknown number of residents who will show up is a concern. Another consideration is the mask requirement since it is a

school. David Doherty asked if they discussed either all or nothing or did discuss a combination. Mark stated they did not discuss a combination of both. It increases level of complexity because you need to have comments from a remote audience and in person audience and someone will need to manage it. It is not impossible but it does complicate things.

Gerry Fleury is concerned for mask requirements causing fights and arguments. Andy Camidge stated the School Attorney discussed mask mandates being a concern for difference of opinions. School Attorneys across the state have been discussing this and have found a solution to be using a closed-circuit television to separate mask wearers and non-mask wearers. We would need to deputize an Assistant Town Moderator since one would need to be in each room. The school doesn't feel confident in the technology they have. It is likely doable but will introduce a lot of new problems to the process.

Gene Gauss stated the school has mask mandate and it is not a question. If someone does not have a mask, they do not come into the school.

Mark LePage discussed how a remote meeting will work. He is asking the School and Town to prepare a 1–2-page summary of their budgets and have materials available at Town Hall for hardcopy. The Town and School will present and walk through their budgets and warrant at the meeting. Mark will walk through the tax impact sheet and summarize comments from the Committee. Mark will screen share as they walk through everything. Public comment session would have a secondary person like the School had during their meeting monitoring raised hands.

Clint Hanson suggested also putting the documents on the town website.

Consensus of the meeting is to hold the February 4th public hearing remotely using the Cisco Webex Meetings platform.

The next meeting of the Committee will be held January 21st remotely to continue with the School District discussions.

V. Adjourn

Gerry Fleury made a motion to adjourn at 8:06 PM. Clint Hanson seconded the motion and it was approved unanimously.

Mark LePage, Chairman