

**BUDGET COMMITTEE
TOWN OF PEMBROKE, NH
December 16, 2021 at 6:30 PM**

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

I. Attendance:

Budget Committee Present:

Clint Hanson, Dave Doherty, Andy Camidge, Mark LePage, Gerry Fleury, Brian Seaworth, Mike Connor, Karen Yeaton, Joe DeVuono,

Staff: David Jodoin, Town Administrator

II. Approval of Minutes: December 9, 2021:

moved to approve the minutes of December 9, 2021 as presented. Gerry Fleury seconded the motion. Motion passed 9-0. Andy Camidge, David Doherty, and Karen Yeaton abstained.

III. 2022 Water Budget Presentation:

Kevin Brasley Chairman of the Board, and Matt Gagnon, Superintendent of Pembroke Water Works reviewed the 2022 Pembroke Water Works budget. Kevin explained that to come up with their budget they take last year's revenues, divide by 10 for monthly revenue, and multiply by 12 to get an estimate for the next year. Next they increase every item by 3%. After that, they then go through all the line items individually to adjust accordingly. This budget includes a rate increase of \$1 on the base rate and \$0.10 per 1,000 gallons. Kevin explained they will be taking \$57,000 from the New Vehicle Fund and putting it in the Equipment Fund to purchase a new truck. The current 2009 GMC has hit the end of its life cycle. Line Item 441 shows a large increase in connection fees and that is due to the new Assisted Living facility in Allentown. The upcoming Main Street project is encompassed in line items 521, 531, 541, and 625.

Mark LePage asked if the significant increase in line 400, Residential Sales, is due to the planned rate increase or other factors. Kevin explained the various factors include the rate increase, significant increase in usage over the last two years, and there are several new projects coming online including the Allentown Assisted Living Facility.

Gerry Fleury asked why there is no budgeted amount in the Bear Brook well lines. Kevin answered the Bear Brook Wells were a 9-year project that was completed at the end of last year. They are carrying the lines in budget this year for the prior year data.

Gerry Fleury asked what property they are paying taxes on in line 731 for \$236. Kevin answered they have property in Concord across from the airport and on Podunk Road in Allenstown.

Gerry Fleury asked why there is a planned increase from \$25,000 to \$30,000 in line 513, Water Monitoring, when there have been no expenses in 2019 or 2020. Kevin answered that line is entirely water quality testing. The allowable PFOS detection is 15 parts per trillion. There has been PFOS detected in one well that is above that level so they are blending two wells to keep those levels below what is allowable. They hired Underwood Engineers to find a long-term solution to get those levels down and remain down. They are trying to find the most cost-effective solution before moving forward.

Mike Connor asked if the source is coming from the Fire Training Academy on Route 106. Kevin explained that is one source. They have bumped up pumping rates out of the Bear Brook wells to offset and blend in the system. Right now, the wells on Route 3 are not detecting. Mike asked if they have a copy of the Department of Safety testing results. Kevin answered the results are posted online for anyone to view.

Mark LePage asked what they would consider to be their overall long-term operational concerns. Kevin answered what we just talked about and there are also some changes that are coming from the Government as far as new testing and changing the allowable levels.

Brian Seaworth asked if they have the availability to support major reconstruction of roads in Town. At one point, there were concerns with the number of projects the Department has going on. Kevin answered there haven't been any projects in Pembroke or Allenstown that they have shied away from. As long as both Towns do not plan major projects at the same time, they can keep up with it.

Gerry Fleury asked if the Water Department has to extend the lines out to the new Allenstown School on River Road. Matt Gagnon explained they have met with the Sewer Department and architect on the project. 4,000 feet of line is what would need to be extended. Right now, they are not looking to connect.

IV. 2022 Sewer Budget Presentation:

Paulette Malo, Office Manager Pembroke Sewer Commission, discussed the Sewer Commission's 2022 budget. Paulette explained the generator at Pump Station 5 was lost so they did not replace the grinder as planned until they had a better picture on costs. The new generator was around \$40,000 and it is not fully installed yet. Now in 2022, they will need to replace 2 grinders. Gerry Fleury asked what the life span of the grinders are. Paulette answered it is between 5 and 8 years but they are swapped every 5 years so they are not waiting until failure to replace it. The motor can be replaced but teeth are costly and time consuming to replace so it is cheaper just to buy new.

Paulette explained they have been approved by the DEA for the discharge permit in Allenstown so they are now working on the final Inter-Municipal Agreement to purchase an additional 150,000 gallons. Allenstown also notified them they are looking to build new clarifiers which would give Pembroke an additional 300,000 gallons per day once the project is complete. There is enough money set aside for the engineering of that and it is in the budget.

Commented [KY1]: Word should be 'clarifiers'

Gerry Fleury asked if the additional capacity will open the door to additional development in Town. Paulette explained there is a waiting list of approximately 70 units. Right now, there is a 56-unit project before the Planning Board. It is condos and 3 single family homes. There is also another project for 6-12 units. There was one on the waiting list for 18 homes but the owner didn't want to wait any longer and that is now a single-family home.

Brian Seaworth asked what the waiting list looks like in gallons and will the additional gallons cover it. Paulette answered the 100,000 gallons covers the waiting list and much more. For perspective, a 3-bedroom single family dwelling is roughly 225 gallons per day.

Karen Yeaton asked for an explanation on the \$15,000 increase in the legal line. Paulette answered they went over in the legal line last year so they budgeted more this year. They are dealing with Allenstown on the Inter-Municipal Agreement and getting constant legal advice to make sure the Town of Pembroke is properly covered. They have also been in discussions with the City of Concord to see if they can connect into their system and there has been some legal fees associated with that.

Gerry Fleury clarified that they have sent cameras into the lines for the Main Street Project and they do not see any need for replacement. Paulette explained the main lines are in really good shape. There are no cracks or interior deterioration. There are some lines out to houses that could use attention but they are waiting to see who wins the bid to talk with them about replacing those while they are there.

David Doherty asked if there have been concerns on the collection of fees recently. Paulette answered they have no issues because they turn it over to the Tax Collector in January and fees are collected that way.

Mark LePage asked for clarification on the \$10,000 increase with a note that reads upgrade Mission in all stations in the Collection Systems Equipment line. Paulette explained Missions is the data system. If there is an issue, it will send her an alarm and she can call it up and review it from her computer. This software saves the Commission a lot in overtime and hours wasted sending personnel out into the field. The current sub-contractor costs \$120/hour with a 4-hour minimum for an emergency. Upgrading this system allows them to run the pumps off a tablet.

V. 2022/2023 School Budget Presentation:

Amber Wheeler, Business Administrator SAU 53, and Patty Sherman, Superintendent SAU 53, were present to discuss the School District 2022 Budget. Andy Camidge, School Board Rep, gave an overview.

- Areas there was a surplus from the 2021-2022 budget include salaries, consulting/training and repairs maintenance, special education, transportation, School Resource Officers, utilities, and co-curricular stipends & Officials. These areas saw the most surplus due to schools being closed during COVID.
- Areas there was a shortfall from the 2021-2022 budget include tuition, IDEA Grant, and Voc transportation. Patty Sherman explained the IDEA grant was used to offset special education salaries. Last year, toward the end of the year, there was a change in the regulations about how you access those funds. They were no longer able to access the salary reimbursement until the grant is fully approved. They paid those salaries and then they were notified that they are not losing the money but now the reimbursement won't come until this year. Since that change has been made, they are going to use other areas of the budget to pay the salaries.
- \$1,172,594 was returned to offset taxes. That was largely due to receiving COVID funding at different times. The surplus was initially larger but they allocated some of it for roof repairs and renovations to the library at Pembroke Academy.
- Fund One budget is \$28,760,113. The discretionary items total \$12,888,699 and those are items such as positions, supplies, and equipment. The non-discretionary totals \$15,871,414 and those items include contractual salary obligations, special education requirements, and debt service payments.
- 1100 lines have an increase of \$86,360 that includes approved CBA increases. Increase in ELL required services, copier services, technology costs, and music book supplies.
- 1200 lines are the special programs lines and have an increase of \$317,898. The increases in these lines are typically for a student specific need and are government regulated. The school is mandated to provide these services. Includes CBA approved increases, additional case manager at TRS for a student specific need, additional aids due to student specific needs, increase in summer program, decrease contracted services, and increase to special placements.

- 1300 lines are vocational programing and have an increase of \$68,951. The increases are due to CBA approved salary increases and an increase in vocational tuition.
- 1400 lines are co-curriculars and are increased \$1,091.
- 2120 lines are Guidance Services which show an increase of \$84,625. There is a decrease in salaries due to a retirement, CBA salary increases, increase in diagnostics due to student specific needs, and a slight increase to medical supplies.
- The various 2200 lines show an increase of \$24,591 for staff salaries and professional development which is contractually obligated.
- The 2300 lines are for School Board and SAU Services. There is an increase of \$100,228. Some special education items are within these lines as they are contracted with the SAU and shared by the district. There is an increase in auditor fees, attorney fees increased to accommodate discussions about opening the AREA agreement which would require a contract from each town with an attorney, and district assessments increased slightly.
- The 2400 lines are Administration Service Accounts and show an increase of \$59,449. There are increases in salaries, summer tech support, maintenance contracts, and bandwidth increases at Pembroke Academy.
- The 2600 operations and maintenance have an increase of \$53,899. There was an increase in staff contracts which reflect pooled increases, increases for heating repairs, reduction in utilities, and an increase in maintenance projects.
- The 2700 lines are transportation lines and have an overall decrease of \$40,039. They were able to bring the costs down by planning for 6 buses instead of 8 for next year. Gerry Fleury asked if they are still having trouble finding bus drivers. Andy answered they have their 8 drivers right now but it is still a national problem. There were also increases in summer, special education, and sports transportation.
- The 2900 are the support services lines which has an increase of \$590,098. Health Insurance increases are between 8.5% and 9.5%. Dental is a 1.5% decrease. There were a significant number of single plans that changed to family plans. There were decreases in retirement benefits but there was an increase in separation benefits which the school board decided to fund 5 instead of the required 3. There is an offset of that in the salary of the person coming in to fill that position.
- Account lines 5110, 5221, and 5310 are for debt service and charter schools. There was a decrease of \$131,435. The final roof bond payment is FY21/22

Commented [KY2]: Mark asked about why the board honored 5 and not the contractual obligation of 3. Andy offered additional explanation of this increase

and there is no longer a PACE Academy program. The Food Service Program saw an increase due to the reduction of potential revenue

- There were also reductions in nearly every section for supplies.
- There will be \$821,809 less revenue coming from state adequacy aid.

Brian Seaworth asked for clarification on adequacy aid and whether there was an increase or a decrease. Amber explained there are two sets of adequacy aid. One is considered swept which is the piece for the state education tax is and the other is the adequacy aid that encompasses items like free and reduced lunch, literacy/reading, catastrophic aid, and other items. Each section has its own formula. The state education piece filters through the town. Brian Seaworth asked if they are expecting the Town to send them less money than they are scheduled to receive based on the information in the budget binders. Amber explained the state education is part of the tax rate. The Department of Revenue determines how much that state tax piece is. The numbers being used for budgeting come from the New Hampshire Department of Education. They typically revise those figures throughout the year. Brian Seaworth has concerns that the numbers coming from the Department of Education are incorrect.

David Doherty asked what the current driving force for opening the AREA agreement is. Andy explained the biggest expressed interest is the desire to have more say at Pembroke Academy. If the other towns want voting members on the Board, it would need to be changed to a cooperative agreement. Clint Hanson explained that as long as there is an outstanding debt, the AREA agreement has to remain intact. The debt will be paid off in 2035. All five towns will also need to buy into the school. Karen Yeaton asked if there is anything that Pembroke could do to address the concerns of the sending districts. Andy explained he has notified the sending districts that if there are issues of mutual interest happening, they are welcome to come to School Board Meetings to discuss. If they would like to be put on the agenda, they can be added. In the last two years, only one member from the Allenstown School Board has requested to attend and that was two weeks ago.

Commented [KY3]: Should be 'sending' and not 'ending'

Joe DeVuono clarified that right now, the School District is looking at a 4.05% increase. Amber answered that is correct. Joe asked out of the 4.05% increase, what is wages versus everything else. Andy explained that there are two unions; one for the teachers and one for the paraprofessionals. Those increases are voted in via warrant articles every 3 years. Those increases have already been approved by the voters. A lot of the increases are in the special education lines which are non-discretionary. The overall number of lines that there are any wiggle room on is a small percentage. Amber explained when they start the budgeting process, they start with a zero budget. They meet with each school and see what the needs and wants are and build from there. They do not budget based on what has happened in the past. They budget on the current needs. Andy stated he would put together some bottom-line comparison numbers for items in the budget. Joe asked if they have any comparison data for test

score or per pupil spending. Andy shared there is a place on the state website that anyone can use and compare school metrics. Patty stated the state average per pupil spending is \$16,824 and Pembroke spends \$15,822.

Patty Sherman explained they plan to gauge interest in the community for renovating the Hill School by putting a warrant article up for a couple hundred thousand to hire someone to officially start the work. They would be looking to put a warrant article up next year for a bond for a full renovation. The warrant article this year can be seen kind of like a litmus test for the project. If the community is unwilling to hire someone to start to look at engineering and design, then the community is clearly uninterested in renovating the Hill School.

Brian Seaworth stated the surplus and the overall budget increase are around the same amount. In the coming year, are funding dollars expected to continue to come in as they have been or will things begin to return to normal. Patty stated it is a little early on to say either way.

Clint Hanson shared the sale of the PACE Academy is expected to close on January 28, 2022. At that point, the school will have a tentative \$125,000 to add into this budget equation. However, the school has to put forth the warrant article to formerly close PACE before they can accept those funds. Patty stated she would draft that warrant article.

Please include Karen Yeaton's question clarifying the estimate revenue on slide 18 of \$15,069,990 is what we will see on the tax impact sheet. Amber confirmed yes that is in the binder and on pages 79 and 80.

Commented [KY4]: Please include my question about the estimated revenue value

Karen Yeaton asked for the number of total new positions being proposed, are they full/part time, and are they certified/noncertified. Patty stated they will get that information together for her. Karen asked if the positions will go away when the student no longer needs those services. Amber answered they will.

Karen Yeaton asked for the volume of Chromebooks in circulation by school. Patty answered they will get the number by school to her.

Gerry Fleury asked if the need for services that are contracted under the SAU fluctuate at all. Patty answered the level of need remains about the same but which school has that need may change year to year.

Gerry Fleury asked if we are able to handle student needs at the school rather than sending them out of district. Patty answered that fluctuates but right now they are seeing some significant issues in the young students and if they can hire a new teacher and keep the student in school it is more cost effective for the District and better for the student to keep them in their community.

VI. Other Business

The next meeting will be held January 6, 2022 and they will resume with the School District.

VII. Adjourn

Clint Hanson made a motion to adjourn at 8:09 PM. David Doherty seconded the motion and it was approved unanimously.

Mark LePage, Chairman