

**BUDGET COMMITTEE
TOWN OF PEMBROKE, NH
January 5, 2023 at 6:30 PM**

Mark LePage, Chairman, called the meeting to order at 6:33pm.

I. Attendance:

Budget Committee Present:

Clint Hanson, David Doherty, Sue Whitbeck, Andy Camidge, Mark LePage Gerry Fleury, Brian Seaworth, Peter Gagyi, Jenn Johnson, Louis Caron, Matt Miller

II. Approval of Minutes: December 15, 2022

Clint Hanson made a motion to approve the minutes of December 15, 2022 as amended. Dave Doherty seconded the motion. Motion passed 10-0. Jenn Johnson abstained

III. 2023-2024 School District Budget Presentation

Andy Camidge, School Board Chair, Patty Sherman, Superintendent, and Amber Wheeler, Business Administrator SAU 53, presented the 2023-2024 School District budget.

- Total Fund One Budget Balance is \$29,801,273
- 1100 lines - Regular Program – increase due to the addition of substitutes, contractual expenses, technology infrastructure at PA, books and supplies to account for the cuts made the last two years, and Chromebook replacements and maintenance.
- 1200 lines - Special Programs – hired an additional case manager at PA, Paraprofessional CBA increases previously voted in, and hired additional aids. Contractual services show a decrease this year however there is an increase in special placements due to student specific need.
- 1300 lines - Vocational Programs – There are increased costs to Concord Regional Technical Center and there are increased costs for lumber for the woodshop class at PA.
- 1400 lines - Co-curriculars - There is a slight decrease this year.

- 2100 lines – Guidance, Assessments, and Health Services - There is an increase for personnel changes in the guidance and nurses' offices but a decrease in diagnostics. However, there is an overall net increase.
- 2200 lines – Curriculum Instruction and Library Services – Overall increase due to replacement books and library supplies. Some surplus was used last year to modernize the library.
- 2300 lines – School Board and SAU – Pembroke's share went up a bit as district assessments increased. The percentage is based on the number of students Pembroke has at Pembroke Academy and the overall town wide assessment versus the other sending districts. This number typically fluctuates a percent or so.
- 2400 lines - Administrative Services – There are increases included for admin staff contracts from last year and current year.
- 2600 lines – Operations and Maintenance Personnel – There are increases for salary for the custodians. These numbers also change as custodians are moved between buildings. It may appear as though a salary line has a one-year large increase but there will more than likely be a corresponding decrease in a different building.
- 2700 lines – Transportation – The busing bids are sent out but every year only one bid comes back because the bus companies do not bid on each other's territories. The companies are still down bus drivers so the school is having to use more private companies to transport special education students which can cost \$4-600 a day.
- 2900 lines – Other Support Services – The increase in health insurance and dental insurance was small this year. NHRS costs went down this year.
- Food Service lines are not like the other lines in the budget in that they can carry a surplus from year to year and not zero out. In theory, the food service department should be self-sustaining but due to costs for staffing and benefits, it typically is not. The program does currently have a surplus and that surplus has to be used first. This year, \$5,000 is budgeted. If students have balances that are unpaid at the end of the year, surplus funds cannot be used to cover that shortfall. There has to be operational dollars available.
- Revenues:

State funding sources decrease in \$20,208

Federal Sources decreased \$12,827

Local Revenue (takes into consideration realized surplus for FY 21/22)
decrease \$476,439.02

Total Revenue Decrease of \$509,474.02 the actual decrease that does not include returned surplus is \$416,381

Gerry Fleury discussed the petitioned warrant articles for the Town and School to become an SB2 community. If those articles passed in March, the Budget Committee would need to have everything wrapped up by the 2nd week in January for FY 2024. Gerry asked how many towns in the SAU are SB2 and how would that impact them if Pembroke also became one. Patty Sherman explained the only thing that really makes the current timeline possible is that two towns in the district are still traditional town meeting. The analysis would have to start in September with much less data available. Pembroke is the biggest district so they would need to hire more staff in order to get budgets completed for all districts on time. Amber Wheeler explained they map out the budget plans in August for the entire SAU in order to hit each of the deadlines. They would need to start that process sooner and an issue that will arise is being able to attend the necessary meetings with each school and town if all the timelines were to align. SB2 communities need to prepare a proposed budget and a default budget. Andy Camidge explained he would be requesting a second Business Administrator be hired if SB2 passed.

Matt Miller asked if the proposed teacher raises are included in the budget. Amber Wheeler explained they are not. The teacher CBA is covered under a separate warrant article and are added on top of the budget if the article passes. Gerry Fleury explained non-unionized staff do have raises in the budget.

Andy Camidge discussed each warrant article:

Article 3 - This covers the collective bargaining agreement with the Pembroke Education Association for the teachers. This year the agreement was changed from a 3-year to a 4-year agreement and equals out to an average 3.52% increase. This article would raise and appropriate \$430,369 for FY 23/24. Gerry Fleury asked why the final year number in each CBA article is less than the rest of the years. Patty Sherman explained it has to do with the staff and what steps they are at and what level within each step they are. The figure is also reflective of a total compensation package and not just strictly salary increases. Gene Gauss, School Board, explained the 3.5% increase is also an average. The year he was directly involved in the discussions, the final year percentage was lower than the other years.

Article 4 – This article is in case article 3 fails. It allows the School Board to call a special meeting to address the cost items in the article.

Article 5 – to raise and appropriate \$155,000 to be added to the School Building Capital Reserve Fund.

Article 6 – to appropriate \$110,000 out of School Building Capital Reserve Fund for flooring and roof replacement. Gerry Fleury asked why they are choosing to add money and remove money in back-to-back warrant articles when historically they have never not had enough surplus at the end to fund all their articles. Amber Wheeler explained if they were to use surplus dollars rather than a warrant article, they run into a timing issue. Everything needs to be encumbered and scheduled by June 30th in order to utilize current year dollars. If the project isn't happening until the fall, they need to have everything set and final by June 30. Mark LePage explained the confusion may lie in the ordering of the articles since article 7 is also taking \$50,000 from the same fund. Gerry explained that it will artificially inflate the number on the tax rate impact sheet. Andy Camidge stated he would take the three articles and the comments from the Committee back to the School Board and they will rework them.

Article 8 – to raise and appropriate \$250,000 from surplus to be added to the Site Improvement Expendable Trust Fund. These funds will be used to replace the track.

Article 9 – to raise and appropriate \$7,000 from surplus to be added to the Vehicle Expendable Trust Fund

Article 10 – to raise and appropriate \$25,000 from surplus to be added to the Equipment Installation & Labor Expendable Trust Fund. This fund is used for cameras and items of that nature.

Article 11 – to raise and appropriate \$124,000 from the Equipment Installation & Labor Expendable Trust Fund for camera maintenance, zero turn mower, phone system at Hill School and Three Rivers, and intercom replacement district wide.

Mark LePage recommends swapping articles 10 and 11 for the same reasons discussed for articles 5, 6 and 7.

Article 12 – to raise and appropriate \$10,000 from surplus to be added to the Technology Expendable Trust Fund.

Gerry Fleury explained some capital reserves are never touched and some of the projects that have been discussed tonight could be funded from the reserves rather than the operating budget. Clint Hanson suggested adding a cap to the capital reserve funds and using anything above and beyond that for items that can be taken out of the budget.

Gerry Fleury stated the contract for transportation services requires a 2-way radio that connects to a base station and asked where that station is located. Patty Sherman answered the base station is in Epsom and owned by the bus company.

Jenn Johnson asked what happens if the CBA is not approved. Mark explained it will go back to the School Board for a re-negotiation process then they get to come back at a special meeting for a vote.

Matt Miller asked if the \$29,801,273 bottom line number is Pembroke's responsibility or will it lessen with the surrounding communities' contributions. Mark LePage explained that is the total cost for Pembroke. Amber Wheeler explained that is the bottom line of the budget but there is revenue offset and \$29m will not hit the tax rate. It will be laid out a little clearer on the tax rate impact sheet they should have at the next meeting.

Sue Whitbeck asked when they renegotiate the CBA, is everything on the table or is it just the dollar figure. Patty Sherman explained everything is on the table but only the dollar amount will be seen.

Gerry Fleury requested a copy of the most recent SAU audit. Patty Sherman responded that they would make that information available.

IV. Other Business:

The Budget Committee will meet with the School District again on Thursday, January 12, 2023.

Budget Committee Public Hearing will be February 2, 2023.

Sue Whitbeck clarified the Library Trustees have two trust funds that they are only allowed to access the interest of. So while it appears they have around \$7,000 in funds available, in reality, they only get the \$200-300 interest. In order to change the fund or return it to the town, they would have to petition Probate Court and the Library cannot afford the lawyer fees to do so.

V. Adjourn:

Peter Gagyí made a motion to adjourn at 8:39 PM. David Doherty seconded the motion and it was approved unanimously.

Mark LePage, 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.