

**BUDGET COMMITTEE
TOWN OF PEMBROKE, NH
January 12, 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, Louis Caron, Matt Miller

Excused: Jenn Johnson

II. Approval of Minutes: January 5, 2023

Clint Hanson made a motion to approve the minutes of January 5, 2023 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, explained the School Board discussed the recommendations from the Committee to change the order of the warrant articles as well as combining articles 5 & 7. They still need to approve and vote on the amended articles. Once that is completed, they will bring the updated document back to the committee for review.

Peter Gagyi discussed the recently released article from the Department of Education regarding the rising cost per pupil and asked for an update on the audit. Patty Sherman, Superintendent SAU 53, explained they recently hired a new firm to catch up on audits they were behind on and that has made them fall further behind. They can provide the financial forms that are submitted to NHDRA for tax rate setting. Gerry Fleury explained he is especially interested in reading the management letters in the audit.

David Doherty asked if the teacher contract is ratified, where would it place Pembroke in comparison to other area schools for teacher compensation packages. Patty shared Pembroke was very low in comparison to the rest of the region. Every district within the SAU, with the exception of one, is in a contract year so SAU wide comparison data is unavailable.

Sue Whitbeck asked how the turnover rate is since Pembroke is lower. Patty explained that it is hard to separate current turnover between salary and COVID but there is turnover.

Peter Gagyi asked if someone is at a certain step, are they able to go to another district and maintain that same step level. Patty answered it would be at a comparable step but not all districts have the same number of steps.

Brian Seaworth asked if there was any more detail on the current negotiations. Gene Gauss, School Board, shared the ultimate goal is to get Pembroke up to the state average. Mark LePage asked if there were any points in the negotiations that they were hesitant to agree to. Andy explained that the negotiations team was able to negotiate around anything that would have given the School Board pause. They need to be careful what they say about the details of the negotiations until the contracts are ratified.

Peter Gagyi asked if there is a comparison average for community that is the same size. Patty explained that data isn't tracked in a single report. They have tried to put several data points together to come up with communities they feel may be comparable. Andy stated when combed through the Department of Ed's database, he found 5 or 6 communities that were truly comparable, and he will try to find that information for the committee.

Matt Miller asked if the step increases are fixed time or merit based. Patty explained that it is time based. Each year, they will progress one step and receive a COLA. The people on the top step would not get a step increase + COLA, they would only receive the COLA.

Matt Miller asked what fraction of teachers are already on step 15. Patty answered on Page 132 there is a table with how many teachers are on each step.

Gerry Fleury asked if the district is keeping a consistent class size throughout all the grades. Andy explained they are able to but the situation is absolutely dire at Hill School and they will see a bond next year for the school renovation/addition. The sizes are kept level but there are special education teachers teaching out of closets. Patty explained if the numbers go up, then they will no longer fit in the school.

Mark LePage asked the committee if there is a bond next year, would there be an interest from the committee in walking around Hill School. The Committee feels that would be helpful. Patty suggested if they wanted to do it during school hours, she can arrange for 2-3 people at a time, and they could be begin at any time.

Sue Whitbeck asked if Pembroke became an SB2 town, would that change the handling of a bond issue. Mark answered it would still be a 2/3 majority vote. The timeline of that vote would change.

Andy Camidge explained they are getting their first presentation from the firm tasked with planning the addition/renovation on January 17th.

Louis Caron asked how the separation benefits are calculated. Patty explained the CBA dictates what people are eligible for and there are contracts in place for administration that dictate their benefits. Louis asked how they budget for that with everyone being at a different level. Patty explained they have to be informed by December 1st if someone intends to retire so they have almost exact numbers for the budget.

Andy Camidge explained the administration creates a cut sheet for each budget cycle. The Board looked at the list to determine what directly impacts the students the most and left those items in the budget. The rest was cut at a savings of around \$300,000.

Mark LePage reviewed each column on the tax rate impact sheet used at Town and School District meeting. The total valuation of town is listed as the same as last year because Associated Grocers submitted an abatement request. Gerry explained the sheet is currently watermarked and considered a Budget Committee working document. Right now, it is showing a 17.6% increase in the tax rate. Clint Hanson explained property valuation is a key figure in calculating all the numbers and because that number is not known, the bottom line typically ends up being at least 2% higher than it needs to be.

Gerry Fleury shared he has not seen any unreasonable budgets come through the committee. After the school district warrant articles are reworked and if the bottom-line number is still uncomfortably high, the committee will need to grapple with where they feel comfortable recommending cuts from. Andy shared that if they disregard the warrant articles, the school operating budget is up 1.87%.

Brian Seaworth asked if this is the year that the exceptional revenues of the past few years will no longer be there. Patty answered they really never know. They received adequacy aid they were not expecting but were told not to count on it next year.

Andy Camidge shared the School Board was provided a surplus estimate at the last meeting of around \$526,671.15.

Gerry Fleury shared concerns for the Pembroke and SAU budget if SB2 passes. There will be a time crunch for next year's budget and a very real possibility they will need to add staff. If it passes, the budget committee may need to convene for an emergency strategy meeting. The SAU Budget may need to be revisited which would change the school district budget and trickle through to the Town budget. Clint Hanson asked if there was another town in the SAU trying to rescind SB2. Patty answered Deerfield is discussing getting away from SB2.

IV. Other Business:

The Budget Committee will meet with the School District and Town again on Thursday, January 19, 2023. They will have the ability to have a more in-depth discussion around the future of property values and the town assessment.

Gerry Fleury discussed the three warrant articles the Town will be putting forward that change the amount of the qualifying income for elderly and disabled exemptions. The All Veterans Credits will be changed from past service to also include current service. If any of the articles fail, they do not revert to the former language, they go away. Brian Seaworth asked if the warrant article could include that clarification. The committee is unsure. Andy Camidge asked how it effects the tax rate. Gerry answered there are very few who apply so the amount in miniscule.

Matt Miller clarified that last year revenue items included the road bond which artificially inflated the revenue and stated it would be nice to highlight what are the exceptional items that were there last year that will not be there this year. Mark LePage explained items like the road bond show in revenues but also show in appropriations, so it washes out.

Peter Gagy asked if they should put the information out on how much each exemption effects the budget. Mark is concerned that the small dollar amount minimizes the importance of the articles passing. Brian Seaworth explained that because inflation has been so high, the cost of living to fixed incomes has been higher than in the past. If those people are receiving the social security increase, it may put them slightly over the current limit to receive the exemption so the threshold should raise with that. This article is keeping those who currently receive the exemption on it. Clint Hanson asked if they should see if the article can be amended so rather than it failing, it can be amended on the floor. Mark LePage stated any article can be amended but explained the importance of being prepared to answer any questions relating to the article they are charged with discussing

Louis Caron shared concerns for the interest rates on bonds for both the Town and School. The Committee shares his concerns.

V. Adjourn:

Louis Caron made a motion to adjourn at 8:17 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.