

**BUDGET COMMITTEE
TOWN OF PEMBROKE, NH
September 28 at 6:30 PM**

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

I. Attendance:

Budget Committee Present:

Clint Hanson, Gene Gauss, Mark LePage, Gerry Fleury, Brian Seaworth, Peter Gagy, Louis Caron, Matt Miller, Jason Mayeu

Budget Committee Excused:

Jenn Johnson, Sue Whitbeck

Mark LePage welcomed new member Jason Mayeu to the Committee, replacing Dave Doherty.

II. Approval of Minutes: April 14, 2023

Clint Hanson made a motion to approve the minutes of April 14, 2023. Gene Gauss seconded the motion. Motion passed 9-0. Jason Mayeu recused.

III. Election of Officers

Gene Gauss made a motion to nominate Mark LePage as Chair for the 2023-34 budget season. Clint Hanson seconded the motion. Motion passed 10-0.

Clint Hanson made a motion to nominate Gerry Fleury as Vice Chair. Brian Seaworth seconded the motion. Motion passed 10-0.

IV. Town Budget Update

David Jodoin gave an update on work in progress on the upcoming budget, and other areas of note:

- Some high priority CIP items may not make it into the operational budget while some lower priority items will, all based on balancing out expenditures.
- There have been several significant unexpected budgetary impacts this year including an approximately \$500,000 tax abatement to Associated Grocers, \$400,000 towards reconstruction (with Concord) of the North Pembroke Road bridge, and roughly \$450,000 upcoming for the new ambulance.
- Ambulance Service – New service reflecting separation from Allenstown will begin July 1 2024 at 8AM. We will therefore see six months of operating expenses in the upcoming budget. Some supplies have been ordered in preparation. The new ambulance ordered last year was expected for May-June 2024 delivery, but it is unclear if that will hold due to the current auto worker's strike. Budget preparation is underway with Chris Gamache, director. This represents a significant expense but David is confident we have been transparent with the process. The new ambulance remains on the books as a special appropriation.
- Overall financials are in okay shape. There are seven payroll cycles remaining in the fiscal year as well as accounts payable invoices. The county tax of roughly \$2 million due by December 10.
- We will hear more about bank erosion control and culvert work at Memorial Field as part of next week's CIP review. This includes finalizing a \$100,000 grant, and David expects to continue to look for additional funding.

- Water Department discussions on supply expansion continue with Concord. They have asked that Pembroke pay for a design study, which we have grant funding for.
- Sewer capacity issues are still being worked with Allenstown, holding up approved development here in Pembroke. Allenstown continues to work on draft revisions to the inter-municipal agreement. David and Paulette Mayo will be attending an October Sewer Commission meeting to try to move things along, and anticipate the developer will be attending as well.

Gerry Fleury asked about the timing of the ambulance service separation and cut-over. David explained that once the service cut-over occurs on July 1 invoices will continue to come in for a period of time. There will also be outstanding receivables, typically balances remaining after Medicare/Medicaid and insurance reimbursements. Rather than send those to a collections agency as per the usual process he wants a firm cut-off date established (such as Nov. 1 or Nov. 30) at which point any outstanding receivables (which experience shows are unlikely to be collected) will be written off. This will allow him to fully close out the books on the joint Allenstown-Pembroke service and be finished. An audit will also be done as part of the cut-over to ensure a clean split on assets and any remaining cash. Currently there is a cash balance of \$450,000. David suggested using that for capital expenditures now, particularly given supply chain lead times, however Allenstown was not interested in that approach.

David recapped that the joint town ambulance service has provided a superior level of coverage for our smaller towns, and it is unfortunate this is ending due to Allenstown's decision to establish their own service. And he noted that we are too far away from other towns such as Epsom, Chichester or Deerfield to consider joining with any of those towns.

V. School Budget Update

Gene Gauss began with an update on NH State MS forms, indicating they are just about ready to be submitted., expected early next week.

Budgets are currently being built at the SAU for Deerfield, Allenstown, and Epsom as these are SB2 towns with earlier deadlines. We are looking at potentially getting School budgets in mid-December, with early drafts in mid-November. Budget review typically begins just before the holiday break.

The SAU budget is up 11%, including an additional person for the business office to help with the workload and improve timeliness.

Gene continued with an update regarding the Hill School expansion project, noting:

- There is still the expectation that a project bond will be brought forward for March meeting, though the reality of that is in question.
- Harvey Construction was selected last week as the project construction management firm.
- There has yet to be a decision made on the overall design choice, and no detailed plans or cost estimates have been developed.
- The School board would be looking to utilize NH state building aid for a significant portion of the project cost.

Mark LePage noted that there is interest in a tour of Hill School for the Committee to see first-hand the conditions, assess need, etc. Doing so would make sense if there is a bond gone forward. This

also may impact the date of the Committee's public hearing, tentatively planned for February 1, as there may be additional time needed for review.

Gerry noted that information from the Building Committee indicated a leaning towards one of the defined options (variations of #1) but it is unclear if that has been further narrowed down between options needing significant demolition or not. He further noted concerns with the well-known water problems at the Hill School site, requiring the water table to be drawn down before construction. New MS4 requirements on storm water regulations will have to be considered.

Jason Mayeu, who is on the Hill School Building Committee, confirmed there was a virtual meeting on Sept. 7 where the construction manager recommendation was made. He believed an option had been chosen but was unsure as to which one. And he added that at this point the construction manager is only just beginning to review preliminary plans, etc.

Gerry Fleury raised the topic of School audits, noting that he had requested a copy of the most recent audit last year but had never received it. Gene took note of this to follow up. The status of School District audits was then discussed. Gene noted that the 2019/20 audit has been submitted and is under review by the auditing firm, and that the intent is to be current on years 2020/21 and 2021/22 by the end of this year (December 2023). This is important as the backlog must be cleared up in order to apply for bonding for the Hill School project. Questions remain as to whether there are or will be added costs to Pembroke to cover this work, particularly given that funding for audits was included in previously approved budgets. Gene will check into this.

Matt Miller noted that there is a representative from the Pembroke Energy Committee on the Building Committee, and his impression from that representative was that the Building Committee was leaning towards the option requiring more new construction. Matt then asked about how complete designs and cost estimates need to be to be able to go to March meeting with a bond request. Gerry responded that the amount needs to be pretty accurate as this otherwise may lead to scaling back due to cost overruns. Matt then noted the Energy representative felt the Building Committee was very far away from being ready.

Discussion on the Hill project continued as Clint Hanson noted that the more recent building projects at Three Rivers and Pembroke Academy were constructed under a design-build model which helped to control costs. Gerry noted that these were bank financed rather than bonded. Clint recollected that it took well over two years to pull things together for each project. Mark noted the likely need for complete designs in order to apply for state building aid, and Clint added he felt it unlikely this could be ready before 2024/25. Given the very short timeframe for developing plans and cost estimates for the Hill School project, the general sense is that this is unlikely to be ready in time for March 2024.

Clint also raised the importance of looking ahead at population trends and any rebalancing among the schools, such as moving fifth grade back down to Hill. Gene said that was not being considered, but also pointed out that with the last expansion Pembroke Academy was designed for 1100-1200 students, and currently holds 750-800. Deerfield's contract with Concord has expired so they are looking at options. Due to expanded requirements of special ed, at this point PA could only take on 30-50 students from Deerfield without increasing staff, to maybe a max of 100 with new staff.

Brian Seaworth gave some insight on state school building aid, having looked into this a couple of years ago. He explained that it all depends on requests and how much funding is allocated. Further, not all bond proposal pass at their town meetings, which can result in increased awards as the no-

longer-allocated money is split out. The advice he had received was to start work with the building aid process as early as possible. He further explained that it not simply first come first served, and that a formula consisting of a number of attributes is applied to each project to develop an overall ranking. This also includes looking ahead at populations. Brian felt that overall funding levels were stable, but noted that it's the demand that is the big variable. Gene noted that the population of Pembroke schools is trending up, with approximately 85 (+6%) additional students this year.

VI. Submittal of Town and School State MS Forms

Discussed as part of School update. Town MS forms have been submitted to DRS, and School forms are nearing completion for submission.

VII. Trust Fund Overview

Gerry Fleury reviewed the reference document he developed over the summer, previously distributed to the Committee, titled Pembroke Trusts, Capital Reserve Funds, and "Fund Balance/Surplus". The document covers the processes used to create and manage trusts and reserves, and overviews the funds in place in Pembroke.

Gerry explained that trust funds can be established by anyone, working with the Trustees to define the parameters of the trust. Reserve funds can only be established through approval of voters at annual Town and School district meetings. Gerry then went on to highlight several of the more unique funds currently in place.

Gerry noted the document was also intended as a reference for the Trustees of the Trust Funds to aid them in performing their duties. He expressed concerns with the current approaches being taken, described as more hands-off, noted that fund balances had not been made available for inclusion in the Town report as has been past practice, and that required state MS9 and MS10 forms due in March were not filed until December.

An extended discussion followed. Gerry explained the impact that financial management can have on the growth and value of funds, and investment approaches. Matt Miller noted he would like to gain a better understanding of the strategies and approaches employed by the Trustees in investing funds, as this in the end affects what funds are available for use. Matt noted he had been unable to find any recent Trustee meeting minutes, and asked about the possibility of inviting the Trustees to attend a Budget Committee meeting. After further discussion, the consensus of the Committee was that this was better handled as an individual pursuit.

Gerry wrapped up the topic with an explanation of reserve funds, including the difference between how they work for the Town and School, and the value of keeping track of accrued expenditures versus a simple account balance.

VIII. Other Business

Mark reviewed the agenda for the next meeting, October 12, which will include any updates on Town or School budgets, a review of the 2024 Capital Improvements Plan (CIP), and an overview and discussion on assessment and valuation.

IX. Adjourn:

Clint Hanson made a motion to adjourn at 8:15 PM. Gene Gauss 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.