

**BUDGET COMMITTEE
TOWN OF PEMBROKE, NH
December 7, 2023 at 6:30 PM**

FINAL

Video recordings of Budget Committee meetings can be found at:

https://townhallstreams.com/towns/pembroke_nh

The relative start time of each agenda section is noted below.

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

IV. Attendance

Budget Committee Present: Mark LePage, Gerry Fleury, Clint Hanson, Gene Gauss, Brian Seaworth, Peter Gagyi, Louis Caron, Matt Miller, Jason Mayeu, Jennifer Miskovic (formerly Johnson), Sue Whitbeck

Budget Committee Excused:

Budget Committee Not Present:

V. Approval of Minutes: November 30, 2023 [00:48]

Clint Hanson made a motion to approve the minutes of November 30, 2023. Jennifer Miskovic seconded the motion. Gerry Fleury suggested a correction to the second page under section IV in the third paragraph in the Town Budget Review Section. The name of the organization Felonies First is spelled incorrectly. Motion as amended passed 9-0.

VI. Town Budget Review – Water Commission [03:00]

Kevin Brasley (Board Chairman), Matt Gagne (Superintendent) and Bruce Kudrick (Commissioner) were in attendance to present the Water Commission Budget for 2024. To create a starting point for the budget, the Commission takes the actual revenue as of October 31, then divides by ten to get an average of monthly revenues, and then multiplies by twelve to calculate a total number for the current year. After this step, a 4% increase is applied across all lines and then each individual line item is reviewed and adjusted accordingly. Residential sales for the current year are on pace to be ahead of what was budgeted. After a wet summer, the Commission was not expecting this due to the weather and a partial ban on watering. The public needs some education on watering (i.e. not watering when it is raining). The Commission stated that there are two months left and that the final number for the current year is not yet certain but noted that November and December are slower months for water usage.

Chairman Brasley then reviewed key lines of the 2024 budget:

- 441 – Connection Fee Income – There was a total of \$93,000 budgeted for this line based on the rest of the golf course housing development construction happening, which it did not. This was an estimate based on the initial plans. Residential connection fees do not affect this line to the same degree. There is currently \$18,000 budgeted for 2024.
- 625 – Contract Labor – The Commission budgeted the same amount (\$65,000) as last year for this line. Possible road work on Bachelder Road is being looked at for the upcoming year that may impact water lines, and this will contribute to this line. Also, the Brickett Hill Tank needs to be drained, inspected, and cleaned which is done every three to five years.
- 701 – Health and Dental Insurance– This line is expected to increase in line with other departments. This line has been budgeted for an approximately \$10,000 increase year over year.

Chairman Brasley then discussed some miscellaneous expenses that are in the upcoming budget. There is a new dump truck in the budget with a cost of \$110,000. The current vehicle, that it is replacing, is a 2005 model that cost around

\$70,000 when it was purchased. The new vehicle will be equipped with a plow. There is also new office roof budgeted with a cost of \$50,000. This was a known upcoming repair when the building was purchased between ten and twelve years ago.

Matt Miller asked if the water sales are directly related to usage or if there has been an increase in the rate that is charged for water. He asked if the cost of water changes from month to month or year to year. Chairman Brasley stated that the Commission is increasing fees this year. The cost of materials has gone up drastically. The cost of piping has almost doubled. There are also new regulations from the government surrounding Per- and Polyfluoroalkyl substances (PFAS) that they will need to account for. There have been traces found in the town wells and they are currently blending the water to fix that. The plan is to do an interconnection with Concord on 106, which involves buying water from them. This is a short-term solution with the long-term solution being finding new wells to pump from. The Pembroke wells in Concord have been there for a long time and are probably past their prime. They still pump well but do have PFOA seeping into them. The 106 well has traces detected and the Bear Brook well has nothing at all being detected.

Matt Miller then asked what the water rate increase will be and how many gallons will be used this year versus last year. The Chairman answered that they are not entirely sure about usage given that they thought there would be less water used due to the wet summer. People watering lawns is a big factor. Matt Gagne then stated that they are at an estimated 188 million gallons this year with a couple months left. Last year, they were at 184 million. There were a couple of additions that could have some impact on this. The Brady Sullivan project (150 units) and Hillsborough Village (119 units) in Allenstown both went online this year. In 2020, there were 203 million gallons used due to the pandemic with more people being home. This is the most that has even been used. The estimated usage for 2024 is 195 million gallons.

Matt Miller asked what percentage water revenue is versus other income for the commission. Superintendent Gagne responded that residential sales are composed of the base fee plus water sales and some commercial accounts with fire sprinkler systems that also include a base fee. Matt Miller then asked what the increase is for 2024 and was there an increase for 2023. There was no increase in 2023 and there is a base increase of \$5 from \$26 to \$31 in 2024. There will also be a \$0.25 increase for the first 1,000 gallons bring the cost from \$2.00 to \$2.25. Chairman Brasley then discussed the reason for the increase. It was explained that there are increased costs and the town is still charging less than surrounding communities despite the increase. He stated that costs are increasing due to aging pipers and projects going on in the town. He cited the regulations coming from the New Hampshire Department of Environmental Services (DES) as adding to increasing costs.

Gerry Fleury asked about the ability for capacity and purchasing water from Concord. He said that in past years the Commission reported that they were able to pump high capacity from the wells without diminishing the water levels. Chairman Brasley answered that the capacity is still there. Superintendent Gagne said that due to the contamination (PFAS), they are forced to reduce the production. When they pump, they are pulling more PFAS in. Water is currently being blended with Concord so that production remains at the level necessary. The smaller pumps can increase pumping capacity as well due to water blending.

Gerry Fleury commented that the federal government got involved in the regulation and standards of the drinking water. New regulations were put in place in May of 2023. He stated that 49% of the drinking water in the United States has contaminants in it. There are several different contaminants. They came up with a scale based on what contaminants were in the water. He then inquired what contaminants are in the wells in Pembroke. Matt Gagne answered that there are three that are detectable right now. He spoke about New Hampshire having some of the strictest standards in the country and the current contaminants being at levels that are acceptable per these standards. The wells contain primarily Perfluorooctane Sulfonic Acid (PFOS) and it has increased enough that they do a weekly testing, which is much more frequent than the New Hampshire requirement of quarterly testing. The other two chemicals are at levels below what the EPA is considering implementing this year.

Gerry Fleury then asked about water pumping capacity regarding the new proposed school on the top of Belanger Drive. He asked about the new school being sprinkled and if that was possible due to its elevation and proximity to the Brickett Hill tank. Matt Gagne inquired whether the school would be in replacement or in addition to the current school. It was

clarified that it would be replacing the current school. The superintendent said that if the school gets close to the tank's elevation, there will need to be a booster station or other upgrades done. This is because there are requirements from the state for minimum pressure ratings and if the school was that close to the tank's elevation, they would not be able to meet those requirements. Chairman Brasley stated that the last hydrant on Pembroke Hill is the highest they can go at this time. There are three houses above this but they were built prior to the state regulations. They would not be allowed to connect if they were going to be built now.

VII. Town Budget Review – Sewer Commission [18:18]

Paulette Malo was in attendance to present the Sewer Commission Budget for 2024. This year the Commissioners decided there would be no increases in overall budget. There are no increases in sewer fees for 2024. There was not an increase last year either. There were no new hires this year despite an open full time position. Currently, they are looking for part-time employee for the office. There is a budget savings that comes from hiring a part-timers versus a full-timers because there are fewer benefits associated with a part-time employee. There was a cost-of-living adjustment, as well as health and dental insurance increases in the budget that were offset by this decision. Postage is going up again so the Commission would like residents to sign up for e-billing if possible. Paulette Malo is currently taking accounts with multiple units or houses and putting them in a regular envelope to send out together. This equates to a savings of \$0.50 per customer that she does this for. Allenstown came in with level budget so there is no increase for the treatment plant.

Mark LePage inquired if there are any major equipment or other large purchases in the budget. Paulette responded that they only big expense is when we get to capacity.

Gerry Fleury state that a 0% increase budget doesn't make sense because costs are increasing. He asked if the Commission is planning to borrow from other lines to have a 0% increase for 2024. She responded that instead of full-timer, they budgeted a part-timer. This requires no retirement and no health or dental insurance which is a savings of approximately \$50,000.

Gerry Fleury inquired about sewer capacity and the units at golf course that are not going in. He asked if they had wanted to be on sewer initially and were denied. Paulette Malo responded that they were allowed twelve out of sixty-five units so far and that she was unsure when the other units will be able to connect as it is dependent on Allenstown. She stated that legal is now involved. Gerry Fleury wanted to understand capacity further. He asked if the town has constraints on how much it can flow. He wanted to know if allocation of sewer connections is held for the customer regardless of delays. She said that if they apply to the commission, they are on a waiting list (6 people on list currently). Number one on the list is Pembroke Pines. At first, Allenstown said they would not get a connection but then allowed twelve units to be connected. Pembroke Pines is waiting for the rest of the units with the others on the waiting list. Gerry Fleury then asked if those on the waiting list are required to connect to sewer if they install septic while they are on the waiting list. Paulette Malo answered that they must connect to sewer once it is available.

Matt Miller then asked about line 055 (Prior Year Receivables) and why it had gone down from last year. Paulette Malo stated that they budgeted for a truck and a jetter last year and did not budget for that this year. She stated that the Prior Year Receivable line is used as a savings account and what is in that line is what needs to be spent. The total fund is currently sitting at \$1.6 million. Matt Miller asked if there is a target level for the fund. Paulette Malo responded that they try to keep the balance as high as possible so when capacity comes in there will be no issues. They like to see the balance at around \$1.5 million.

Brian Seaworth sought to clarify an answer that was given to Gerry. He inquired whether a resident who was temporarily on septic due to not being able to hook up to sewer is required by the RSA to connect to sewer once it becomes available. Paulette Malo responded that if sewer runs by your property, you have ninety days to connect if capacity is available. A waiver to connect once your septic fails may be granted by the Commission. Brian Seaworth then stated that when a resident applies for sewer, and they cannot get connected, there are requirements for building a septic tank in the town (i.e. certain amount of land). Sometimes a resident or development can put in a smaller septic with plans to hook up to

sewer in the future. This can become very expensive because it requires engineers and two sets of plans. Sometimes it might be something they can't do. Gerry Fleury then asked if the septic fails, would the resident be waitlisted again due to capacity. Paulette Malo stated that that would be a possibility. Gerry Fleury stated that must be difficult to administer. He wanted to know if it was conceivable that if a developer was going to build something like Hills Brook and had a delay, their spot would be held for them. Paulette said that the Commission is up front with developers when they come to the commission. Pembroke Pines was told this. They don't want to do the septic tanks so they are holding out as long as they can.

Sue Whitbeck asked what makes more capacity become available if Allenstown is continuing to build. Paulette stated that they installed a Biomag in 2016 which added capacity. Pembroke was promised one third or 150,000 gallons of added capacity. Allenstown will not sell it to Pembroke until a new Intermunicipal Agreement (IMA) is in place. The Commission also found out that their discharge permit did not include the Biomag. This delayed the purchase by two years. The Commission is working on the IMA and Paulette Malo was told that it should be in on Monday.

Gene Gauss asked if the IMA was already approved. Paulette Malo said that it would need to be approved by both towns. Pembroke does not have to agree to the IMA. Gerry Fleury then asked if we enter the new IMA, would that end roadblocks to new development in Pembroke. Paulette said that it would potentially, but it depends on what the IMA says. There is an addendum for Pembroke to buy 150,000 gallons of capacity, but the town must agree to the IMA. The Commission is also talking to Concord about an interconnection for sewer and Allenstown is aware of this. There has not been much progress on this thus far.

VIII. Town Budget Review – Public Works/Roads [35:32]

VJ Ranfos , Public Works Director was in attendance to present the Public Works Budget for 2024 along with David Jodoin, Town Administrator. Adam Mendoza, Highway Foreman was not able to be in attendance.

David Jodoin started by speaking about different types of employees and how some are contractually obligated (i.e. SAU), some have a collective bargaining, and some are regular non-contracted employees. Contracted employees get a certain number of dollars per a set period. There may be clauses about increases. Last week, it was stated that the police department and selectman did a study and increased the pay of the officers. Public works is tied to a collective bargaining agreement that goes through the selectmen and is then approved at the town meeting. To increase wages, the collective bargaining agreement must be reopened and renegotiated. This year, Public Works has lost three employees that all had Commercial Driver's Licenses (CDLs). These employees drove the big vehicles that require a CDL and are used on roads such as: N Pembroke Road, Donna Drive, and Fourth Range Road. They have hired one new employee that came in with no CDL but is interested in getting one. While they have interested employees, requirements have changed. Adam Mendoza , Highway Foreman, is now a trainer. Two employees are currently going through the process. When it snows, the Department will not be responding as fast as usual due to a lack of CDL drivers. The current employees will still be driving smaller trucks. The board has reviewed and could not adjust employee wages because they are tied to collective bargaining agreement. They have however granted current employees a two-part retention bonus, paid at the end of November and in April. The Department does not want to offer sign on bonuses as these are generally unfair to current employees.

Matt Miller inquired about whether or not Public Works sees wage increases and cost-of-living adjustments like some other departments in the town. He specified the Water and Sewer Commission, as well as the teachers in the town. Mark LePage added that the Sewer and Water Commissions are separate entities from the town. David Jodoin stated that Public Works contract for wages includes the COLA which is tied to the previous year's Social Security increase. There are also merit increase based on their annual performance review.

VJ Ranfos reviewed specific lines in the Public Works budget.

IV. General Government Buildings

- Wages – Increase of 8.77% - The Department had to contract out cleaning for a period of time, but now have hired a custodian. The contractor was unreliable, and they are finding this arrangement better.
- Electricity – There are multiple lines for electricity that are negative due to locked-in pricing from the contract.
- Heating – Increase of 5% - This is due to the cost of heating fuels increasing.
- Repair and Maintenance – Town Clock - This line was taken out because there is \$5,000 per year being put in the Capital Reserve Account.
- Repair and Maintenance - Safety Center – This line is down \$1,000.
- Repair and Maintenance – Library – This line increased by \$500.
- All other Repair and Maintenance lines are flat year over year.

V. Cemeteries

- The Department is in the final year of the mowing contract which saw a 4.33% increase this year.
- Burial Costs – Increase of 25% - This fund is reciprocal. The town charges those using the services the same amount that they are charged.

Gerry Fleury asked if Public Works oversees overall cemetery operations. VJ Ranfos answered that they do. Gerry asked if there is a grave that must be opened, is there an after inspection by the Department. VJ said that the Department marks out the grave site and then Dignified Cemetery Services will take care of the arrangements. The Department will then go back to the cemetery and do a final inspection.

IX. Public Works Department

- Wages – Increased by 8.9% - This is tied to the CBA and overtime to compensate for the employees that are currently missing.

Peter Gagyi inquired whether the wage line should be increased more since they are down three employees. David responded that they would be saving the wages in the operational line so it was left at the current number.

- Uniforms – Increase of 2.86% - This is a contracted service.
- Contracted Services – Increase of 60% - The Department contracts to have the sidewalks plowed. In the past, the first complaint from residents was always that the sidewalks weren't done fast enough. A resident bought a machine like the town's and offered his services. Town clears the sidewalk from the Highway Garage to Academy Road and the contracted resident clears from Academy Road to 106. Complaints have almost gone down to nothing since the town started the contract with this resident.

Peter Gagyi inquired about resident responsibility to clear sidewalks. He asked whether this is specific to Pembroke or the State of New Hampshire. VJ Ranfos stated that in all surrounding communities, the municipalities take care of clearing the sidewalks.

Matt Miller asked about vegetation and growth on sidewalks. VJ Ranfos replied that Public Works takes care of vegetation and overgrowth, but property owners can help. It has been a challenge for the Department to keep up with this year.

Matt Miller then spoke about a person walking on the wrong side of the road in dark clothing on Pembroke Street. This side of the road does not have a sidewalk. He would like to know if one can be put on the other side. Mark LePage responded that Pembroke Street is the State's responsibility. They construct the road, and the town is responsible for maintenance only (i.e. Plowing). VJ Ranfos said he believes we would have to petition to the State to have another sidewalk put in.

Brian Seaworth turned the conversation back to sidewalk clearing. He stated that sidewalk clearing came up in a Planning Board meeting, but it ties back to a Supreme Court case that was related to Elm Street in Manchester. The Court said that because the sidewalks are town property, the town cannot require a private person to maintain their sidewalks. This was translated that in New Hampshire, a town cannot put the burden of clearing sidewalks on residents. Clint Hanson iterated

that this is the opposite of Massachusetts. David Jodoin informed the committee that the town tried an Adopt- a-Sidewalk and Hydrant program and it did not work. Gerry Fleury mentioned that he must get ahead of the sidewalk plow to ensure his trees are not damaged as they are immediately adjacent to the sidewalk.

- Telephone – Increase of 25% – This is due to new asset management software. They also added a couple of tablets to this line for use with the software.
- Striping Contract– Increase of 7.44% - This line is contracted.
- Street Sweeping – Increase of 4.3% - This line is contracted.
- Tree Cutting – Increase of 14.29% – Tree cutting is expensive. The department can do one or two problem trees per year. If they need to do any more than that, this line will be over budget.
- Equipment rentals – Decreased \$2500 – There hasn't been a need for this the last few years. The budget request has dropped incrementally from \$5,000.
- Tower Rental – Increase of 3.23% - This is for the repeater on Plasawa Hill.
- Gas and Fuel – Increase of 5.03% - The Department has newer diesel trucks. These require urea and DEF fluid.
- Sand and Salt – No increase – The price of sand went up and salt went down and netted each other out.
- Road Maintenance and Improvement – Decrease of \$5000
- Equip/Radio Maintenance and Repair – Increase of 33% - That includes the radios for the trucks.

Matt Miller asked what is included in the Road Maintenance and Improvement line. VJ Ranfos replied that this includes the small repairs budget which could include a wash out on the side of road, pot holes, or small road repairs. Matt asked to clarify that this would include be the materials for unplanned projects. VJ Ranfos confirmed this is accurate.

- Vehicle Maint and Repair – Increase of 5% - This increase reflects an increase in the price of oil changes. Preventative maintenance has shown a general increase.
- Computer/Software Maint – Increase of 80% – Acquired asset management software called Brightly. The software seeks to make the Department more efficient. It should bring notice to problem areas quicker.

Clint Hanson wanted to bring attention to some trees in questionable health on Route 3 (Pembroke Street) and on the upper part of Broadway. He questioned whether the arrangement with the State includes the State taking care of these. VJ Ranfos answered that it depends on the time of the year. On Broadway, the town is responsible for the winter months and the State is responsible for the summer months. Route 3 is the State's responsibility all year round. If the town has a quicker response to open the road, sometimes the town will do it. David Jodoin added that even though it doesn't look like it might affect power lines, the town gets Eversource involved as they may agree to take care of the issue.

Louis Caron asked if any federal or state grant money was used for the software. VJ Ranfos responded that that is the reason that the department got into the program. There was a grant last year and that grant paid for the setup fee for the software and the town pays for the subscription.

Gene Gauss had a concern about sand and salt usage on the roads in town. When he first moved to the town his road was dirt. Because of this, there was very little salt used. Now that the road is paved, he is seeing more salt usage. From an environmental standpoint, he has seen a sudden deterioration in roadside trees in the last 10 years. He would like to know if there has been any discussion on low salt use areas. VJ Ranfos stated that they are working with DES. There is a current movement to cut back on salt use. They are working towards calibrating spreaders on newer equipment that is calibrated so they can know how much salt is being used. This can be measured in amount per lane mile and is determined by the current conditions. The town is a Municipal Separate Storm Sewer System (MS4) community; therefore the town has to track its salt use. In two years, the town will need a salt reduction plan for MS4 regulations. They are looking at using treated salt, which can be used in smaller amounts and in colder conditions. This would cost about 20% more, but 30% less would be used.

- Engineering – Decrease of \$10,000 – The Department was able to secure several grants with DES. Last year they received a grant/loan with up to \$100,000 forgiveness on the principal. Grants have been paying a lot of the engineering funds. David Jodoin added that they also use that line for surveying different locations in town. There was \$2700 spent, but there was also money encumbered. It is not shown on the budget but shows on the balance sheet.

X. Solid Waste

- Department Supplies – This line pays for carts and lids. The lids are now out of warranty. The lids cost \$25 a piece and the resident are charged that amount.
- Environmental Monitoring – Decrease of \$1000 – This line is used to test the wells, and the capped closed landfill. The State requires monitoring. It also covers the cost of inspection and engineering of the transfer station.

Gene Gauss inquired how long the landfill has been closed and if monitoring goes on in perpetuity even if the landfill is having zero production. VJ Ranfos stated that monitoring is still required, and it has been closed for approximately 15 years. He stated that they do get readings from time to time from it. David Jodoin suggested that it has been closer to 20 years.

- Solid Waste Collection – Increase of 8.16% - This line is contracted with Casella. The cost includes tipping fees, recycling and container removal.
- Hazardous Waste Removal – This happens every other year and is not happening in 2024 so this line is \$0.

Mark LePage asked if the tipping fees were based on an increase in volume or an increase in fees. VJ responded that it is an increase in fees. He stated that this is a five-year contract with an increase each year. This is based on the Consumer Price Index (CPI). David Jodoin then spoke about the approval for a grant from the State Department of Environmental Services. The town was selected for the grant to replace a current refuse truck with an electric version and a charger. They are moving the town into the contract phase. A formal grant agreement must be approved by the Governor and Executive Council. Gerry Fleury mentioned that since a lot of municipalities applied, if the State decides to split up the money and only 50% is covered, this will need to be reconsidered. VJ Ranfos said that the grant states that they cover 95%. They need some clarity as to what it is 95% of. Brian Seaworth asked if the town has to fund it first and then get reimbursed. David Jodoin said that the town must have a warrant article allocating the funds. The grant is less the cost of the warranty, which the town will be responsible for. Brian Seaworth would like to know if this will be voted on prior to certainty about funding. VJ Ranfos and David Jodoin said that this would not be the case. Gerry stated that if Governor and Council approves it, it puts a level of certainty on it. Matt Miller asked when we expect to hear about the next round of the approval process from the state. David Jodoin stated that it would be in March after the town meeting. Matt Miller then confirmed that the Committee would then see a warrant article. David Jodoin confirmed this. Matt Miller asked if it would need to have a special condition, which was confirmed. David Jodoin commented on how the purchase would work depending on the time of year and about using Capital Improvement Projects (CIP) funds.

Gerry Fleury inquired about the proposed project to add a bay to the Public Works garage. He asked if that would come up this year. David Jodoin answered that it would not as he had to worry about the ambulance first. He pointed out that when you look at CIP and what is in the budget for paving, there is about \$1.2 million going towards paving. He suggests combining bonds for paving and the work at Public Works.

Gene Gauss asked if there is a rough draft of the warrant yet. David Jodoin said that there is not.

VI. School Budget Update [01:21:18]

Gene Gauss spoke about updates on the 2024 School Budget. He stated that there would be no bond this year for construction or renovation of Pembroke Hill School. He also stated that the School Board hasn't made more progress on the budget at this time. Currently, the school district is in a soft freeze. There are some unexpected Special Education

(SPED) expenses that totaled close to \$430,000 which is just for costs through the end of this school year. This includes both SPED expenses and the transportation associated. These costs are in addition to increases discussed last week. There are approximately \$220,000 in unspent Elementary and Secondary School Emergency Relief (ESSER) funds that must be spent by September 30, 2024. Now that this extra expense has arisen, that money is not able to be used for anything else. Any of the suggested cuts to the budget are very small. Anything that could be cut is affecting regular education and would have a very minor, if any, effect on SPED budget and transportation.

Mark LePage asked when the Committee should expect to have a budget in front of them for discussion. The next School Board meeting is on December 19, 2023 with another scheduled for January 9, 2024. Mark LePage was sent the warrant article from Gene Gauss via email and that will be forwarded to everyone. There was conversation surrounding the various meetings that would be taken place and when the budget would be ready. Mark LePage asked if the School Board is looking at adjusting the budget and if they are, when will that be ready to be sent to the Committee for review. He stated that he would like budget packs to be available before Christmas for preliminary review. At a minimum, he would like to see the spreadsheet. Gene Gauss explained that this is happening due to the unforeseen SPED expenses. He said that the budget pack could be available the week between Christmas and New Year's.

Clint Hanson asked if there is a draft of the warrant. He asked about putting money back into reserves. Gene Gauss said that they have those warrants drafted. Clint Hanson pointed out that those funds could be used towards SPED. Gene stated that the current SPED trust fund balance of \$378,641.50 as of November 21, 2023, could be wiped out. He stated there may be multiple warrants to replenish the trust. All these unexpected expenses have come up in the last couple of weeks. This included an invoice for \$78,000 in addition to other expenses. Gerry Fleury wanted to ensure that Gene Gauss knew that if they have no surplus in the current year that none of the trust fund articles will get funded. Gene Gauss acknowledged that he was aware of this.

Mark LePage reiterated that the Budget Committee expected a spreadsheet before Christmas with the budget that the School Board decides on at their Dec. 19 meeting. Budget packs should be available before Christmas, if possible, otherwise they are expected the week between Christmas and New Year's.

Gene Gauss informed the Committee that the SB 2 towns will be having a meeting next week since their timeline is advance of Pembroke. The SAU is handling this currently. Amber would not be able to attend a meeting on December 14, 2023. As review of the Town budget is complete, and the School budget is not yet ready, the Budget Committee will not meet on the December 14, 2023, and will next meet on December 21 for an update on the School budget.

Gerry Fleury asked who would be attending the January 4, 2024, meeting to present. They discussed Amber Wheeler, Patty Sherman, and Jess Bickford. Jess Bickford has volunteered to speak to the committee regarding SPED expenses. Mark LePage asked that Jess Bickford also attend on January 11, 2024.

Gerry Fleury discussed how troubled he is with the SPED budget. He stated that the Committee, and even the School Board, can't ask anything about it. They are told that these lines are non-discretionary. He said that he understands that the Committee cannot discuss specific cases but thinks that they should be able to talk about general operations. Sue Whitbeck pointed out that you could ask about the General Supply line. Mark LePage added that he agrees with Gerry. There are certain things that are off limits, but that you can infer things from costs like the transportation costs that were given. He said that you could infer the level of severity of cases for that type of transportation need. Clint Hanson pointed out that it is a collective number, therefore it can be disclosed. Mark LePage believes that there are things that can be discussed in a collective manner with the Committee in a productive way.

Gerry Fleury would like to hear more about the services provided both inside and outside the district that the town is funding. Gene Gauss said that the School Board is looking at contracted services, which include services being provided inside and outside of the district. They would be interested in seeing the percentages. Jess Bickford is working on providing a better understanding for the Board. Gene Gauss also asked the building administrators to look at their respective buildings and to identify any waste in the form of redundant services that are being offered. He would like to ensure that staff is working to the expected capacity. An example would be two staff working with five students each

when there is supposed to be one working with ten. He also suggested looking at staff that do not directly work with children.

Matt Miller asked to be on the record that he agrees with Gerry Fleury. He stated that it creates a lot of anxiety that there is no ability to talk about it. He questions how the town or Budget Committee is supposed to review it. If the Committee could receive the amount of detail that Gene was talking about with waste, it would be very helpful. Gene replied that in some circumstances numbers cannot be disclosed. Everything must be discussed in percentages. The total amount that the percentage is out of cannot be disclosed either. This makes it so that no single case is identifiable.

Clint Hanson stated that when the federal bill was passed for Special Education, the government agreed to pay \$0.40 on the dollar. They have never done this. Gene Gauss added that the State has requirements, but it does not fund them. The Department of Education (DOE) pushes for school choice and children can go where they want. Pembroke is responsible regardless of where the child attends.

Sue Whitbeck is concerned that with the overcrowding of Pembroke Hill School there are more chances of children going out of district. Gene Gauss is concerned with space. He said that some Individualized Education Plans (IEPs) require the student be in a one-on-one setting in a quiet room. This compounds the space issues that we have. The capacity of Pembroke Academy was 1100 or 1200 when it was built and that is now down to 800 or 900 due to SPED.

Jason Mayeu stated that he knows we can't talk in dollars and specifics but, is there a break-even point where students being sent out of town could be brought back into town. What is that break-even point? Gene Gauss stated that Jess Bickford would be able to help the Committee better understand that. Jason Mayeu stated that we cannot know the numbers, but someone does. He thinks asking the administrators to identify waste would be productive. Someone should be able to help us find the break-even points, even if they can't give the details. Does it make sense to bring in a SPED teacher for \$90,000 to \$100,000 versus transporting them outside of the district?

Mark LePage stated that the responsibility of the Committee is to ask the question: are you looking at this, are you looking at it hard enough, and to what extent are you successful in reducing or minimizing costs? He said that they could possibly ask how it is translating to savings in the budget. Jason Mayeu added that there must be markers to weigh that against. What are the markers and how do we define what's best for the student whether it's in Pembroke or elsewhere? Mark LePage said that the big question for Jess is how they can demonstrate to us that they are making prudent use of resources. Jason Mayeu added that what they are offering may be the best that they can. Mark LePage would like them to help demonstrate that.

Sue Whitbeck noted that there has been a philosophy to bring students back to the district over the years. Some differences now include behaviors of the students, including mental health issues, space issues and the parents. There is a point where you must weigh the risk of lawsuits. Clint Hanson stated that they created the SPED reserve fund specifically because there were threats of lawsuits. It was created to be a buffer. In the past, there was \$250,000 spent on one student. The entire reserve was gone on one student who moved into town who had an emotional issue. There were only two programs in the country that would be educationally appropriate for that child's issue. The child was sent to Ohio and the law required room and board for parents once a month and transportation as well. The town may not be able to afford to have an in-house program for one or two students. We should be able to know but it's a fine line. Jason Mayeu stated that he feels we should be able to have the conversation.

Gene Gauss stated that at a prior meeting they set specific target goals for reserve funds. SPED was underestimated based on the new expenses. Now looking at the budget, the cuts that we can make will affect regular education programs. The school district no longer has a gifted program. The district does have Advanced Placement (AP) courses, but students must pay to get the credits and to take the test. The School Board had discussed rolling AP test costs into budget, and this can no longer happen. A small percentage of the school population is taking up the majority of the budget. Some students will get left behind. They do not want to start looking at sports cuts.

Jenn Miscovic asked if enrollment is down as previously stated in last year's budget. Gene responded that they are up 83 students. He spoke about the new development that was presented as a retirement community. There are many families living in these units that have a lower tax burden than single family homes. He also mentioned mobile home parks and that they have less of a tax burden as well, but may have multiple students. This is the problem with the way that the schools are funded. Clint Hanson said that New Hampshire spends more money on public services from the property tax than any other state in the union. Gene mentioned that New Jersey has state funds for the school budgets and that is how they make it work.

Gerry Fleury talked about balancing the needs of conducting the services provided by the school district with the taxpayer's capacity to pay. He warned of not being able to pass the budget if the tax increase is too high. He also talked about fewer teachers and class sizes at capacity. The Budget Committee needs to have some measure of credibility to the taxpayers. It must be affordable. Gene Gauss added that if you say that every year, you will become not credible to the taxpayers. David Jodoin stated that people are going to move if the taxes increase too much. There is grief and aggravation that is being dealt with at Town Hall. Sue Whitbeck talked about the ConVal ruling. Gene Gauss stated that they won the case. The court ruled that adequate education was \$7500. He asked where that funding is coming from. He stated that he is very supportive of schools, but he is not supportive of school choice. Most everyone in the country went through the public education system. Today it is broken. Our obligation is to provide free and adequate education. When there is a State DOE undermining that, it is hard to do. Court money will be tied up for 10 years if not more. All we can look at is post-its and pens, otherwise we are going to fail our mission to offer a free and adequate education.

VII. Other Business [2:03:45]

No other business was noted.

VIII. Adjourn: [02:05:02]

Clint Hanson made a motion to adjourn at 8:35 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.