

Budget Committee (BC) Meeting Minutes
10-06-2021

A. Call to Order

- Chairman Richard Weissgarber called the meeting to order at 7:00 PM.

B Pledge of Allegiance

Led by Chairman Richard Weissgarber

C Attendance

Chairman Richard Weissgarber, Vice Chairman William Cole, Kathy Leary, Shawn Murray, School Board liaison Diana LaMothe, Board of Selectman liaison Brett Gagnon, Selectman liaison, Terry Wolf Director of Strategic Engagement and Communication, Lisa Labrie Finance Director, School Business Administrator Jennifer Burk and Alejandro Urrutia Clerk of the Budget Committee.

Members not Present: Ted Trust (excused), Grace Hopkins (excused), and Robert Clegg (excused).

D Public Input

None

E Budget Committee vacancy interviews/appointment

Mr. Norman Martin was the sole applicant to fill up the vacancy of the Budget Committee until March 2021. Vice-Chairman William Cole made the motion to accept Mr. Norman Marti as a member of the Budget Committee, second by Mr. Shawn Murray. The motion passed (6-0-1) with one vote against by Ms. Kathy Leary.

F Acceptance of minutes of September 1, 2021

Mr. Alejandro Urrutia made the motion to accept, second by Ms. Kathy Leary. the motion pass (8-0-0)

G Reports from Liaisons

a. Select Board.-

Mr. Gagnon shared his favorable opinion about the first American rescue plan committee meeting on 10/04. In the meeting was decided to update a spreadsheet with projects that already existed.

Also spoke about the creation of the Joint Committee to combine expenses; Mr. Gagnon indicated that it is an unofficial name, but the panel will be composed of the Selectman Liaisons, Mr. Gagnon, Mrs. Roy, School Board. In addition, the Library Trustees that wanted to be included volunteered Ms. Blue to represent them. The group has not met yet. Selectman Roy is organizing the meeting probably will happen the week of October 10. The goal of the first meeting will be to draft what is the purpose of the Committee. Similar arrangements done in the past, said Mr. Gagnon failed to render accomplishments; that is why it is crucial to have a proper plan with well-defined goals to succeed.

b. School Board.

Ms. LaMothe indicated that data and information sent for the Budget Committee are available for the public are on the School Board web page. In addition, she wanted to remind us that the agenda for the School Board are visible on the web page by Thursdays or Fridays in anticipation of the Monday Board meetings. Finally, Ms. LaMothe yielded her time to school District Business Administrator Jennifer Burk and Lisa Labrie, Town Finance Director, open to answering any question after Ms. Labrie and Ms. Burk's intervention. She invited the people to attend the meetings and submit questions.

Mr. Murray commended the school board and the school district for the transparency and accessibility to the documents; based on that, he suggested the Town do the same as why the Town does not post documents and put a link to the Town and Budget Committee web pages. Chairman Weissgarber concurred with Mr. Murray and asked Selectman Gagnon to share the idea with the rest of the Board of Selectman since having the documents in a centralized fashion will be an advantage, especially during the budgeting season and for the deliberative sessions. Ms. Wolf that the best way to move this idea forward is that she can teach whoever is in charge of putting the agenda together how to link the Budget Committee with the Town and school web pages and there look for specific documents. Mr. Weissgarber asked Ms. Wolf if having the links in the budget books, especially those who receive them electronically, could be advantageous. Ms. Wolf said that because the documents are from different programs in different formats, it is challenging to have the links in one place, but her office aims in that direction; however, it will not be ready on time for this budget season.

H FY 21 Closeout/Audits (Town and SAU 81)

Ms. Labrie, Finance Director, and Ms. Burk, School Business Administrator, presented to the Budget Committee. Ms. Labrie reported that she has been working with the audit firm that is still working in closing entries; one section of the Town could not have the reports on time; she is working on getting that information to the auditors to finish their work. On Friday, October 15, the firm will do a single audit on the grants, so at the time, it did not have the final numbers yet but will be very close to the summary report Ms. Labrie gave to the Committee.

Ms. Burk said that similar to the Town, The SAU in person audit has been completed, including the grants. Ms. Burke provided in the attachments that she sent out to the School Board that is the summary of audited financials having the bottom line picture that they share with the department of the revenue administration and to the year 2021 report what is to use to set the tax rate. There is a fund balance of \$ 2.4 million due to several under expended accounts due to COVID 19; this money will be used to offset the school portion of the tax rate that we will see in early November.

Mr. Cole asked about what funds are keeping aside for emergencies, and Ms. Burke indicated that emergencies use the "capital reserves," she gave an example of when there is the addition of a Special Education student, they will use it to cover the expenses. Mr. Cole also asked what emergencies that the School could face that are not covered by insurance. Ms. Burke said most emergencies like fire are covered by insurance but could be some that are not. Ms. Burke said that there is \$1.1 million for emergency purposes.

Ms. LaMothe pointed out the hard copy of the June 30, 2021 "Capital Reserve Funds" report from the Trustees of the trust fund in reference to the last Budget Committee meeting. The School Renovation Capital Reserve fund is \$422,000, and the Special Education fund \$580,925 are the only other funds in existence.

Selectman Gagnon, about what was said previously by Mr. Cole pointed out, that liking roofs, sinkholes, parking crumbles are an example of happenings that insurance will not cover. Mr. Gagnon asked Mr. Cole if he was questioning why the existence of Capital reserve funds. Mr. Cole mentions that the Town has "Undesignated Fund Balance," and Ms. Labrie confirmed that is the case. Mr. Cole said that the fund amount is around \$6.4 million based on a percentage of the tax base and the Town's budget that the purpose is a rainy-day fund to respond to emergencies not covered by insurance, and that fund covers the School. Mr. Cole stated his opinion that the School does not need to have any retained funds for emergencies. Ms. Labrie said that she was just recently made aware that the Undesignated Fund Balance covered the School and the Town. Still, she will bring the question to Mr. Malizia, the Town administrator, for clarification. Mr. Weissgarber wanted to check the RSA to find out how to access "Undesignated Fund Balance." Mr. Cole suggested having a Town and School meeting to see the resources, and he has the impression that there are dots that need to be connected between the Town and the School. Ms. LaMothe reiterated what was said in previous meetings that the primary purpose of the "Retained Fund Balance" is to keep the tax rate level, and there is a process to access it. Also, the RSA indicates that it could also be used to cover anticipated expenditures, but the School's lawyer recommended leave this option out from the warrant article. Mr. Murray said that he had never seen the tax level, but Ms. Lamothe reminded the Committee how this is a new fund; Ms. Burk indicated that it is the second year of existence of the fund balance. Chairman Weissgarber said that the "Retained Fund Balance is at its maximum.

Ms. Labrie indicated that when the Town has received the School budget, it gets reduced by grants and revenues other than taxes.

The payments needed by the School get scheduled on a monthly basis.

If the tax rate is already set for the year, and the School determines the total need after that, it will be reduced by the unassigned fund balance. Chairman Weissgarber asked Ms. LaBrie to Provide the RSA that states the process the "Undesignated Fund Balance" may be expended. Mr. Murray questioned how often School Renovation Capital Reserve Fund is used. Ms. Burk explained that a Reserve Fund is used whenever a project is authorized to be paid from that fund. Mr. Murray asked Ms. Burk if it had been used to replace roofing. Unfortunately, Ms. Burk did not have at hand the information when that fund was used last time. Ms. LaMothe reminds us that the voters need to approve the expenditures.

I FY22 Expenditure/ Revenue and Summary Reports.

Chairman Weissgarber asked if any committee member had any questions about expenditures and revenues detailed in the monthly reports sent to the Budget Committee beginning in July by the School and by the Town.

There were no questions, but Mr. Murray wanted to thank Ms. Burke and Ms. La Mothe for their patience with the Budget Committee bringing the information requested and taking time out from their busy schedule.

J Review External grants/monies received (Town and SAU 81)

Chairman Weissgarber brought up the Landscape Report from the Town and information Ms. Burke sent by email with a link and soft copy documents. Mr. Weissgarber asked if there was any question about the grants for 22 and 23/ Mr. Murray asked if the Town does the same as the School does, considering the grants as revenue? Ms. Labrie said it is keep separated.

Ms. Leary asks for an update on the widening of the Lowell Road toward the Sagamore Bridge. Ms. Labrie indicated that an extra line going into Sagamore Bridge from Wason Road is in the designing phase, and money has been spent on engineering and consulting. Selectman Gagnon said that this project was voted on three years ago, and DOT gave a large grant toward this project. Mr. Martin added the fact that a portion of land was donated to the Town by the Developer of the mall where DCU is now located. Ms. Leary asked if the widening would begin on Wason road; Ms. Labrie said the widening would start in front of Dunkin Donuts.

K American Rescue Plan Funds Usage (Town and SAU 81)

Chairman Weissgarber said the America Rescue funds consist of two payments part is received this year and the rest of the money in 2022. Mr. Weissgarber, when this money needs to be spent? Ms. Labrie said the need to be spent by 202. Ms. Labrie, Selectman Gagnon said it needs to be consumed by December 2026, and Vice-Chairman Cole clarified that the contract must be signed by December 2024, but the money must be spent by 2026.

Mr. Weissgarber commented that the funds are contingent on specific things and have their triggers and mechanism to be spent. Ms. Labrie explained that some are ongoing projects like the Exotic Aquatic Plant Control, the widening of the Lowell Road, but some occur every year, like L-Chip. Selectman Gagnon pointed the aquatic grant is around \$35,000 to be used to clean the ponds; those grants will continue forever. The Town pays what is done and asks to be reimbursed by the grant. For instance, L-Chip is for one Tri-Town forest acquired by Hudson and other towns using grant money; we get a small amount of money every year because we need to write a report after checking the property and its boundaries.

Chairman Weissgarber asked if the Exotic Aquatic Plant Control is divided between different fiscal years? Ms. Labrie acknowledged that the work is performed during the summers of two consecutive fiscal years; consequently, the grant's total amount is divided into two payments. In addition, there is a matching portion associated with the grant.

Mr. Martin suggested to Selectman Gagnon that the Committee utilizing the America Rescue Funds consider using part of that money to fix the two bridges coming from Nashua that will save money to Hudson taxpayers. Selectman Gagnon indicated that the Twin Bridges project is included, moving forward, and is the best project in the current spreadsheet. There is a stipulation not only spending money but preparing for the future Infrastructure bill. Also needs to be considering what tasks will need a warrant article to be implemented. Some projects like the Twin Bridges may be better to wait for the infrastructure bill and now tackle more quickly to complete tasks. The Committee is juggling several different options.

Ms. Jennifer Burk announced that the School added the description of revenue sources to the year 22 summary. A descriptive report of revenue sources, explaining what those sources are because just a name does not present enough information and because the FY 22 budget did not include the ESSER II and ESSER III grants these were added at the end and will be included in FY 23 and beyond. Mr. Murray asked if there is a way to know in the budget how the sources are used? Ms. Burke said that they have all the federal funds and what services are used. That is part of sources and expenditures documentation; other sources like tuition are more generalized revenue sources. Mr. Murray stated it would be interesting to see how the grants funds are used, but he understands the are revenue pieces that contribute overall.

Chairman Weissgarber asked if SAU 81 plans to organize an American Rescue Plan subcommittee as the Town to figure out how to apply the expenditures. Not specifically as explained by Ms. Burk, the School will rely on assessment data on how the students are performing, and receive feedback from staff, and administration to determine the needs of the student and what we would need to provide support for the students to offset student loss. The federal government governs the use of the money, to match the student needs. Selectman Gagnon mentioned that the Town presented the CIP plan to the American Rescue subcommittee and started from there. Mr. Gagnon asked if a similar project list for the SAU 81 needs for the next ten years. Ms. Burk answered that SAU 81 is not targeting those projects; the School targets more student learning loss-related issues. The use of the American Rescue Plan will not be used for infrastructure-related matters. Mr. Murray asked if the government discussed supplanting; Ms. Burk said that is not the case. The School could use ESSER funds for the loss of other funds because of the lower free and reduced student population and the loss of Title 1 funding. SAU 81 lost some of Title 1 funds designated for financially impacted families. The School can and used funds to offset the loss of funds. However, when it comes to replacing things existing in an operating budget, the School is not authorized to do that: despite that allowed the School give to support students in different ways, social and emotional needs, for example, some students could have a hard time transitioning back to an in-person class environment. The School has been helping students across the district, primarily because of what has happened for the last eighteen months.

Chairman Weissgarber asked if there would be another joint meeting to review combined expenses and if there would be a subcommittee like it is for the American Rescue Plan. Selectman Gagnon indicated that it is the intent. In the first meeting, they draft the plan. Mr. Murray asked Selectman Gagnon about the Capital Improvement plan if they are looking at all the Capital Improvement projects or considering other projects as well? Selectman Gagnon asked if Mr. Murray was referring to the American Rescue; Mr. Murray indicated that that was his question. The CIP plan is the base but is open to other projects as well. Mr. Murray pointed out that this could be the opportunity to fund projects that have been on the list for a long time. Selectman Gagnon added that if the money is available will not be a need for a warrant article. Chairman Weissgarber asked if the subcommittee would vote on what projects to do? Mr. Gagnon said that the subcommittee would review the data and present the information to the BOS. Mr. Urrutia asked who the committee members include; Selectman Gagnon said he is included with Mr. Cole, Steve Malizia, Chief Buxton, who is facilitating, Lisa Labrie. Brenda Collins and Brian Growth Chosen to cover a wide range of expertise to have a fruitful discussion, as an advisory committee.

Vice-Chair Cole added that the committee would rack and stack recommendations to the BOS to decide. Regarding the expenditures, let us suppose there is a project costing four million dollars. We get only two million dollars from the American Rescue money; we take the two million dollars, and we need to go to the voters for the remaining. The project needs to be on contract for December 2024.

L SAU81/Town Meeting Action Item for possible Combined Spend.

Chairman Weissgarber, if the combined expenses between SAU 81 and the Town looking for saving will be seen in the 2023 budget. Ms. LaMothe indicated that she is not in that subcommittee, but the conversation just started and exploring ways to save money but is unsure if it will be on time to be reflected on the 2023 budget. Ms. Burk said that she had a conversation

about the contract for electricity to see if including the Town and SAU81 side can help save money.

M FY Deliberative Schedule

The schedule was crafted to move meetings out from Fridays, have them during the week. Chairman Weissgarber share the information of how members of the committee in what format they want to receive their budget books. The Town will have the books ready at the end of October and the School for November 5. The School will be first this year starting on November 10; all the meetings will be in the Buxton Room except for the public hearing at the Hudson Community Center. The Public Hearing is going to be for both the Town and SAU 81. Mr. Murray made the motion to accept the Deliberative Schedule FY23, second by Mr. Gagnon. The motion passed (7-0-0)

N Other Business/Comment

Ms. LaMothe brought two comments. First, she reported that the tuition rate for 2021-2022 of \$16500 for the out-of-district student coming to Hudson; did not increase a lot. Ms. Leary asked how is set up the tuition for students arriving for one CTE class; it is a separate item said Ms. Burk and the State sets it. The second item from Ms. LaMothe is a report of Trust funds and capital reserve funds, and the numbers are recently audited as of June 30, 2021. Mr. Murray asked about the Health Insurance Trust self-insurance; Ms. LaMothe said it was created in April 2004 and was established for specific purposes. Added money will need voters' approval. Mr. Murray wonders if these funds made so long ago still have value if the School is not utilizing them; why wouldn't we get rid of them? \$177,000 could go a long way. Ms. Leary had a question about the Special Education fund; Ms. Burk indicated it is to use in case too many students need special education. It, however, has not been used because students come into the special ed classes and others live offsetting each other, making unnecessary outreach to those funds. Mr. Martin said that subtracting and add money into the Capital reserve needs the voters' approval, and Ms. LaMothe confirmed that is the case. Ms. Leary said that if using these funds is needed, a warrant article how this will work because students are moving in and out constantly. The original warrant article has the School as an "agent to spend" is just a public hearing process needed to spend. Mr. Martin asked if in all those funds is the School the agent to spend. Ms. Burk said yes, but in the school renovation, such stipulation is not there. Ms. Leary asks if there is a record of how much money has been spent and in what? Ms. Burk said yes, and the Trustees handled the documentation. Ms. LaMothe said that the Alvirne School Expansion and Renovation project continues to be a topic. The needs still exist, and the School Board unanimously agreed that the project they will like to see will move forward is the project that was on 2020 ballot which is the original one that includes the auditorium. Considering that the prices went up and some work was done over during the last two years, the board asked the architect to bring the project up to date. In the last two meetings, the School Board discussed the timing of the project. It was decided that should be on the 2023 ballot to allow more time to collect information and obtain feedback and inform the Budget Committee and the taxpayers. It is not finalized yet but considering that the police station may be on the 2022 ballot factored into this decision.

Ms. Burk added to the conversation that SAU 81 is looking for State Aid that needs to be applied in January 2022; if the petition is granted, SAU81 will get the money in 2023 Mr. Murray said if the original Renovation were \$ 17,500,000, how much would cost it now; Ms. LaMothe said the cost will be updated when it is closer to writing the Warrant Article, but the ballpark estimate is \$21,500,000. Mr. Weissgarber inquired about the price of the bonds, Ms. Burk using a 2% interest rate it will be \$25.26 million over fifteen years. Mr. Murray asks Ms. Burke where the funding will come when you re-engage the architect. From Contract and Services account. Mr. Urrutia welcomed Mr. Martin and also invited the Hudson residents to participate in deliberative sessions.

O. Adjournment

The next meeting will be on Wednesday, November 3, 2021

Motion to adjourn by Mr. Murray second by Ms. Leary motion pass (8-0-0) at 8:32 PM.