

Approved 09/09/2020

The meeting was called to order at 7:00 pm in the basement meeting room at the Fremont Town Hall in the basement meeting room; and was live broadcast by Greg Fraize, FCTV. Present were Budget Committee members Mary Jo Holmes, Joshua Yokela, Gordon Muench, Jon Benson, Michael Nygren, Pat Martel, Gene Cordes and Steven Bonaccorsi; Town Administrator Heidi Carlson and SAU Business Administrator Susan Penny.

All rose for the Pledge of Allegiance. Holmes asked for all members to introduce themselves around the table for the benefit of those watching from home.

Members reviewed the meeting minutes of February 1, 2020. Yokela moved to approve the minutes of February 1, 2020. Muench seconded and the vote was approved 7-0-1 with Nygren abstaining.

Holmes opened the floor for Board reorganization. Cordes moved to appoint Holmes as the Budget Committee Chair. Muench seconded. The vote was approved 7-0-1 with Holmes abstaining.

Cordes then nominated Pat Martel as Vice Chair and Holmes seconded. The vote was approved 7-0-1 with Martel abstaining.

Susan Penny then introduced herself and gave an update on the School District financials for the end of their fiscal year June 30, 2020. Copies were distributed of an updated Fund Balance Report. Penny highlighted that the District will return \$415,220.95 to offset taxes for the November 2020 tax rate setting process. They had promised approximately \$115,000 when the new budget was approved.

She stated that a significant contribution to that amount was due to the closure of school due to Covid from March 13 through year end. She noted:

- \$98,204.52 savings on regular education transportation (paying 50% of the cost to keep drivers employed)
- \$31,614.03 in SPED transportation (paying out about 50% for the special education and asked for a daily rate instead)
- Savings in subs, bus monitors, extra curricular salaries, and athletics and transportation costs related thereto.
- It is harder to capture the soft costs of reductions in heat and electricity while the building was closed.
- She is trying to estimate what those savings were.
- Approximately \$193,000 was directly related to the school closure.
- The District did have expenses due to remote learning, including purchasing \$29,000 of computers for some one to one with younger grades (Chrome books); \$1,000 supplies through June and about \$4,500 on an electrostatic cleaner. Some of these items may be reimbursable through Homeland Security.

Holmes asked for a review of the big projects. Penny noted the roof is finished. There were 3 phases: the first phase was done last summer and ran into problems (total cost approximately \$169,000). Phases 2 and 2 were lumped together to get a better deal on the work (total cost \$215,000 approximately). There were also some design costs of the roof and monitoring of the project of approximately \$15,000. This was worth the money in savings and assistance to the overall project.

Other projects completed and approximate costs included:

- Paving \$71,500 (taken from the Trust Fund);
- Two sets of doors replaced \$19,000;

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- HVAC ventilator units and building management system upgrades \$24,000 (better control of them, make the system more efficient)
- Security grant for more upgrades \$19,000 for more cameras in other areas of the building; bollards (\$6,000 to \$7,000) for safety around the school. Of these final two items, they are going to receive 80% reimbursement on those improvements of approximately \$19,665.

Penny is working now on getting security film around the perimeter of the building. She meets with Lt Morelli tomorrow to go over the proposals from vendors to get the right one and the right areas of the building.

There was discussion that it was the Budget Committee's goal to try and not have a jump in the tax rate.

Penny said Administration and the School Board are working on how to try to open school safely. She noted that tomorrow night the Administration is presenting the information to the School Board via a Zoom meeting (July 30). Next Tuesday evening, August 4th the School Board will hold a regular meeting on that as well. She said public comment begins at 5:00 pm and the Board's meeting is at 6:00 pm.

Penny was thanked for her time and left the meeting at 7:22 pm.

There was some general discussion about the Town's current expenditures and revenues. Budget lines are within budget, some reductions in areas where employees were home but excess expenses in cleaning and PPE materials. Much of the Covid expense will be reimbursed through FEMA or the NH CARES Act money.

In response to questions, Carlson stated that there had been an uptick in General Assistance. It is believed that once the Town's budget is exhausted that any additional funds needed to help residents would be eligible for reimbursement through the CARES Act money.

Carlson noted that the Town is working on the projects that were included in the budget this year, including a door repair at the Library and the roof replacement at the shed in the rear of the Town Hall. Clarification has been sought from DRA about whether we can short appropriations or increase revenues so that the tax rate may not be affected by any changes in expenses.

Yokela added some information about the funding and what it may or may not be able to be used for. There is still varying discussion on this at the State and Local levels.

Carlson noted that 98% of the first issue property tax warrant has been collected by the Town to date. The Town was able to keep up with expenses even to finish out the School appropriation payments by June 30th.

The information on State revenues that the Selectmen had asked about was shared with the Committee:

State Aid: Towns and cities have been understandably concerned about potential reductions to state aid and revenue sharing due to the pandemic. Some municipalities are in the process of finalizing their fiscal year budgets right now, while many others have already adopted budgets that include the anticipated amounts from the state in meals and rooms tax, municipal aid, and other state aid.

NHMA has been asking the same questions you have. NHMA has confirmed that the governor has no intent to make any reductions to state aid amounts. Here is additional information regarding state aid:

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Meals and Rooms Tax (M&R) Distributions: RSA 78-A:26 provides a formula for distribution of M&R revenues to municipalities which is based on the most recent estimated population numbers provided by the Office of Strategic Initiatives. The statute uses the prior year's M&R collection as the basis for the distribution, with 40 percent of the tax revenue intended for municipalities, and includes the so-called "catch-up" provision to reach that level of municipal funding. However, as many of you know, RSA 78-A:26 has been suspended in nine of the past eleven years as part of the biennial state budget. Each year since 2017 the state has appropriated and distributed \$68.8 million regardless of the amount of tax revenue received.

For the fiscal year 2020/2021 biennium the state operating budget again includes an appropriation of \$68.8 million each year for the meals and rooms tax distribution. This is a state general fund appropriation and is not tied to the actual amount of tax revenue the state receives. As such, and as confirmed by the governor, cities and towns will receive the same level of meals and rooms tax distribution in fiscal year 2021 (typically paid at the end of December) that they received last December, with minor adjustments due to updated population estimates used in the distribution formula.

Highway Apportionment Block Grants: RSA 235:23 and RSA 235:23-a provide for formulaic distributions of state road toll (gas tax) and motor vehicle fees to municipalities for various local transportation needs. Unlike the M&R tax distribution, these grants are based upon prior year state highway fund revenues. At this time, the state estimates fiscal year 2020 highway fund revenues to be under the revenue plan by an aggregate 7.5%. The state will provide an updated fiscal year 2021 highway apportionment block grant amount to each municipality upon the close of state fiscal year 2020 (i.e. after Jun 30, 2020).

One-Time Grants to Municipalities and School Districts: The State operating budget contained funding for one-time grants to both municipalities and school districts. Both grant amounts are based on data from state fiscal year 2020, including the number of children who qualify for free and reduced lunch. The municipal grants are fixed at an aggregate \$20 million, with funds going out under a proration formula. The education grants are not fixed but are estimated to equal \$62.5 million in fiscal year 2021.

According to the Governor, legislative action, not executive action, would be required for any changes to these state aid distributions.

The Committee looked at the calendar and asked Cordes to consider when Selectmen will have budget material ready for review. Department budgets are due in early August, and the Cordes thought that early September would be reasonable to have material ready for the Budget Committee.

The following dates for meetings at 7:00 pm in the Basement Meeting Room at the Town Hall were set: Wednesdays September 9 and 30; October 14 and 28.

Carlson will do some further work on the calendar, including looking at a date for the Public Budget Hearing in early January 2021 and Deliberative Session. It is believed that the combined option will be a good one to pursue again. Yokela noted that he wanted to be sure voters knew to stay for the second meeting at conclusion of the first. Carlson will check with the School District Administration on their thoughts as well.

Nygren asked that as the budgets were completed they be scanned and sent to committee members. All agreed they could process from email to make the distribution process quicker.

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Carlson will generate an updated contact list of names and member phone numbers and emails and circulate this to members as well.

The next meeting will be held on Wednesday September 9, 2020 at 7:00 pm in the basement meeting room at the Fremont Town Hall.

With no further business to come before the Board, motion was made by Muench and seconded by Bonaccorsi to adjourn the meeting at 8:10 pm. The vote was approved 8-0.

Respectfully submitted,

Heidi Carlson
Town Administrator