

# TOWN OF GROTON FINANCE COMMITTEE

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## Minutes of Joint Meeting Held January 7, 2013

### Public Hearings: Special Town Meeting Warrant & FY2014 Town Operating Budget

Town Hall, 173 Main St., Groton, MA 6:30 p.m.

**Finance Committee Members Present:** R. Hargraves, S. Webber, P. DiFranco, G. Green, J. Prager (Chair)

**Absent:** J. Crowley, M. Flynn,

**Board of Selectmen Members Present:** Peter Cunningham, Josh Degen, Jack Petropoulos

**Finance Team Members Present:** Mark Haddad (Town Manager), Rena Swezey (Assessor), Victoria Smith (Treasurer), Suzanne Loverin (Human Resources Director) and Patricia Dufresne (Town Accountant)

**Documents available at the meeting:** Special Town Meeting Warrant as of 12/28/2012  
FY2014 Operating Budget Presentation Slides

**FY2014 Town Operating Budget** – Mr. Haddad presented his draft of the FY2014 Town Operating Budget. (See Attached Presentation Document) Highlights include:

- FY14 is a “needs” budget, with special focus on improving delivery of services when possible.
- An expansion is proposed for the IT Department which continues to provide crucial support to Town Hall staff and residents alike.
- The addition of one full-time officer is proposed for Dispatch. Increasing call volume coupled with new state EMD mandates have made the current staffing structure unsustainable. This results in an impact of \$60,000 in FY14.
- The Library plans to join the Merrimack Library Consortium. This will give residents access to many more volumes to choose from, speedier interlibrary loans, and an opportunity to use their Groton Library card at 35 other member libraries. This results in an impact of \$18,000 in FY14.
- The FY14 wage adjustment impact for all labor union contracts and by-law employees is \$112,845 (an increase of 2%).
- FY14 is the first year of the Employee Performance Incentive Program with a budgetary impact of \$44,759.
- The proposed budget will cover the debt service for the new Central Fire Station within the levy limit and still provide for over \$500,000 in unexpended tax capacity.
- The Total budgetary increase over FY13 is 6.83%; however, if the fire station debt is removed from the calculation, the total increase is less than 2.5% for FY14.

Mr. Haddad noted that a goal of the Finance Team was to retain the same level of UTC as was carried in FY2013 in order to provide additional appropriation capacity for any Town need (including the public school district). He added that a recent editorial in the Groton Herald had inaccurately stated that the debt service for the planned fire station would leave no extra tax capacity for the school district should their budget requirements be greater than the 2.5% set aside in this draft. There is in fact \$500,000 available above what will be spent on the fire station debt that could be used to meet other unanticipated needs of the Town. Mr. Prager mentioned that adopting a goal of remaining at \$500,000 under the levy limit has the indirect effect of encouraging spending up to the 2.5% limit.

Mr. Haddad informed the group that Interim School Superintendent Tony Bent had communicated a need for the school district to shore up its flagging technology infrastructure. They plan to ask for a 1 year Capital Exclusion, which will have to be approved by both Groton and Dunstable. Depending on the size of the exclusion, Groton could conceivably fund this from the \$500,000 available UTC. Mr. Haddad reminded those assembled that the school district had budgeted less than a 2.5% increase for the last 2 years. Mr. Degen replied that much will depend on the level of tax capacity available in Dunstable's budget. Mr. Haddad said it would also be useful to remember that a Town can vote to exclude a debt at any time during the term of the loan should unforeseen circumstances arise.

**OPEB Discussion** – Mr. Haddad explained that OPEB (Other Post Employment Benefits) refers to those benefits, aside from pension, that are paid out to former employees after their retirement from Town service, typically health and life insurance. The associated long-term liability is actuarially determined triennially and must be reflected on the Town's financial statements as per GASB 45 requirements. Mr. Haddad would like to meet with Standard & Poor's in January to seek an increase in the Town's bond rating. This effort will likely be undermined should the Town continue to defer funding the OPEB liability. Therefore a plan has been drafted that the Finance Team is comfortable with. Mr. Degen stated that he is not in favor of funding any portion of that liability. He believes that it will tie up taxpayer money that could be used to better purpose. As long as the current retiree health insurance bills are being paid, he sees no further obligation in this matter. Mr. Prager agreed saying that this does not represent a true liability in his mind; there is no need to fund these future pay-outs now.

*At this point in the meeting (7:30pm), Mr. Cunningham recessed the Public Hearing on the FY14 Operating Budget in order to open the Public Hearing on the Special Town Meeting Warrant. The Public Hearing on the Special Town Meeting Warrant was then immediately suspended in order to return to the Operating Budget Hearing.*

Mr. Cunningham felt it might be useful to form an OPEB committee to analyze the funding options and determine if a true need really exists. Mr. Prager agreed that future discussions of this topic would be useful, but he is opposed to advancing any specific funding plan at this time.

*At this time in the meeting (7:40pm), Mr. Cunningham closed the Public Hearing on the FY14 Operating Budget and re-opened the Public Hearing on the Special Town Meeting Warrant.*

**Article 1: Construction Funding for the Center Fire Station** – Mr. Haddad asked those assembled to refer to Appendix A of the warrant package which contains an analysis of the total project budget as well as the costs spent to date. Mr. Petropoulos noted that the \$119,000 difference in price between the 2 lowest bidders coupled with an included contingency of \$300,000 could leave enough head-room in the overall project budget to enable Fitch's Bridge to be paid for without the need to increase the bonding authorization. Mr. Haddad agreed that the Center Fire Station may be completed under

budget; however, it would be prudent to authorize the total bonding needs estimated for both projects. The Treasurer would only bond as the funds are needed, and any excess authorization would be rescinded once both projects are completed.

**Article 2: Herbicide Treatment for Lost Lake/Knops Pond** – Mr. Haddad provided a brief summary of the treatment planned to eradicate the invasive weed infestation in Lost Lake and Knops Pond. He was pleased to report that the bids for the project came in well below the original estimate. The initial treatment of approximately 224 acres of lake will cost \$88,500 and will commence in April; it is beneficial to introduce the herbicide during a time of relatively low water level and when the plants are still small. Follow-up spot treatments (of perhaps 5 to 10 acres) may be undertaken in subsequent years at a cost of \$1,350 per acre. Mr. Haddad plans to fund the initial treatment with a transfer of \$95,000 from Free Cash; this transfer will draw down that balance from approximately \$386,000 to approximately \$291,000. Follow-up treatments would have to be appropriated in subsequent years as needed.

**Article 3: Funding for Demolition and /or Replacement of Fitch's Bridge** – Mr. Haddad explained that the RFP that was issued requested bids for both **demolition only** and **demolition plus replacement** of the bridge. The deadline for bidding is Thursday (Jan 10<sup>th</sup>). The estimate for demolishing the bridge is approximately \$250,000, and for demolition plus replacement is approximately \$600,000. If Town Meeting decides to limit the project to simply demolishing the current structure, Mr. Haddad recommends that it be funded with a transfer from Stabilization (as the Town cannot bond for a demolition-only project). Otherwise, the \$600,000 cost of the bridge project will be rolled into the Central Fire Station Bond. This will drive the yearly debt service up from \$490,000 to approximately \$526,000. Mr. DiFranco wondered whether the Town could fund the demolition piece of the project from Stabilization and then bond the remaining \$400,000 with the Central Fire Station, or perhaps pay for this piece through an off-cycle application for CPC funds. Mr. Haddad agreed that this was an interesting idea that would merit some research. A representative from the Greenway Committee advised against using CPA funds. The deliverables required when State money is used cause the total project cost to increase enormously (permitting, MA DOT review, etc.). Mr. Haddad reminded the group that the Board of Selectmen could exclude the debt at any time with a town-wide ballot vote. Of course, if the request to exclude fails at the ballot box the debt will continue to be paid out of the operating budget and within the levy limit. Mr. Rule Loving (audience member) wondered if the debt could be excluded after 2016 when some of the current excluded debt obligation will mature. Mr. Cunningham agreed that it would be best to consider other funding mechanisms prior to Town Meeting. Mr. Degen cautioned that the motions for this article will have to be worded very carefully. The Greenway Committee added that a public obligation exists to provide quality of recreational life to the citizens of Groton. That bridge has been in place since 1750, and it would be a shame to lose this important means of safe passage over the Nashua River.

**Article 4: Creation of Lost Lake Sewer System** – Mr. Haddad mentioned that Section 191-3 (Assessment for General and Special Benefit Facilities) could be withdrawn as it is not needed at this stage of the project. However, Town Counsel has recommended that it be left in. He added that the name of the article was changed (from "Creation of Lost Lake Sewer District" to "Creation of Lost Lake Sewer System") to reflect the fact that the Town does not need to establish a district as a legal entity at this point. The intent is merely to prove that there is still some forward momentum on the project so that the Town does not lose its position in the funding queue. He explained that while the 0% SRF funding offer has expired, there has been a new USDA application filed tied to the 2000 census that is extremely

important for this project. Mr. Scott Harker (audience member) felt it was disingenuous to change the name of the article after the citizens had already signed the petition. Mr. Petropoulos agreed with this assessment and suggested that the name of the article should be changed back to "District." Mr. Degen expressed his opinion that including this article would endanger the vote on the Fire Station by angering citizens who will feel that Town Officials are attempting to push through a project that was soundly defeated at the last Town Meeting. He would prefer to let the new Lost Lake Sewer Committee have some time to work on an analysis to bring forward at some point in the future when there is sufficient new information to present to the residents. Mr. Petropoulos disagreed saying that the issue of establishing a sewer district in Lost Lake was never debated at Town Meeting; it was indefinitely postponed. Therefore there is no reason to assume it would be contentious. Furthermore, he prefers to believe that voters at Town Meeting are astute enough and sophisticated enough to avoid voting in a retributive fashion on unrelated articles. Mr. Cunningham agreed saying that the primary purpose of the Special Town Meeting is to obtain funding for the Fire Station Project, but residents will understand the need to include Article 4.

**Discussion of Re-Ordering the Articles** – Mr. Prager was concerned that the principal draw for the Special Town Meeting would be the Fire Station vote. If that discussion takes place first, the meeting attendance will drop precipitously afterwards, and the remaining articles will not receive the attention of a sufficient sample of the population. Mr. Haddad explained that the ordering of the articles was done very much according to tradition: the primary purpose of the Town Meeting was to secure funding for the Fire Station so that article was placed first on the warrant. Citizens' petitions are usually addressed at the end of Town Meeting; therefore the creation of the sewer district was placed last on the warrant. Mr. Petropoulos felt that the current order reflected the most neutral positioning and should therefore be left as is. Mr. Degen agreed with Mr. Prager and would like to see the articles numbered as follows:

Article 1: Herbicide Treatment of Lost Lake/Knops Pond

Article 2: Demolition and /or Replacement of Fitch's Bridge

Article 3: Funding for the Central Fire Station

Article 4: Citizens Petition – Creation of Lost Lake Sewer District

Mr. Cunningham agreed it would be best to maximize the opportunity to gather as many votes as possible for the large money articles like the Fire Station. Mr. Rule Loving noted that a Special Town Meeting requires a quorum of 2% of the voters (155). Perhaps if there is a concern regarding the number of voters in attendance at Town Meeting, the question should be put on a ballot. Mr. Prager agreed that all issues above a certain financial threshold should be ballot questions; however, since this one is *not* a ballot question, the BOS should order the warrant articles so as to maximize voter participation on the Fire Station issue.

**On a motion by Mr. Degen, seconded by Mr. Petropoulos, the BOS unanimously voted to re-order the warrant articles as noted above.**

*At this point (8:45 pm) the BOS adjourned their meeting and the Finance Committee gathered to discuss their positions for the Special Town Meeting Articles.*

Mr. Hargraves stated that he was not yet ready to take a position on the article to fund the fire station; therefore the Finance Committee did not re-vote this issue. (An original vote in support of the fire station funding article was taken at the Finance Committee meeting held on 1/3/2013. The Vote: 4-1-1)

**Mr. Webber moved to support the Special Town Meeting Article requesting funding for *Demolition Only* of Fitch's Bridge. This was seconded by Mr. Green. The motion carried by unanimous vote. The Vote: 5-0-0**

**Mr. Webber moved to support the Special Town Meeting Article requesting funding for *Demolition and Replacement* of Fitch's Bridge; this was seconded by Mr. Hargraves. The motion failed by unanimous vote. The Vote: 0-5-0**

Mr. Prager noted that there did not seem to be many controversial issues in the proposed FY14 budget. Mr. DiFranco replied that he would like to see documentation supporting the request for a new IT position, including a status report on FY13 IT projects and goals. No further meeting dates were set at this time.

*Mr. Prager adjourned the meeting of the Finance Committee at 8:55 pm.*

Respectfully submitted,

Patricia Dufresne, Recording Secretary