

TOWN OF GROTON FINANCE COMMITTEE

Minutes of Meeting Held March 26th, 2013

1st Floor Meeting Rm., Town Hall, Groton, MA 7:00 p.m.

Present: R. Hargraves, M. Flynn, J. Crowley, J. Prager (Chair), S. Webber, P. DuFresne (Town Accountant, Recording)

Absent: G. Green, P. DiFranco

Guests: Mark Haddad (Town Manager), and Bob Whalen (Pool & Golf Center Manager), Jon Strauss (Parks Commission)

Documents available at the meeting: Draft FY2014 Town Operating Budget
Spring Town Meeting Warrant - Draft
GP&GC 3-yr Revenue/Expense Comparison
Ledge Rock Fields Project Summary Document

Pool & Golf Center Budget – The group reviewed the 3-yr Revenue & Expense document provided by Mr. Whalen. Mr. Prager expressed concern that expenses generally exceed revenues for the periods reported. Mr. Whalen agreed but noted that last year's \$50,000 loss is reduced to about \$35,000 once the adjustment is made for depreciation. Mr. Prager replied that once the capital items are added in, the loss is approximately \$115,000. Mr. Whalen said that the event business really does break even when corrections are made to offset indirect utility costs. He agreed that the trend for FY11 and FY12 has been for reduced revenue and flat expenses. He felt that the solution to boosting revenue would be to sign more seasonal members. The incremental costs associated with adding members are much less than those associated with booking events. He is experimenting with using social media to draw potential new members, but stressed that customers rarely commit to membership immediately. Mr. Prager noted that according to the FY14 budget, the event business is forecast to lose money again next year. Mr. Whalen replied that every event makes at least a small profit, but that profit doesn't always overtake the associated indirect costs. He offered to research this assumption and verify an answer to the Finance Committee as soon as possible.

Mr. Prager asked for information regarding the proposed leasing of a new boom sprayer. Mr. Whalen explained that this is a crucial piece of equipment that is used almost daily for spreading liquid chemicals (which are far more effective than granulized products). The boom sprayer currently in use is 20 years old; it would be risky to delay this investment. Fungus sets in on a golf course almost immediately without continual chemical treatments. It is unclear whether this piece of equipment can be used in any other capacity in Town. The entire cost over a 5-year period will be around \$35,000. Mr. Prager felt that Mr. Whalen could probably find a way to pay \$6,500 per year out of his annual budget allotment for this piece of equipment. Mr. Crowley feels that the cart path on hole #2 is somewhat dangerous and should be improved as soon as possible. Mr. Whalen agreed saying that he had included it as part of a 3-stage

cart path repair project. Unfortunately, it had to be removed from the Town Manager's Capital Plan for FY14 due to other competing Town needs. The group briefly discussed the decline in swim lesson revenue for FY12. Mr. Whalen explained that this was not a true drop in revenue, but represents a bookkeeping error; \$10,000 of unearned income for June was not properly posted. Mr. Webber asked about the number of weddings hosted this year. Mr. Whalen replied that there were 8 weddings scheduled this year; an increase over last year. Mr. Webber wondered whether it might not be better in the long run not to offer memberships at all. Mr. Whalen felt that the Club would lose customers in such a scenario. People feel that they are saving money by purchasing season passes. Mr. Flynn asked about the pro shop. Mr. Whalen explained that the pro shop has been leased over to the golf pro. It was losing money year over year, and a 9-hole municipal course does not really need a pro shop. The inventory was sold to the golf pro, and the Club now collects from him a guaranteed monthly rent for the space. Mr. Flynn noted a drop in professional services costs on the P&L reports. Mr. Whalen said that when the Club became a Town department, there was no further need to budget annual audit expense, and bookkeeping expenses were rolled into the administrative function.

Ledge Rock Field CPC Funding - Mr. Strauss summarized the Ledge Rock Field project as presented in the handout previously distributed to the Finance Committee members. The objective of the project is to build 3 playing fields on Cow Pond Brook Road. It is jointly sponsored by the Groton Parks Commission and the Groton Dunstable Recreation Association. He explained that the playing fields in Groton are currently overburdened; registration for activities has had to be restricted for lack of field space. Seasonal droughts are also taking a toll, and there is no provision for allowing playing fields time to "recover" between active seasons. Mr. Hargraves wondered whether the schools are offering to share their space. Mr. Strauss replied that field space at the schools was just as limited. Originally, the funding for the project was to be accomplished with \$350,000 from the CPA Unallocated Reserve, \$50,000 donated from user groups, and \$500,000 from the Town (in the form of a State House Note). Additionally, Mr. Strauss explained that the Parks Commission was in the process of applying for a PARC grant. The warrant article to be voted at the spring Town Meeting specifies that no borrowing would take place unless the PARC grant of \$400,000 was in fact awarded. The grant application is due the middle of July, and should be awarded sometime in October. If all goes well, construction of the fields will start in the spring of 2014. Mr. Haddad informed the Finance Committee that the funding plan now must be altered due to the fact that the DOR has issued a directive stating that it will not accept any CPC state match revenue budgeted higher than 26% for FY14. Therefore, the CPC can only allot \$309,000 to this project for FY14. However, in order to be eligible for the PARC grant, the project must be fully funded. Mr. Haddad suggested that the best plan would be to increase the amount to be borrowed to \$541,000 (\$591,000 less the user group contribution of \$50,000). Mr. Strauss noted that even though the CPC will most likely bring in more revenue than the 26% conservatively estimated by the DOR, there is no way to guarantee that at this point. Should the state match revenue come in higher, the CPC could always recommend that additional money be granted to this project. Mr. Strauss pointed out that if the article was approved at Town Meeting, but the PARC grant was not awarded, the project would still have \$309,000 from CPC, and the Parks Commission would have additional time to find the rest of the funding. Mr. Haddad stressed that it would be up to the CPC whether it would allow those funds to be encumbered to the project for any future period if no progress was made. The Surrenden Farm debt service will continue to utilize the bulk of their Unallocated Reserve until 2021. Mr. Prager said that this was exactly why projects such as Fitch's Bridge should not be hurried to Special Town Meetings off-cycle. Both projects should have been presented at the Spring Town Meeting, and the voters should have been able to decide between them. Mr. Strauss felt that the CPC would give him 5 years to complete the Ledge Rock construction before re-calling the funds. The group briefly discussed options

for building the fields at other sites. Mr. Strauss felt that due to wetlands conservation issues as well as cost factors, the current site was the best choice.

Spring Town Meeting Warrant – At this time in the meeting, the Finance Committee voted their positions for or against support of each article on the warrant. The Finance Committee took no position on Articles 1, 2, 22, 23, 24, 25, 27, and 28 as they have no financial component. Additionally, they took no position on Article 10 as it will most likely be withdrawn.

Elected Officials Salaries – Mr. Prager noted that there had been a relatively large increase to the Town Clerk's salary over the last two years. Mr. Haddad agreed that this had been negotiated to make this salary comparable to what is paid in similar communities. He expects no additional adjustments of this nature going forward.

On a motion by Mr. Hargraves, seconded by Mr. Webber, the Finance Committee voted unanimously to support Article 3 – Elected Officials Compensation. The Vote: 5-0-0

On a motion by Mr. Webber, seconded by Mr. Hargraves, the Finance Committee voted unanimously to support Article 4 – Amend/Adopt FY14 Wage and Classification Schedule. The Vote: 5-0-0

FY14 Town Operating Budget – Mr. Prager would like an opportunity to further discuss the new Employee Performance Incentive Program. He feels that the Finance Committee may not have fully understood that employees were going to receive a permanent (multi-year) reward for a single year's accomplishments. Mr. Webber was also concerned about new employees receiving this benefit before they have had a chance to prove themselves. Mr. Haddad replied that because the budget is prepared so far in advance of the start of the fiscal year, he must plan ahead in order to have that appropriation available if it is needed for new employees. He will not actually award it if it is not deserved. The group discussed the possibility of making changes to this program over the next few years. The Finance Committee would ideally prefer to see one-time bonuses awarded rather than permanent increases, and will in future years consider creating a single budget line item amount for the Town Manager to draw from. The committee agreed that the elimination of step increases from the union contracts was a clear benefit to the town.

On a motion by Mr. Hargraves, seconded by Mr. Webber, the Finance Committee voted unanimously to support Article 5 – FY2014 Operating Budget. The Vote: 5-0-0

GDRSD Technology Funding - The Finance Committee took no position on Article 6 – GDRSD Technology Funding. Mr. Webber said he would like further information regarding how the school committee arrived at the amount that they are asking for. He believes that the school district should hire an IT Director first, and let that person be part of the decision-making process in regards to upgrading the IT infrastructure. He added that they may in fact be spending the money in exactly the right way, but maybe not. He would feel more comfortable if the new IT Director were part of the process. Mr. Prager agreed with Mr. Webber. Mr. Webber added that the school may attract a higher caliber IT Director if that person had the responsibility of making the IT purchases. The group decided to convene a meeting for Monday, April 1st at 6:00 p.m. with the School Superintendent. They would use this time to discuss the IT Audit Consultant's report. Mr. Haddad mentioned that he is considering funding this \$425,000

from Stabilization and then replenishing that fund when Free Cash is certified in the fall. The Finance Committee may take a position on this article after the meeting on Monday.

On a motion by Mr. Webber, seconded by Mr. Flynn, the Finance Committee voted unanimously to support Article 7- FY14 Capital Budget, **items 1 through 7**. The Vote: 5-0-0

On a motion by Mr. Webber, seconded by Mr. Hargraves, the Finance Committee voted to support Article 7, **item 8** – Boom Sprayer for Pool & Golf Center. The Vote: 4-1-0

On a motion by Mr. Webber, seconded by Mr. Flynn, the Finance Committee voted unanimously to support Article 8 – FY13 Line Item Transfers. The Vote: 5-0-0

On a motion by Mr. Webber, seconded by Mr. Flynn, the Finance Committee voted unanimously to support Article 9 – Transfer within the Water Enterprise. The Vote: 5-0-0

On a motion by Mr. Webber, seconded by Mr. Flynn, the Finance Committee voted unanimously to support Article 11 – Prior Year Bills. The Vote: 5-0-0

On a motion by Mr. Hargraves, seconded by Mr. Flynn, the Finance Committee voted unanimously to support Article 12 – Commercial Property Revaluation. The Vote: 5-0-0

On a motion by Mr. Webber, seconded by Mr. Flynn, the Finance Committee voted unanimously to support Article 13 – Community Septic Management Program. The Vote: 5-0-0

On a motion by Mr. Webber, seconded by Mr. Hargraves, the Finance Committee voted unanimously to support Article 14 – CPC Funding Reserves. The Vote: 5-0-0

On a motion by Mr. Webber, seconded by Mr. Hargraves, the Finance Committee voted unanimously to support Article 15 – CPC Funding of Housing Authority Generator. The Vote: 5-0-0

The Finance Committee deferred voting their position on Article 16 – Ledge Rock Field Construction

On a motion by Mr. Webber, seconded by Mr. Hargraves, the Finance Committee voted to support Article 17 – Debt Service for Surrenden Farms. The Vote: 4-1-0

On a motion by Mr. Webber, seconded by Mr. Flynn the Finance Committee voted unanimously to support Articles 18, 19, 20 & 21 – Renewing Authorization for Departmental Revolving Funds and Renewing Authorization to Increase the Tax Rate Exemption. The Vote: 5-0-0

Concept Plant for 120 Boston Rd – Mr. Webber said that the Economic Development Committee had previously voted in support of this plan. The project will increase the value of new growth for the town and will be good for the tax base, although we will be losing a small business. Mr. Webber expressed concern that the process of voting concept plans at town meeting may needlessly interfere with beneficial growth opportunities.

On a motion by Mr. Webber, seconded by Mr. Hargraves, the Finance Committee voted unanimously to support Article 26 – Concept Plan for 120 Boston Rd. The Vote: 5-0-0

Reserve Fund Transfer Requests – The Finance Committee reviewed the request for \$520.00 to support the Library salaries budget. This expected shortfall is due to scheduling shift coverage for an employee out on unexpected FMLA leave. Mr. Prager stated that given the current appropriation balance (\$61,315), it was too soon to grant this request. He suggested that this request be reconsidered in May or June when it will be more apparent that salaries will truly be overspent. The other members of the committee agreed with this plan.

On a motion by Mr. Hargraves, seconded by Mr. Webber, the Finance Committee voted unanimously to approve a Reserve Fund transfer request of \$5,000 to support the Mechanical Inspectors' Salaries line item of the FY13 Budget. The projected shortfall in this line item is due to increased volume of inspections. The Vote: 5-0-0

On a motion by Mr. Hargraves, seconded by Mr. Crowley, the Finance Committee voted unanimously to approve a Reserve Fund transfer request of \$7,500 to support the Veteran's Benefits line item of the FY13 Budget. The projected shortfall in this line item is due to an unexpected increase in caseload. The Vote: 5-0-0

Approval of Minutes –

On a motion by Mr. Webber, seconded by Mr. Hargraves, the Finance Committee voted unanimously to approve the minutes of their meeting on February 26th, 2013. The Vote: 5-0-0

On a motion by Mr. Webber, seconded by Mr. Hargraves, the Finance Committee voted to approve the minutes of their meeting on March 9th, 2013. The Vote: 4-0-1

Mr. Prager officially adjourned the meeting of the Finance Committee at 9:00 p.m.

Respectfully submitted,

Patricia Dufresne, Recording Secretary