

TOWN OF GROTON FINANCE COMMITTEE

Minutes of Regular Meeting Held February 22nd, 2014

173 Main St., Groton Town Hall, 9:00 a.m.

Selectmen's Meeting Room

Present for Finance Committee: R. Hargraves, G. Green, D. Manugian, J. Prager (Chair), Joe Crowley, B. Robertson, P. DuFresne (Town Accountant, Recording)

Absent: S. Webber

Guests: Mr. Mark Haddad (Town Manager), Mr. Mike Hartnett (Town Tax Collector/Treasurer), Ms. Anna Eliot (Selectwoman), Mr. Jack Petropoulos (Selectman), Mr. Stewart Schulman (Selectman), Mr. Josh Degen (Selectman), Mr. Peter Cunningham (Selectman), Mr. Don Palma (Police Chief), Mr. James Cullen (Police Lieutenant), Ms. Michelle Collette (Land Use Director), Ms. Rena Swezey (Principal Assessor), Mr. Joe Bosselait (Fire Chief), Members of the Groton Fire Department, Members of the Press

Documents available at the meeting: FY2015 Proposed Town Budget
School Committee FY15 Budget Reduction Scenarios

Mr. Prager called the meeting to order at 9:00 a.m.

Fire Department Budget – Chief Bosselait explained the intricacies of shift coverage for his operation. He said that 60 to 65% of calls are currently covered by full-time firefighters. Mr. Prager asked whether reducing the number of full time firefighters in the department would lead to an increased reliance on the call members. Mr. Bosselait agreed in theory, however, he does not believe that the department has a sufficient level of call support at the present time to make this workable. While the department is still working hard to maintain the call model, it is increasingly difficult to know how many call members will respond to a call during daytime hours. Additionally, the new recruit class will still need time to finish their training. Mr. Prager noted the relatively high level of paid time off that was included in the budget spreadsheets. Chief Bosselait replied that most of this represents unavoidable contractual obligations. Mr. Prager said that while he does not favor making deep cuts to the Fire Department wage budget at the present time, it would be useful to examine this budget for efficiency issues going forward. The labor contracts must be respected, and shift management is a process that cannot be improved through budget cutting exercises. Mr. Haddad agreed saying that budgeting for adequate shift coverage was a priority for FY15; the budgets as calculated must remain in place for a year in order to analyze the validity of the new process. Chief Bosselait noted that that the department had lost a contingency reserve of approximately \$100,000 several years ago. Mr. Prager observed that the Public Safety departments have become accustomed to balancing their budgets from the Reserve Fund year after year; this must stop because

Public Safety cost overruns can no longer be considered “unforeseen or extraordinary.” Mr. Degen is hopeful that the unions will be willing to grant concessions during periods when extraordinary circumstances occur. He would like this addressed during the next round of labor negotiations. Mr. Hargraves stressed the importance of resolving the issues with the Public Safety wage budgets as soon as possible, but noted that he would not support reducing staff in those departments at this time.

Police FY15 Wage Budget – Chief Palma explained that his department is doing their best to manage risk while controlling overtime. He prefers to maintain three officers per shift, although coverage on a weekday can drop to two if necessary. On weekends and during busy periods, in the interests of public safety, he prefers to schedule at least three officers. In response to a question from a resident, Chief Palma stated that he simply cannot staff to “Best Practice Standards.” Best practice would require 1.9 officers per 1,000 of population; this is not fiscally attainable at this time. Mr. Prager asked whether Chief Palma could manage to the current FY15 budget (barring unforeseen emergencies). Chief Palma said he would be comfortable with the budget as originally drafted. Mr. Green asked whether NEMLEC could be relied upon in the event of an emergency. Chief Palma agreed that it could be, however, Groton would still have to be self-sufficient for approximately one hour until aid could arrive. Also, in the interests of reciprocity, it is important for Groton to be responsive to other communities who make mutual aid requests. This is difficult to do when chronically short-staffed. Mr. Manugian noted that we place our Department Heads in a difficult position when we keep head count low in order to save money on benefits, yet grumble about overtime expenses. He would be in favor of fully-funding this budget for FY15 to allow the new budget calculation process a chance to prove itself. There may in fact be a need to hire an additional officer. Chief Palma reminded the group that it requires an entire budget cycle before a new hire will begin to show a savings to the wage budget (as regards overtime). He feels that he can keep overtime expenses down to a degree, however, the nature of emergency work is that it involves overtime. Mr. Prager noted that we have a competent Town Manager and experienced Department Heads in place. The Finance Committee should rely on them to manage these budgets appropriately. Mr. Manugian wondered whether the excessive use of overtime in the Police Department is safe. Chief Palma said that in the long term, it could become problematic; however, they can make it work for another year. Mr. Prager asked whether it was necessary to Police Operations that the motorcycle lease be retained. Chief Palma stressed the importance of having a vehicle that consumes less gasoline and can patrol the rail trail and other areas that are difficult to access. Even when the cost of training is factored in, he believes that the benefits of the motorcycle outweigh the costs. Mr. Haddad mentioned that Tom Delaney (DPW Director) was currently working on a gasoline expense analysis for the previous year and would make that available to the Finance Committee as soon as possible. Mr. Haddad added that he plans to purchase \$10,000 of minor capital items for Police & Fire in FY14 in an effort to hold down those expenses for FY15. Mr. Manugian said that a 7% budget increase meant to bring the Department up to a sustainable budget base does not seem unreasonable.

Municipal Budget Reductions - Mr. Haddad summarized the funding that has been found so far for the school budget:

\$377,000 = 2 ½% originally set aside for school budget increase

\$402,000 = Unexpended Tax Capacity available for school budget

\$448,000 = Fire Station Debt to be excluded from Proposition 2 ½

\$300,000 = FY2015 Municipal Budget cuts to be made available for the school budget

\$1,527,000 = Total new funding for the school district for FY15.

He noted that if Groton offers \$1.5 million to the school district, the Town of Dunstable will have to provide approximately \$500,000. This formula will result in \$2 million for the school district, however they will still have to find a way to reduce their projected budget by \$625,000. If they decide not to fund their E&D for FY15 (\$500,000) and if Chapter 70 & 71 funding come in higher than anticipated, the district will be very close to having a funded budget.

Mr. Prager was interested in identifying that specific number that would maintain educational services. Sustainability of the budget is crucial, and tying that concept to a relatively random 2.5% increase year over year is not necessarily valid. Mr. Schulman mentioned that the arbitrary 2.5% increase acts as a kind of restraint on personnel costs at least, and is therefore somewhat useful in keeping overall spending down. The group wondered whether it would be possible to share a Human Resource Director with the school district, as both the Town and the Schools are currently searching to fill that same position. Mr. Haddad felt that there may be some difficulties with this idea, including implications for the Town of Dunstable, but he would research it further. Ms. Lathrop spoke up saying that the school district needed a full-time HR representative and would be unable to share the position with the Town. Mr. Green wondered what would happen if the school district declined to cut their budget to meet what the Town was offering. Mr. Haddad said that the Town would not be able to absorb an additional \$400,000 of budget cuts. In this case, a general override as well as the debt exclusion would be required to meet the FY15 school budget needs. Mr. Hargraves felt confident that the school district could find \$700,000 in their \$36 million budget. Ms. Lathrop disagreed saying that dramatic changes to the district would result if they were forced to make such a reduction. Mr. Prager noted that according to the school's own spreadsheet, outsourcing of custodial services could provide half of that amount. Mr. Degen felt it may be possible for the school district to reduce its E&D funding request as well. He would like to see some budget projections from the school soon so that everyone involved can begin to feel more comfortable with this process. Time is of the essence now, and as it is possible that an override request will fail, the sooner the school district comes to terms with their budget the better. Ms. Gina Cronin (resident) replied that it was disheartening to hear talk against an override. She feels that the district is already underfunded. Ms. Maggie Hammid (resident) relayed information regarding the decline in GDRSD rankings per the state website. (In 2009 GDRSD ranked 14 out of 320 districts, and in 2013 that ranking had fallen to 48). She expressed concern that current high school students are the last children in the district to get the benefit of a fully-funded district. Declining school performance will prevent families from moving into Groton. She is in favor of growing the school budget. Mr. Prager noted that the Town has displayed no pattern of cutting school funding. In fact, the average increase is about 4.5% per year on a per student basis. The fundamental problem with the school budget is that it is so heavily driven by

wages (about 80%). However, most of the costs involved are predictable and it should not be difficult to get a thoughtful, accurate budget projection. As the school represents more than half of the Town's budget, it is not unreasonable that we should request this. Mr. Schulman said he would support a tax override so long as he is comfortable that the request will not be repeated next year.

The group briefly discussed the tax exempt status of the private schools in Groton. Mr. Haddad explained that the schools have not been especially receptive to increasing PILOT payments in light of this budget crisis. He noted that he is working on calculating the value of the education being received by students of GDRSD who live on the tax exempt private school campuses.

The group briefly discussed regional school district funding regulations. Mr. Haddad explained that if one of the towns in the school district agrees to fund the budget as requested (through passing an override request or by other means) but the other town does not, the school committee has the option of making reductions to their budget or calling a Super Town Meeting. A Super Town Meeting would act as the final appropriating authority. Every effort should be made to resolve this crisis at the town level so that the state does not have to step in and mandate a monthly assessment. Mr. Prager noted that parents of school children do not make up the entirety of constituents in either town. The school committee should remain sensitive to this fact when it deliberates on whether to force a Super Town Meeting. He encouraged residents who remain confused about the school funding process to research the MA.gov website, specifically chapter 71 section 16B.

Mr. Haddad reported that his office researched the idea of outsourcing the Human Resources function. The results indicate that this is a relatively expensive proposition (possibly \$65,000 to \$70,000), may require major changes to benefits, and would likely not yield a consultant who had any kind of municipal experience. Mr. Prager estimated that the Town could save approximately \$15,000 per year by outsourcing HR, but he feels that it might make more sense to fill the position. Mr. Robertson would like to explore the idea of letting current employees take over those duties; it would be unfortunate to hire an HR Director only to have to cut a teacher. Mr. Haddad reiterated his point that the Town needs to hire a full time professional to fill this key position, but he can delay that decision for another week if need be.

Water Safety/Pool & Golf Center – Mr. Prager stated his position that the Country Club building should be “moth-balled” and stabilization could be used to pay off the capital leases. This will free up funding to open the beach and offer swim lessons there instead. Mr. Degen said he was not against that idea, but would like to explore running a “hybrid” business model at the Country Club first. Perhaps an agreement could be reached by which the Club is funded for one more year at \$550,000, at the end of which it is either entirely self-sufficient or it is closed down. Mr. Haddad felt that it would be difficult to attract and retain employees under those conditions. He would like to see some thought given to moving the Senior Center into the Function Hall building. Mr. Crowley felt that hiring a new golf pro might help to revitalize the golf program. Mr. Prager wondered whether it makes sense to consider laying off employees at Town Hall in order to hire a new golf pro for a Club with a losing business plan. He added that those residents who are least able to afford an increase to their property taxes are the same group that cannot afford the fees at the Country Club. Mr. Petropoulos cautioned that any decision made in this forum is

likely to be rash; he suggested that the Board of Selectmen take responsibility for coming to a conclusion about the future of the Country Club. The group discussed eliminating funding for Sargisson Beach this summer. Ms. Swezey noted that the beach is well attended all summer long. Mr. Green asked whether life guards could be funded through CPC. Mr. Haddad said that would not be an appropriate expense. Ms. Swezey said that the Lakes Association has no capacity to do private fund raising at this level. Mr. Haddad promised not to return to the Finance Committee for additional funding for the Country Club for the remainder of the year.

Mr. Hargraves moved that the Board of Selectmen form a committee to determine the future of the Pool & Golf Center, and that the funding for FY15 be maintained as originally proposed. Mr. Green seconded. Jay amended the motion to stipulate that no capital funding be provided for FY15. Mr. Green seconded the amendment. The Vote on amending the main motion failed. The Vote: 2-4-0. The vote on the main motion carried in the majority. The Vote: 5-0-1 (with Mr. Prager abstaining on a point of order).

On a motion by Mr. Green, seconded by Mr. Crowley, the Finance Committee voted in the majority to reduce the budget for Water Safety by \$35,570 for FY15. The Vote: 4-2-0.

Mr. Haddad explained that while we have made \$1.5 million available for the school district, we are still \$400,000 short of what the school had requested. Also, \$448,000 of that amount is contingent on a ballot vote to exclude the Fire Station debt service. He asked the Finance Committee to make a decision regarding the Human Resource position. Mr. Robertson opined that this is an important support position for Town Hall, and the Town Manager should have the final decision in this matter. Mr. Degen said that given the legal liability involved, it would be foolish not to fill this position. Ms. Swezey said she was in favor of filling the HR position given the many statutory regulations involved in properly administering retirement and insurance issues. After a brief discussion, the Finance Committee members decided to leave the funding for the Human Resource position as originally presented in the FY15 Budget. Mr. Prager said he would like to schedule a meeting between the Finance Committee and the School Committee. He believes that the FinCom members would benefit from being able to ask some direct financial questions now that additional school budget information has been made available.

Approval of Meeting Minutes – No minutes were approved at this meeting.

Mr. Prager officially adjourned the meeting at 12:30 p.m.

Respectfully submitted,

Patricia Dufresne, Recording Secretary