

TOWN OF GROTON FINANCE COMMITTEE

Minutes of Regular Meeting Held July 8, 2014

Groton Legion Hall

75 Hollis St. Groton, MA, 7:00 p.m.

Present for Finance Committee: R. Hargraves, B. Robertson, D. Manugian, G. Green (Vice Chair), Barry Pease, P. DuFresne (Town Accountant, Recording)

Absent: None

Guests: Mark Bacon, Art Prest

Documents available at the meeting: Letters of Interest: M. Bacon, A. Prest
Budget Summary as of 6/30/14
Country Club Reserve Fund Transfer Requests
Country Club Financial Statements

Mr. Green called the Finance Committee meeting to order at 7:00 p.m.

Municipal Finance Discussion: The group briefly discussed possible strategies for accounting for Snow & Ice Deficits going forward. The goal is to avoid raising taxes to cover deficit spending during extremely snowy winters. The possibility of using Free Cash to cover a portion of these expenses was explored.

Candidate Interviews: Mr. Bacon noted that he had interviewed once before for an open FinCom seat. He briefly outlined his background and pertinent work history. He holds an MBA and stressed his involvement in the financial development of projects he has worked on, and his experience with cost estimating. Mr. Prest explained that his family has had a presence in Groton since 1947. He also holds an MBA and his work history reflects a focus on marketing and finance, including budgeting responsibilities, cost projections and meeting deadlines. He has worked with both the Groton Lakes Association, the Groton PAC, and the Wetlands By-Law Review Committee. He noted that while he enjoys traveling, he will be available to meet during the municipal budgeting season. Mr. Green informed the other members that he had received an email from one other individual who had expressed an interest in serving on the committee. However, as she had expressed some uncertainty as to the time commitment and was unable to attend the meeting this evening, he was willing to move ahead with recommending the two candidates who were present.

On a motion by Mr. Robertson, seconded by Mr. Pease, the Finance Committee voted unanimously to recommend both Mr. Prest and Mr. Bacon to the Board of Selectman to fill the two vacant seats on FinCom. The Vote: 5-0-0

End of Year Line Item Transfers: Ms. Dufresne explained that in order to close out their respective budgets, the Library requires a transfer from General Expenses to Salaries in the amount of \$632, and Police & Fire Communications requires a transfer from General Expenses to Wages in the amount of \$401. She noted that these transfers will not be fully authorized until the Board of Selectmen concurs at their meeting scheduled for July 14th.

On a motion by Mr. Hargraves seconded by Mr. Manugian, the Finance Committee voted unanimously to approve an FY14 Budget Line Item Transfer from Police & Fire Communications General Expenses to Police & Fire Communications Wages in the amount of \$401. The Vote: 5-0-0

On a motion by Mr. Hargraves, seconded by Mr. Manugian, the Finance Committee voted unanimously to approve an FY14 Budget Line Item Transfer from Library General Expenses to Library Salaries in the amount of \$632. The Vote: 5-0-0

Country Club Reserve Fund Transfer Request: Ms. Dufresne informed the members that the Country Club's FY14 General Expenses are in deficit approximately \$27,000. This problem is largely due to the increased expenses associated with the recent change in business models for The Tavern and the Pro Shop. Most notably, the improved activity at The Tavern has dramatically increased expenses at the Country Club in the categories of alcohol purchases, dumpster maintenance, and utilities costs. A quick analysis of the utility expenses indicates that the Town will save approximately \$8,000 in electricity and propane charges once The Tavern has set up its own accounts. Additionally, the Town Manager is planning to renegotiate The Tavern's lease agreement to allow the lessees to purchase their own alcohol (rather than reimbursing the Town for these purchases). Both of these measures will act to relieve the Country Club's expense budget in future years. The Finance Committee members would like some assurance that the revenue associated with these business model changes will actually be sufficient to offset the significantly higher costs. Ms. Dufresne replied that although it is really too soon to determine how successful the new restaurant and golf programs will be, early indicators are favorable. The Tavern is paying its rent and has reimbursed all utility costs and alcohol purchases to date as stated in the lease agreement. Mr. Green added that the Town Manager is working on memorializing the new business plan for the Country Club; the Finance Committee needs to see these operational goals in writing. Mr. Green went on to say it might be useful to charge a new committee with the task of finally determining a future plan for the facility. Each business unit should be individually assessed and a strategy for the whole club developed so that town management can then accurately measure performance. Mr. Prest wondered if a Board of Directors would help matters. Ms. Dufresne replied that this method had been tried when the Club was operating under the "Groton Country Club Authority." Mr. Pease noted that once the Surrenden Farm debt is retired, the CPC may be able to offer capital funding to modernize and properly equip the facility. This should in turn help to bring in at least enough revenue to sustain seasonal operations. Mr. Robertson expressed concern that the Town Manager is going to need help managing the Club now that it is without an on-site General Manager. Mr. Green said that since the Country Club had already incurred the expenses that the Reserve Fund Transfer is meant to cover, and since the Reserve Fund has a sufficient balance available, he would support this request.

On a motion by Mr. Manugian, seconded by Mr. Hargraves, the Finance Committee voted unanimously to approve a transfer from the Reserve Fund to the Country Club General Expenses in the amount of \$30,000. The Vote: 5-0-0

GDRSD Quarterly Review Committee: The Finance Committee members briefly discussed their role in the GDRSD budget process, and how they would like to see that role evolve over the next year. The group was encouraged to see that the new School Superintendent, Kristan Rodriguez, is actively soliciting members for the new Committee charged with overseeing school budget performance and related finance issues. This committee will hold its first meeting on September 24th, and will meet quarterly thereafter. Mr. Green felt that the members should be thinking about what kinds of reports or metrics would be useful in determining how to improve performance analysis of the GDRSD budget going forward.

On a motion by Mr. Hargraves, seconded by Mr. Pease, the Finance Committee voted in the majority to appoint Mr. Robertson as their representative to the GDRSD Quarterly Review Committee.

The Vote: 4-0-1

Re-Organization of the Finance Committee for FY2015:

On a motion by Mr. Hargraves, seconded by Mr. Roberson, the Finance Committee voted in the majority to appoint Mr. Green to the position of Chairman for FY2015. The Vote: 4-0-1

On a motion by Mr. Pease, seconded by Mr. Robertson, the Finance Committee voted in the majority to appoint Mr. Hargraves to the position of Vice Chairman for FY2015. The Vote: 4-0-1

Communication with the Public – Mr. Pease would like the Finance Committee to develop a “philosophy of communication” in order to better serve public information needs given the new focus on electronic media options. He suggested using the Grotonline for advertising Finance Committee meetings. Even though the meetings are all posted on the Town Website, using the Grotonline to invite the public to attend may encourage more trust of this committee by residents as well as a feeling of accessibility and understanding of financial issues that the Town is facing. Mr. Green replied that he would not object to posting Finance Committee meetings on the Grotonline. However, he cautioned the members to be mindful of Open Meeting Law requirements when participating in electronic discussions. Committee members should communicate directly only with the Chairman. The Recording Secretary will send out the meeting agenda and coordinate room reservations, etc. Also, Mr. Green feels that as a “watch dog” committee, the FinCom should try to avoid engaging in political debates in order to retain its credibility. He added that while it is probably not necessary to establish a formal communication policy at this time, it is necessary to be sensible when engaging in electronic communications and try to avoid participating in political discussions online (except in the case of correcting misstatements of facts). If members feel compelled to participate in online discussions, he requested that no one make comments on behalf of the entire Finance Committee, and to clearly state when a member is responding as an individual citizen. Mr. Hargraves agreed saying that any remarks that could have the appearance of being a conflict of interest should be avoided. Sometimes responding to negative communications such as the kinds of criticism often printed in “Letters to the Editor” only gives those remarks credence.

Approval of Meeting Minutes –

On a motion by Mr. Hargraves, seconded by Mr. Robertson, the Finance Committee voted in the majority to approve the regular meeting minutes of June 17, 2014. The Vote: 4-0-1

Financial Policies Approval – Ms. Dufresne informed the group that Standard & Poor’s had this afternoon awarded the Town of Groton a bond rating upgrade from AA+ to AAA. One of the reasons that the Town was able to secure this upgrade was on the strength of its previously documented financial policies. She would like to schedule some time on the next meeting agenda to review and discuss those policies in the event that any updates are warranted. The policies were last reviewed in December of 2012. Mr. Pease asked Ms. Dufresne to send all the members a copy of the most recent version of those policies. Mr. Green agreed that this should be a topic of discussion at the next meeting in August.

Mr. Green officially adjourned the meeting at 8:45 p.m.

Respectfully submitted,

Patricia Dufresne, Recording Secretary