

TOWN OF GROTON FINANCE COMMITTEE

Minutes of Regular Meeting Held September 2nd, 2014

Groton Town Hall, 173 Main St. Groton, MA, 7:00 p.m.

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

Absent: None

Guests: Mark Haddad (Town Manager), Dawn Dunbar (Executive Assistant), Mike Hartnett (Tax Collector/Treasurer), Rena Swezey (Assessor), Melisa Doig (H.R. Director), Dr. Kristan Rodriguez (GDRSD Superintendent), Anna Eliot (BOS Member), Members of the Press

Documents available at the meeting: Draft Fall Town Meeting Warrant
Draft FY15 Levy Limit Calculation
9/2/14 Budget Memo from Town Manager

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

Finance Committee Business – It was noted that Mr. Bacon had not yet been sworn in as a member of the Finance Committee. Mr. Hargraves said that as a Justice of the Peace, he could perform that service. Mr. Hargraves performed the “swearing in” of Mr. Bacon as a member of the Finance Committee. Mr. Bacon was asked to stop by the Town Clerk’s office as soon as possible to sign the appropriate affidavits.

GDRSD Dr. Rodriguez: Dr. Rodriguez explained that she is collecting information on areas of need for the school district. To this end, she is asking all Town boards and committees to please let her know what they feel are strengths in the district, and also in which areas the district should focus its improvements. Mr. Hargraves opined that the new Business Manager has made a very positive impact so far and is clearly an asset for the district. He hopes that the Superintendent (and the member Towns) will make use of his expertise in identifying potential pitfalls in budgeting as well as budget performance analysis going forward. Mr. Green felt that the school district has made significant progress in improving the transparency of their budget documents and procedures. He was glad to see that future budgets will include the use of standard categories (more useful to those not intimately familiar with school finances). He emphasized the importance of being able to routinely create and provide multi-year projections as part of the budgeting process. Mr. Pease noted that the perception of the Groton-Dunstable District from outside is very high; state ratings remain excellent as well. Unfortunately, families who move into Groton to take advantage of its school system are occasionally surprised to see some of the problems that the district is facing. This presents a marketing challenge which he feels can be addressed through more comprehensive utilization of the local media. Mr. Robertson mentioned that the attitude and interest of the district parents is working very positively for the schools at the moment. He feels it may be useful for the district to think of itself more as a “business” and budget and plan accordingly. Dr. Rodriguez thanked

the committee members for their input. She assured the group that the district will be working with the tri-board committee to improve the perception of transparency in the school finance arena. The new strategic plan involves 5-year projections and a long-term vision. She cautioned that the schools face unique challenges that make forecasting difficult (special education needs, etc.), however reasonable multi-year projections are certainly within their ability to provide. She explained some of the plans to improve public relations and utilize local media more effectively (including two new cable television programs produced by students that will communicate district news events).

Town Budget Process – Mr. Haddad introduced his Finance Team (Town Accountant, Town Assessor, Treasurer, H.R. Director, and Executive Assistant). He explained that the Department Heads are annually tasked with preparing a budget for each of the functions under their specific control; these budgets must be submitted to the Town Manager’s Office by December 1st each year. The Town Manager then schedules several meetings with the Finance Team to make whatever revisions are necessary to provide a reasonable and balanced budget to the Finance Committee by December 31st. This draft budget will include revenue projections, a tax levy estimation, and a capital plan. At this point, the Finance Committee deliberates, meets with Department Heads and the Town Manager for clarification of issues and priorities. This process ideally results in a final version of the budget that is supported by both the Town Manager and the Finance Committee, and can be presented to Town Meeting in the spring. Mr. Green requested that the budget document provided to the Finance Committee be contained in a three-ring binder rather than bound in the manner of previous years. Mr. Haddad agreed to make this change.

Draft Town Meeting Warrant – Mr. Haddad reviewed the draft version of the Fall Town Meeting Warrant (see attached). Highlights of this discussion are as follows:

- Article 1: Prior Year Bills - There is one prior year bill in the amount of \$49.00 for Bain Pest Control that must be voted by Town Meeting before it can be paid.
- Article 2: Budget Adjustments- Due to procedural requirements, the budget is prepared 18 months in advance of the fiscal year. The Fall Town Meeting is an opportunity to make necessary amendments before the tax rate is finally set. Mr. Haddad is proposing to increase the FY15 budget by \$68,222. These changes are detailed in the 9/2/14 Budget Memo distributed at this meeting (see attached), but include the reclassification of several positions, matching funds for a Trails Committee grant, and the restoration of a 911 Dispatcher previously cut from the budget.
- Articles 3 & 4 represent routine deposits of Free Cash for the Stabilization Reserves.
- Article 6: Should Town Meeting vote to accept the Local Option Meals Tax, the Town would realize additional annual revenue of approximately \$100,000 (potentially \$50,000 for FY15).
- Article 8: Improvements to the Public Safety Building – Mr. Robertson asked whether the Town was going out to bid on this project. Mr. Haddad replied that there would be no need to go out to bid as the Town would be doing the work itself. Mr. Pease thought it would be best to delay this project until it could be determined whether any funding left over from the construction of the new fire station could be repurposed for this use. Mr. Hargraves asked whether repurposing of fire station construction funds would require bond counsel approval. Mr. Haddad replied that this would not be necessary as the money to be repurposed was not part of the bonded funding, but was received from Western Surety Co as part of the agreement to release them from the performance bond. Mr. Green asked why these improvements to the police station were not budgeted in the first place. Mr. Haddad replied that this was simply an oversight.
- Articles 9 & 11: Sale or Lease of Tarbell & Prescott Schools – Mr. Manugian informed the group that he was an abutter to the Tarbell property and therefore would recuse himself from this

discussion. Mr. Haddad said that bid results for these buildings were due next week. The previous bid for the Prescott School is still on the table, however, the school district is now reconsidering their plan to vacate. Dr. Rodriguez confirmed that a recent staff survey indicated a desire not to relocate. Also, any plan to move the administrative offices would result in displacing students. The district has recently expanded its use of the facility and has negotiated an agreement with the Town of Groton to split the cost of the utilities. Dr. Rodriguez stressed that no formal decision has yet been made. In response to a question from Mr. Prest, Mr. Haddad estimated that the cost to the Town would be approximately \$20,000 should the district choose to retain its offices in Prescott. Mr. Pease asked whether modifications would have to be made to the existing lease on the building. Mr. Haddad replied that the current lease is valid until August 2015.

- Article 16: Sargisson Beach Restoration – Mr. Haddad informed the committee that a low bid of \$148,500 had been received for this project. Because \$109,590 of CPA funds have already been secured, the bid was structured for two phases. Should Town Meeting defeat this out-of-cycle request for \$75,000, then only Phase 1 will be completed; Phase 2 will be re-bid at a later date. The \$75,000 requested includes a contingency as well as a fee for the engineering consultants.
- Article 20: Solar Array Project – Mr. Haddad explained that the firm that leases the property at the landfill will install a solar field and then sell power generated from that field to GELD. The Town will receive both a PILOT payment and lease revenue estimated at around \$35,000 annually.

Mr. Haddad distributed his memo of 9/2/14 “2014 Fall Town Meeting Warrant Budgetary Issues.” He said that yearly revenue is always estimated conservatively in December when the operating budget is prepared. However, as the year progresses and the Commonwealth finalizes its budget, adjustments can be made based on firmer revenue figures as well as actual operating results. FY15 unexpended tax capacity was originally estimated at \$74,000, however, local receipts have been robust, allowing a revision of that estimate to \$245,000. Mr. Haddad has proposed spending \$68,222 of that amount to adjust several budgets for the remainder of FY15:

- The Trails Committee requires \$4,500 in matching funds for an Accessible Trail project. This cannot be addressed with CPC funding as it is not eligible for an out-of-cycle application.
- Three positions have been re-graded (Assistant Town Accountant, Payroll Coordinator, and IT Desk Top Specialist). The IT Department and the Accountant’s Office have both indicated a need to increase the standard hours for these positions. The total cost for these three adjustments for FY15 is \$19,622. Mr. Haddad explained that as these are union-related issues and since the need is immediate, he would rather not defer these upgrades until spring.
- Mr. Haddad is proposing to restore the additional Dispatch Officer that was cut from the FY15 budget last March during the GDRSD financial crisis. He stressed that the funding is now available and there is clearly a need. Mr. Green would like to see a new analysis of the call activity to support this request. Mr. Pease asked whether those departments that utilize dispatch for after-hours call support are required to subsidize the related cost. Mr. Haddad replied that GELD pays \$5,000 annually for this service.
- The proposed adjustments to the Country Club budget are merely reclassifications and will have no impact on the overall Town budget. A consultant has been retained to help the Town refine the management plan for the Country Club as well as establish a firm goal for the future. Thus far in the season, summer camp and pool revenue are up over last year, and golf revenue may break even. The new Tavern is helping to drive business on site as well.

Mr. Haddad reviewed the Levy Limit Calculation with the committee members. He noted that the projected increase in local receipts will be used to offset the \$68,222 new spending proposed for FY15. Also, new growth has been estimated at \$20 million but may prove to be even higher once the Personal Property revaluation is completed. The estimated tax rate given the proposed budget changes is \$18.36.

PILOTS – Mr. Haddad explained that the Board of Selectmen is currently conducting an analysis of PILOT revenue with an eye toward making some necessary adjustments. Letters will be mailed out to those entities currently participating, asking them to consider increasing their annual payment. Of course, PILOTs are purely voluntary payments by nature, therefore the content of the letters will reflect this. A second letter will be sent to non-profit organizations in Town that do receive Town services but have chosen not to offer any type of PILOT to the Town. This letter will respectfully request that they consider making an annual contribution to Groton. The group discussed the history of PILOT payments offered to Groton by Lawrence Academy and Groton School. It was noted that Lawrence Academy is now making a contribution for each additional property it purchases (that is subsequently removed from the tax rolls). Mr. Hartnett added that the Town of Concord has been asked to provide information on the PILOT agreements it has negotiated with the three preparatory schools it serves.

Mr. Green asked whether the BOS is planning to use Free Cash to offset the tax rate. Mr. Haddad replied that they would not be able to make that determination until Free Cash is certified later this month. It is possible that reserves would have to be reduced to provide any meaningful offset. Mr. Pease asked whether the Mosquito Control Program will be re-instated for the spring. Mr. Haddad said that it may be considered for the spring of FY16 if the Board of Health recommends doing so. Mr. Haddad reminded the Finance Committee that they will be meeting jointly with the Board of Selectmen to hold a public hearing on the Fall Town Meeting warrant on Monday, 9/15/14 at 7:15 p.m. Also, he asked that all members of the Finance Committee plan to attend the Open Meeting Law Training which is scheduled to take place on 9/17/14 at 7:00 p.m. at the Country Club.

Approval of Meeting Minutes – On a motion by Mr. Robertson, seconded by Mr. Manugian, the Finance Committee voted in the majority to approve the regular meeting minutes of July 8, 2014. The Vote: 5-0-2

Financial Policies Review – This discussion was tabled until the first meeting in November.

Other Business – Mr. Pease asked whether any answer had yet been received from Town Counsel regarding an apparent conflict inherent in the language of the Town Charter. He is concerned that the Finance Committee and the Board of Selectmen are allowed to be in session during Town Meetings although the Charter seems to prohibit this. Ms. Dufresne said that Kopelman & Paige have not yet responded to the email sent by the Town Clerk. She will follow up on this matter for the next meeting.

Mr. Green officially adjourned the meeting at 8:55 p.m.

Respectfully submitted,

Patricia Dufresne, Recording Secretary