

**BOARD OF SELECTMEN MEETING
MINUTES OCTOBER 13, 2015
APPROVED**

Present: John G. Petropoulos, Chair; Anna Eliot, Vice Chair; Peter S. Cunningham, Member

Absent: Joshua A. Degen, Member; Stuart M. Schulman

Also Present: Mark W. Haddad, Town Manager; Dawn Dunbar, Executive Assistant to the Town Manager; Finance Committee Members Gary Green, Bud Robertson, Robert Hargraves, Art Prest, Mark Bacon, Finance Team Members Michael Hartnett, Melisa Doig and Rena Swezey

Mr. Petropoulos called the meeting of the Board of Selectmen to order at 6:00pm. Mr. Green also called the meeting of the Finance Committee to order at 6:00pm.

Mr. Haddad said that he provided the Board's with a comparison between fiscal years 2015 and 2016 along with what to expect for 2017. He said that he had input contract costs and pension costs because those numbers were known numbers. Mr. Haddad said that he had leveled expenses and put included a 3% increase for Groton-Dunstable Regional and a 2 ½% increase for Nashoba Valley Technical High School. He said that the increases were in line with what was given to them last year. He said that they were anticipating \$15M in new growth and believed that the budget would be approximately \$100K under the levy limit which included a 3% increase town wide including the schools. He said that he had not factored in the annual commitment to Central Mass Mosquito Control Project (CMMCP) of \$73K should the Fall Town Meeting vote to join. He said that the annual commitment of \$73K would come out of the levy. Mr. Haddad said that some major differences in this year's budget would be in areas like wages and salaries where they would only go up 1.99% vs. 5.22% last year due to the fact they the police budget was front loaded in FY16, and there would only be 52.2 payroll weeks vs. 52.2 last year.

Mr. Haddad said that he had a preliminary conversation with School Superintendent the week before. He said that they were not ready to provide numbers as they were still in their planning stages. He said that he would have some numbers in November or December but based on what he had been hearing, they could be looking at a potential increase of \$2-3M district wide.

Mr. Cunningham said that they had asked for projections last year and thought they had provided them with projections for 2 years. Mr. Robertson said that they were provided projections through 16. Mr. Robertson said that if they were to look at wages including union contracts & employee benefits that was a steady state fix. He said that that was what they were going to spend and couldn't change that unless they planned to lay off people. He said that was 92% of the bottom line which only left them with 8% that they could look at changing. He said that if they were to take schools out of the numbers 81% was in wages, benefits and debt service number. He said that no matter what the schools wanted there was no money and would need to come from some other source. He said that they needed to think about a good goal for FY2017 knowing 80% of the money was tied up in wages and benefits. Mr. Cunningham asked about debt. Mr. Haddad said that most of their debt was excluded debt and would not affect the budget. Mr. Hartnett said that they could keep some of their debt short term over the next year adding it was something to think about.

Mr. Petropoulos said that Mr. Haddad's budgets to date had been based on guidance to avoid an override and do what can be done within the budget. He said that they had an opportunity to provide guidance to the Town Manager and Finance Committee adding he would like to suggest as an overall objective that they go back to their separate boards and come up with objectives and then come back as a group and provide guidance to the Town Manager. Mr. Haddad asked everyone to keep in mind that he had a deadline he had to meet. He said that the budget kickoff with the Department Heads was November 3rd adding he needed to be able to inform them of the goals in order to meet his deadline. Mr. Green said that when they looked at what was fixed he said

there was a safe assumption that the schools were going to be looking for 3.4% maybe more which didn't leave much wiggle room. Mr. Cunningham said that the schools really needed to make their decisions adding it sounded like they were talking about it. He said he had heard that they want to bring back things that had been cut in the past but maybe it couldn't all be done at once. Mr. Robertson said that they could look at ways in which they do things and maybe do something different to made reductions in some areas.

Mr. Green said that he would love to see them build up more head room adding it might be irrelevant by what the schools might be looking at doing. Mr. Petropoulos said an example of that would be to make the growth available to schools without having to look at an override. He said he didn't want them to think that having an objective of a \$500K override 5 years from now was unrealistic. He said that he really wanted to increase school spending without an override. Mr. Haddad said that a request by the schools for anything over \$700K would put them in an override situation or in a situation where they would have to make serious reductions on the municipal side. Mr. Green said that Groton-Dunstable could be looking for 3x's the amount they have on paper. Mr. Robertson asked if the schools were aware that Groton was only looking at \$100K in levy. Mr. Haddad said that they knew it has to be an override situation. Mr. Green said that he agreed with Mr. Petropoulos in that they needed to support the schools but didn't mean they needed to proactively cut jobs on the municipal side. He said that he hoped the school committee would see that this is what would have to happen on the municipal side.

Mr. Haddad asked the Boards to seriously consider not approving CMMCP on the floor of town meeting strictly for financial purposes. Mr. Petropoulos said that he didn't think they needed to cut services by reducing labor. He said it was not cutting services when you cut your salaries and wages line items. Mr. Robertson asked if there as a way to do things differently. Mr. Petropoulos said that benefits were growing at a significant rate and outgrowing the revenues adding that was an area they needed to look at. Mr. Cunningham said that they could talk about it at contract time. Mr. Cunningham said that public safety and adequate coverage was important. He said that there was no smarter way to plow the roads. He said that just because you might be able to do this with businesses didn't mean that you could do it with a municipal budget.

Mr. Jeff Kubick, Chair of the School Committee said that it was true, they didn't know what their numbers were yet. He said that the Superintendent was doing a needs assessment adding that they were looking to work with both towns to find the best way to get to a solution. Mr. Hargraves said that he knew what some of the cuts were when Mr. Mastracola was here adding he would be asking questions when the time comes as to whether or not those areas have been filled. He said that if the Town side was being asked to keep it tight he would be looking to see that the same thing happens with the schools also. Mr. Kubick said that the details would be provided when that was discussed and figured out. He said that there would be a rational provided when being asked to increase jobs. He said that there would be a prioritization list made and details provided to both town with explanations. Mr. Cunningham asked if there was any way of knowing what the October 1 number of students was. Mr. Kubick said that he did not know what that number was off the top of his head adding it was around plus or minus 1,200 students. Mr. Haddad said that one thing he has stressed to his Department Heads was this was not the Town vs. the schools adding they were all part of "the Town." Ms. Eliot said that she knew what the debt service and employee benefits costs were for the Town but wanted to know what percentage of those costs were in the school budget. She said that this was the type of information she was going to be looking for and questions she would be asking if the Town was going to be asked to look at their numbers.

Mr. Green said that there was a there was a whole bunch of guidance in the financial policies they should enumerate adding that some was policy setting vs. advisory. He said that guidance should be to see what Mr. Haddad could do to decrease wages and benefits, and to reduce expenses by 3% as a goal not a demand. He thought that with that they had given Mr. Haddad good guidance to go back to his Department Heads. Mr.

Robertson agreed adding that another goal could be to look to see if anything could be done to get another 1% out of the total municipal spending. He said that he also agreed with Ms. Eliot on looking at what the schools spend on wages and benefits. He said that they needed something available for surprises.

Mr. Petropoulos asked if Mr. Robertson was asking for 1% under the levy. Mr. Robertson said he was looking for 1% of the municipal budget. Mr. Green said that the levy limit included the schools. Mr. Haddad said that as of right now, they thought they would have 3.05% in new revenues next year. He said that there was \$1M available in potential new spending next year. He said a percentage of that should go toward schools and the rest into savings. Mr. Haddad cautioned everyone to keep in mind that there was not going to be more than \$600-700K to spend on schools adding anything more would put them into an override situation. Mr. Haddad said that he was required by law to submit a balanced budget. He said that meant he could not assume an override in his proposed budget. He said that he would be looking for Town Counsel to weigh in on this adding he needed to figure out how he can provide them with a balanced budget. He said that they would have to decide after December 31st when his budget was due to them whether or not they needed to go to an override and put a ballot question out there. He said that he may have to provide them with two budgets.

Mr. Robertson said that the last two budgets Mr. Haddad was also to peg the numbers in advance. Mr. Haddad said that he had always come in under the levy. Mr. Green said that he wanted to defend Mr. Haddad adding they had gone to the schools and used numbers they provided them. Ms. Eliot said that the school budget doesn't typically come in until March. Mr. Robertson said that he would like to see a percentage up front. Mr. Haddad said that he liked that growth couldn't increase more than 3.05% or 95% and thought it was great guidance. Mr. Petropoulos said that even at a steady state salaries and benefits were growing faster than revenues adding that they were not increasing services. Mr. Haddad said that sometimes those wages were providing more services. Mr. Green cautioned people adding that if they look at strictly percentages they needed to look at the starting numbers. He said that their numbers didn't prove that employee benefits were growing at out of control rates.

Mr. Petropoulos said that he thought they needed to discuss this in public and come back. Mr. Cunningham said that they were meeting publically and added that this was something he was comfortable that they could work with. Mr. Petropoulos said that they didn't have Mr. Schulman or Mr. Degen present and added that they had until early November. Mr. Haddad said that he could change the Department Head meeting to November 4th. Mr. Haddad added that there needed to be a little bit of growth in the DPW budget adding they had been short changed the past few budgets. Mr. Petropoulos asked if maybe the Finance Committee could attend their November 2nd meeting.

Other Business

Mr. Cunningham moved to sign the license agreement between Hollingsworth and Vose and the Town for radio equipment. Ms. Eliot seconded the motion. The motion carried unanimously.

The meeting was adjourned at 7:18pm.

Approved: _____

Stuart Schulman, Clerk

Date Approved: 11/09/15

_____ respectfully submitted,
Dawn Dunbar, Executive Assistant