

# TOWN OF GROTON FINANCE COMMITTEE

---

*Sunday May 22, 2016: 9:00 a.m.  
Selectmen's Meeting Room  
173 Main St. Groton, MA*

**Present for Finance Committee:** G. Green (Chair), R. Hargraves (Vice Chair), Art Prest, D. Manugian, B. Robertson, M. Bacon

**Also Present:** J. Degen (BOS), A. Eliot (BOS), T. Delaney (DPW Director), M. Gilbert (School Committee), T. Orcutt (Water Superintendent), J. Kauppi (Town Moderator), Members of the Press, Members of the Public

**Documents available at the meeting:** Town Manager Memo Prioritizing Municipal Cuts  
Reserve Fund Transfer Request: Assessor's Commercial Reval.

*Mr. Green called the meeting of the Finance Committee to order at 9:00 a.m.*

## Approval of Minutes:

On a motion by Mr. Robertson, seconded by Mr. Prest, the Finance Committee voted unanimously to approve and release the meeting minutes of 3/16/16. The Vote: 6-0-0

On a motion by Mr. Robertson, seconded by Mr. Prest, the Finance Committee voted unanimously to approve and release the meeting minutes of 4/25/16. The Vote: 6-0-0

On a motion by Mr. Hargraves, seconded by Mr. Robertson, the Finance Committee voted in the majority to approve (but not release) the executive session meeting minutes from 3/24/16. The Vote 4-0-2 (D. Manugian and M. Bacon abstained as they were not present for that meeting).

## Finance Committee Designee Appointments:

On a motion by Mr. Hargraves, seconded by Mr. Bacon, the Finance Committee voted unanimously to re-appoint Mr. Bud Robertson as their designee to the Charter Review Committee. The Vote: 6-0-0

On a motion by Mr. Hargraves, seconded by Mr. Manugian, the Finance Committee voted unanimously to re-affirm Mr. Barry Pease as their designee to the GDRSD Regional Agreement Review Committee. The Vote: 6-0-0

*The Town Manager joined the meeting via telephone at 9:10 a.m.*

Reserve Fund Transfer Request: Mr. Haddad explained that this request simply missed the warrant deadline. The town does not perform its own evaluation of commercial property and therefore must enter into a contract with a consultant. This request for \$16,500 covers the cost of the contract to provide these necessary values to set the FY17 tax rate, which work will begin immediately.

**On a motion by Mr. Bacon, seconded by Mr. Robertson, the Finance Committee voted unanimously to transfer \$16,500 from their Reserve Fund to Assessor's General Expenses for Commercial Property revaluation. The Vote: 6-0-0**

Deliberation on FY17 Budget and Override:

Mr. Haddad summarized his memo of May 20 (see attached), which details the budget increases over the last five years for both the school district and the municipality, outlines the extensive budgetary scrutiny that has taken place on the municipal side, and also prioritizes a potential list of municipal budget reductions up to \$500,000. He stressed that contrary to public perception, education spending has increased at a greater rate since FY12 than has town spending. While he strongly urged that no further cuts be made to the municipal budget, he is willing to do everything in his power to advance the budget setting process. Mr. Green noted that there will be no attempt to finalize the budget at this meeting, however, he would like to discuss potential reductions to the municipal budget and determine whether any portion of those should be contingent on a tax override. Mr. Hargraves said that further indecision on the part of the Finance Committee will only exacerbate the problem; he would like to lock in a firm budget number today. He added that he is not in favor of cutting lifeguards at the beach due to the potential increase in related insurance liability premiums. Mr. Bacon agreed with Mr. Hargraves; he does not support any additional reductions to the municipal budget nor does he support including any municipal spending in an override attempt. He believes that an aura of financial crisis has been created surrounding the town budget where none exists. Mr. Robertson would like to discuss some round numbers and look at areas where reductions may be possible. Mr. Manugian felt that the FinCom was asked to prioritize some cuts, so scenarios should be proposed. Mr. Green said that he understands Mr. Bacon's position but feels that the group has a responsibility to review the possibilities. Mr. Bacon noted that the \$106k of cuts that were discussed on Thursday were previously agreed to be pernicious and not something the town could live with. There is no reason to think otherwise now. Mr. Haddad explained that the town must have an approved budget for July 1<sup>st</sup>. He drew the members' attention to the top three items on his prioritized list saying that those items total \$102,696 and could be separated as contingent on passage of an override. This will provide \$1,265,000 within the levy limit for the district, which Dunstable will have to match with approximately \$475,000. The school district will then have the \$1.6 million they require to meet their carryover costs and avoid any further cuts on their end. The schools are kept whole, and no impacts will be felt to public safety.

Mr. Degen said that while he commends the municipality to holding growth for FY17 to .73%, given the current financial dilemma he would recommend cutting the proposed custodian and the IT Web Developer positions, as well as eliminating the remaining vacancies in Health Insurance. Any deficit in Health Insurance can be covered by the Reserve Fund. This brings the town down to 0% growth. Additional cuts can be discussed and, if warranted, made contingent on an override. Mr. Bacon stated

that he does not believe that the failure of the override indicated the voters' desire to cut municipal services. Mr. Haddad agreed that Mr. Degen's plan would allow additional tax capacity for the schools, but would cripple the town budget. The town budget is not inflated, and furthermore past town spending has never impacted the school budget. He urged the FinCom not to reverse the good things that had been done for the town over the last several years. Mr. Degen felt that the voters would probably not pass an override in an amount greater than \$750k, especially as the capital and technology needs for the district are not yet known. Therefore, he advocates municipal budget cuts be considered to present as low an override amount as possible and allow voters (through a secondary override question) to decide whether to restore certain line items. Mr. Manugian agreed that the town budget is a good one, but that the time has come to consider impacting services and to let voters know the significance of those cuts. Mr. Prest disagreed with the idea of including a secondary override question for the municipal side of the budget. He advocated to simply cut the budget if necessary; attempting to explain secondary override options will confuse the public. He added that the municipal budget has been sufficiently vetted over the months since December, and any override request should be the school's request.

The members briefly discussed the swimming opportunities provided by Sargisson Beach (free of charge) as compared to those provided by the Country Club (users must pay a fee). Mr. Hargraves believes that the beach should stay open in order that those who cannot afford to swim at the club can enjoy the beach. Mr. Bacon and Mr. Robertson discussed how to determine when sufficient reductions had been made to the town budget. Mr. Bacon felt that the district's Needs Assessment should not drive the town to "survival mode" budgeting which is irrational and does a disservice to town employees. Mr. Robertson maintained that students and their parents are also part of the town budget and sometimes the bottom line has to drive decision-making. Mr. Prest expressed a willingness to do without the lifeguards at Sargisson Beach, but feels the new custodian should be retained in the budget. Mr. Haddad explained that the beach can remain open without lifeguards and has done so successfully in past years. Funding must remain for property maintenance (\$9k) and the park ranger (\$2,500), proper signage must be in place and the docks will be removed. Mr. Degen and Mr. Delaney agreed that the docks cannot remain without lifeguards present.

Mr. Delaney explained that the new custodial position is not just for Town Hall. This position would support several departments (Country Club, GELD, Library, Town Hall, Legion Hall, and the Transfer Station), as well as snow plowing in the winter months. If this position were cut, many of the savings that were built into the DPW budget for FY17 would be lost. Mr. Prest wondered if estimated receipts could be re-assessed. Mr. Manugian felt it was important to stay focused on cuts. He indicated that even though the DPW does a great job with their budget, he would cut both the custodian on the municipal side and the proposed custodian on the district side. Mr. Bacon questioned the relevance of matching up positions on both sides of this issue and trying to make cuts in that fashion. Mr. Robertson suggested cutting the lifeguards, the custodian, the web developer, and health insurance vacancies for a total of \$138,696 which should be made part of the override attempt. Mr. Haddad noted that this would indicate an override of \$700k for the district and \$138k for the town (total of \$838). He believes that this solution would provide the schools with the carryover costs that they need to avoid making any cuts. Mr. Degen liked this compromise; it provides for a shared override (advancing the spirit of collaboration) and would be easy to explain to the public. Mr. Robertson said that any new override request must be less than \$1 million,

and the school portion should be less than \$750k as these numbers are below what he feels are the psychological barrier beyond which the voters are unlikely to go. Mr. Green agreed with his assessment.

The Finance Committee discussed whether the FY17 Capital Budget should be presented on Monday the 23<sup>rd</sup> or on Monday, June 13<sup>th</sup>. Mr. Degen understands that the Capital Budget represents an established plan that has no impact on the operations budget, but feels that people will misconstrue the intent of trying to address this before the budget articles. He is concerned that capital spending will be voted down erroneously. Mr. Haddad feels it is riskier to try to do them both on the same evening which may give voters reason to believe there is a link between the operational and capital budgets. He feels that he can present the plan and the funding sources with sufficient clarity that this can be dealt with effectively on the 23<sup>rd</sup>. Mr. Kauppi suggested how re-consideration language would read for both the operational and capital budgets. Mr. Robertson would support addressing the Capital Budget on the 23<sup>rd</sup>; if it can be presented clearly it would be useful to get this business taken care of. Mr. Manugian would like to discuss making more cuts, but supports addressing the Capital Budget on the 23<sup>rd</sup>. Mr. Prest, Mr. Hargraves and Mr. Bacon agreed that the Capital Budget should be presented on May 23<sup>rd</sup>. Mr. Green felt that while there is no fiscal harm in waiting he could support addressing it on the 23<sup>rd</sup>. Mr. Kolak (resident) wondered what happens to the funding for the Capital Budget if it is not passed. Mr. Green explained that the money simply remains in the Capital Stabilization Fund. He cautioned that the whole point of spending according to the established capital plan is to avoid spiking the tax rate with costly replacements or maintenance that has to be corrected out of cycle. Ms. Eliot suggested using this as an educational opportunity to show the voters how having a capital stabilization plan can be as helpful to the school district as it is to the town.

Mr. Haddad interjected that Article 5 (OPEB Funding) must be postponed until June 13<sup>th</sup>, as there will be no available appropriation to transfer from on May 23<sup>rd</sup>. In that case, Mr. Kauppi recommended not moving to reconsider the budget article on Monday; he feels it would be a better procedural move to keep it off the table until the third night of Town Meeting. Mr. Haddad confirmed that the Performing Arts Center was available for the third night of Town Meeting, 6/13/16 at 7:00 p.m.

Mr. Green asked for any additional comments on the \$138,696 to be considered as part of a new override. Ms. Dufresne cautioned that \$7,000 of the custodial position to be cut includes the health insurance cost. As that line item is already being cut by \$36,000 separately, this line item may end up in deficit. Mr. Haddad said he was not comfortable with cutting health insurance this deeply. The members agreed that any deficit that results from this cut could likely be covered from another source. Mr. Haddad offered to draft sample motions for the override and will provide this to the BOS and FinCom either Monday or Tuesday. Mr. Green advised that the BOS should wait to confirm the final override amount for as late as possible to give the school committee the opportunity to finalize their budget. Mr. Degen asked that the BOS be posted for a meeting on Wednesday through 11:00 p.m.

**On a motion by Mr. Hargraves seconded by Mr. Manugian, the Finance Committee voted unanimously to make \$138,696 of the FY17 municipal budget contingent on the passage of an override of Proposition 2 ½. The Vote: 6-0-0**

Mr. Degen asked whether the Finance Committee was open to considering any of the remaining cuts on the Town Manager's priority list. Mr. Bacon replied that the BOS guidance had been followed. Mr. Green

said that no further cuts would be discussed at this time, though the FinCom reserves the right to consider them up until the budget is presented at Town Meeting. Mr. Manugian said that he is prepared to suggest more painful cuts. Mr. Bacon observed that he has not seen much enthusiasm for overrides among the voters, and disproportionate spending between the town and school district is not helpful. He hopes the school can look at ways to avoid override attempts in the future. The members briefly discussed the process for transferring appropriations between line items.

*Mr. Green officially adjourned the meeting of the Finance Committee at 11:00 a.m.*

Respectfully submitted,

Patricia Dufresne, Recording Secretary



## TOWN OF GROTON

173 Main Street  
Groton, Massachusetts 01450-1237  
Tel: (978) 448-1111  
Fax: (978) 448-1115

## Board of Selectmen

John G. Petropoulos, *Chairman*  
Anna Eliot, *Vice-Chairman*  
Peter S. Cunningham, *Member*  
Joshua A. Degen, *Member*  
Barry A. Pease, *Member*

**Town Manager**  
Mark W. Haddad

**To:** *Board of Selectmen*  
*Finance Committee*

**From:** *Mark W. Haddad – Town Manager*

**Subject:** *Fiscal Year 2017 Municipal Operating Budget/Override*

**Date:** *May 20, 2016*

The purpose of this memorandum is to address the direction given to the Finance Team relative to the Proposed Fiscal Year 2017 Municipal Operating Budget at the Joint Meeting between the Board of Selectmen, Finance Committee and Groton Dunstable Regional School Committee on May 19, 2016. The purpose of the meeting was to determine what action is required now that the residents voted to reject the proposed Proposition 2½ Override. As you know, the entire operating budget, including the Groton Dunstable Regional School Assessment was contingent on the Override. With its defeat, the entire budget (except Debt Service) was rejected. A new budget must be presented and approved by the Adjourned Session of the Town Meeting prior to July 1, 2016 or there will be no appropriation for the Town to operate under. The Board of Selectmen, by a vote of 3 in favor and 2 against, directed the Finance Committee, with the assistance of the Finance Team, to prioritize \$500,000 in cuts to the Municipal Budget. Based on this, the Finance Committee will make a recommendation to the Board of Selectmen on how much, if any, of an override will be requested of the voters at an Override Election tentatively scheduled to be held on Thursday, June 30, 2016.

Before providing this prioritized list, I think it is important to address a couple of items raised by members of the School Committee and some Town residents. First, it has been charged that the Municipal Budget has increased dramatically over the last five years to the detriment of the Schools. This is not correct. In the last five years, the budget requested by the Groton Dunstable Regional School Committee has been fully funded by the Town of Groton. The Town of Groton has not rejected their budget request since the override failed in 2010. That said, a close look at Municipal Spending since FY 2012 is warranted. In FY 2012, the Municipal Budget approved at Town Meeting was \$11,880,456. In Fiscal Year 2016, the Municipal Budget approved at Town Meeting was \$14,517,525, or a total increase over five years of \$2,637,069. During that same time period, the Assessment of the GDRSD has increased \$2,371,586 (\$14,725,819 in FY 2012 to \$17,097,405 in FY 2016). It is important to note that in Fiscal Year 2015, the Town of Groton increased School Spending by \$1.4 million dollars to address a substantial budget shortfall in the GDRSD Budget.

**Board of Selectmen**  
**Finance Committee**  
**FY 2017 Budget/Override**  
**May 20, 2016**  
**page two**

When you take into consideration that the Town of Groton has set aside \$1,162,992 within the levy limit in FY 2017 for the Groton Dunstable Regional School Assessment, the Municipal Budget is increasing only \$106,162 in FY 2017. School Spending will have increased by \$3,534,578 in the last six years, while Municipal Spending will have increased \$2,743,231 over that same period. It is clear that the Town has not underfunded the School Budget to inflate the Municipal Budget.

The second area that needs to be addressed is the argument that the Municipal Budget needs to be scrutinized as closely as the School Budget in FY 2017. One member of the School Committee went as far to say that since the School Committee has reduced its requested budget by over \$900,000, the Municipal Budget should be reduced by the same amount. I have a very hard time understanding this logic. The Municipal Budget has been highly scrutinized over the last several months. In order to understand this, a review of the requested budget versus the final budget has to be reviewed. The following chart shows the original department budget request versus what the Town Manager approved versus what the Finance Committee approved:

<u>Category</u>	<u>Department Request</u>	<u>Town Manager Approved</u>	<u>Finance Committee Approved</u>
General Government	\$ 1,984,353	\$ 1,922,124	\$ 1,901,549
Land Use	\$ 435,245	\$ 432,128	\$ 425,575
Protection of Persons	\$ 3,972,623	\$ 3,714,200	\$ 3,669,831
DPW	\$ 2,146,673	\$ 2,146,673	\$ 2,142,673
Library/Citizen Services	\$ 1,593,653	\$ 1,592,630	\$ 1,583,834
Debt	\$ 1,282,713	\$ 1,282,713	\$ 1,282,713
Employee Benefits	\$ 3,746,884	\$ 3,746,884	\$ 3,617,512
	\$ 15,162,144	\$ 14,837,352	\$ 14,623,687
	Difference	\$ (324,792)	\$ (213,665)
Total Reduction from Original Request		\$ (538,457) or 3.6%	

The School Superintendent submitted an original budget request of \$40,475,339, which the School Committee approved. After the override was defeated, the School Committee met the next day and discussed possible reductions of \$1,263,780 from the original requested budget or 3.1% of the original request. The Town of Groton had already gone through that process over several months and actually reduced the budget by a higher percentage. To state at the meeting that the Municipal Budget has to be scrutinized and cut to the same level that the School Committee did in is not a valid argument in my opinion. I would urge the Board of Selectmen and Finance Committee to reject that argument.

**Board of Selectmen**  
**Finance Committee**  
**FY 2017 Budget/Override**  
**May 20, 2016**  
**page three**

It is also important to reiterate that the School Assessment can increase by \$1,162,992 without an override of Proposition 2½, while the Municipal Budget increase can increase by \$106,162 within the levy limit. These amounts are sufficient to cover carry over costs (when you take into consideration the Dunstable Assessment) for both the Municipal and School Budget and not cut any current services or employees. Any increase over these amounts is what is causing the override. The Municipal Budget is not requesting any additional funding, while the Schools are looking for an additional amount that would require an override of Proposition 2½. I would strongly argue at this time that the entirety of the override is to fund the GDRSD Assessment.

However, we want to work cooperatively with the School Department and share as much as possible in the override request. That said, the Finance Team has complied with the direction of the Board of Selectmen and developed a priority list of cuts totaling \$500,000. The priority list is as follows:

<u>Priority</u>	<u>Item</u>	<u>Amount</u>
1*	Sargisson Beach Life Guards	\$ 26,570
2*	Custodian/With Benefits	\$ 48,760
3*	IT Web Developer	\$ 27,366
4	Earth Removal Stipend	\$ 1,500
5	BOH Mental Health Assessment	\$ 8,000
6	Tree Warden - Tree Work	\$ 10,000
7	Highway Summer Help	\$ 12,000
8	Library Budget	\$ 100,000
9	Police Wages	\$ 54,914
10	Code Red Assessment	\$ 13,000
11	ZBA Wages	\$ 18,823
12	Park Budget	\$ 25,000
13	Town Manager Wages	\$ 54,273
14	Conservation Wages	\$ 33,059
15	Dispatch Wages	\$ 31,759
16	Police Salaries	\$ 28,621
17**	Health Insurance	\$ 36,000
	Total Reduction	\$ 529,645
	Additional Unemployment	\$ 29,645
	Grand Total Reduction	\$ 500,000

\* These three items total \$102,696

\*\* This would only be realized if you took all prioritized reductions



***Board of Selectmen  
Finance Committee  
FY 2017 Budget/Override  
May 20, 2016  
page four***

The Finance Team and I would urge the Board of Selectmen and Finance Committee not to make any further reductions to the Municipal Budget and leave it as it is currently constituted. However, if the Board of Selectmen and Finance Committee determine that some portion of the Municipal Budget has to be included in the Override, we would recommend that the first three items (totaling \$102,696) be contingent on the Override. This would bring the in-levy increase for the School Department to \$1,265,688.

Thank you for your consideration of this request. The Finance Team and I are available to discuss this in more detail with the Board of Selectmen and Finance Committee.

MWH/rjb

Cc: Patricia DuFresne – Town Accountant  
Rena Swezey – Principal Assessor  
Michael Hartnett – Town Treasurer/Collector  
Melisa Doig – Human Resources Director  
Dawn Dunbar – Executive Assistant  
Kristan Rodriguez – Superintendent of Schools

RFT #6  
Comm Reval  
BUD FY 1627

REQUEST FOR TRANSFER FROM THE RESERVE FUND

(To be submitted in triplicate)

Date 5-18-17

Advisory Board  
Town of Groton

Gentlemen:

Request is hereby made for the following transfer from the Reserve Fund in accordance with Chapter 40, Section 6, of the Massachusetts General Laws:

1. Amount requested: \$ 16,500
2. To be transferred to: Assessor's general expense  
(give name of appropriation)
3. Present balance in said appropriation: \$ 4,792
4. The amount requested will be used for (give specific purpose):  
Vision Appraisal to do the revaluation  
of all Commercial properties in the Town  
for FY 2017 Revaluation Contract.
5. This expenditure is extraordinary and/or unforeseen for the following reasons:  
Contract signed after budget was approved.

Ben Swamy  
Officer or Department Head

Action of Advisory Board

Date of Meeting 5-22-16 Number Present and Voting 6

Transfer voted in the sum of \$ 16,500

Transfer disapproved  
Chairman Advisory Board

Request must be made and transfer voted before any expenditure in excess of appropriation is incurred.