

TOWN OF GROTON FINANCE COMMITTEE

*Tuesday, September 12, 2016: 6:30 p.m.
Selectmen's Meeting Room, Town Hall
173 Main St. Groton, MA
Public Hearing held jointly with Board of Selectmen*

Present for Finance Committee: G. Green (Chair), R. Hargraves (Vice Chair), D. Manugian B. Robertson, L. Leonard

Absent: Art Prest

Present for Board of Selectmen: J. Petropoulos (Chair), P. Cunningham, B. Pease, J. Degen, and A. Eliot

Also Present: P. Dufresne (Recording Secretary), M. Haddad (Town Manager), D. Dunbar (Exec. Asst.), K. Shelp (COA Director), M. Hartnett (Town Treasurer/Tax Collector), M. Doig (HR Director), T. Delaney (DPW Director), M. Gilbert (School Committee), J. Amaral & P. Twachtman (Groton Hill Developers), Members of the Press, Members of the Public

Documents available at the meeting: Draft of FY16 Fall Town Meeting Warrant as of 9/02/16
Draft of Town Manager's Monetary Article Summary 9/12/16

*The Finance Committee called their meeting to order at 6:30 p.m.
The Board of Selectmen Opened the Public Hearing at 6:30 p.m.*

Warrant Review: Mr. Haddad summarized his memo of 9/12/16 outlining the anticipated tax impact of the Warrant Articles in their current form. He stressed that increases to estimated revenue will offset the proposed new expenses so that the tax rate is not expected to change. Highlights of the Town Meeting Warrant discussion are as follows:

Article 1: Prior Year Bills – Stanley Elevator \$291 – No Discussion

Article 2: Amendments to FY17 Operating Budget

- a. \$5,000 increase to Assessor's Expenses: This will be used to hire a consultant to oversee the Personal Property revaluation. Historically, this approach has boosted revenue in this category.
- b. \$10,000 increase to Insurance & Bonding: The MIIA Worker's Compensation premiums were significantly higher than expected due to claims activity. Public Officials premiums were higher due to litigation in progress, and payroll totals had increased due to DPW hours worked during the winter of 2015. Representatives from MIIA are scheduled to meet with Town management on October 13th to determine how to mitigate this activity going forward.
- c. \$7,984 increase to Police Salaries: This increase is necessary to meet the obligations agreed to in the Police Chief's new employment contract.
- d. \$13,500 increase to Municipal Buildings Expenses: Mr. Delaney explained that when the override failed, the custodial position that would have reduced redundant contractor

expenses was eliminated. Therefore, the contractor services must be retained at the cost of \$13,500.

- e. \$7,766 increase in Country Club Expenses: This amount is needed to replace a malfunctioning fire alarm system. It is expected that once the new system is up and running, it will integrate the current burglar alarm and one phone line, leading to a savings of \$500 annually. Mr. Haddad confirmed that this cost would be included in the total cost of running the club when that analysis is updated. Mr. Green asked about revenues associated with the day camp and lease agreement for the Function Hall. Mr. Haddad estimated that \$80,000 was received from summer camp operations. Ms. Dufresne said that the Town is expecting approximately \$7,500 as a result of the FY17 lease agreement.

Article 3: Transfer to Capital Stabilization – Mr. Haddad explained that in keeping with the financial policies of the Town, a transfer of at least \$389,000 from Free Cash to Capital Stabilization is in order. However, due to projected spending for capital in FY18, he is recommending a transfer of \$425,000. Mr. Degen disagreed and would prefer to transfer only the 1.5% of budget required by the policy.

Article 4: Transfer to General Stabilization – Based on the Town’s financial policies, Mr. Haddad informed the group that no transfer to Stabilization was required this year. Mr. Degen would like to consider spending the surplus available in that fund. Mr. Haddad replied that he did not recommend this. A brief discussion ensued regarding the process of choosing which articles become part of the draft warrant for Town Meeting. It was generally felt that by posting the final warrant, the BOS are implicitly approving the contents. **Mr. Pease moved to remove Article 4 from the warrant; the motion was seconded by Mr. Degen. The motion failed to carry by a vote of 2-3-0.**

Article 5: Offset to Tax Rate – Mr. Haddad explained that once Free Cash is certified it can be used for one-time spending opportunities or alternatively, to lower the tax rate and levy limit. If all the proposed spending on the draft warrant is approved, the balance in Free Cash will be approximately \$274,000. For that reason, he would recommend against using Free Cash to offset the tax rate for FY17.

Article 6: Transfer from Water E&D to Water Enterprise Operations – Mr. Orcutt explained that the Water Commissioners would be seeking to supplement their FY17 budget from their E&D for engineering services and well cleaning. There would be no impact to the General Fund or to the tax rate for this. **On a motion by Mr. Degen, seconded by Ms. Eliot, the BOS voted unanimously to allow the Water Commissioners to split this article into two separate motions if they deem it necessary.**

Article 15: \$15,000 Transfer Station Scale Purchase – Mr. Delaney informed the group that the DPW has been interested in acquiring a certified scale for many years. The scale proposed can weigh up to 200,000 lbs. and would cost approximately \$80,000 if purchased new. He feels that maintenance on this unit will be minimal, and revenue collection will be improved because truck weights will be more accurately assessed. He estimated that the scale will have paid for itself in 6 or 8 years. Mr. Petropoulos noted that if it is possible that weights are now being underestimated, it is also possible that they are being overestimated (in which case use of the scale would reduce revenue collection). Mr. Delaney felt this was unlikely. Mr. Degen and Mr. Hargraves believed that it is more likely that use of the scale will generate revenue. Mr. Delaney added that the scale he wishes to purchase is above-average quality, and

he plans to verify its accuracy prior to acquiring it. Mr. Cunningham felt that use of the scale reflected a more honest interaction with the public.

Article 16: \$36,382 CPC Funding for Williams Barn – Mr. Degen and Mr. Delaney agreed that the cost of the wall repairs proposed would most likely be \$10,000 higher than the current estimate. CPC is considering this project again this evening. The final structure will be poured concrete faced with stone and will last for the life of the barn.

Mr. Delaney left at this time, and Ms. Leonard joined the meeting (7:08 p.m.)

Article 7: Accept Local Option Room Occupancy Tax – This is a recommendation from the Sustainable Budget Committee which was tasked with finding ways to grow revenue. Mr. Degen was in favor of this initiative for established businesses, but wouldn't wish to impede new businesses. Mr. Cunningham agreed that it was premature to consider this when there are currently no rooms on which to impose the tax. Ms. Eliot felt that this would be a burden to new businesses and runs counter to the effort of trying to encourage commercial development. The developers of the proposed Groton Inn (John Amaral and Peter Twachtman) took the floor at this time and said that while they understand the Town's position, they feel that this new tax should have been communicated to them earlier in the process. Now that their business model is set, they do not have the margin to trim 6% off of their revenues and still remain solvent. They stressed their commitment to the community, but said that acceptance of this local option will delay the project. They requested that this option be considered again three years from now (once the business is thriving) and then perhaps phased in over the course of several years. Mr. Petropoulos expressed surprise that the possibility of a local room tax was never considered as part of the business plan, and wondered if the local meals tax was similarly unexpected. The developers responded that the meals tax could not be compared to the room tax as the impact on the customer is much smaller. Mr. Amaral added that not every local town assesses a room tax, therefore there was no particular reason to suppose Groton would assess it, especially given the extensive verbal encouragement offered to this project by the Town. He suggested that they would have to re-evaluate their plans to break ground this fall should the tax be adopted at Town Meeting. Mr. Petropoulos wondered whether it would be possible to assess the tax based on the health of the business once it is up and running. Mr. Amaral said he would consider this approach if the Town would consider a TIF agreement should revenues fall short of projections. Mr. Cunningham felt that the benefits of developing the site should be sufficient for now. Mr. Pease wondered if the Town could vote to accept the local option, but then assess at 0%. Mr. Haddad said that the minimum assessment was .5%. Mr. Robertson said that in his experience hotels tend to advertise the room rate without including the tax, and felt that this should not affect their ability to be competitive. Mr. Twachtman replied that their rates were increased over other local hotels due to the quality of the product, therefore once the tax is added in, their volume will drop unless they reduce the room rates. Mr. Lewis (resident) said that Groton has a reputation for being "bad for businesses." He expressed concern that the Board of Selectmen were sending out mixed messages by encouraging economic development on the one hand, and then suggesting this room tax on the other. Mr. Green said he understood that altering a business model late in the process can have traumatic consequences, and he favors a phased-in approach to begin at a later date. Mr. Sheldon (Prescott Building Committee) reminded the group to decide on a vision for the economic future of the Town that includes a long-term strategy for re-creating Groton as a "destination community." He recommended against adopting quick-fix solutions to financial predicaments. **On a motion by Mr. Cunningham seconded by Mr. Degen the Board of Selectmen voted unanimously to remove Article 7 from the Warrant. The Vote 5-0-0**

Article 8: \$300,000 Design Funding for Senior Center – Mr. Haddad said that the article is seeking funds to design and bid a new Senior Center in order to come back in the spring and ask for construction authorization with bids in hand. He is suggesting that \$300,000 be appropriated from Free Cash for design services, and expects construction costs to be approximately \$6 million. Mr. Degen said that while he agrees with the need to provide for the seniors, he feels that public input to this project has thus far been lacking. He believes the COA will improve their chances of success through ramping up communication. Mr. Cunningham feels communication has in fact been achieved, and that clear and accurate numbers are more crucial at this juncture. Ms. Eliot agreed saying design and expenditure information are necessary now. She understands that the timing is poor, but there may never be a good time to undertake such an expensive project. Mr. Pease felt that a copy of the final feasibility study should have been made available by now. Mr. Petropoulos mentioned his concern about funding \$300,000 for design with no guarantee that the building will ever be constructed. He added that the current plan to fund the future debt service by replacing retiring debt is debatable. Ms. Shelp presented the timeline for the project which began in the fall of 2014. She described the surveys done, focus groups assembled and various other attempts to educate the public. The COA has plans to continue to reach out to the public and feels that delaying this project would be doing a disservice to some of Groton’s most vulnerable citizens. Ms. Jennings (Prescott Re-Use Committee) would like a chance to ask questions and share concerns regarding the costs of the various sites and the weighting of the criteria used in the selection process. She would like to share some of the results of the Prescott study with the COA. Mr. Petropoulos felt that now that the public’s attention has been captured, communication about this project will be more effective. Ms. Pine was also concerned that the final report was not available, and felt that this project was being rushed to Town Meeting prematurely. Mr. Degen felt that there was not enough time to accomplish the necessary public outreach, therefore he moved to withdraw Article 8 from the Warrant. The motion was seconded by Mr. Petropoulos. Mr. Pease said he would abstain from voting until he has seen the final feasibility report. Mr. Cunningham assured the group that communication with the public about this project is ongoing and will become more frequent as new information is released. Mr. Degen withdrew his motion.

Article 9: Abandoned Property MGL Chap 200A, section 9A – No discussion.

Article 10: \$50,000 Purchase of Vehicle for Police Chief – Mr. Haddad explained that this is a capital item that is being moved forward one year per the recently ratified contract with the Chief. Mr. Green said that while he does not have a particular problem with this article, it will affect the FY18 capital cycle. He wondered if it could be spent from Stabilization as there is a surplus currently in that fund. Mr. Haddad explained the process of using Free Cash for members of the audience. Mr. Pease approved of funding this from Stabilization; it conserves Free Cash and provides for a 2/3 acceptance of the spending at Town Meeting.

Article 11: Automatic Doors at Town Hall – The Commission on Accessibility has recommended this improvement for Town Hall. Mr. Haddad does not believe that Groton would be eligible for grant funding for this project. Mr. Petropoulos requested that Mr. Haddad seek a quote for converting only one door instead of two.

Article 12: \$45,000 Audit of Town Operations – No discussion.

Article 13: Audit of School District Operations – Mr. Robertson said that the school district may have to find the funding for this in their current budget as they must sign a contract with the vendor prior to Town Meeting. Ms. Gilbert noted that if the district pays for this audit out of its existing FY17 budget,

they will have to cut funding of another line item. While the district has E&D available, it is below the targeted level. Mr. Petropoulos encouraged the public to consider this article a placeholder until the district has decided how it wants to fund their audit.

Article 14: \$80,000 Florence Roche Boiler Replacement – Mr. Haddad informed the group that as the Town of Groton owns this building, it is up to Groton to replace the failed boiler. Dunstable is not required to share in this expense.

Article 17 & 18: Extension of Sewer District to Longley Rd & Old Ayer Rd – Mr. Orcutt explained that Article 17 refers to a single household that wishes to connect to the sewer district; that household will bear the entire cost of doing so. He went on to say that Article 18 refers to a household on Old Ayer Rd that in order to receive sewer services will have to come to an arrangement with Indian Hill Music Center to share their dedicated line. Mr. Degen requested that Town Counsel review this Article carefully as it seems to alter an extension agreement that was voted at a previous Town Meeting.

Article 19: Discontinuance of Powder House Rd as a Public Way – On a motion by Mr. Degen, seconded by Ms. Eliot, the Board of Selectmen voted unanimously to withdraw Article 19 from the Warrant.

At this point in the meeting, the Finance Committee relocated to the Small Conference Room.

Approval of Minutes:

On a motion by Mr. Manugian, seconded by Mr. Robertson, the Finance Committee voted unanimously to approve and release the minutes of 9/06/16 as drafted. The Vote: 5-0-0

Town Meeting Warrant Positions Taken:

Article 1 – On a motion by Ms. Leonard, seconded by Mr. Manugian, the FinCom voted unanimously to recommend this Article to Town Meeting (The Vote: 4-0-0 Mr. Hargraves not present)

Article 2 – On a motion by Mr. Manugian, seconded by Mr. Robertson, the FinCom voted unanimously to recommend this Article to Town Meeting (The Vote: 5-0-0)

Article 3 – On a motion by Ms. Leonard, seconded by Mr. Manugian, the FinCom voted unanimously to recommend this Article to Town Meeting (The Vote: 5-0-0)

Article 4 – On a motion by Mr. Robertson, seconded by Mr. Manugian, the FinCom voted unanimously to recommend this Article to Town Meeting (The Vote: 5-0-0)

Article 5 – Offset to Tax Rate: The Finance Committee deferred taking a position on this Article.

Article 6 – On a motion by Mr. Hargraves, seconded by Ms. Leonard, the FinCom voted unanimously to recommend this Article to Town Meeting (The Vote: 5-0-0)

Article 8 – The Finance Committee deferred taking a position on the Senior Center Design Funding

Article 9 – Ms. Leonard noted that accepting the new procedure will result in a cleaner, quicker process for resolving abandoned property issues. On a motion by Mr. Robertson, seconded by Mr. Hargraves, the FinCom voted unanimously to recommend this Article to Town Meeting. (The Vote: 5-0-0)

Article 10 – Mr. Robertson noted that advancing this purchase will reduce the capital budget for FY18, thereby holding down the amount needed to replenish CapStab. Ms. Leonard reminded the group that a benefit of funding this from stabilization is that it would require a 2/3 majority vote at Town Meeting. On a motion by Ms. Leonard, seconded by Mr. Manugian, the FinCom voted unanimously to recommend this Article to Town Meeting provided it is funded from Stabilization. (The Vote: 5-0-0)

Article 11 –Mr. Manugian asked whether this Article had been brought forward due to a building code issue. Mr. Green replied that it was not a code issue, which makes him less inclined to support the spending. On a motion by Ms. Leonard, seconded by Mr. Robertson, the FinCom voted in the majority to recommend this Article to Town Meeting. (The Vote: 3-2-0, Mr. Green & Mr. Manugian voted against)

Article 12 – On a motion by Mr. Hargraves, seconded by Mr. Robertson, the FinCom voted unanimously to recommend this Article to Town Meeting. (The Vote: 5-0-0)

Article 13 – GDRSD Ops Audit: The Finance Committee deferred taking a position on this Article.

Article 14 – On a motion by Mr. Hargraves, seconded by Mr. Manugian, the FinCom voted unanimously to recommend this Article to Town Meeting. (The Vote: 5-0-0)

Article 15 – On a motion by Mr. Manugian, seconded by Ms. Leonard, the FinCom voted unanimously to recommend this Article to Town Meeting. (The Vote: 5-0-0)

Article 16: CPC Funding for Williams Barn - Mr. Green asked whether this project would be completed before the winter. Mr. Degen replied that it would not. He also noted that they were seeking donations for stone. On a motion by Mr. Hargraves, seconded by Mr. Robertson, the FinCom voted unanimously to recommend this Article to Town Meeting. (The Vote: 5-0-0)

The Finance Committee took no positions on Articles 17 through 20 as they have no financial component.

Mr. Green mentioned that a single interest form (from Jon Sjoberg) had been received thus far to fill the vacant seat on the committee. He reminded the group that FinCom meetings had been scheduled for 9/27/16 and on 10/04/16. Mr. Manugian said he would not be present on 9/27.

Mr. Green officially adjourned the meeting at 9:20 p.m.

Respectfully submitted,

Patricia Dufresne, Recording Secretary