

# TOWN OF GROTON FINANCE COMMITTEE

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*Tuesday, September 27, 2016: 7:00 p.m.  
Selectmen's Meeting Room, Town Hall  
173 Main St. Groton, MA  
Public Hearing held jointly with Sustainable Budget Committee*

**Present for Finance Committee:** G. Green (Chair), R. Hargraves (Vice Chair), B. Robertson, A. Prest, L. Leonard

**Absent:** D. Manugian

**Present for Sustainable Budget Committee:** K. Forsmo (Chair), B. Robertson, A. Prest, K. Brogan, M. Haddad, P. Dufresne

**Also Present:** M. Haddad (Town Manager), B. Pease (BOS), Members of the Press, Members of the Public

**Documents available at the meeting:** Draft of FY16 Fall Town Meeting Warrant as of 9/26/16  
Reserve Fund Transfer Request – Highway Loader Repair  
Sustainable Budget Committee Power Point Presentation

*The Finance Committee called their meeting to order at 7:00 p.m.  
The Sustainable Budget Committee was already in session*

Recommendations of the Sustainable Budget Committee: Mr. Forsmo addressed the Finance Committee and outlined the findings and recommendations of the Sustainable Budget Committee thus far (please see PowerPoint presentation document attached). He noted that while the final report is not yet complete, this overview will show an analysis of recent trends in revenue and expenditure growth and will present models for projecting the future fiscal state of the Town. Three models were highlighted: the first illustrates the fiscal results to be expected if current trends are allowed to continue, the second shows the results of controlling growth to eliminate tax overrides, and the third presents one formulation of a budget that constrains major cost drivers. Mr. Forsmo stressed that all three models contain assumptions, but these can be manipulated using the spreadsheet tool depending on what the FinCom believes is in the best interests of the Town. He added that school district needs are somewhat difficult to predict, but the latest information from the district indicates annual growth in the Town's assessment of 4.7%, which is a result of operating growth at approximately 3.5% coupled with flat Chapter 70 revenue.

Mr. Forsmo drew the group's attention to the graphical presentation of the three models. Model 1 results in significant annual budget deficits and (probable) attempts at tax overrides. Model 2 eliminates deficits but contains some unrealistic assumptions (for instance municipal expense growth held to 1% and wage growth at 1.2%). Both the district and the municipality are assumed to be growing their operating budgets at a roughly equivalent level. Mr. Robertson mentioned that revenue trends drive these expense models. Mr. Forsmo agreed and added that while revenue growth of 4% or more has been realized in recent years, the Sustainable Budget Committee felt it would be prudent to assume only 3.4% revenue growth as seen

in longer term trends. Notably, none of the three models presented are considered sustainable over the long term, therefore the town must actively seek opportunities to grow revenue and reduce costs. Additionally, the state is not expected to increase funding of Chapter 70 for the school district in future years. Mr. Forsmo detailed \$131,000 of potential budgetary savings identified by the Sustainable Budget Committee, which could be used to partially offset the projected FY18 deficit. He briefly outlined some of the general long term recommendations that the Finance Committee and Board of Selectmen could consider adopting and explained that the Economic Development Committee will be addressing revenue opportunities as well. The group discussed the need to seek legislative intervention to alter the amortization schedule of the unfunded pension liability.

Mr. Green asked for an update on the status of FY18. Mr. Haddad replied that the deficit is currently estimated at \$418,000. He reminded the group that the town is locked into union obligations through the end of FY18. Mr. Robertson noted that the "Override Required" slide included in the presentation shows roughly where the FY18 deficit falls. He stressed that the models presented leave no room for expansion of services for the town, and this may not reflect what is best for the town. Mr. Hargraves asked whether the SBC considered tax overrides separately from debt exclusions when formulating their models. Mr. Forsmo replied that debt exclusions were not considered as the models focused on reducing operating expenses. In 2020, the expiration of the early retirement liability will reduce employee benefit expenses, but this will be replaced by an increase in debt service as permanent funding is secured for three projects that are currently funded with BAN's. Mr. Green questioned the use of 3.4% growth in revenue rather than 4.2% in the models. Mr. Forsmo replied that the benefit of the model is that it is structured to allow management to manipulate the various assumptions in whatever way seems best in order to appreciate the impact of those values on the budget.

Mr. Hargraves wondered whether progress had been made in increasing PILOT revenue. Mr. Haddad replied that the Non-Profit Council continues to meet and has generated some increases in this revenue category. Two new organizations are currently negotiating this with the Town (Indian Hill Music Center and the Temple). He added that Groton School and Lawrence Academy are abiding by the agreements in place and do occasionally volunteer more than what is stipulated. Mr. Forsmo cautioned that some of the savings detailed by the SBC have a potential downside which has to be considered, and some cannot be implemented without negotiation. He suggested that it would be useful for the Sustainable Budget Committee to meet occasionally on a more or less permanent basis to review and update yearly trends as that data becomes available. Ms. Sartini (Groton Herald) asked how the balance of the projected deficit would be addressed for FY18. Mr. Robertson said that the BOS and the FinCom would be meeting with the Town Manager next Tuesday to establish goals for FY18 and to consider this problem.

Mr. Pease asked whether best practices data had been fed into the models as presented. Mr. Robertson hopes that the operational audit will help identify areas where best practices can be implemented in Town; the models will then be updated to reflect the new efficiencies. Mr. Forsmo added that the SBC tried to avoid making decisions on behalf of the community; that role is reserved for the BOS. However, the committee does support conducting an operational audit. Mr. Green remarked that he hopes that the final report is more specific as to major budget drivers. Mr. Haddad said that this kind of detail is contained in the supporting spreadsheets. Mr. Robertson advised the FinCom to be prepared with numbers and a plan to break even for next week's meeting.

Reserve Fund Transfer Request – Ms. Dufresne explained that the Highway Department's Volvo loader required an engine repair (please reference memo provided by DPW Director attached). The cost to install

a new motor would vary between \$21,500 and \$26,500 depending on whether the installation is done in-house. Mr. Delaney (DPW Director) is currently working with Volvo to determine whether any portion of that expense can be covered by the warranty. After reviewing the Highway Department's budget for equipment maintenance, the committee decided to defer taking action on this request until a firm cost estimate was in hand. Mr. Hargraves suggested purchasing American equipment going forward.

#### Positions Taken on Warrant Articles:

Article 4: Offset the Tax Rate – The BOS voted to use \$400,000 of Free Cash to offset the FY17 tax rate. Mr. Robertson would prefer to retain as much Free Cash as possible until the Town's fiscal plan for the future is solidified. He mentioned that different cost cutting scenarios can be linked to strategic use of Free Cash. For instance, merit incentives for employees can be tied to having sufficient Free Cash reserves available for appropriation. This type of plan will help control the slope of budget growth as well as motivating employees to manage their budgets carefully, increasing turn-backs at year end. Mr. Green was concerned that Free Cash available for the 1<sup>st</sup> year of a contract may not be available in years 2 or 3. Mr. Robertson said that Free Cash can be held aside and given back at any time. Mr. Green then noted that if these funds are returned to the taxpayers, there is less chance frivolous spending. Mr. Robertson agreed that spending of Free Cash must be disciplined, but the benefit is that the taxpayers have a say in this spending. Ms. Leonard said that some municipalities choose not use Free Cash to reduce the tax rate, but reserve it in a stabilization fund or use it to fund one-time needs. The members briefly discussed the ramifications of recommending a lower level of offset. Mr. Green noted that in most years, there will be some unexpected need that can be met if Free Cash is reserved.

Mr. Robertson moved to recommend \$0.00 of Free Cash be used to offset the FY17 tax rate. Mr. Prest seconded this motion. After a brief discussion Mr. Robertson withdrew his motion.

Mr. Hargraves moved to recommend that \$400,000 of Free Cash to be used to offset the FY17 tax rate (Article 4 as approved by BOS); Ms. Leonard seconded this motion. The motion failed by a vote of 1-4-0 (Mr. Hargraves voted in the affirmative).

On a motion by Ms. Leonard, seconded by Mr. Hargraves, the Finance Committee voted unanimously to recommend that \$200,000 of Free Cash be used to offset the FY17 tax rate in Article 4.  
The Vote: 5-0-0

Article 6: Supplemental Funding for Senior Center Study – Mr. Pease explained that the final amount of the supplement needed is not yet available, therefore the BOS have deferred taking positions on this article. Mr. Green said that the Feasibility Oversight Committee has met and, based on their assessment of community feedback, decided to ask the architect to perform a more detailed analysis of using the Prescott School for this program. Once that has been accomplished, a Special Town Meeting is planned for January in order to secure design funding. This will allow the Town to move ahead with construction funding at the Spring Town Meeting as previously planned. The group briefly discussed how the wetlands at the Prescott site will impact construction of a secondary egress. Mr. Hargraves feels strongly that every option should be fully vetted before the Town commits construction money.

Approval of Minutes – On a motion by Mr. Hargraves, seconded by Ms. Leonard, the Finance Committee voted in the majority to approve and release the meeting minutes of 9/12/16 as drafted.  
The Vote: 4-0-1. (Mr. Prest abstained as he was not present for that meeting).

Filling of FinCom Vacancy – Mr. Green suggested that those candidates who are available to attend the meeting on October 4<sup>th</sup> be interviewed from 7:00 p.m. until 7:30 p.m. The FY18 Budget Goals discussion with the BOS will begin at 7:30 p.m., provided that the BOS has no objection.

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

Respectfully submitted,

Patricia Dufresne, Recording Secretary

# Memo

**To:** Mark Haddad  
**From:** Robert T Delaney Jr  
**Date:** 9/26/2016  
**Re:** Loader Motor

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Mark

As you are aware last Thursday we had a failure of the motor in our front line Volvo Loader. As a result we are forced into replacing the motor. Unfortunately the warranty for the machine ran out last year, but we are however, well under the warranty hours. That being said Volvo may assist us with the repair but there are no guarantees. They are requiring our service records and such, which we have.

For your info, we use a higher grade oil than recommended by Volvo and instead of 500 hour oil change, we do 300. The machine has 2800 hours on it and typically these motors go to 20,000+ hours.

Cost for a new motor alone, \$21,450 we install. Volvo installing new motor, \$26,500. Both have 3 year 5000 hour warranty but catch is, if something goes wrong with our work, we have to take motor out or whatever instead of Volvo. I also believe if they do the work we have a better chance at some assistance as they will be able to see condition of machine as well as the motor itself.

I would like to recommend Volvo doing the work at this time. This is a front line machine that plows the center of town during every storm, so time is at a premium right now also.

Any questions please call.

## Warrant, Summary, and Recommendations

# TOWN OF GROTON



## 2016 FALL TOWN MEETING

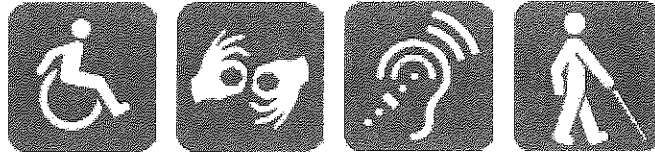
Groton-Dunstable Middle School Auditorium  
344 Main Street, Groton, Massachusetts 01450

Beginning Monday, October 17, 2016 @ 7:00 PM

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Attention – Voters and Taxpayers

Please bring this Report to Town Meeting



## **Town Meeting Access for Voters with Disabilities**

**Parking** – Universally accessible parking spaces are available in the parking lot in front of the Groton Dunstable Middle School South. There is a ramp providing access from the parking lot to the front door of the Middle School.

**Wheelchair Accessible & Companion Seating** – Wheelchair spaces, seating for people with mobility issues and companion seats are available in the center aisle on both sides of the auditorium.

**Sign Language** – A Sign Language Interpreter will be provided for the hearing impaired, upon request, at least one week prior to the meeting.

**Speaking at Town Meeting** – There will be volunteers available to bring hand-held microphones to voters who have mobility issues or cannot stand in line and wait at the microphones.

**Restrooms** – Accessible restrooms are available near the entrance to the auditorium.

**Transportation to Town Meeting** - The Council on Aging van will be available to Groton residents attending Town Meetings at no charge. All riders will be at the meeting prior to the start. However, the van will depart the school at 10 PM regardless of the status of the meeting. The van is wheelchair accessible. Your reservation can be made by calling the Senior Center at 978-448-1170. Seats will be filled on a first come, first serve basis.

**Questions or concerns** - If you or a member of your household has questions or would like to request a sign language interpreter, please contact ADA Coordinator Michelle Collette at Town Hall at 978 448-1105 at least one week before the Town Meeting.

**FALL TOWN MEETING WARRANT  
OCTOBER 17, 2016**

Middlesex, ss.  
Commonwealth of Massachusetts  
To any Constable in the Town of Groton

Greetings:

In the name of the Commonwealth of Massachusetts, you are hereby required to notify and warn said inhabitants of the Town of Groton qualified to vote on Town affairs to assemble in the Groton-Dunstable Middle School Auditorium in said Town on Monday, the seventeenth day of October, 2016 at Seven O'clock in the evening, to consider the following:

**ARTICLE LISTINGS**

<b>Article 1:</b>	Prior Year Bills	3
<b>Article 2:</b>	Amend the Fiscal Year 2017 Town Operating Budget	3
<b>Article 3:</b>	Transfer Money into the Capital Stabilization Fund	3
<b>Article 4:</b>	Offset the Tax Rate	4
<b>Article 5:</b>	Transfer Money to the Water Enterprise Fund	4
<b>Article 6:</b>	Additional Funding for Senior Center Feasibility Study	5
<b>Article 7:</b>	Accept M.G.L., Chapter 200A, §9A	5
<b>Article 8:</b>	Purchase Vehicle for Police Chief	6
<b>Article 9:</b>	Install Automatic Door Openers at Town Hall	6
<b>Article 10:</b>	Funding For Operational Audit of Town Operations	6
<b>Article 11:</b>	Funding for Operational Audit for GDRSD Operations	7
<b>Article 12:</b>	New Boiler at Florence Roche Elementary School	7
<b>Article 13:</b>	Install Scale at Transfer Station	8
<b>Article 14:</b>	Community Preservation Funding Recommendations	8
<b>Article 15:</b>	Acceptance of Crystal Spring Lane as a Public Way	9
	Report of the Town Manager to the 2016 Fall Town Meeting	11



**ARTICLE 1: PRIOR YEAR BILLS**

To see if the Town will vote to transfer from available funds a sum or sums of money for the payment of unpaid bills from prior fiscal years, or to take any other action relative thereto.

**BOARD OF SELECTMEN**

**Board of Selectmen:** *Recommended Unanimously*

**Finance Committee:** *Recommended Unanimously*

**Summary:** *Town Meeting approval is required to pay bills from a prior fiscal year. A list of unpaid bills will be provided at Town Meeting.*

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**ARTICLE 2: AMEND THE FISCAL YEAR 2017 TOWN OPERATING BUDGET**

To see if the Town will vote to amend the Fiscal Year 2017 Operating Budget as adopted under Article 4 of the 2016 Spring Town Meeting, and vote to raise and appropriate and/or transfer from available funds a sum or sums of money as may be necessary to defray the expenses of the Town for Fiscal Year 2017, or to take any other action relative thereto.

**FINANCE COMMITTEE  
BOARD OF SELECTMEN  
TOWN MANAGER**

**Board of Selectmen:** *See Town Manager's Report in Back of Warrant for Recommendations*

**Finance Committee:** *See Town Manager's Report in Back of Warrant for Recommendations*

**Summary:** *The Fiscal Year 2017 Town Operating Budget was approved at the Second Adjourned Session of the 2016 Spring Town Meeting in June, 2016. Any changes to this Budget would have to be made prior to setting the tax rate. The purpose of this article is to make any necessary changes to balance the FY 2017 Operating Budget. Please see the Town Manager's Report contained in the back of this Warrant for an explanation outlining the proposed changes.*

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**ARTICLE 3: TRANSFER MONEY INTO THE CAPITAL STABILIZATION FUND**

To see if the Town will vote to raise and appropriate and/or transfer from available funds a sum or sums of money to be added to the sum already on deposit in the Capital Stabilization Fund, or to take any other action relative thereto.

**BOARD OF SELECTMEN**

**Board of Selectmen:** *Recommended Unanimously*

**Finance Committee:** *Recommended Unanimously*

**Summary:** *The Fund has a balance of \$129,703. The financial management goal is to achieve and maintain a balance in the Capital Stabilization Fund equal to 1.5% of the total annual budget. The target amount for the Capital Stabilization Fund will be provided at Town Meeting.*

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**ARTICLE 4:           OFFSET THE TAX RATE**

To see if the Town will vote to transfer a sum of money from the General Excess and Deficiency Fund (Free Cash) or from other available funds for the purpose of affecting the tax rate for the period beginning July 1, 2016, or to take any other action relative thereto.

**BOARD OF SELECTMEN**

**Board of Selectmen:** *Recommended (3 In Favor, 1 Against – Eliot)*

**Finance Committee:** *Recommendation Deferred Until Town Meeting*

**Summary:** *The intent of this article is to use a portion of Free Cash or General Stabilization Fund monies as a funding source for the FY 2017 Budget in order to lower the amount of money required to be raised from taxes or to balance a deficit budget. The Board of Selectmen has voted to recommend that \$400,000 be transferred from Free Cash to reduce the Fiscal Year 2017 tax rate.*

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**ARTICLE 5:           TRANSFER MONEY TO WATER ENTERPRISE FUND**

To see if the Town will vote to authorize the Groton Water Department to borrow or transfer a sum or sums of money from the Water Enterprise Fund Surplus to the Fiscal Year 2017 Water Department Operating Budget, or to take any other action relative thereto.

**BOARD OF WATER COMMISSIONERS**

**Board of Selectmen:** *Recommended Unanimously*

**Finance Committee:** *Recommended Unanimously*

**Water Commission:** *Recommended Unanimously*

**Summary:** *This article requests that the sum of \$110,000 be transferred from the Water Enterprise Fund Surplus to the Fiscal Year 2017 Water Department General Expenses for the mechanical cleaning of the Whitney Pond Well #1 and Whitney Pond Well #2, the mechanical cleaning of the Baddacook Well and for engineering services related to electrical upgrades and pump and motor improvements at the Whitney Pond Well. In addition, it further requests that the Board of Water Commissioners be authorized to borrow the sum of \$400,000, to be raised through water rates, for Electrical Upgrades and Pump and Motor improvements at the Whitney Pond Well.*

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**ARTICLE 6:                    ADDITIONAL FUNDING FOR SENIOR CENTER FEASIBILITY STUDY**

To see if the Town will vote to raise and appropriate, transfer from available funds, and/or borrow a sum or sums of money, in addition to the amount appropriated under Article 7 of the 2016 Spring Town Meeting, to be expended by the Town Manager, for the purpose of retaining a consultant(s) to conduct a feasibility/assessment study to determine the future needs of the Groton Senior Center, including whether a new facility is needed, and all costs associated and related thereto, or to take any other action relative thereto.

**COUNCIL ON AGING**

**Board of Selectmen: *Recommended (3 In Favor, 1 Against – Petropoulos)***  
**Finance Committee: *Recommendation Deferred Until Town Meeting***

**Summary:**     *The 2016 Spring Town Meeting appropriated funding to hire a consultant to conduct a feasibility study to determine the long term needs of Groton's Senior Center. At the completion of the initial study, it was determined that further study of the Prescott School is needed before making a final determination on the location of a new Senior Center. Specifically, the Council on Aging's Feasibility Oversight Committee has voted to seek further funding for the sole purpose of getting additional hard cost estimates on Prescott School, specifically for the renovation that meets the requirements of the Council on Aging's Senior Center plans as defined in the Site and Building Analysis and other related documents; study the possibility of secondary road access at the Prescott School; examine emergency shelter adaptability as defined by Groton's Fire and Police Chiefs respectively; and determine ADA universal adaptability. Once a determination is made, with the approval of the Board of Selectmen and Finance Committee, a Special Town Meeting would be called in January, 2017 to appropriate the design/bid funding to bring bids in hand on the final solution for a new Senior Center to the 2017 Spring Town Meeting.*

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**ARTICLE 7:                    ACCEPT M.G.L. CHAPTER 200A, §9A**

To see if the Town will vote to accept the provisions of Massachusetts General Laws Chapter 200A, §9A, to establish a procedure that would allow the Town Treasurer to dispose of abandoned funds held in the custody of the Town, or to take any other action relative thereto.

**TOWN TREASURER**

**Board of Selectmen: *Recommended Unanimously***  
**Finance Committee: *Recommended Unanimously***

**Summary:**     *This article pertains to the process under which the Town Treasurer is allowed to search for the rightful owners of uncashed accounts payable and payroll checks issued by the Town. The prior process was amended and improved as part of the 2010 Municipal Relief Act. Accepting this provision will put in place these amended steps and allow for return of unclaimed funds to their rightful owner, or otherwise allow the funds to revert back to the Town upon completion of the process.*

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**ARTICLE 8: PURCHASE VEHICLE FOR THE POLICE CHIEF**

To see if the Town will vote to raise and appropriate, transfer from available funds, and/or borrow a sum or sums of money, to be expended by the Town Manager, for the purpose of purchasing and equipping a new vehicle for the Police Chief, and all costs associated and related thereto, or to take any other action relative thereto.

**BOARD OF SELECTMEN**

**Board of Selectmen:** *Recommended (4 In Favor, 1 Against – Petropoulos)*

**Finance Committee:** *Recommended Unanimously*

**Summary:** *This is a scheduled replacement for a new fully equipped vehicle for the Chief of Police. The current Chief's vehicle will be used to replace an older cruiser that will be removed from the fleet.*

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**ARTICLE 9: INSTALL AUTOMATIC DOOR OPENERS AT TOWN HALL**

To see if the Town will vote to raise and appropriate, transfer from available funds, and/or borrow a sum or sums of money, to be expended by the Town Manager, to install automatic door openers at the Groton Town Hall, and all costs associated and related thereto, or to take any other action relative thereto.

**COMMISSION ON ACCESSIBILITY**

**Board of Selectmen:** *Recommended Unanimously*

**Finance Committee:** *Recommended (3 In Favor, 2 Against – Green, Manugian)*

**Summary:** *The Commission on Accessibility has completed a town wide study of municipal properties to determine deficiencies in accessibility. Due to the fact that both the front and rear doors of the Town Hall are heavy and difficult for people to open, especially for individuals with walkers or in wheelchairs, the Commission on Accessibility is recommending that the Town install automatic door openers on both doors. Automatic door openers were installed at the Library last year and have been very successful in addressing this concern.*

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**ARTICLE 10: FUNDING FOR OPERATIONAL AUDIT OF TOWN OPERATIONS**

To see if the Town will vote to raise and appropriate, transfer from available funds, and/or borrow a sum or sums of money, to be expended by the Town Manager, to pay for the cost of conducting an audit of Town operations and all costs associated and related thereto, or to take any other action relative thereto.

**BOARD OF SELECTMEN**

**Board of Selectmen:** *Recommended (4 In Favor, 1 Against – Petropoulos)*

**Finance Committee:** *Recommended Unanimously*

**Summary:** In May, the Board of Selectmen appointed a Sustainable Budget Study Committee to look at the long range sustainability of the Town's Operating Budget. One of the outcomes of this Committee's work was to recommend a top to bottom audit of the Town's operations. The purpose of the Audit will be to identify the strengths and opportunities of the Town's organizational structure, including an assessment of the allocation of personnel, monetary and equipment resources, culminating in recommendations that will improve the organizational effectiveness and efficiency in the delivery of Town services.

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**ARTICLE 11: FUNDING FOR OPERATIONAL AUDIT OF GDRSD OPERATIONS**

To see if the Town will vote to raise and appropriate, transfer from available funds, and/or borrow a sum or sums of money, to pay for Groton's share of the cost of conducting an audit of the Groton Dunstable Regional School District's operations and all costs associated and related thereto, or to take any other action relative thereto.

**GDRSD COMMITTEE**

**Board of Selectmen:** *Recommendation Deferred Until Town Meeting*  
**Finance Committee:** *Recommendation Deferred Until Town Meeting*

**Summary:** Similar to the proposed Audit of Town Operations, the Groton Dunstable Regional School Committee will be conducting an audit of their operations with the intent of achieving the same outcome. This article will cover the cost of Groton's share of the Audit.

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**ARTICLE 12: REPLACE BOILER AT FLORENCE ROCHE ELEMENTARY SCHOOL**

To see if the Town will vote to raise and appropriate, transfer from available funds, and/or borrow a sum or sums of money, to be expended by the Town Manager, to replace the boiler at the Florence Roche Elementary School, and all costs associated and related thereto, or to take any other action relative thereto.

**BOARD OF SELECTMEN**

**Board of Selectmen:** *Recommended Unanimously*  
**Finance Committee:** *Recommended Unanimously*

**Summary:** There are two boilers at the Florence Roche School. The oil-fired forced hot water boiler, which was manufactured in 1995, is in good operating condition. The Weil McLain gas-fired steam boiler that was manufactured in 1988 needs to be replaced this fall. It continues to leak and it is doubtful that the boiler will operate satisfactorily throughout the winter months. The estimated cost of replacement is \$80,000. The Groton Dunstable Regional School District is in the process of soliciting bids for this replacement and should have exact costs at Town Meeting. Should Town Meeting approve funding for this replacement, it is expected to be installed by November 4, 2016.

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**ARTICLE 13:           INSTALL SCALE AT THE TRANSFER STATION**

To see if the Town will vote to raise and appropriate, transfer from available funds, and/or borrow a sum or sums of money, to be expended by the Town Manager, to install a scale at the Transfer Station that will be used to weigh bulk items brought into the Transfer Station for disposal, and all costs associated and related thereto, or to take any other action relative thereto.

**DPW DIRECTOR**

**Board of Selectmen: *Recommended Unanimously***

**Finance Committee: *Recommended Unanimously***

**Summary:**   *The purpose of this article is to fund the purchase of a used scale from a local business that is closing down. It is a truck scale that will weigh up to 100,000 pounds. The Town charges customers to dump material at the Transfer Station by weight and right now weights are estimated and are not very accurate. With a scale the DPW will be able to charge appropriately and be guaranteed not to be shorted any revenue. The DPW will also be able to weigh trucks going out with recyclables and ensure the Town is getting the right payment for materials. There is also potential for revenue by charging people to weigh at a certified scale, which is something the current owner of the item does. This is something the Town has been looking to do for years.*

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**ARTICLE 14:           COMMUNITY PRESERVATION FUNDING RECOMMENDATIONS**

To see if the Town will vote to adopt and approve the recommendations of the Community Preservation Committee for Fiscal Year 2017, and vote to implement such recommendations by appropriating a sum or sums of money from the Community Preservation Fund established pursuant to Chapter 44B of the General Laws, and by authorizing the Board of Selectmen, with the approval of the Community Preservation Committee, to acquire, by purchase, gift or eminent domain, such real property interests in the name of the Town, or enforceable by the Town, including real property interests in the form of permanent affordable housing restrictions and historical preservation restrictions that will meet the requirements of Chapter 184 of the General Laws, as may be necessary or proper to carry out the foregoing, or to take any other action relative thereto.

**CPC Proposal A:       Williams Barn Improvement                               \$45,000**

**Summary:**   *The Williams Barn is a historic Town-owned building on Chicopee Row dating from about 1840. In early 2016, it was noticed that a portion of the northern basement stone wall of the Williams Barn had collapsed. A structural engineer was brought in to determine the best repair method. It is recommended the existing stones be removed and additional structural features be added. Once completed, the stone wall will be re-installed as close to original as possible. Providing these additional elements to the wall will make the repair last longer.*

**COMMUNITY PRESERVATION COMMITTEE**

**Board of Selectmen: *Recommended Unanimously***

**Finance Committee: *Recommended Unanimously***

**Community Preservation Committee: *Recommended Unanimously***

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**ARTICLE 15:           ACCEPTANCE OF CRYSTAL SPRING LANE AS A TOWN WAY**

To see if the Town will vote to accept as a public way the roadway known as Crystal Spring Lane, as heretofore laid out by the Board of Selectmen and as shown on a plan entitled "Street Acceptance Plan, Crystal Spring Estates, Groton, Mass, prepared for High Oaks Realty Trust" dated December 23, 2014, Revised February 2, 2016, prepared by Ducharme & Dillis, Bolton, MA, a copy of which is on file with the Town Clerk, and to authorize the Board of Selectmen to acquire, by gift, purchase, or eminent domain, the fee to or lesser interests in said roadway and all related easements, or to take any other action relative thereto.

**BOARD OF SELECTMEN**

**Board of Selectmen: *Recommendation Deferred Until Town Meeting***  
**Finance Committee: *No Position***

**Summary:**   *To accept Crystal Spring Lane as a public way.*

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Hereof fail not and make return of your doings to the Town Clerk on or before time of said meeting.

Given under our hands this 26<sup>th</sup> Day of September in the year of our Lord Two Thousand Sixteen.

John G. Petropoulos

John G. Petropoulos, Chairman

Joshua A. Degen

Joshua A. Degen, Vice Chairman

Barry A. Pease

Barry A. Pease, Clerk

Peter S. Cunningham

Peter S. Cunningham, Member

Anna Eliot

Anna Eliot, Member

#### OFFICERS RETURN

Groton, Middlesex

Pursuant to the within Warrant, I have this day notified the Inhabitants to assemble at the time, place, and for the purpose mentioned as within directed. Personally posted by Constable.

\_\_\_\_\_  
Constable

\_\_\_\_\_  
Date Duly Posted



## REPORT OF THE TOWN MANAGER TO THE 2016 FALL TOWN MEETING

The 2016 Fall Town Meeting Warrant contains several warrant articles that seek appropriations, some of which may affect the Tax Rate and some of which will have no further impact on taxes. The purpose of this report is to provide the residents and taxpayers with a summary of these articles and what impact they will have on the Fiscal Year 2017 Tax Rate.

As you will recall, the 2016 Spring Town Meeting voted a budget of \$34,615,738, which was right at the levy limit based on our best estimate of revenues at that time. Since that time, we have begun to get a better picture of our estimates. Most importantly, in July, the Commonwealth finalized its budget and provided the Town with its final State Aid Estimates. Further, the Assessors continue to work toward the finalization of the Town's new growth figure. They should have it certified by the end of October. At this time, I am pleased to say that both of these amounts have come in essentially on budget, with slight increases in overall anticipated revenues. The following chart provides the difference between what was originally estimated and what we are estimating at this time:

	<u>Original</u>	<u>Current</u>	<u>Difference</u>
State Aid	\$ 863,722	\$ 860,020	\$ (3,702)
State Charges	\$ 100,000	\$ 87,303	\$12,697
Snow & Ice Deficit	\$ 100,000	\$ 79,418	\$20,582
Off-Set Receipts	\$ 21,000	\$ 18,147	\$ 2,853
Property Tax Levy	\$30,257,066	\$30,257,066	\$ 0
Local Receipts	\$ 3,715,950	\$ 3,727,770	<u>\$11,820</u>
<b>Additional Revenues</b>			<b>\$ 44,250</b>

With these revised estimates, the approved budget is now \$44,250 under the levy limit. Since the original budget was voted, there are a few issues that require attention. Article 2 of the Warrant proposes to amend the original budget in some line items. These amendments will have no impact on the Tax Rate for Fiscal Year 2017, since the additional revenues come from reductions in State Aid Offsets, a lower Snow and Ice Deficit than originally estimated and an increase in estimated receipts. The overall levy limit will remain the same. In addition, the Department of Revenue has certified the Town's Free Cash at \$1,219,850. Free Cash is proposed to fund several of the Articles contained in the Warrant. The use of "Free Cash" will not impact the tax rate.

The following is a summary of Warrant Articles requesting funding:

<b>Article 1:</b>	<b>Unpaid Bills</b>	<b>Amount Requested: \$291</b>
Stanley Elevator Company	-	\$291
Total		\$291

**Article 2: Budget Amendments****Amount Requested: \$44,250**

The proposed funding for this Article will come from taxation and may impact the Tax Rate (at the conclusion of the summary and explanation will be a chart showing the impact on the FY 2017 Tax Rate). The following is a breakdown of the requests, followed by an explanation:

<u>Line Item</u>	<u>Original Appropriation</u>	<u>New Appropriation</u>	<u>Difference</u>
Board of Assessor Expenses	\$ 24,135	\$ 29,135	\$ 5,000
Insurance and Bonding	\$190,000	\$200,000	\$10,000
Police Salaries	\$308,026	\$316,010	\$ 7,984
Municipal Buildings Expenses	\$267,350	\$280,850	\$13,500
Country Club Expenses	<u>\$123,789</u>	<u>\$131,555</u>	<u>\$ 7,766</u>
Total	\$913,300	\$957,550	\$44,250

**Explanation of Requests****Board of Assessor Expenses - \$5,000**

The Town is required to complete a full revaluation of all real and personal property every three years. The Town is required to conduct this revaluation in Fiscal Year 2017. The Board of Assessors and their staff complete the residential property revaluation without any outside assistance. An outside consultant is hired to assist in the revaluation of commercial and industrial property. An earlier appropriation of \$16,000 provided the funding for this portion of the revaluation. Due to the technicalities associated with the Personal Property Revaluation, the Principal Assessor has requested that a consultant be brought in to assist with this revaluation as well. Due to an error in calculating the Fiscal Year 2017 Board of Assessors Expense Budget, the amount needed for this (\$5,000) was inadvertently left out of the budget. The purpose of this appropriation is to provide the necessary funding to retain the consultant's services for the revaluation of Personal Property.

**Board of Selectmen: *Recommended Unanimously***  
**Finance Committee: *Recommended Unanimously***

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**Insurance and Bonding - \$10,000**

The Town's Insurance Budget, which covers Workers' Compensation and Property and Casualty Insurance, is set in December and voted at the Spring Town Meeting in April. The final rates are not known until June. When the budget is developed an estimate from the insurance carrier of the actual cost is used. This year, the workers' compensation rates and property insurance came in higher than anticipated. To meet the Town's insurance premiums, an additional \$10,000 is needed.

**Board of Selectmen: *Recommended Unanimously***  
**Finance Committee: *Recommended Unanimously***

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### **Police Salaries - \$7,984**

In July, 2016, the Board of Selectmen voted to renew the Employment Agreement with the Police Chief for an additional three (3) year term effective from July 1, 2016 through June 30, 2019. The Board agreed to a salary of \$137,000 in Fiscal Year 2017. In order to meet this salary, an additional \$7,984 is needed in the Police Salary Line Item. This appropriation will provide the necessary funding to meet the first year of the new Agreement.

**Board of Selectmen: *Recommended Unanimously***  
**Finance Committee: *Recommended Unanimously***

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### **Municipal Building Expenses - \$13,500**

During the development of the Fiscal Year 2017 Operating Budget, the DPW Director had requested the creation of another full time custodian position to help maintain Town buildings and provide additional coverage at the Transfer Station. This work had been accomplished in the past by a private contractor. In Fiscal Year 2016, the private contractor was paid from a variety of funds, including funding from Building Maintenance Expenses. When the position was added to the FY 2017 Budget, the funding from the expense line was eliminated and transferred to the Building Maintenance Wage Line to offset the cost of the new position. While Town Meeting approved the creation of the new position, it was made contingent on the successful approval of a Proposition 2½ Override. With the defeat of the override, funding for the full time custodian was eliminated from the budget. However, the work done by the private contractor to maintain Town Buildings and provide additional support at the Transfer Station is still needed. This funding request would restore money needed to keep the private contractor in the budget for FY 2017.

**Board of Selectmen: *Recommended Unanimously***  
**Finance Committee: *Recommended Unanimously***

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### **Country Club Expenses - \$7,766**

In May, 2016, the Country Club had its annual inspection and test of the fire alarm system in the Function Hall. The testing company found several issues with the system and has recommended that it be replaced. The fire alarm is having a problem syncing up to the strobe light system and a random NAC (based signal trouble) error that cannot be cleared correctly. The cost to replace the system is \$7,766 and will assure that it passes future inspections. Due to its use, the Function Hall must have a properly working fire alarm system. The new system, once installed, will use a cellular signal which will allow the Town to cancel the dedicated phone line currently used to communicate with the Communications Center. This will save the Town \$500 annually.

**Board of Selectmen: *Recommended Unanimously***  
**Finance Committee: *Recommended Unanimously***

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The funding for the requests (\$44,250) under this Article come from the overall tax levy. However, since there was no increase in the overall levy limit, there will be no impact on the FY 2017 Tax Rate. The impact on the FY 2017 Tax Rate is as follows:

Original Budget -	\$34,615,738
Original Levy Capacity Used -	\$30,257,066
Amount Under the Levy Limit -	\$0
Original Proposed Tax Rate -	\$19.35
Average Tax Bill -	\$7,740 or \$228 increase over FY 2016
New Proposed Budget -	\$34,659,988
New Levy Capacity Used	\$30,257,066
Amount Under the Levy Limit -	\$0
New Proposed Tax Rate -	\$19.35
Average Tax Bill -	\$7,740 or \$228 increase over FY 2016

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**Article 3 – Capital Stabilization Fund**

**Amount Requested: \$400,000**

The Fund has a balance of \$129,704. The financial management goal is to achieve and maintain a balance in the Capital Stabilization Fund equal to 1.5% of the total annual budget. To meet this level and provide adequate funding to meet the anticipated Fiscal Year 2018 Capital Budget, the Town will need to add \$400,000 to the fund. This funding will come from Free Cash and not affect the Tax Rate.

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**Article 4 – Offset the Tax Rate**

**Amount Requested: \$400,000**

After reviewing all of the other financial commitments contained in the Warrant for the 2016 Fall Town Meeting, the Board of Selectmen has voted to recommend that the Town Meeting vote to transfer \$400,000 from Free Cash to offset the Fiscal Year 2017 Tax Rate. This amount will reduce the tax rate by \$0.26 and reduce the average tax bill (a home valued at \$400,000) by \$104.

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**Article 5 – Transfer Money to Water Enterprise**

**Amount Requested: \$510,000**

From the Summary in the Warrant: This article requests that the sum of \$110,000 be transferred from the Water Enterprise Fund Surplus to the Fiscal Year 2017 Water Department's General Expense for the mechanical cleaning of the Whitney Pond Well #1 and Whitney Pond Well #2, the mechanical cleaning of the Baddacook Well and for engineering services related to electrical upgrades and pump and motor improvements at the Whitney Pond Well. In addition, it further requests that the Board of Water Commissioners be authorized to borrow the sum of \$400,000, to be raised through water rates, for Electrical Upgrades and Pump and Motor improvements at the Whitney Pond Well.

**Article 6 – Design Funding for a New Senior Center      Amount Requested: TBD**

From the Summary in the Warrant: The 2016 Spring Town Meeting appropriated funding to hire a consultant to conduct a feasibility study to determine the long term needs of Groton's Senior Center. At the completion of the initial study, it was determined that further study of the Prescott School is needed before making a final determination on the location of a new Senior Center. Specifically, the Council on Aging's Feasibility Oversight Committee has voted to seek further funding for the sole purpose of getting additional hard cost estimates on Prescott School, specifically for the renovation that meets the requirements of the Council on Aging's Senior Center plans as defined in the Site and Building Analysis and other related documents; study the possibility of secondary road access at the Prescott School; examine emergency shelter adaptability as defined by Groton's Fire and Police Chiefs respectively; and determine ADA universal adaptability. Once a determination is made, with the approval of the Board of Selectmen and Finance Committee, a Special Town Meeting would be called in January, 2017 to appropriate the design/bid funding to bring bids in hand on the final solution for a new Senior Center to the 2017 Spring Town Meeting. The amount requested under this Article will be presented to the Spring Town Meeting. The funding will come from Free Cash and not affect the Tax Rate.

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**Article 8 – Purchase New Vehicle for Police Chief      Amount Requested: \$50,000**

From the Summary in the Warrant: This is a scheduled replacement for a new fully equipped vehicle for the Chief of Police. The current Chief's vehicle will be used to replace an older cruiser that will be removed from the fleet. This funding will come from the Stabilization Fund and not affect the Tax Rate.

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**Article 9 – Install Automatic Door Openers      Amount Requested: \$5,000**

From the Summary in the Warrant: The Commission on Accessibility has completed a town wide study of municipal properties to determine deficiencies in accessibility. Due to the fact that both the front and rear doors of the Town Hall are heavy and difficult for people to open, especially for individuals with walkers or in wheelchairs, the Commission on Accessibility is recommending that the Town install automatic door openers on both doors. Automatic door openers were installed at the Library last year and have been very successful on addressing this concern. This funding will come from Free Cash and not affect the Tax Rate.

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**Article 10 – Funding for Town Operations Audit      Amount Requested: \$45,000**

From the Summary in the Warrant: In May, the Board of Selectmen appointed a Sustainable Budget Study Committee to look at the long range sustainability of the Town's Operating Budget. One of the outcomes of this Committee's work was to recommend a top to bottom audit of the Town's operations. The purpose of the Audit will be to identify the strengths and opportunities of the Town's organizational structure, including an assessment of the allocation of personnel, monetary and equipment resources culminating in recommendations that will improve the organizational effectiveness and efficiency in the delivery of Town services. This funding will come from Free Cash and not affect the Tax Rate.

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**Article 11 – Funding for GDRSD Operations Audit**

**Amount Requested: TBD**

This Article was originally placed on the Warrant as a place holder in the event funding from the Town of Groton was needed to pay for the Audit. Recently it has been brought to the Town's attention that the Regional School District would cover the entirety of this cost and no additional funding would be needed. This article may be removed from the Warrant prior to publication.

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**Article 12 – New Boiler at Florence Roche School**

**Amount Requested: \$80,000**

From the Summary in the Warrant: There are two boilers at the Florence Roche School. The oil-fired forced hot water boiler, which was manufactured in 1995, is in good operating condition. The Weil McLain gas-fired steam boiler that was manufactured in 1988 needs to be replaced this fall. It continues to leak and it is doubtful that the boiler will operate satisfactorily throughout the winter months. The estimated cost of replacement is \$80,000. The School District is in the process of soliciting bids for this replacement and should have exact costs at Town Meeting. Should Town Meeting approve funding for this replacement, it is expected to be installed by November 4, 2016. This funding will come from Free Cash and not affect the Tax Rate.

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**Article 13 – Install Scale at Transfer Station**

**Amount Requested: \$15,000**

From the Summary in the Warrant: The purpose of this article is to purchase a used scale from a local business that is closing down. It is a truck scale that will weigh up to 100,000 pounds. The Town charges customers to dump material at the transfer station by weight and right now weights are estimated and are not very accurate. With a scale the DPW will be able to charge appropriately and be guaranteed not to be shorted any revenue. The DPW will also be able to weigh trucks going out with recyclables and ensure the Town is getting the right payment for materials. There is also potential for revenue by charging people to weigh at a certified scale, which is something the current owner of the item does. This is something the Town has been looking at for years. This funding will come from Free Cash and not affect the Tax Rate.

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**Article 14 – Community Preservation Funding**

**Amount Requested: \$45,000**

From the Summary in the Warrant: The Williams Barn is a historic Town-owned building on Chicopee Row dating from about 1840. In early 2016, it was noticed that a portion of the northern basement stone wall of the Williams Barn had collapsed. A structural engineer was brought in to determine the best repair method. It is recommended the existing stones be removed and additional structural features be added. Once completed, the stone wall will be re-installed as close to original as possible. Providing these additional elements to the wall will make the repair last longer. This funding will come from the Historic Preservation Reserve of the Community Preservation Act and not affect the Tax Rate.

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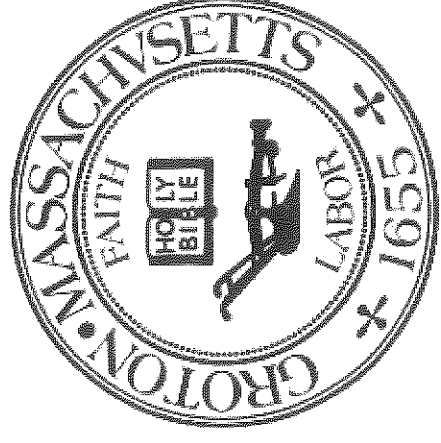
Respectfully submitted,

*Mark W. Haddad*

Mark W. Haddad  
Town Manager

# Town of Groton Sustainable Budget Study Committee Findings & Recommendations

September 27, 2016





# Committee Charter\*

The Sustainable Budget Study Committee shall be established for the purpose of identifying and understanding the underlying causes of growth in Groton's Municipal Operating Budget, as well as, making recommendations on specific actions that can be taken to ensure the Town is on a sustainable financial path. The Committee's work should include, but not be limited to the following:

1. Identify specific budget growth areas that are increasing in a non-sustainable manner.
2. Analyze non-sustainable budget growth areas to determine underlying causes.
3. Benchmark municipal budget growth against comparable Towns.
4. Develop a list of potential actions prioritized on size and duration of financial impact, ability of Town to adopt and any potential risks to successful implementation.
5. Deliver a final report to the Board of Selectmen and Finance Committee outlining findings and recommendations.

\*Excerpted - refer to Town website for full Sustainable Budget Committee Charter



# Committee Membership

Kevin Forsmo	Chair
Kevin Brogan	Vice-Chair
Patricia Dufresne	Member
Mark Haddad	Member/Clerk
Michael Hartnett	Member
Alison Manugian	Member
John, "Jack" G. Petropoulos	Member
Arthur Prest	Member
Bud Robertson	Member

# Committee Definition of Sustainability

- Manage expenses such that growth is less than or equal to anticipated revenue growth, while respecting the quality of life desired by the Town.

# Methodology and Modeling Approach

- Analysis of recent trends
  - Compound annual growth rate (CAGR) used to characterize growth of both revenue and expenditures
- Projection of future fiscal state
  - Modified five-year plan using assumptions to update a year-by-year projection of surplus/deficit and associated overrides required to balance the budget

# Sustainability – Recent Trends

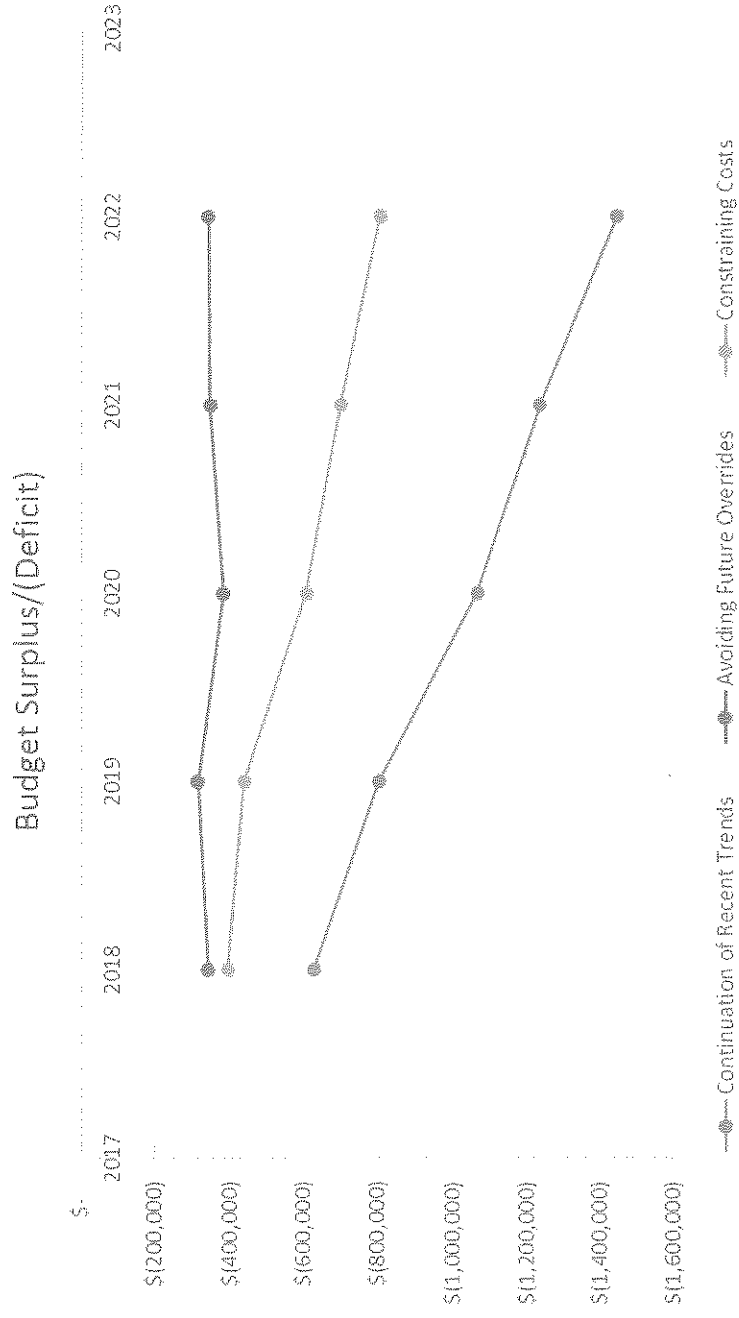
- CAGR between FY2013 and FY2017 used to characterize municipal growth

Identifier	Line Item	Recent Growth	Root Cause(s)
A	Revenue	4.28%	Primarily driven by new growth (FY12-FY16)
B	Salaries and Wages	5.12%	Contract terms, hours or positions added
C	Benefits	6.50%	Primarily driven by the benefits market
D	Personnel Costs (B+C)	5.58%	
E	Municipal Expenses	2.97%	
F	Municipal Operating Budget (D+E)	5.02%	Driven by personnel costs

# Sustainability – Future State

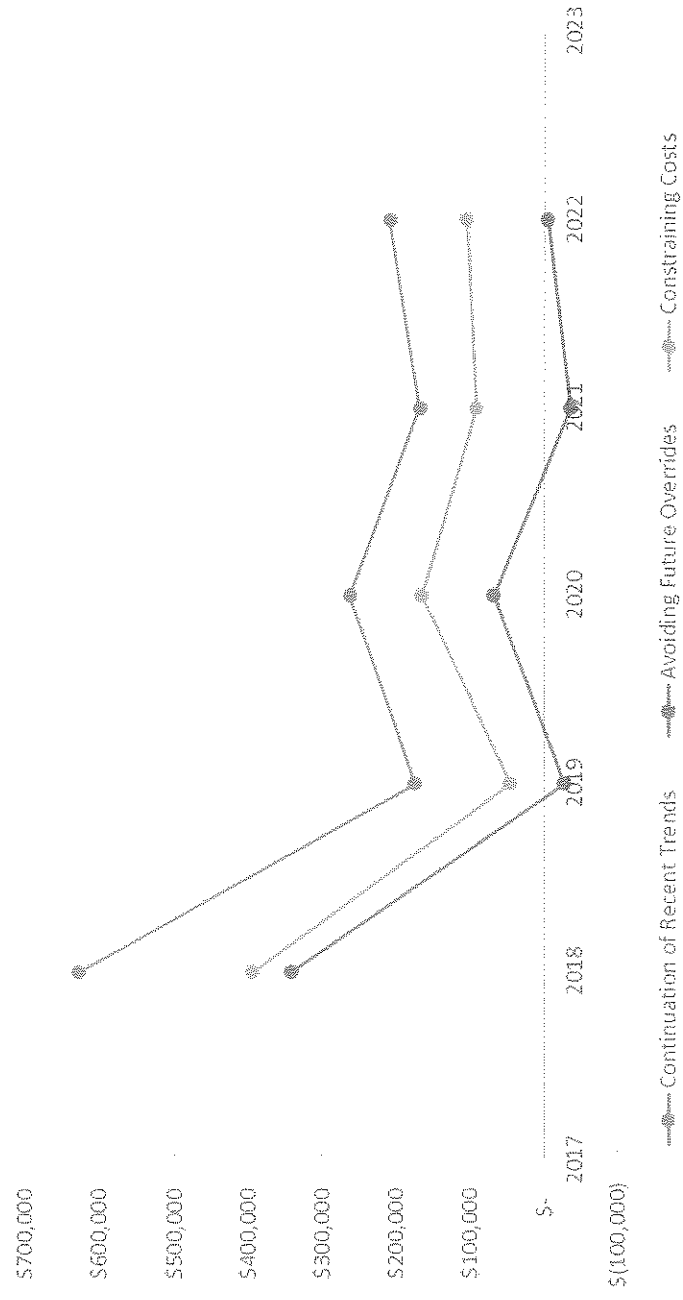
- The Committee developed 3 future state “models” to frame the issue of sustainability going forward:
  - Model #1: Recent Trends Continue
  - Model #2: No Override (FY19 Forward)
  - Model #3: Constraining Costs

# Overview of 3 Models



# Overview of 3 Models

Override Required for a Balanced Budget



# Model #1: Continuation of Recent Trends - Assumptions

- 4.28% Revenue Growth
- 5.12% annual municipal wage and salary growth from FY2019 forward
  - 2.30% growth in FY2018 due to contracts currently in effect (contract and merit)
- Municipal employee benefits expenses as provided by the Town Manager
- 2.97% annual municipal expense growth
- 4.70% annual GDRSD assessment growth
  - Due to the assumption of negligible Chapter 70 state aid growth, this corresponds to roughly 3.50% annual GDRSD operating budget growth



# Model #2: FY19 Forward, No Overrides

## Assumptions

- The Groton municipal and GDRSD operating budgets grow at approximately the same rate of 2.95% annually
  - Due to the assumption of negligible Chapter 70 state aid growth, this results in higher growth (3.93%) for Groton's GDRSD assessment.
- The deficit out to FY2022 remain the same as the projected FY2018 deficit, essentially incurring no override in FY2019 through FY2022.
- 1.20% annual municipal wage and salary growth from FY2019 forward
  - 2.30% growth in FY2018 due to contracts currently in effect (contract and merit)
- Municipal employee benefits expenses as provided by the Town Manager
- 1.00% annual municipal expense growth

## Model #3: Cost Constraint Assumptions

- 1.80% annual municipal wage and salary growth from FY2019 forward
  - 2.97% growth in FY2018 due to contracts currently in effect
- Municipal employee benefits growth in line with historic increases
  - 2.90% growth in FY2020 due to payoff of Early Retirement liability
- 1.00% annual municipal expense growth
- 4.20% annual GDRSD assessment growth
  - Due to the assumption of negligible Chapter 70 state aid growth, this corresponds to roughly 3.15% annual GDRSD operating budget growth
- Roughly equivalent operating budget growth for both Groton and GDRSD of approximately 3.15%

# The Problem

- For different reasons, none of the 3 models presented are sustainable over the longer term.
- In order to ensure the Town of Groton is on a sustainable financial path, we must continue to look for opportunities to reduce costs and preserve/grow revenue.
- Chapter 70 state aid to GDRSD will not grow appreciably for decades based on the district's perceived wealth

# Recommendations – FY 2018

- \$131k Total (without Room Occupancy Tax)
  - \$150k – Implement a Room Occupancy Tax of 6%
  - \$64k – Eliminate the Health Reimbursement Account benefit given to town employees
  - \$25k – New or Increased User Fees
  - \$17k – Increase the Retiree Medical cost share
  - \$15k – Expansion of Regional Collaboration
  - \$10k – Enterprise Intergovernmental Standardization
- The Committee supports an Operational Audit in FY2018

# Recommendations – Long Term

- **Revenue**
  - New business
  - PILOTs
- **Expenses**
  - Ability to limit total personnel cost growth is the primary determinant of sustainability
  - COLA increases in contract
  - Merit increases
    - Lump-sum (as opposed to compounding) paid on a year-by-year basis
    - Paid from free cash
    - Could be tied to appropriate index
  - Increase employee health care premium share
  - Petition the Middlesex County Retirement System to extend the amortization period (currently ending in 2035) of the unfunded pension liability
  - Continue to review the cost-benefit analysis for the Country Club

# Recommendations - General

- The tracking of revenue and expense growth and a more thorough five-year projection should be a more central planning exercise for each budget cycle.
- The Sustainable Budget Committee could be a standing committee working over each summer to explore current options before each budget cycle.