

TOWN OF GROTON FINANCE COMMITTEE Regular Session

*Monday, December 3, 2018, 7:30 p.m.
Town Hall, 2nd Floor Meeting Room
173 Main St. Groton, MA
Meeting Jointly with Select Board*

Present for Finance Committee: G. Green (Chair), B. Robertson (Vice Chair), Art Prest, S. Whitefield, D. Manugian, L. Leonard, C. Doody

Present for Select Board: J. Giger, A. Manugian, B. Pine, B. Pease (Chair), J. Degen

Absent: None

Also Present: P. Dufresne (Town Accountant), M. Haddad (Town Manager), D. Dunbar (Executive Assistant), J. Greeno (Principal Assessor), C. Sartini (Groton Herald)

Documents available at the meeting: Financial Projections FY20 Memo (10/18/18)
OPEB Liability Funding Policy (10/16/18)

*Mr. Green called the regular session of the Finance Committee to order at 7:30 p.m.
Select Board is already in session*

Budget Guidance Clarification for FY2020:

Mr. Haddad requested clarification with regards to the previously provided budget guidance of 2.54% growth (over FY19) as regards three specific budget items. He explained that FY20 is a leap year, and the additional \$8,020 necessary to pay an extra day of wages should be excluded from the 2.54% as it will not reoccur the following year. Similarly, the performance incentive payments for the department heads (\$25,123) will be funded from Free Cash, and are not part of base pay. He asked that the Select Board and Finance Committee also consider excluding this amount from the guidance objective. Finally, the increased OPEB funding amount (\$69,000) was decided on after the budget guidance had been issued, and this will also be funded from Free Cash. Previously, OPEB funding was accomplished by means of a special article at Town Meeting; it is now part of the budget. All three of these issues aggregate to \$102,143 or .67% of the FY19 budget and would impact achieving the 2.54% goal. Mr. Robertson agreed with the Town Manager about excluding the extra OPEB funding of \$69,000 from the budget guidance calculation, but feels that even though the leap year and performance incentive amounts will not build base pay, they are still a real part of payroll and therefor should count toward the 2.54% growth. Mr. Green was pleased that the Select Board and FinCom had been given a chance to weigh in on these issues; and agrees with Mr. Robertson's analysis. Ms. Leonard said that performance incentives should be

counted as part of growth as they reoccur every year, but feels that amounts associated with leap year should be excluded. Mr. Degen and Ms. Pine also agreed to include performance incentives and exclude OPEB funding, with Ms. Pine and Mr. Giger requesting assurances that the extra \$8,020 budgeted for leap year be appropriately removed for FY21. Mr. Giger feels that the 2.54% should reflect growth over last year, which did not include a leap year, therefore he would support excluding that amount as well as the \$69,000 for OPEB from the calculation. Ms. Manugian agreed with Mr. Robertson (to include performance incentives and leap year, but exclude OPEB funding). Mr. Haddad withdrew his request to exclude the leap year amount from the guidance calculation, noting that the total was relatively insubstantial.

On a motion by Mr. Giger, seconded by Ms. Pine, the Select Board voted unanimously to clarify the FY20 budget guidance so as to exclude the additional OPEB funding of \$69,000 from the 2.54% growth calculation. Mr. Degen amended the original motion to confirm that extra FY20 leap year wages (\$8,020) be removed prior to calculating FY21 budgeted wages. The Vote: 5-0-0

On a motion by Ms. Leonard, seconded by Mr. Manugian, the Finance Committee voted unanimously to support the Select Board's clarification of the FY20 budget guidance. The Vote: 7-0-0

Increased Hours for Assistant Assessor:

While Mr. Haddad has complied with the guidance mandate disallowing new positions for FY20, he would like the Select Board and FinCom to consider increasing the Assistant Assessor's position by five (5) hours per week. He explained that the Assessor's office has requested this for the last several years, and he believes that the budget impact of \$7,000 can be absorbed within the 2.54% guidance. Mr. Greeno added that when the Assessor's Clerk retired several years ago, the department agreed not to fill that position provided that the Assistant Assessor's position could be increased to forty (40) hours as soon as financially feasible. This office must be open to the public during Town Hall hours, and this is difficult as both the Assessor and Assistant Assessor are often out on field inspections. The additional hours will aid in keeping the office open for the public, as well as permitting the Assistant Assessor to complete both field work and clerical duties.

On a motion by Mr. Giger seconded by Ms. Manugian, the Select Board voted unanimously to authorize the Town Manager to increase the Assistant Assessor's weekly hours from 35 to 40 effective 7/1/2019. The Vote: 5-0-0

On a motion by Mr. Manugian, seconded by Ms. Leonard, the Finance Committee voted unanimously to support the Select Board's authorization to the Town Manager to increase the Assistant Assessor's weekly hours from 35 to 40 effective 7/1/2019. The Vote: 7-0-0

At this point in the meeting, the Finance Committee relocated to the 1st Floor Meeting Room to continue discussion of Other Business.

Reserve Fund Transfer Requests – Clerk:

The group briefly reviewed and discussed the Town Clerk's memo requesting \$4,000 for Special Election expenses that had not been foreseen, and were therefore not budgeted in FY19. The Town Clerk also requested \$2,450 for the purchase of a backup voting tabulator (with memory cards) being sold by the state at a deep discount. Ms. Leonard confirmed (as an election worker) that having this machine on hand for the last election was invaluable and she supports the purchase.

On a motion by Mr. Manugian, seconded by Ms. Leonard, the Finance Committee voted unanimously to transfer \$4,000 from the Reserve Fund to FY19 Election Expenses. The Vote: 7-0-0

On a motion by Ms. Leonard, seconded by Mr. Prest, the Finance Committee voted unanimously to transfer \$2,450 from the Reserve Fund to FY19 Election Expenses. The Vote: 7-0-0

Capital Planning Committee Proposal:

Mr. Manugian informed the members that while the Town Manager has concerns about establishing this committee, he himself sees value in it, and having such a committee is in fact in line with DOR best practices. Ms. Leonard pointed out that bond rating agencies appreciate the focus on long-term planning that Capital Planning Committees bring to town finances. Mr. Green opined that the idea of a Capital Planning Committee should be separated from that of a Building Committee in order to facilitate moving forward. He advocates focusing on establishing a committee that would work with the Town Manager to prevent budget surprises and to ensure that sufficient attention is paid to capital needs yearly. Mr. Manugian agreed that such a group could build on work already accomplished by management staff and would have helped expedite the Fire Station project. This committee can also focus on achieving community objectives and improving public education regarding capital spending. Mr. Manugian will continue to work with the Town Manager on this effort and will report back to the Finance Committee.

Country Club Development Proposal:

Mr. Prest provided information to the FinCom members regarding the acquisition and historical performance of the Country Club. He noted that despite plans to eliminate the tax subsidy for the Club, it was unlikely to break even again this year. He feels that building residential (over age 55) units would bring in much needed tax revenue without imposing new burdens on the Town operating budget associated with educating school-aged children. The beauty and function of the Club and golf course could be retained for the citizens, even if the property is sold. Mr. Prest mentioned the Quail Ridge Club as a useful model. He supports spending the previously authorized \$4,500 to obtain a concept plan for this development that would both reduce expenses and increase revenue substantially. Mr. Green believes it is premature to start spending money on this effort. He would prefer using a committee to develop a general concept plan first, in order to achieve broad buy-in from the community before spending taxpayer money. Mr. Robertson enumerated the various options for the club (keep it as is, sell it outright, build over 55 housing, etc.) and said that a long-term strategy is needed. He suggested doing a review of the consultant's analysis from several years ago to determine what direction the town should move in. Mr. Green pointed out that while the Town has made a good deal of progress in realizing revenue from the Club, it is still a long way from bringing in the kind of revenue the consultant touted as possible. Mr. Robertson felt a new three-year plan may be in order. He added that knowing what is needed to

break even (and factoring that amount in to the calculation) would help in formulating a plan for profitability.

Ms. Leonard moved, and Mr. Prest seconded the motion to support the Select Board authorization for the Town Manager to spend \$4,500 for a concept plan for residential development at the Country Club. The motion failed. The Vote: 3-4-0 (GG, CD, SW and DM voted against)

Approval of Minutes:

Mr. Robertson requested that references in the minutes of 10/09 of 2.6% budget guidance (on page 4) be amended to reflect the 2.54% finally voted.

On a motion by Mr. Robertson, seconded by Ms. Leonard, the Finance Committee voted unanimously to approve and release the regular session minutes of October 9th, 2018 as amended. The Vote: 7-0-0

On a motion by Mr. Robertson, seconded by Ms. Leonard, the Finance Committee voted unanimously to approve and release the regular session minutes of October 22nd, 2018 as drafted. The Vote: 7-0-0

Mr. Green officially adjourned the regular session of the Finance Committee at 8:35 p.m.

Respectfully submitted,

Patricia Dufresne, Recording Secretary

Michael Bouchard

To: Patricia DuFresne
Cc: Mark Haddad
Subject: Reserve Fund Request - Cover memo

Expense Relief

The Select Board called for a Special Town Election to be held on November 6, 2018 with a question affecting recreational marijuana zoning. November 6 was called as the State Election was being held on that date. While that date made a lot of sense to capture voter turnout, it did little to reduce the cost of the Special Town Election.

Aside from specific ballot questions (e.g. debt exclusion), the Commonwealth will not allow local questions to be placed on a state ballot. On November 6, Groton conducted a local election, coincident with the state election. The Town was required to maintain a separate voter list and was responsible for local machine coding and ballot printing for the town election. To implement, we "doubled up" on the number of election day checkers. Additionally, because the state election required early voting, the town election also required early voting, essentially doubling early voting costs. The savings derived from holding the special town election with the state election were a common precinct warden and clerk, and police officer.

The costs of the November 6 special town election were unbudgeted, affecting the ability to pay for the Spring 2019 annual town election. While the expected wage expense for the Spring can be paid from the Polling Hours Grant, the expenses cannot. The Polling Hours Grant is a local mandate reimbursement because of the state requirement for extended polling hours (until 8:00 PM), and is restricted to wages. Other expenses for the election will include machine coding, ballot printing, elections meals, banner, Fedex and other miscellaneous expenses.

It is worth noting that a grant from State Elections for Saturday hours during the early voting period has been applied for, and is expected to be awarded in the amount of \$1300. This grant goes to the general fund. We will also apply to be reimbursed for mandated early voting costs. The anticipated reimbursement for allowed costs is anticipated to be \$2000, and also goes to the general fund.

I am requesting a reserve fund transfer in the amount of \$4000 to cover anticipated Spring 2019 annual town election expenses.

Voting Machine

The Town took advantage of a state program to utilize (in our case) a 4th voting machine to be used as an early vote central tabulator. It was fortunate that we did this, for two reasons. At 6:30 AM, the Precinct 1 voting machine failed to initialize. We were able to utilize the central tabulator "precinct 1" memory cards to get the actual precinct up and running, and receive replacements later in the day.

The central tabulator itself was in operation from 7:00 AM to 10:30 PM, processing state and local early ballots. The alternative of processing these additional 3700 ballots at the polls (1200 per precinct) on a day with 70% turnout would not have been doable within normal polling hours. As it was, each precinct processed a significant portion of their absentee ballots after 8:00 PM. Likely, all early ballots would have been processed after the polls closed, probably taking until around midnight. The central tabulator allowed for better control and processing of the early ballots.

The state paid for the rental of the central tabulator. Groton has the opportunity to purchase that exact machine for \$2450, including additional memory cards (needed for central tabulation). The cost of this machine new is \$5700, plus the cost of the additional memory cards. The 2020 Town Clerk's budget had requested Minor Capital to purchase a 4th

machine. That item was deferred because of this purchase opportunity and the hoped-for consent of the Finance Committee to issue a reserve fund transfer.

For the purposes of backup and central tabulation, I am requesting funds to purchase a 4th voting machine.

Thank you for your consideration.

Sincerely,
Mike

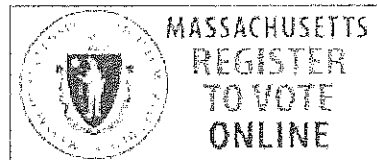


Michael Bouchard
Town Clerk
173 Main Street
Groton MA 01450
Office: 978-443-1100
FAX: 978-443-2030
www.townofgroton.org

Town Clerk Office Hours – Effective September 10, 2012

Monday	8:00 AM to 7:00 PM
Tuesday	8:00 AM to 4:00 PM
Wednesday	8:00 AM to 4:00 PM
Thursday	8:00 AM to 4:00 PM
Friday	8:00 AM to 1:00 PM

Please note that the Massachusetts Attorney General has determined that emails are a public record. Privacy should not be expected.



<https://www.sec.state.ma.us/ovr/>

REQUEST FOR TRANSFER FROM THE RESERVE FUND

(To be submitted in triplicate)

Date Dec 3 2018

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: \$ 5000.00
- 2. To be transferred to: 162-5400 ELECTION EXPENSES
(give name of appropriation)
- 3. Present balance in said appropriation: \$ 1462.50
- 4. The amount requested will be used for (give specific purpose):
SPRING 2019 TOWN ELECTION EXPENSES

5. This expenditure is extraordinary and/or unforeseen for the following reasons:

NOV 6, 2018 SPECIAL TOWN ELECTION FUNDED FROM ACCOUNT 162-5400. THIS WAS AN UNBUDGETED EXPENSE

[Signature]
.....
Officer or Department Head

Action of Advisory Board

Date of Meeting Number Present and Voting

Transfer voted in the sum of \$

Transfer disapproved

.....
Chairman Advisory Board

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

November 6, 2018 Special Town Election Costs

Reserve Fund Transfer Request

	Calculated	Expected Spring	Use of Grant	Approximate
	Account Balance	2019 Expense	Funds	Reserve Request
	(Net of November Elections)			
162-5120 Election Wages	\$ 2,350.50	\$ 4,256.00	\$ 1,905.50	\$ -
162-5400 Election Expenses	\$ 1,462.50	\$ 4,884.00	\$ -	\$ 3,421.50

Grants

Polling Hours	\$ 3,813.15	Account balance	Deposits to 470- Polling Hours Grant
Early Vote - Saturday Hours	\$ 1,300.00	Application	Deposits to General Fund
Early Vote - Mandate	\$ 2,000.00	tbd; estimated	Deposits to General Fund

Expense Detail

Cost of Special Town Election at polls on election day

Position	# per Precinct	# Precincts	Hourly Rate	# Hours	Cost	
Check In	2	3	\$ 11.00	15.0	\$ 990.00	
Check Out	2	3	\$ 11.00	15.0	\$ 990.00	
Cost of Polls on election day for Special Town Election					\$ 1,980.00	Not Budgeted
Total Cost of Polls on November 6, 2018					\$ 1,980.00	

Cost of Early Voting (Special Town Election only)

Position	# required	Hourly Rate	# Hours	Cost	
Checkers	1	\$ 11.00	90.0	\$ 990.00	Not Budgeted
Asst Clerk	1	\$ 27.03	9.5	\$ 256.79	Not budgeted
Asst. Clerk: 50% of time required to organize all early ballot envelopes					
Total Cost of Early Voting Period for Special Town Election					\$ 1,246.79

Cost of Early Vote processing (on election day- Special Town Election only)

Position	# required	# Precincts	Hourly Rate	# Hours	Cost	
CT Staff	1.5	1	\$ 11.00	7.5	\$ 123.75	Not Budgeted
Total Cost of processing Early Vote ballots					\$ 123.75	

Election Day Meals - Special Town election personnel

Checkers	4	3	\$ 14.50	\$ 174.00	\$ 174.00
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Cost of Coding Imagecast Ballot Machines for Special Town Election	\$ 444.50	Not Budgeted
Cost of Coding AutoMark Machines for Special Town Election	\$ 444.00	Not Budgeted
Cost of Printing Ballots for Special Town Election (Official Ballots)	\$ 1,475.00	Not Budgeted
Cost of Printing Ballots for Special Town Election (Early Vote Ballots)	\$ 1,040.00	Not Budgeted
Ballot Shipping and Handling	\$ 475.30	Not Budgeted
Total Coding, Printing and Mailing Costs for Special Town Election		\$ 3,878.80
Total Unbudgeted Costs		\$ 7,403.34

Unbudgeted Wages	\$ 3,350.54
Unbudgeted Expenses	\$ 4,052.80

Account Balances (calculated):

162-5120 Election Wages	\$ 2,350.50
162-5400 Election Expenses	\$ 1,462.50

Budgeted Spring 2019 Expenses

162-5120 Election Wages	\$ 3,200.00
162-5120 Town Meeting Wages	\$ 1,056.00
Total Wages	\$ 4,256.00
162-5400 Election Expenses	\$ 4,884.00
Coding	\$ 1,900.00
Ballots	\$ 2,334.00
Meals; Fedex, Banner, Supplies	\$ 650.00

REQUEST FOR TRANSFER FROM THE RESERVE FUND

(To be submitted in triplicate)

Date Dec 3 2018

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: \$ 2450.⁰⁰
- 2. To be transferred to: 162-5400 ELECTIONS EXPENSE
(give name of appropriation)
- 3. Present balance in said appropriation: \$ 1467.50
- 4. The amount requested will be used for (give specific purpose):

PURCHASE 4TH VOTING MACHINE AND MEMORY CARDS

- 5. This expenditure is extraordinary and/or unforeseen for the following reasons:

A 4th voting machine will be used as a backup and as an early voting central tabulator. A ballot machine was used in both capacities on Nov 6, 2018. A new tabulator costs \$6150. We are able to purchase the Nov. 6 machine for \$2450.

M. J. Bessette

Officer or Department Head

This was a planned minor capital item for 2020 budget.

Action of Advisory Board

Date of Meeting Number Present and Voting

Transfer voted in the sum of \$

Transfer disapproved

.....
Chairman Advisory Board

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



Town of Groton, Massachusetts
Purchase Proposal Quote
 Submitted by LHS Associates, Inc.
 November 29, 2018



<u>Quantity</u>	<u>Description</u>	<u>Price</u>
HARDWARE		
	ICP Tabulator Bundle includes:	
1	<ul style="list-style-type: none"> ✓ One (1) Tabulators with a padded carrying case, two (2) memory cards, one (1) power cord, one (1) key two (2) thermal paper rolls, one (1) dozen marking pens, six (6) security seals and an internal battery back up. ✓ One (1) plastic ballot boxes with three (3) compartments, casters and a built in power supply. Ballot able to nest for ease of storage. 	\$2,000.00
SERVICES		
	One Year Hardware & Software Warranty:	<i>Included</i>
	<ul style="list-style-type: none"> ✓ All parts, labor, travel and shipping costs included. ✓ Unlimited access to the LHS Help Desk for Pre-Election, Election Day and Post Election questions. ✓ An annual maintenance visit to the Town of Groton to inspect, calibrate and service all equipment. ✓ Any necessary repairs will take place in the Town of Groton. If onsite repair is not possible loaner equipment will be left in the customer's possession until all equipment can be repaired and returned. ✓ An employee of LHS, not a subcontractor, will conduct all maintenance work. ✓ A locally based service center with parts and technicians trained in repairing and servicing voting 	
	Documentation, including but not limited to:	<i>Included</i>
	<ul style="list-style-type: none"> ✓ One (1) Pre Election Testing Guide, One (1) Poll Worker Training Guides, One (1) Voter Tutorial Video and One (1) Instructions to Voter Poster. 	
	Onsite acceptance testing of all equipment.	<i>Included</i>
SHIPPING & DISCOUNTS		
	Shipping & Handling	<i>Included</i>
TOTAL PURCHASE		\$2,000.00
POST WARRANTY FEES		
1	Annual Post Warranty Maintenance Fee	\$200.00
	<ul style="list-style-type: none"> ✓ LHS Top Tier Coverage (Annual Maintenance Plan) 	
1	Annual Post Warranty Firmware License	Included
	<ul style="list-style-type: none"> ✓ Tabulator Firmware License 	
TOTAL POST WARRANTY FEES		\$200.00

- This quote is an estimate and is subject to final approval by LHS and the Customer
- Rate valid for 90 days and thereafter may change
- This quote does not include coding or ballot printing charges



Other Post-Employment Benefits Liability

PURPOSE

To provide the basis for a responsible plan for meeting the Town's obligation to provide other post-employment benefits (OPEB) to current and future retirees, this policy provides guidelines designed to ensure OPEB sustainability and achieve generational equity among those called upon to financially support OPEB, thereby avoiding transferring costs into the future.

This policy is adopted in compliance with Governmental Accounting Standards Board (GASB 74/75) and Massachusetts General Law, Chapter 203C, §3 and Massachusetts General Law, Chapter 32B, §20.

APPLICABILITY

This policy encompasses OPEB-related budget decisions, accounting, financial reporting, and investment. It applies to the Select Board, Finance Committee and Town Manager in their budget decision making responsibilities. This Policy also applies to the OPEB related duties of the Finance Team members, including the Town Accountant, Town Treasurer-Tax Collector, Principal Assistant Assessor, Human Resources Director and Executive Assistant to the Town Manager.

BACKGROUND

In addition to salaries, the Town of Groton compensates employees in a variety of other forms. Many earn benefits over their years of service that they will not receive until after retirement. A pension is one such earned benefit. Another is a set of retirement insurance plans for health and life. These are collectively referred to as other post-employment benefits or OPEB.

OPEB represents a significant liability for the Town that must be properly measured, reported, and planned for financially. As part of the long-range plan to fund this obligation, the Town established an OPEB Trust Fund, which allows for long term asset investment at higher rates of return than those realized by general operating funds. This fund is managed by the Town Treasurer.

POLICY

The Town of Groton is committed to funding the long-term cost of the benefits promised its employees. To do so, the Town will accumulate resources for future benefit payments in a disciplined, methodical manner during the active service life of employees. The Town will also periodically assess strategies to mitigate its OPEB liability. This involves evaluating the structure of offered benefits and their cost drivers while at the same time avoiding benefit reductions that would place undue burdens on employees or risk making the Town an uncompetitive employer.

A. Accounting and Reporting

The Town Treasurer, responsible for oversight of the investment portfolio, has designated Morgan Stanley as investment manager of the trust assets. The Treasurer will manage the fund's contributions and disbursements and monitor the account and investment activity reports. On an annual basis, the Finance Team will meet to review the Trust's investment policy to ensure conformance with the State's prudent investor laws, and to review investment strategy, performance and fees.

The Town Accountant will obtain actuarial analyses of the Town's OPEB liability every two years and will annually report the Town's OPEB obligations in financial statements that comply with the current guidelines of the Governmental Accounting Standards Board.

The Town Manager shall ensure that the Town's independent audit firm reviews compliance with the accounting and reporting provisions of this policy as part of its annual audits and will report on these to the Select Board.

B. Mitigation

On an ongoing basis, the Town will assess healthcare cost containment measures and evaluate strategies to mitigate its OPEB liability. The Treasurer shall monitor proposed laws affecting OPEB and Medicare and analyze their impacts. The Treasurer shall also regularly audit the group insurance and retiree rolls and drop any participants found to be ineligible based on work hours, active Medicare status, or other factors.

C. Funding

To address the OPEB liability, decision makers shall analyze a variety of funding strategies and subsequently implement them as appropriate with the intention of fully funding the obligation. The Town shall derive funding to invest in the OPEB Trust from taxation, free cash, retained earnings, and any other legal form. Among strategies to consider for funding the obligation:

- Determine and commit to appropriating an annual portion of Free Cash and available Tax Capacity.
- Determine and appropriate annually the amount necessary to prevent the net present value OPEB Liability from increasing.
- When a new position is created, determine the OPEB liability for the position and appropriate annually the anticipated OPEB liability of the position, in addition to the annual cost of the position.
- When the Town's Unfunded Pension Liability is fully funded in 2035, the Town will appropriate such savings to the Town's OPEB Trust to reduce its OPEB Liability.

ADOPTED: October 16, 2018

Patricia DuFresne

From: Mark Haddad
Sent: Thursday, October 18, 2018 2:23 PM
Cc: Dawn Dunbar; Patricia DuFresne; Michael Hartnett; Jonathan Greeno; Melisa Doig
Subject: Updated Financial Projections for FY 2020

Good afternoon:

In anticipation of the Budget Guidance Meeting on Monday with the Select Board and Finance Committee, I have made a slight change to the anticipated revenue and expenditure projections for FY 2020. It is my understanding that there was some angst at last week's Finance Committee Meeting over statements in my previous email on this matter with regard to proposed Town increases and the impact of the anticipated GDRSD increase. I met with Bud Robertson to review all numbers to make sure he and I were in agreement with the preliminary numbers. I am pleased to report that we are in violent agreement with the following:

With regard to the anticipated municipal increase, I inadvertently included excluded debt in the total Town budget and based the percentage increase on that number. I apologize for that oversight. I have corrected the number on the below chart, showing the increase with and without excluded debt. Removing excluded debt increases the anticipated increase by .14% from 2.4% to 2.54%. It certainly wasn't my intention to minimize the anticipated increase.

With regard to the anticipated increase in the Groton Dunstable Regional School District Assessment, a member of the Select Board was concerned by my previous statement that the proposed increase will take 82% of new revenues and that it appeared that I was trying to strain the relationship between the Town and the District. As someone who has advocated for the School District, that was not my intention at all. I was simply pointing out the hard fact that Groton cannot afford to dedicate almost all new revenues to the District and maintain municipal operations at their current level. I apologize if I cast the wrong impression. It is important to point out that the State Aid makes up 27% of the School District's revenue, while it makes up 6% of the Town's revenues. This makes budgeting for the District and maintaining their current level of services very difficult. The GDRSD Assessment makes up 57% of the Town's budget.

With regard to the Room Occupancy Tax, we have not included any revenue in our projections at this time. However, we can provide a preliminary estimate for consideration. The average room price is \$200 and there are 60 rooms. At 100% occupancy every night, that would generate \$4,380,000 in income. Three (3%) percent of this is \$131,400. At 30% occupancy, we could count on \$39,420 in new revenues in FY 2020, at 40% occupancy, it would generate \$52,650, and at 50% occupancy, the Town would receive \$65,700. I would like to discuss with both the Select Board and Finance Committee what you feel would be a conservative number to budget for next year. This would obviously lower the anticipated deficit.

Finally, there was some concern that I was lowering the Town's increase by taking credit for the reduction in our County Retirement Assessment due to the fact that we paid off the early retirement assessment in FY 2019. This allowed the Town to save \$108,000 in County Retirement expense in FY 2020. The actual increase in that budget is \$80,581. If we were to count the increase, the anticipated increase in the Municipal Budget would be \$580,965 (versus \$379,673) or an increase of 3.80%.

The below chart is the update from my previous chart that was reviewed and agreed with between Bud Robertson and I:

Preliminary FY 2020 Revenue Estimates

	Increase Anticipated
Anticipated 2½% Increase	\$ 765,425
New Growth - Calculated at \$20 million in Value	\$ 381,000
Unexpended Tax Capacity	\$ 81,803
State Aid	\$ -
Estimated Receipts	\$ 80,261
Total Anticipated New Revenues	\$ 1,308,489

Preliminary FY 2020 Expenditure Estimates

Nashoba Tech - Five New Students	\$ 100,000
GDRSD - 5.33 Percent Increase	\$ 1,077,482
Health Insurance - 10 percent Increase	\$ 171,630
County Retirement	\$ (108,646)
Salary - Based on Current Agreements	\$ 190,449
Expenses - One Percent Increase	\$ 28,240
Debt Service - In Levy	\$ 10,000
Medicare	\$ 8,000
Two New Firefighters - Full Year Increase	\$ 80,000
Total Anticipated New Expenses	\$ 1,557,155

FY 2019 Municipal Budget with All Debt	\$ 15,804,656
FY 2019 Municipal Budget without Excluded Debt	\$ 14,939,211
Anticipated FY 2020 Municipal Increase	\$ 379,673

Percent Increase Over FY 2019 with All Debt	2.40%
Percent Increase Over FY 2019 without Excluded	2.54%

I look forward to meeting with the Select Board and Finance Committee Monday evening. Please feel free to contact me with any additional questions or concerns with regard to this matter.

Mark

Mark W. Haddad
Town Manager
Town of Groton
173 Main Street

Groton, MA 01450
(978) 448-1111
FAX: (978) 448-1115
mhaddad@townofgroton.org