

**FINANCE COMMITTEE MEETING
Town Hall First Floor Meeting Room
173 Main St., Groton, MA**

Saturday, January 26th, 2019 – 9:00 AM

Meeting Held Jointly with Select Board

Minutes Approved 4/02/19

Discussion of FY20 Town Operating and Capital Budget Proposals

Members present for the Select Board: Joshua Degen, John Giger, Alison Manugian, Rebecca (Becky) Pine. Absent: Barry Pease

Members present for the Finance Committee: Chairman Gary Green, Bud R. Robertson, Arthur Prest, Lorraine Leonard, David Manugian, Scott Whitefield, Colby Doody,

Others present: Mark Haddad, Town Manager, Michael Hartnett, Town Treasurer, Jonathan Greeno, Town Assessor, Patricia Dufresne, Town Accountant, Elizabeth Faxon, Per Diem minute taker, Department Heads/Trustees as listed below as presenters

Gary Green call the Finance Committee to order at 9:01 a.m.

Alison Manugian called the Select Board to order at 9:01 a.m.

G. Green announced the purpose of today's joint meeting is to meet with the town department heads to understand the details in their proposed FY20 budgets. The budgets have been reviewed by the town manager and integrated into the fiscal year 2020 town manager's proposed operating budget.

He announced two items that will have an impact on the final budget: 1. the recommendation of the fire department task force which is unavailable at this time, and 2. the number in the proposed budget for the GRSD school district may be too low according to recent information received. The school district has not released a proposed budget for discussion as of this meeting. He added that the school district discussion will occur at a later date.

J. Degen expressed concern over waiting for the Groton Fire Department Task Force recommendations. He would like to see a contingency plan created by the town manager in the event that the town agrees to hire the new firefighters discussed. G. Green

suggests this discussion be placed under the additional budget issues if it is not addressed earlier.

Town Manager update - M Haddad stated he received guidance from the finance committee not to update revenue, except for 3 times per year. He noted that the Governor released his budget this week. He states it is not an update in revenue, however the Governor is budgeting \$965,342 in state aid. This means an additional 55K for the Town of Groton in local aid. Additionally, the library offset receipts were carried at \$18,084, which is a reduction of about \$900 from FY19 offset receipts. The Town carried (as is typical practice) a \$200,000 deficit in the snow and ice budget this year, and currently expenditures are at \$166,208 of the \$340,000 total. He reported that the remaining balance is \$173,000 with \$30-40,000 of outstanding bills. He proposed adjusting the snow and ice deficit down to \$150,000 based on the current conditions. He continued by saying that originally the proposed budget included no unexpended tax capacity. He does not expect the Governor's budget to change and presented a budget that is now \$105,461 under the levy limit. A. Manugian asked that the town manager provide a written update of these figures.

9:00 am Library budget presentation and discussion; present: Mark Gerath, Jane Allen, Vanessa Abraham, Library Director

Mr. Gerath spoke to the meeting. He stated that the proposed FY20 library budget is a "level service budget." Salaries and wages were adjusted according to the contractual COLA and merits. The materials budget has increased modestly in order to conform to state guidelines for accreditation. \$60k is received each year from the Robbins Trust Fund which covers half the materials budget for the library. MDLC membership has increased, an increase in allocation for the network, which reflects a high rate of usage. A large capital allocation is being requested to refurbish the roof and related systems. \$1,125,000.00 is the cost estimate received to replace the entire roof with slate, replace gutters, and perform other minor repairs to windows. They are waiting for results of a scoping study, and plan to have bids in hand prior to town meeting. He reported that in the FY19 budget there was \$30,000 appropriated to replace exterior lighting in the parking lot. Subsequently they were able to find a contractor to fix the lights for \$3,000. The library is therefore returning the unexpended money in the FY19 budget. M. Haddad asked about the expected award amount of the CPA grant that has been applied for relative to the roofing repair project. \$395,000 is expected and this will offset the cost of this repair to the Town. The CPA grant award will be predicated on approval and available funds. G. Green is assured that this is the maximum amount that can be requested under this grant application. He heard that the grant amount requested is based on a historical qualification component as well. M. Haddad proposed a debt exclusion of proposition 21/2 to pay for the project. Mr. Gerath explained that the trust and endowment funding is not to be used for facilities maintenance. J. Degen asked for an analysis of the option of using another composite material (such as architectural shingles) for certain portions of the roof instead of slate. Mr. Gerath responded that consensus is that the long-term solution to the roof problem is to use slate shingles. Mr. Gerath stated that the trustees make their decision on project details and costs, which will then be reviewed by the Select

Board and Finance Committee, and proposed to voters at town meeting. A. Manugian recommended providing two options when they return to the Board. V. Abraham noted the library serves over 100,000 users per year. Mr. Gerath reported that materials circulation has stabilized and program use is excellent, which is the reason the hours have been expanded. A new teen center has been constructed and an increase in teen use has occurred.

9:30 a.m. DPW Budget presentation and discussion: Mr. Tom Delaney

Mr. Delaney explained that the biggest driving factors in the DPW budget (setting aside wages) are fuel and energy. Last year there was a shortfall in tipping fees so he asked for an increase for FY20. He anticipates the cost of electricity will increase with the operation of the new senior center. He informed the meeting that the Town now has a pulverizing plant for recycled glass acquired with a Department of Environmental Protection (DEP) grant. He noted that the building improvements proposed for the highway garage capital project were more complex than expected. The scope of the project grew due to changes in building code and the size of the addition. He apologized for not knowing that the scope of the project would expand substantially. J. Giger stated that some of these improvements were necessary for health and safety and OSHA compliance, noting that municipalities were exempt previously. G. Green asked if Mr. Delaney could review the library repair project studies prior to town meeting. Mr. Delaney then mentioned the Fitch's bridge repair and commented that the cost will depend on the CPC Funding which is unknown at this time. Mr. Delaney is still contacting building material suppliers. He informed the meeting that there may be a warrant article at ATM 2019 for \$30,000 for this repair. Mr. Delaney responded to questions regarding the capital budget request of \$25,000 for building repair and explained there is minor work pending at the Police Dept, Legion Hall, Town Hall and Fire station. The labor is in-house and the capital request is for the materials. B. Pine asked about the sewage plant upgrade. Mr. Haddad explained that Groton uses Pepperell wastewater treatment plant and owns 25% of the facility. There is an update planned for the plant and Groton is responsible for a portion of the cost. \$1,125,000 is the estimated cost to Groton. Further discussion is expected with the Finance Committee and Select Board prior to Town Meeting. B. Pine asked whether Mr. Delaney will be seeking any Green Community Grant funding. Mr. Delaney responded that he is aware of the grant and will move forward with the application this spring.

10:00 Country Club Budget presentation and discussion; Mr. Sean Campbell Groton Country Club General Manager

Mr. Campbell noted the only changes in the expense line item are for the pool. \$4,000 is being sought to replace a pool heater. G. Green asked if new heating equipment options have been explored to increase efficiency of this process. Discussion ensued regarding the option of using electric versus propane which was claimed to be significantly less costly. Mr. Campbell will explore the options. B. Pine noted that if this doesn't have to be done this year, then funding could be available for this under the Green Communities grant which focuses on energy saving capital purchases. Mr. Campbell explained that

this pump replacement is needed this year due to the increased potential for failure of the multi-pump interdependent system. J. Degen noted improper maintenance of the pool heaters was the reason for failure in the past. He suggested having a protocol in place to avoid such in the future. Mr. Campbell then noted the picnic table replacement project is nearly complete. Crucially, The Publick House will take over the management of the function hall and pay associated utility costs. The new agreement does not affect the operating budget as the revenue fees no longer collected are the same as the expense of the utilities no longer paid. Mr. Campbell reports the relationship with the Publick House and the Country Club is great and symbiotic, and patrons are getting more out of the Club when they enjoy the restaurant and vice versa. The Publick house is open year-round. A. Manugian asked about membership revenue. Mr. Campbell responded that the pool membership dues have been reduced by 50% and full memberships have gone down slightly. He reported increasing the daily pool and golf course fees slightly. J. Degen asked about the \$9,000 tavern lease fee, specifically whether there is a lease fee associated with the function hall. He hears no because of the agreement to pay utilities. M. Haddad added that the Town pays for the insurance of the entire property. J. Degen asked if there are funds available in the DPW budget to cover any of the capital requests for the Country Club. M. Haddad responded that there is \$4,000 in the DPW budget for minor projects at the Country Club. J. Degen asked if there will be a taxpayer subsidy for the club and Mr. Haddad responds very likely none. Mr. Campbell anticipates a break-even profit-loss outcome for this year, pending a favorable spring. B Pine stated her understanding that performance increases were not going to be wrapped into salaries. M. Haddad explained that the salary offsets differ based on the different union contracts. Additionally, there is a health insurance opt-out provision now offered all unions which results in a stipend to the town, but still represents a significant savings over providing the benefit. Discussion ensued as to how components of the salaries appear in the budget. J. Giger suggested for next year's budget, that "other pay" becomes a heading and that individual payments i.e., "longevity" and "opt-out" be spelled out therein. Others concurred. J Giger also suggested obtaining and analyzing statistical data on club usage for pool and golf for future forecasting. A. Manugian asked about the feasibility of managing the country club as a separate enterprise. She asked for specific tracking of financial data be provided each budget season to help with decision making towards this goal. Mr. Haddad does not recommend separating the club from the general budget at present. In the future this change can occur if the club begins to make a significant profit. G. Green referenced a club operational management review report prepared for the town by a consultant. He asked if there are any recommendations in that report that still need consideration. He asked if the Town can expect a better profit from the club if an updated operational management review were undertaken. Mr. Campbell stated he would like to see the club maintain break even for the next few years and then study what can be done to create profit and growth. P. Dufresne pointed out that the ultimate goal is to make this operation an enterprise fund. When this occurs, there is a 3-year period of hold on this status, and taxpayer subsidies may result. Mr. Haddad explained that although this is not a traditional enterprise fund presently, it is tracked and monitored in the same manner and all financial data are available. G. Green suggested assembling revenue and expenses for the club for the past five years. J. Degen stated that he would like to have the club as an enterprise within the next few years. Mr. Campbell then noted the capital

expenses which are \$10,000 for cart path repairs and \$15,000 for pool improvements. Pool improvement examples include work by students at Nashoba Valley Tech HS to re-roof a pool-side storage shed, and draining of the pool for maintenance and painting. A discussion regarding the golf carts ensued and J. Degen suggested extending the life of the existing carts which are owned by the Town, and when replacement is warranted, revisiting the improved electric powered golf cart. He also recommended putting a line item in the annual Country Club budget for \$10-\$15,000 for infrastructure repairs until it converts to an enterprise.

10:30 Debt Budget; Mark Haddad, Town Manager

Mr. Haddad referred to his budget message on page 12 (print copy). This year debt service has been handled differently. Two years ago, the goal was to do some short-term debt service on some of the capital items. The proposal included rolling BANs as long as possible, using Free Cash to pay down debt service and make required principal payments each year, then try to stabilize debt service within the operating budget at about \$250,000. As a result of refinancing capital items and retiring debt, the debt budget has changed from \$522,000 to \$345,000. Resulting in only \$98,000 utilization out of Free Cash for debt service and maintaining the \$250,000 in the operating budget funded from taxation. The senior center funding strategy involves permanently financing to keep debt service within the operating budget guidelines of \$250,000, and, to minimize impact on taxpayers. Mr. Haddad proposes the following: If the town meeting votes to move ahead with the library roof project and the highway garage and the taxpayers vote to exclude those, then we need to permanently finance those two projects. We will reevaluate short term interest rates and consider adding the radio project at that time. He notes page five of the capital plan which lists the projects by funding source and pointed out that the Prescott school building upgrade estimated at \$5 MIL could increase. Eligibility for CPC funding was raised, and a cautionary point was made with regards to this opportunity in keeping the \$5 MIL in the plan. The Town has no definite plan on Prescott school, but the placeholder should remain in the plan. Town Meeting has already voted to keep it open. P. Dufresne has provided some guidance on presenting future value budgetary numbers for capital items. G. Green stated that the five-year plan is a good projection but is not meant to indicate a commitment, rather what items will need attention in the future. He further states there will be capital expenses for the Prescott school, and the Town needs to work to establish the expenses forecasted therein.

11:00 Police Budget presentation and discussion Police Chief Michael Luth, and Administrative Assistant, Joan Tallent

Chief Luth reported a level funded budget for FY20 with minor changes. He is a strong proponent of the K-9 police dog program and noted that the program in place is excellent. He added \$3,000 to expenses for maintaining a highly trained dog for the year. He notes there is no longer gift money for this program. J. Giger stated that public donations in conjunction with funding from the town is an area that should be developed and encouraged. M. Haddad pointed out the line item "shift coverage K-9: \$13,000", created for the officer that is handling the dog and notes this is a fixed cost and would not flex

easily with public donations in the budget forecasting process. G. Green asked about the status of purchasing a dog for the program. Chief responded there is a search in progress and \$3-5,000 is included in minor capital for this purpose. Discussion of soliciting and incorporating private donations ensued. Mr. Prest announced he will personally make a donation of \$3000.00 for the purchase of the next police dog for the Groton Police Department K-9 program.

Alison Manugian asked about the capital budget discrepancy between the Chief's budget and the Town Manager's budget. Mr. Haddad explained his budgeting process based on prioritizing and timing of projects and equipment needs as proposed by the department heads. B. Pine asked about planning for clean energy and the Chief stated he is exploring the hybrid police cruiser option as well as providing charging stations at the public safety building. A. Manugian suggested contacting T. Delaney about the grant opportunity he is exploring for clean energy vehicles. Minor capital expenses include replacement of officer armor wear, upgrades to the camera system, dog purchase, and firearms procurement. Major capital requests include new police cruisers. M. Haddad noted that we purchase police cruisers off the state bid list which is a solid procurement best practice. He noted elements of the 10-year capital plan including the following: update to the electronic fingerprint equipment, construction of an outbuilding at the police station to accommodate hazardous materials evidence, the re-design and upgrade of the 911 dispatch center, the renovation of the communications tower, and police station door upgrades for security compliance. J. Degen asked about the Chief's familiarity with the Groton - Dunstable Regional Dispatch and Communications Agreement. M Haddad reports that the town receives grant money under the 911 program in the amount of \$200,000 plus annually. He noted that Dunstable has increased their payments to Groton under the present agreement to \$83,000, which incorporates the cost of the new school resource officer. Mr. Haddad reports the grant money is used for dispatch personnel salary offsets, equipment, and training. J. Degen requested direct cost data with respect to services provided by Groton Dispatch be provided as a precursor to potentially expanding dispatch services to other communities.

The meeting recesses for five minutes.

11:30 Fire Budget Fire Chief, Steele McCurdy

Chief McCurdy reports very few changes in this year's budget; there is an increase of 7.5%. The two added firefighters are fully funded within the budget per guidance received. The payroll has increased by \$80,000. The current rate of spending of the incentive pay program is 70-75%, within range of the goal set by the Finance Committee. He believes that the program is successful, adding that Groton on-call firefighters are above the average in compensation. The cost of the program has been decreased in the FY20 budget due to the new firefighters on staff, adding they will still need training. He noted a high amount of equipment maintenance and repairs this year and pointed out the 177% figure on this line item. The minor capital budget expenses have not changed materially this year. \$22,000 is budgeted for protective gear replacement. Major capital budget items include financing for replacement of engine #3 and the rescue truck. This

will result in savings of \$800,000 in capital expenditures over a 10-year period. He highlighted the benefits of having a multi-roll capable vehicle for highly efficient response in the field. M. Haddad added that the cost of the truck will be \$650,000 and the town will utilize some of the ambulance fund receipts. Additionally, a short-term state house note will be sought for the balance. Over the next five years the plan is to alternate each year by taking some money out of the capital stabilization fund and some money out of the ambulance fund to pay for the debt service. B. Robertson noted the cost of the truck in the budget (Page 3) is \$558,000 and should be updated to the newer cost estimate of \$650,000. Mr. Haddad was asked to footnote the financing process in future budget work. A $\frac{2}{3}$ Town meeting vote will be required to authorize the State house note for this expenditure.

12:15 Additional Budget Issues (not previously addressed during this meeting)

B. Pine asked about the five-year plan. Mr. Haddad explained the layout of the capital plan document. Noted, \$14,500,000 included for Lost Lake Sewer Construction is being removed from the capital plan budget, at the request of the Select Board. The Lake association did not support this project.

J. Degen raised the issue of hiring two additional firefighters. He suggested asking the Town Manager to put together a scenario of how he would fund this within the levy limit and with the current instructions on the 4 to 1 vote that the fire study committee issued in favor of adding two more firefighters. The Select Board has asked for further work on this in order to study alternatives. If no contingency plans are formulated prior to the release of the committee report at the end of February, then the Select Board and Finance Committee will discuss at which point deliberations prior to town meeting must be constrained due to the shortage of time. M. Haddad presented his alteration to the budget, which he has prepared for the task force, should this alternative of adding two firefighters come to fruition. Chief McCurdy supports the addition of two more firefighters. The financial impact of addition of two new firefighters was discussed.

J Degen noted that 24/7 coverage at the station, may reduce the need for on-call firefighters. If this proves out in year one, the following year you may be able to reduce the call firefighter line item. Chief agrees with that approach. G. Green would like members to be prepared for a discussion on how the town can address both the cost of two firefighters and the school districts' needs in the FY20 operating budget.

Mr. Haddad stated when the School Superintendent first proposed the budget, a 6.26% increase was the guidance number. Mr. Haddad will get more information from the School Administration prior to the meeting on February 6th, 2019.

A Manugian mentioned the increase in the Nashoba Tech budget. Mr. Haddad stated that Groton enrollment has increased from 36 students to 44 students, resulting in a 22% increase in the budget. The trend over the last few years is that the senior class leaving is smaller than the freshmen class coming in. If this trend continues, it will present a challenge for the operating budget. As the number of students attending from Groton is

increasing, Westford and Chelmsford are decreasing. He added that Groton is consequently picking up a bigger percentage of the funding.

J. Geiger requested an update of both the revenue and the expense data with current information so analysis can be based on current figures and adjustments can be made based on updated information.

Mr. Haddad met with the headmaster of Lawrence Academy. He reports that they have purchased the Country Day School campus, and can divest themselves from some of the other property they own. If they choose to, this represents new growth for the Town and adds to the property taxes. They have been contributing \$56,000 annually to the town. They are now proposing to fix their voluntary contribution to the Town (PILOT) at \$60,000. In addition, they will set up a gift fund of \$15,000 that the Town can use for any project it deems worthy.

B Pine raised the discussion of increasing the room tax rate for the Groton Inn. Mr. Haddad will have an article on the ATM warrant to raise the room tax from 3% to 6% as voted previously by the Town.

The 2019 Annual Town meeting is scheduled for April 29th, 2019. The warrant is now open and will close on February 22, 2019.

G. Green asked about the possibility of delaying the start of town meeting. Mr. Haddad responded that the date must be set 6 weeks in advance and can be any time March April or May. Once the date is set, the Annual Town election must be held 4 weeks after. J. Degen stated that a Ballot Question Committee should be formed.

Connie Sartini (Groton Herald) asked when the Select Board would be making a determination regarding the additional two firefighters. She heard that the Task Force report will be submitted on February 25th, the Select Board would meet to discuss this on March 4th. The Finance Committee will plan to meet the same night.

B. Robertson motioned to adjourn the Finance committee at 12:40 pm. seconded by S. White. A. Manugian motioned to adjourn the Select Board at 12:40 pm. seconded by J. Degen. The motions carried unanimously by both boards.

Respectfully,

Elizabeth Faxon

per diem minute taker, Town of Groton