

TOWN OF GROTON FINANCE COMMITTEE/ Regular Session Minutes

*Friday, March 15th, 2019 7:00 a.m.
Town Hall 1st Floor Meeting Room
173 Main St. Groton, MA*

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

Absent: Lorraine Leonard

Present for Select Board: J. Giger, J. Degen

Also Present: P. Dufresne (Groton Town Accountant), M. Haddad (Town Manager), M. Hartnett (Tax Collector/Treasurer), J. Greeno (Principal Assessor), T. Shute (Fire Lieutenant), T. Delaney (DPW Director)

Documents available at the meeting: List of Potential Municipal Budget Cuts FY20
Prescott Maintenance Proposal

Mr. Green called the Finance Committee into session at 7:00 a.m.

Free Cash Spending Proposed - Mr. Haddad explained that the Prescott building required an additional \$76k to cover planned maintenance over the next three years. He referenced the detailed memo sent on March 14th (see attached) and cautioned that the actual amount may end up being higher. He proposed that this be funded through the use of Free Cash, as well as \$50k for dredging of James Brook, and \$60k to complete the ADA initiative. This will leave a balance of \$195k in the July 2018 Free Cash certification. Mr. Haddad and Mr. Robertson and Ms. Manugian (Select Board) will be meeting with the Friends of Prescott to discuss ongoing concerns with the submitted business plan. When asked, Mr. Haddad replied that he does not have a great deal of confidence in the estimate of \$76k for Prescott. The members suggested that Mr. Delaney (DPW Director) along with Mr. Byrne (GDRSD Facilities Director), do a very thorough analysis of the building prior to Monday night. Some felt it may also be useful to involve the Town Building Inspector and possibly the Electrical Inspector. Mr. Haddad confirmed that if the Friends of Prescott's business plan is rejected by the Select Board, the lease will terminate in September. The Select Board can then decide next steps which may include mothballing the building. Should they decide instead to sell it, a Town Meeting vote would be required.

Mr. Green asked about a potential for a warranty claim regarding the synthetic slate used on the library roof (which is now failing). Mr. Degen pointed out that most warranties cover materials only, not labor charges, which are likely to be significant. Mr. Haddad said that bids for the new library roof are due on April 12th, and are expected to come in at just under \$1million, with a potential CPC offset of \$370k should

the project be accepted for this funding. He went on to say that the DPW garage construction estimate is now up to \$5 million. In an effort to contain this expense, the building committee has suggested moving forward with the necessary upgrade to the main building, while including the vehicle storage garage as an add alternate. Mr. Green said that alternative proposals for less ambitious construction should have been considered from the beginning, rather than designing the project with the end already in mind. Mr. Haddad disagreed and felt that the current strategy had identified all needs.

FY20 Budget Update – Mr. Haddad explained that given the Governor's current State Aid projections, the Town is \$214k over the levy limit. If an additional two firefighters are added for FY20 (\$65k impact) the deficit increases to \$279k. This number retains the \$150k snow and ice budgeted deficit. He cautioned that the School Committee has voted to offset their operating budget with \$400k of E&D (a one-time revenue source that he strongly advised against using for this purpose), which will decrease the assessment to Groton by \$308k. The District is offering this plan as an aid to the Town of Dunstable, however, as they have made it very clear that they will not offer E&D again in future years, Groton's FY21 budget deficit projection will increase to over \$780k. He stressed that using District E&D will balance the budget for FY20, but will make FY21 much harder. In order to avoid that outcome for FY21, he suggested some areas where the municipal budget could be trimmed: Snow & Ice deficit (\$150k), Sargisson Beach Life Guards (\$27,569), K-9 Purchase (\$3k), Pepperell Sewer Debt (\$25,683), Assessors Hours (\$7k), Local Inspector (\$1,575), TADS (\$8k), Reverse 911 (\$7k), Sr. Van (\$10k), Health Insurance (\$13k), Library Sunday Hours/Summer Reading (\$26,462). These budget adjustments would reduce the FY20 deficit by \$279k in total. He noted that eliminating the budget for the Snow & Ice deficit would be very impactful as these deficits would have to be covered from available reserves in future years. Mr. Haddad advocated for funding the two additional fire fighters recommended by the task force. He reminded the group that Groton's Fire Chief had successfully resolved a similar problem in Littleton by moving to 24/7 coverage. Mr. Degen agreed that the Town should balance the budget without the use of the District's E&D. The necessary shortfall should be covered through an override of Proposition 2 ½. Mr. Haddad agreed saying if a tax override of \$279k is passed, and the District offsets their budget with E&D, Groton will be approximately \$308k under the levy limit for FY20 (the current projection shows the Town is \$30k under the levy limit before such an override). He advised simply thanking the District for its efforts to hold down the municipal assessment, while making clear that Groton is uncomfortable with this strategy of pushing a larger deficit into succeeding years. Mr. Green felt that this could be explained at Town Meeting, however even if an override is passed for FY20, there will likely be another for FY21, which may occasion difficult decisions. Mr. Haddad said to ask Town Meeting to make a decision on whether they want 24/7 fire coverage. If the school district budget is higher than expected again next year, we can make cuts knowing how the town feels about this issue. Mr. Green was concerned about passing a municipal override this year, which would set the school up for a potential override failure in FY21.

The group briefly discussed making cuts to minor capital items, but these were an insignificant portion of the budget (approximately \$60k). Mr. Haddad reminded those present that the beach had been initially funded through private donations, but has been part of the operating budget for the last three years. He will sign the contract for life guards in June. He explained the history behind the Town's contribution to the Pepperell Sewer Debt. When the central sewer system was constructed, the cost was split 50/50 between taxpayers and ratepayers. Later, when the plant was upgraded and the sewer district purchased additional capacity, this new debt was also split 50/50. However, during difficult budget years, the Sewer

Commissioners have occasionally agreed to pay the entire obligation. Over the last several years, the Finance Committee and Select Board have been in favor of honoring the 50/50 split. Now, Mr. Haddad said, he would recommend cutting it from the municipal budget.

Mr. Haddad explained that the local inspector hours were eliminated several years ago. During busy times or to cover absences of the Building Inspector, funding for this was taken from the Reserve Fund. It was put back in the budget for FY20. In reply to a question from Mr. Green, Mr. Haddad said that permit revenue has been somewhat flat. If this trend continues, it may be necessary to look at reducing inspection hours. As regards TADS, Mr. Haddad said that the current sponsor is moving away from Groton, which would leave the Town in the position of managing this program. Dunstable has already decided to cut its portion out of the budget, leaving Groton holding a larger share of the expense. There is a meeting scheduled to discuss this issue on Monday, but he recommended that TADS be cut from the budget.

With regards to cutting the Reverse 911 program, Mr. Haddad agreed that this has implications for public safety. It is used to notify residents during storm events or for water main breaks, etc. Mr. Manugian would like to offset the public safety budget by anticipating a portion of the recurring state grant proceeds. Mr. Haddad was adamantly against this strategy, and said he will never be comfortable counting on grant funds to offset the operating budget. Mr. Manugian replied that Reverse 911 could be cut until the grant funds are awarded, and then reinstated. Mr. Green suggested partnering with the School District as they have a similar system. Mr. Degen pointed out that this idea had been floated once before and it was unworkable, possibly because the system used by the District was not Town-wide. Other budget-trimming options include Senior Van expenses (wages and general expenses) which have trended somewhat lower over the past several years, and Health Insurance. Mr. Haddad explained that he is cautiously optimistic that \$13k could be found in Health Insurance given the latest enrollment numbers, and the popularity of the new Opt-Out program. A more confident estimate will be provided when the open enrollment process is completed in mid-April.

The group discussed some potential large expenditures that the Town is facing: \$5 million for the DPW facility, \$1.1 million for the Library Roof, \$30 million for the Florence Roche School. Mr. Degen would like to explore how a proposed multi-year override situation could be achieved collaboratively. He felt this would help ease the tension of asking voters to choose among competing interests. Mr. Robertson noted that a 5-year override would lead to a large problem in year 6. Also, he is not convinced that the Town is disciplined enough to manage this strategy without running short of funds by year 5. Management should be making tougher decisions as regards employee negotiations. He favors requesting an override for \$279k for now; if it fails, the necessary cuts have been identified. Mr. Green felt it makes little sense to vote an override for FY20 unless the School District is able to keep their costs to a sustainable level in FY21. They are currently still working through some major operational changes based on various audit recommendations. Once those projects are completed, their rate of savings will slow leading to another budget issue. Mr. Haddad noted that the state is working to provide some relief to districts in the form of extra aid; some of these problems could be mitigated by this initiative if successful. Both Mr. Degen and Mr. Robertson agreed that some hard work should be done over the next year to understand the true nature of the year over year need and how various override strategies could be used to resolve these. Mr. Prest said he supports a \$279k tax override for FY20. This would fund the firefighters which he feels are critical while only adding about \$70 to the average tax bill. Mr. Haddad noted that delaying the hiring of

the firefighters by a year effectively delays the benefit by about 15 months (given the time that must be invested in training and union negotiations). Mr. Prest would be sorry to see any delay as the Fire Department is firmly united behind their Chief and morale is strong right now. He added that both the full-time fire fighters and the call members support the 24/7 proposal.

Mr. Manugian asked about Dunstable's position at this time. Mr. Haddad replied that Dunstable plans to do a combined Town and School override in FY21, not in FY20. This was a major part of the District's decision to offset the FY20 budget with E&D. Mr. Manugian said that the proposed cuts of \$129k should be accepted on the municipal side, and the override delayed until next year. In the meantime, coordination should be encouraged between Groton and Dunstable, all the big picture needs should be identified and presented to the broadest possible audience. Mr. Haddad noted that the FinCom could choose to cut only enough out of the Town budget to fund the fire fighters (the beach, library hours and Pepperell sewer debt for instance). Mr. Green hoped that the Select Board will make a decision on Monday night regarding the override; this will help the FinCom to move forward in its own budget deliberations.

Mr. Prest moved that the Finance Committee recommend to the Select Board that if the Town chooses to hire 2 additional fire fighters, a \$279k tax override of Proposition 2 ½ be proposed. The intent of this override would be to balance the budget at \$308k under the levy limit in FY20, thereby not taking advantage of the GDRSD E&D offset, and minimizing the deficit for FY21. Mr. Manugian seconded for discussion.

Mr. Degen felt that the Select Board (the majority of whom were not present for this discussion) would be unlikely to take a position on the override on Monday the 18th; however, they would probably do so on the 25th. Mr. Manugian would like to see an update to the 5-year projections that include an override of \$279k in FY20. Mr. Haddad said that some revenue increases will be seen in the room tax projections, although this category is very difficult to predict confidently. Meals tax is easier to predict, but those increases are already built into the budget. Mr. Whitefield noted that none of the solutions discussed here have made the budget more sustainable. He asked, if there is only one opportunity to pass an override, is this the year to attempt it. Mr. Robertson replied that something has to be done. Mr. Degen favors a 5-year override, but would like input from the tri-board to determine the most realistic amount. For now, he advocated for doing a tax override in FY20 to fund the current need (\$279k).

Mr. Hartnett explained that the hiring of 2 additional fire fighters (a total of 4 over a 2-year period) would likely raise the pension assessment by a significant amount in FY21 and onward (as these are group 4 hires and more expensive over the long term).

On a motion by Mr. Robertson, seconded by Mr. Prest, the previous motion was amended as follows:

The Finance Committee recommended that the Select Board members seek an override of Proposition 2 ½ to fund the anticipated budget increases needed to hire 2 additional fire fighters and cover the debt increase for the Nashoba Valley Technical High School while not taking advantage of the GDRSD E&D budget offset for FY20. The Finance Committee's intention in this regard is to cause the Town's FY20

Operating Budget to remain at \$308k under the levy limit and thereby minimize the impact of budget increases anticipated in FY21.

The vote to amend carried unanimously (6-0-0)

The vote on the main motion carried by majority: 5-1-0 (Mr. Manugian voted in opposition)

Prescott Building Maintenance – Mr. Haddad asked Mr. Delaney to work with Mr. Byrne (GDRSD Facility Manager) to identify any and all building needs at Prescott which may impact the maintenance estimate of \$76k that is to be requested at the Spring Town Meeting. Mr. Delaney agreed to begin working this request. He added that the roof and windows are in good shape. While, there are some ADA compliance issues, right now he is planning to fund pressing needs only.

Mr. Green officially adjourned the regular session of the Finance Committee at 9:30 a.m.

Respectfully submitted,

Patricia Dufresne, Recording Secretary

Potential cuts

Jargisson Beach	27569
K-9	3000
Pepp. Sewer dept	25683
Assessors hours	7000
Local inspector	1575
TADO	8000
Reverse 911	7000
Senior van wages + Exp	10,000
Health Ins.	13000
Sunday library hours	26462

\$129,289

Patricia DuFresne

From: Mark Haddad
Sent: Thursday, March 14, 2019 8:09 AM
Cc: Dawn Dunbar; Patricia DuFresne; Tom Delaney
Subject: RE: Anticipated Expenses of the Prescott School for the Next Three Years

Good Morning Again:

Since I hit send on this email, Tom Delaney just called me to tell me he was informed of two more repairs that are required at the School totaling an additional \$11,000 to repair two condensate pumps and a sewer grinder pump. This would bring the requested amount to \$76,000. I will continue to review and let you know of any additional changes.

Mark

From: Mark Haddad
Sent: Thursday, March 14, 2019 7:38 AM
Cc: Dawn Dunbar <ddunbar@townofgroton.org>; Patricia DuFresne <pdufresne@townofgroton.org>; Tom Delaney <tdelaney@townofgroton.org>
Subject: Anticipated Expenses of the Prescott School for the Next Three Years

Good Morning Members of the Select Board and Finance Committee:

As requested, Tom Delaney, Dawn Dunbar and I reviewed the current and anticipated needs of the Town's expenses to maintain the Prescott School over the next three years. The chart below shows the anticipated costs and what we would need to request for additional funding at the 2019 Spring Town Meeting. This request would come from Free Cash. This would bring the total cost of maintaining the Prescott School to \$97,000. We can discuss this further at Monday's meeting. Please feel free to contact me with any additional questions or concerns with regard to this matter.

Mark

Year 1 (FY 2019) Needs

Outside Stair Repair \$ 2,000
Outside Clogged Drain \$ 1,000
Paint and Replaster Walls \$ 4,000
Electrical Panel Work \$ 9,500
Spring Mowing (165X6) \$ 990

Total Needed

\$ 17,490

Grand Total Needed (3 Years)

\$ 83,562

Current Balance In Article

\$ 21,896

2019 Town Meeting Request

\$ 61,666

- Round Up to \$65,000

Mark W. Haddad

Town Manager

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Year 2 (FY 2020) Needs

Building Insurance \$ 13,256
Snow Plowing \$ 12,700
Mowing (Annually) \$ 2,310
Misc. Landscaping \$ 1,000
Fire Extinguisher Inspections \$ 500
Fire Alarm Inspection \$ 500
Boiler Tune-Up \$ 1,200
Boiler Inspection \$ 200
Repair Pipe In Basement \$ 1,100

Total Needed

\$ 32,766

Year 3 (FY 2021) Needs

Building Insurance \$ 14,256
Snow Plowing \$ 13,100
Mowing (Annually) \$ 2,450
Misc. Landscaping \$ 1,000
Fire Extinguisher Inspections \$ 500
Fire Alarm Inspection \$ 500
Boiler Tune-Up \$ 1,300
Boiler Inspection \$ 200

Total Needed

\$ 33,306