

TOWN OF GROTON FINANCE COMMITTEE Regular Session

Tuesday, October 20th, 2020, 6:00 p.m.

Meeting Virtually via Zoom
Meeting ID: 873 8628 6662

And Recorded by The Groton Cable Channel

Present for Finance Committee: B. Robertson (Chair), C. Doody, Mary Linskey D. Manugian, S. Whitefield, A. Prest, G. Green (joined the meeting at 7:05 p.m.)

Absent: None

Also Present: P. Dufresne (Town Accountant), M. Haddad (Town Manager)

Documents available at the meeting: FY22 Estimated Tax Levy Calculation
Reserve Fund Transfer Documentation – Parks Irrigation Well
Minutes: 10/03/20
FY21 1st Qtr. Budget to Actual Report

Mr. Robertson called the regular session of the Finance Committee to order at 6:00 p.m.

Minutes – On a motion by Mr. Manugian, seconded by Mr. Prest, the Finance Committee voted in the majority to approve and release the minutes of their meeting of 10/03/20 as drafted. The Vote: 5-0-1 (Ms. Linskey abstained)

Parks Department Irrigation Well Request – Mr. Haddad presented the Parks Department request for \$16,000 from the Reserve Fund to dig an irrigation well for the soccer field at Cow Pond Brook Rd. He explained that while the CPC Recreation Center project at that location had been put on hold, there is still an urgent need to resolve the problem of how to irrigate the soccer field. There is a deep well there that can sufficiently irrigate half the fields, but the other (shallow) well is dry, and that portion of the field has suffered. Mr. Black had provided an estimate from Skillings & Sons (\$14,186) for discussion purposes, but plans to obtain two additional quotes prior to awarding the project. Mr. Haddad said that the \$16,000 being requested includes funding for contingencies. The group discussed various questions they had with regards to the estimate from Skillings & Sons (i.e. the deposit request, an itemization for sales tax). Mr. Haddad agreed that certain items will need to be clarified. Mr. Manugian questioned the incremental

cost of digging a well deeper than 500 ft. should that become necessary. Mr. Haddad was confident that digging a deep well would not be cost-prohibitive, and he is comfortable with the estimate provided. Mr. Prest agreed that this irrigation well was necessary and feels that the vendor's price is reasonable.

On a motion by Mr. Prest, seconded by Mr. Manugian, the Finance Committee voted unanimously to approve a transfer of up to \$20,000 to the FY21 Parks Department General Expense budget for the purpose of digging an irrigation well for the soccer field. The Vote: 6-0-0

FY22 Budget Guidance – Mr. Haddad drew the group's attention to the 1st Quarter Budget Report. The Town has collected 24.46% of budgeted revenue through 9/30/20, and he expects to meet overall revenue estimates this year. He noted that Motor Vehicle Excise looks particularly healthy, but includes some payments that carried over from the previous fiscal year. Both Local Meals Tax and Room Occupancy Tax may just manage to meet budget projections, provided restaurants and hotels are allowed to remain open through the end of the Fiscal Year. Other Departmental Revenue is showing inflated figures as GELD paid their FY20 4th Quarter Retirement/Medicare assessment in the 1st Quarter of FY21. This will be an advantage for the Town's Free Cash position at the end of FY21. Mr. Haddad was particularly pleased with the Country Club's 1st quarter results. With only partial programming (golf and limited pool activity) the Club has realized \$20,000 more revenue in the 1st quarter of FY21 than for the same time period in FY20 (which enjoyed full programming and no pandemic). Mr. Haddad also praised the residents of Groton who have continued to reliably pay their real estate taxes during this difficult time. Town departments have been holding down expenses as best they can, which is adding to the optimistic financial outlook at the end of Quarter 1.

The Town Manager reminded the committee members that the Town had previously balanced its FY21 budget with Unexpended Tax Capacity of \$229,000. Once the pandemic hit, \$400,000 was cut from estimated receipts, but because GDRSD used \$680,000 of E&D to relieve Town assessments, the budget retained a surplus. For FY22, he reduced the projections for State Aid by \$50,000, increased the projection for Local Receipts by \$280,000, and is expecting approximately \$15 million in New Growth (largely land value). Cost drivers for FY22 include a 14.4% increase in the Pension assessment (due to the addition of four new full-time firefighters), Health Insurance premiums are estimated to increase 10%, and NVTHS has enrolled an additional 8 Groton students (an estimated increase of approximately \$140,000). Finally, GDRSD has informed the Town that they will most likely still be teaching remotely next fall, and expect to need an additional \$300,000 to cover those Covid-related costs. Mr. Haddad explained that if he assumes a level-funded budget for the Town in FY22, he is projecting a deficit of approximately \$1.2 million.

The group discussed scenarios for resolving that deficit. Mr. Haddad is recommending that the open positions in the DPW and Police Departments be left vacant for the time being; this would save approximately \$170,000. He would also suggest offsetting any Snow & Ice deficit with Free Cash. In reply to a question by Mr. Manugian, Mr. Haddad shared his latest tax levy calculation. This indicates approximately \$1.1 million in levy growth expected for FY22: \$823,000 in prop. 2 ½ increases and \$267,750 in new growth impacts. The previously discussed UTC of \$229,000 is already part of the calculated tax levy limit. Mr. Haddad briefly described the residential construction projects currently being developed. Mr. Manugian wondered about the impact of the vacant Police Department position on overtime costs. Mr. Haddad replied that he would consider cutting one School Resource Officer in order to keep from

eliminating a patrol position. There would be some loss of revenue from Groton School and the Town of Dunstable, but he believes this would be the most cost-effective approach. Mr. Whitefield would like to see some detail on GDRSD's projected \$300,000 remote learning costs for next year. Mr. Haddad noted that it might be possible to use Free Cash for this need, or Covid funding if any additional is made available.

Mr. Robertson said that given the summary budget presentation just received, he would recommend level funding the FY22 Town Operating budget. He noted the following GDRSD cost drivers: 4% increase in assessment, \$700,000 in previous year's E&D that must be replaced, and \$300,000 projected remote learning costs for the fall. He believes the final budget deficit after use of Free Cash and not filling open positions, will be between \$200,000 and \$400,000. Mr. Robertson wondered if it would be possible to split this with GDRSD as was done last year, or to use some remaining Free Cash to offset expenses. Mr. Haddad stressed that he intends to provide a budget that maintains services. Mr. Robertson proposed the following guidance for drafting the FY22 Municipal Operating Budget:

- 0 % budget growth
- No Tax Override
- Reasonable use of Free Cash permitted.

Mr. Whitefield pointed out that such a budget would actually be less than 0 % growth due to the projected increase in Pension and Health Insurance costs. Mr. Robertson said that the deficit is too small to consider covering with a tax override, and the only other alternative would be staff reductions. Mr. Manugian requested that the guidance include a moratorium on approving new benefited positions. Mr. Haddad agreed (with the exception of the new Stormwater Enterprise position approved at Town Meeting which will be funded from Enterprise fees).

Mr. Manugian suggested that if the economy rebounds and funds are available at the time of the next Fall Town Meeting, the FinCom should consider prioritizing the replacement of some of the budget items that were held level. He noted that the Town employees would be bearing most of the burden of level-funding the budget. If the Town chose to fund other expenses before supporting its staff, that would be making a statement. Mr. Haddad enthusiastically agreed and left the meeting at this time (6:55 p.m.)

Mr. Whitefield felt it might be useful to see multiple budgets for FY22 (i.e. a level-funded budget and a level-services budget). This might help to assess the impact of 0% growth. Mr. Robertson replied that this approach was tried last year. It results in a good deal of extra time and effort, without much value added to the process. He pointed out that the Town Manager does not seem unduly concerned about drafting a 0% growth budget; therefore, he should be allowed to proceed with that. He reminded the group that the benefits estimate is probably high, and that after using Free Cash where appropriate, and leaving vacant the two open positions, 0% growth may be manageable. GDRSD may also be able to help. The Finance Committee agreed on the following FY22 budget guidance to the Town Manager: 0% growth on the municipal side, no tax override, permission to use Free Cash where appropriate and no new benefited positions.

Mr. Green arrived at this time (7:05 p.m.)

Financial Policy Review – The group discussed the changes to the Investment Policy recommended by the Town Treasurer. These changes were based on the vote taken at Town Meeting on 10/03/20 which permits the Treasurer to invest the Town’s Trust Funds pursuant to the standards of the MA Prudent Investor Act (MGL Chapter 203C), potentially allowing for more flexibility and greater returns. Ms. Dufresne said she would ask Mr. Hartnett (Town Treasurer) to provide language that would incorporate his various investment policy statements into the document currently under review.

The Finance Committee scheduled their next meeting (virtually) for Thursday, November 12th at 6:00 p.m.

Mr. Robertson officially adjourned the meeting at 7:15 p.m.

Respectfully submitted,

Patricia Dufresne, Recording Secretary

REQUEST FOR TRANSFER FROM THE RESERVE FUND
(To be submitted in triplicate)

Date: 10/20/20

Advisory Board
Town of Groton

Ladies & Gentlemen:

A 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: \$16,000

2. To be transferred to: Parks Department General Expenses

3. Present balance in said appropriation: \$51,587.30

4. The amount requested will be used for (give specific purpose):

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

Officer or Department Head

Action of Advisory Board

Date of Meeting 10/20/20 Number Present and Voting _____

Transfer voted in the sum of \$ _____

Transfer disapproved _____

Chair Advisory Board

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

Patricia DuFresne

From: Mark Haddad
Sent: Tuesday, October 20, 2020 8:24 AM
To: Patricia DuFresne
Cc: Bud Robertson; Dawn Dunbar
Subject: FW: Your Estimate from Skillings & Sons, Inc.
Attachments: soccer fields irrigation well.pdf

FYI – For the reserve fund transfer request tonight.

From: d.r.black@charter.net <d.r.black@charter.net>
Sent: Tuesday, October 20, 2020 8:17 AM
To: Mark Haddad <mhaddad@townofgroton.org>; Bud Robertson <budrobertson@charter.net>
Cc: Kara Cruikshank <kcruikshank@townofgroton.org>
Subject: FW: Your Estimate from Skillings & Sons, Inc.

Good morning,

Please find the preliminary estimate for the Cow Pond Well. These figures are provided by Skillings who drilled the existing deep well at Cow Pond 8 years ago.

This estimate provides for a 500' deep well. The existing well is 900' deep. There are no guarantees as to water depth when it comes to well drilling. Should we have to go to 900' again the additional cost would be \$5200.00.

Please contact me with any questions.

Thank you,

Don

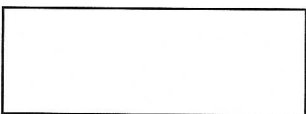
From: Skillings & Sons, Inc. <noreply@servicetitan.com>
Sent: Monday, October 19, 2020 7:35 PM
To: d.r.black@charter.net
Subject: Your Estimate from Skillings & Sons, Inc.

Dear TOWN OF GROTON

Please find attached the estimate for work to be performed at Cow Pond Brook Road, Groton, MA 01450 USA. If you should have any questions regarding this estimate please let me know before the work is completed.

[Click here to view your estimate\(s\)](#)

Thank you for choosing Skillings & Sons, Inc.



www.skillingsandsons.com .



SKILLINGS & SONS, INC.
 9 Columbia Drive
 Amherst, NH 03031

Tel: 603-459-2600
 Fax: 603-821-3850

BILL TO
 TOWN OF GROTON
 173 MAIN STREET
 GROTON, MA 01450 USA

ESTIMATE 43043408	ESTIMATE DATE Oct 19, 2020
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JOB ADDRESS
 Town of Groton
 Cow Pond Brook Road
 Groton, MA 01450 USA

Job: 36291

ESTIMATE DETAILS

soccer fields irrigation well: Skillings & Sons, Inc. is pleased to offer you a proposal for a drilled water well, pump system and services for the above referenced site. Based on an average well depth, casing and services, the following is an estimate only and is not the final cost of your well. The final cost cannot be calculated until the well is drilled, the proper pump size is selected and services are calculated.

ANY QUESTIONS PLEASE CONTACT TIM 603-235-5605

TASK	DESCRIPTION	QTY	PRICE	TOTAL
Dep-R	Deposit Paid: Deposit Due	0.00	\$4,000.00	\$0.00
PERMIT	WELL PERMIT: If Required By Town	1.00	\$150.00	\$150.00
MOB	MOBILIZATION: Mobilization Fee	1.00	\$350.00	\$350.00
DRILLING6	WELL DRILLING 6": DRILLING6	500.00	\$12.00	\$6,000.00
PumpSystem	Pump System: Pump System:2 HP Constant pressure pump with a 7 gallon tank. Up to 300 ft The actual pump system cannot be determined until the well is drilled.	1.00	\$4,600.00	\$4,600.00
PumpSettingBeyond300	Pump setting beyond 300' (up to 500'):	0.00	\$4.95	\$0.00

		Per foot (T)		
OffPipeWelltoHouse75	Offset Well to House (up to 75'): Per foot (T)	50.00	\$4.75	\$237.50
EXCAVATION	EXCAVATION: EXCAVATION DOES NOT INCLUDE REMOVAL OF DRILLINGS	1.00	\$750.00	\$750.00
PUMPTEST	PUMP TEST: To determine the flow rate of the well. A generator is set to operate the pump from 4 to 8 hours and the system is pumped to determine the flow rate.	1.00	\$450.00	\$450.00
Lab Analysis	Lab Analysis: Water Testing Itstain	1.00	\$125.00	\$125.00
MudRotary	Mud Rotary: Used if the overburden is loose before well casing can be set.	0.00	\$5.00	\$0.00
WellEnhancement	Well Enhancement: A process that uses water under high pressure and volume in an attempt to increase the gallons per minute in the well.	0.00	\$2,000.00	\$0.00
GROUTING	GROUT WELL: An added sealant around the driveshoe to help prevent surface water from entering the well. (T)	1.00	\$450.00	\$450.00
OverEstimatedCasing	Over Estimated Casing Per Foot: Over 40' of casing (per foot). (T)	0.00	\$18.00	\$0.00
500to100Drilling	Over 500' of drilling per foot to 1,000': To 1000' (per foot)	0.00	\$13.00	\$0.00
BB10KIT - i	BIG BLUE 10" KIT WITH FILTER AND WRENCH WITH DRAIN (T)	0.00	\$125.00	\$0.00

Materials

MATERIAL DESCRIPTION	QUANTITY	YOUR PRICE	YOUR TOTAL
DRIVESHOE6 DRIVE SHOE 6" x 6 5/8" ROTARY (T)	1.00	\$250.00	\$250.00
CASING6-17TC PIPE CASING 6" THREADED: UP TO 40' (T)	40.00	\$18.00	\$720.00
SUB-TOTAL			\$14,082.50

TAX	\$103.59
TOTAL DUE	\$14,186.09
BALANCE DUE	\$14,186.09

We are celebrating 50 years of service, 1970-2020!
Grade us! Please go to www.skillingsreviews.com

CUSTOMER AUTHORIZATION

By signing, I acknowledge that Skillings & Sons, Inc. has provided me an invoice for the services to be performed in the amount of \$14,186.09.

Sign here

Date

4. **Continued:**

- C. Vote to enter into a new three (3) year lease with the Friends of Prescott, effective September 1, 2021 through August 31, 2024 with the following new Terms:
1. Three (3) year lease with the potential to renew the lease (under the same or renegotiated terms) for an additional three (3) year period.
 2. Friends of Prescott would be responsible for landscaping and snow removal.
 3. Rent would be \$20,000 per year, plus 5% of the gross profits (less donations).
 4. All other Terms would remain in full force and effect.

I have attached a copy of the red-lined lease with the report for your review. We can discuss this in more detail at Monday's meeting.

5. I have scheduled time on the Agenda for the Board to review the Fiscal Year 2021 First Quarter Financials. Enclosed with this report are the financials as prepared by the Town Accountant. This will also give the Board a chance to begin considering Fiscal Year 2022 Budget Guidance. As you know, we will be meeting in joint session next Monday with the Finance Committee for the purpose of developing FY 2022 Budget Guidance for the Town Manager. Fiscal Year 2022 looks to be a very difficult budget year. I have begun working with the Finance Team to develop projections. We have taken into consideration the following:

- A. We estimate approximately \$229,000 in unexpended tax capacity.
- B. We are reducing anticipated State Aid in FY 2022 by \$50,000.
- C. We are estimating approximately \$15 million in New Growth.
- D. We are increasing Estimated Receipts by approximately \$280,000.
- E. We have been told that there will be a 14.41% increase in our Pension budget, or a \$285,000 increase.
- F. We are estimating a 10% increase in Health Insurance Costs.
- G. We are anticipating 8 additional students at Nashoba Tech next year and are estimating an increase in that Assessment of \$140,000.
- H. With regard to Groton Dunstable Regional School District, we have increased the starting Operating Assessment by \$680,000 to make up for the reduction in FY 21 due to the use of School District E&D to offset the Operating Assessment. We then increased this new base number by 4% to account for a modest increase in FY 2022. In addition, based on a conversation with School Superintendent Laura Chesson, I have added an additional \$300,000 to that estimate in the event that we are still dealing with COVID-19 related remote learning next year.
- I. We have level funded Municipal Expenses and estimated no increases in wages across the Board.

Taking all of this into consideration, we are estimating a \$1.3 million deficit in FY 2022. We can discuss this in more detail at Monday's meeting.