

**SELECT BOARD / FINANCE COMMITTEE MEETING MINUTES  
MONDAY, JANUARY 13, 2025  
APPROVED**

**SB Members Present:** Alison Manugian, Chair; Peter Cunningham, Clerk; Matt Pisani; John Reilly;

**SB Members Virtually Present:** Becky Pine, Vice Chair;

**Park Commissioners Present:** Anna Eliot; Brian Edmonds; Mary Jennings; Jeff Ohringer

**Finance Committee Members Present:** Bud Robertson; Mary Linskey; Gary Green; Scott Whitefield; Mike Sulprizio;

**Finance Committee Members Virtually Present:** Kristina Lengyel

**Also Present:** Mark Haddad, Town Manager; Kara Cruikshank, Executive Assistant to the Town Manager; Melisa Doig, Human Resource Director; Dawn Dunbar, Town Clerk; Patricia DuFresne, Assistant Director of Finance/Town Accountant; Rob Foley, Applicant for the Park Commission Vacancy; Hannah Moller, Treasurer/Tax Collector; Fire Chief Arthur Cheeks; Jaydeep B. Patel; Donald Black; Bruce Easom.

The Select Board returned to open session at 6:00 PM (following their Executive Session at 5:30 PM).

**7:00 P.M. IN JOINT SESSION WITH THE FINANCE COMMITTEE- UPDATE ON THE FISCAL YEAR 2026 PROPOSED OPERATING BUDGET. DETERMINE IF BUDGET GUIDANCE TO THE TOWN MANAGER NEEDS TO BE ADJUSTED.**

Finance Committee members Mr. Green, Ms. Linskey, Mr. Sulprizio, Mr. Whitefield, and Mr. Robertson were present. Ms. Kristina Lengyel attended virtually.

Finance Committee Chair Bud Robertson called the Finance Committee to order at 7:10 pm.

Mr. Haddad said the Select Board and Finance Committee gave Mr. Haddad and the Finance Team Guidance in October to create the Fiscal year 2026 Budget. The following Guidance was given:

- A. The Town Manager shall keep any increase in Municipal Spending in Fiscal Year 2026 to a total increase of \$475,000.
- B. Any remaining new revenues in Fiscal Year 2026 shall be used to cover the Proposed FY 2026 Operating Assessment of the Groton Dunstable Regional School District.

Mr. Haddad explained that he and the Finance Team were finalizing the Proposed Budget, which complies with the guidelines by limiting Municipal Spending in FY 2026 to a total increase of \$475,000. Currently, the proposed increase stands at \$379,168. Mr. Haddad provided a Chart that gave an updated summary of what revenues are expected for FY 2026, along with the current spending plan.

Mr. Haddad said they are under the Guidance due to the Enterprise Funds paying directly for health insurance. He anticipates that \$1,405,701 in levy capacity will remain for the Groton Dunstable Regional School District. Within the \$379,168 budget increase, Mr. Haddad mentioned he is also reducing the assessment from Nashoba Tech. The District is in the process of finalizing its Budget. During the January

8, 2025 meeting of the Groton Dunstable Regional School District Committee, Superintendent Dr. Geoff Bruno presented the School Committee with two budget scenarios:

- Scenario One is a Level Services Budget, which maintains the current level of services provided by the School District.
- Scenario Two is a balanced budget that sets the budget at a level that does not require an override in either Groton or Dunstable.

The \$1.4 million that Groton has available for the School District in FY 2026 is not enough to cover the anticipated Assessment under Scenario One. The proposed Assessment is a 10.25% increase over the FY 2025 Assessment, or \$2,692,398, a shortfall of \$1,292,398. This would put the Town in an override situation to cover the Assessment.

Scenario Two proposes an increase in the Assessment of 1.4%, or \$365,862. Groton would still be \$1,039,839 below the projected FY 2026 Levy Limit. Mr. Haddad believes this scenario is unacceptable, as it would devastate the District. He suggests that they focus on a solution that is somewhere between the Town of Groton's capacity to provide funding within the Levy Limit (around a \$1.4 million increase) and the Level Services increase, which is approximately \$2.7 million.

Mr. Haddad asked the Board and the Finance Committee about the direction of the Guidance. Finance Committee member Ms. Linskey said she was uncomfortable setting the Guidance under \$475,000. Finance Committee member Mr. Green inquired when the School Committee would provide their number to Mr. Haddad. Mr. Haddad hopes to meet with Dunstable and the School District to develop a budget 45 days before April 26<sup>th</sup>. Mr. Robertson said he was unsure about what was included in the school's budget numbers. Mr. Haddad stated that he would have a balanced budget that meets the Guidance and plans to propose a public safety override. Mr. Green said he believed that the Guidance should remain the same. Ms. Linskey stated that she feels uncomfortable changing the Guidance since the School District Audit has not been completed and no request for proposals (RFP) has been issued. Mr. Sulprizio also expressed his disappointment regarding the situation. Mr. Haddad said even if the audit started in August, it would not impact the FY 2026 Budget. Mr. Sulprizio suggested setting a deadline for the release of the RFP.

After a lengthy discussion, the Select Board and Finance Committee agreed to keep the original Guidance to the Town Manager.

### **OTHER BUSINESS**

**Pursuant to the Charter, Authorize the Town Manager and One Member of the Select Board to Sign Warrants for the Next 30 days.**

*Mr. Reilly made a motion to authorize the Town Manager and one member of the Select Board to sign the Warrants for the next 30 days. Mr. Pisani seconded the motion. Roll call: Pine-aye; Pisani-aye; Reilly-aye; Manugian-aye; Cunningham-aye.*

### **On Going issues**

- A. PFAS Issue- The PFAS construction is well underway. Mr. Haddad wanted to thank Water Superintendent Tom Orcutt for his hard work.
- B. Nashoba Valley Medical Working Group- Fire Chief Cheeks updated the Board about the Working Group. He mentioned that they are still awaiting a response from the Governor's office. Mr. Haddad added that the area Chiefs are doing an excellent job.
- C. Charter Review Committee- Mr. Haddad intends to present a memo he drafted to the Charter Committee.
- D. Florence Roche Elementary School Construction Project-There was no update at this time.
- E. PILOTS- On January 27th, the draft PILOT Report will be presented to the Select Board.

**SELECT BOARD LIASON REPORTS**

None

**Public Comment Period #2**

Mr. Cunninham has a meeting with the Housing Partnership on Tuesday, January 14th. He said there are three vacancies in the Housing Partnership.

**Approval of the Regularly Scheduled Meeting Minutes of January 6, 2025**

*Mr. Cunningham made a motion to approve the minutes of the regularly scheduled meeting of January 6, 2025. Mr. Reilly seconded the motion. The motion carried 4 in Favor, 1 abstained-Pine.*

The meeting was adjourned at 8:02 p.m. Respectively submitted by Kara Cruikshank, Executive Assistant to the Town Manager.

*At this point in the meeting, the Finance Committee relocated to the 2<sup>nd</sup> Floor Hallway to continue discussion of the FY26 budget.*

Mr. Whitefield noted that he would like to see a bottom-up analysis of the GDRSD budget. He felt it would be useful for the FinCom to meet with school officials separately for a presentation on GDRSD budget details. The members discussed the lack of progress on the RFP for the promised audit. Mr. Sulprizio was concerned about the lack of transparency, but Mr. Green said it was hard to know what factors might be contributing to the delay. (Mr. Green left the meeting at 7:55 pm). Mr. Robertson noted that all the line-item detail is typically available in their budget document. The members briefly discussed the current structure of the teacher contracts as well as the ongoing challenges stemming from the closure of the NVMC. Mr. Robertson stressed that it is still too early to know if the Town will need to hire additional fire fighters.

The Finance Committee meeting was officially adjourned at 8:15 p.m.

Respectfully submitted by Patricia Dufresne, Assistant Finance Director



**TOWN OF GROTON**  
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**Select Board**

Alison S. Manugian, *Chair*  
 Rebecca H. Pine, *Vice Chair*  
 Peter S. Cunningham, *Clerk*  
 John F. Reilly, *Member*  
 Matthew F. Plsani, *Member*

**Town Manager**  
 Mark W. Haddad

**To:** *Select Board  
 Finance Committee*

**From:** *Mark W. Haddad – Town Manager*

**Subject:** *Fiscal Year 2026 Budget Update*

**Date:** *January 13, 2026*

The purpose of this memorandum is to update the Select Board and Finance Committee on the status of the Proposed Fiscal Year 2026 Operating Budget. As you will recall, the Select Board and Finance Committee gave me and the Finance Team the following Budget Guidance to create the Fiscal Year 2026 Budget:

- A. The Town Manager shall keep any increase in Municipal Spending in Fiscal Year 2026 to a total increase of \$475,000.
- B. Any remaining new revenues in Fiscal Year 2026 shall be used to cover the Proposed FY 2026 Operating Assessment of the Groton Dunstable Regional School District.

The Finance Team and I are in the process of finalizing the Proposed Budget, which is in compliance with the Guidance keeping Municipal Spending to a total increase of \$475,000 (at this time, the proposed increase is \$379,168, which is under the Guidance). The following Chart shows an updated summary of what revenues are expected for FY 2026, along with our current spending plan:

**REVENUES**

Levy Increase	\$	1,182,134
Unexpended Tax Capacity	\$	82,556
State Aid Increase	\$	19,076
Local Receipts	\$	(117,897)
<b>Total</b>	<b>\$</b>	<b>1,165,869</b>
FY2025 Grant to School	\$	619,000
<b>Grand Total New - FY2026</b>	<b>\$</b>	<b>1,784,869</b>
60% of New FY2026 - School	\$	1,070,921
40% of New FY2026 - Town	\$	713,948
Municipal Budget Increase	\$	379,168
Left for School District	\$	1,405,701

**EXPENSES**

	<b>FY 2025 Original Appropriation</b>	<b>FY 2025 Fall Town Meeting Adjustments</b>	<b>FY 2026 Proposed</b>	<b>Difference From Original</b>	<b>Difference From Fall TM</b>
General Government	\$ 2,498,370	\$ 2,574,970	\$ 2,540,348	\$ 41,978	\$ (34,622)
Land Use	\$ 520,749	\$ 520,749	\$ 541,746	\$ 20,997	\$ 20,997
Protection of Persons	\$ 4,515,079	\$ 4,683,315	\$ 4,810,312	\$ 295,233	\$ 126,997
DPW	\$ 2,389,516	\$ 2,389,516	\$ 2,467,199	\$ 77,683	\$ 77,683
Library Citizen Services	\$ 2,200,457	\$ 2,288,957	\$ 2,434,791	\$ 234,334	\$ 145,834
Employee Benefits	\$ 5,174,990	\$ 5,199,336	\$ 4,883,933	\$ (291,057)	\$ (315,403)
<b>Total</b>	<b>\$ 17,299,161</b>	<b>\$ 17,656,843</b>	<b>\$ 17,678,329</b>	<b>\$ 379,168</b>	<b>\$ 21,486</b>

As you can see, after finalizing the proposed Municipal Budget, the Finance Team and I believe we will have approximately \$1.4 million in levy capacity for the Groton Dunstable Regional School District. The District is in the process of finalizing their Budget. At the January 8, 2025 Meeting of the Groton Dunstable Regional School District Committee, Superintendent Dr. Geoff Bruno provided the School Committee with two budget scenarios. Scenario One is a Level Services Budget, in which the School District would maintain the current level of services. Scenario Two is a balanced budget in which the School District sets their budget at a level that would not require an override in either Groton or Dunstable. Enclosed with this Memorandum is a copy of the Presentation that Dr. Bruno gave last night for your review.

Essentially, the \$1.4 million that Groton has available for the School District in Fiscal Year 2026 is not enough to cover the anticipated Assessment under Scenario One. The proposed Assessment is a 10.2% increase over the FY 2025 Assessment, or \$2,692,398, a shortfall of \$1,292,398. This would put the Town in an override situation to cover that Assessment. Given the fact that the anticipated Municipal budget increase is a total of \$379,168, even level funding the Municipal budget would not cover the increase. Based on preliminary estimates, an override of \$1,292,398 would equate to a \$0.47 increase in the tax rate, or an increase of \$333 on the average Groton home (\$707,877).

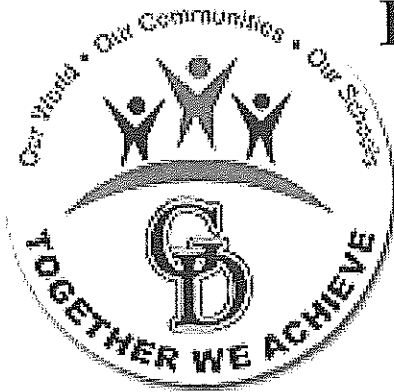
Scenario Two would require an increase in the Assessment of 1.4%, or \$365,862. This would leave Groton \$1,039,839 under the anticipated FY 2026 Levy Limit. In my opinion, this scenario is completely unacceptable as it would totally devastate the District. While I think it is important to understand both Scenarios (high and low), I do not believe we should ever consider Scenario Two. I believe we need to focus on a solution somewhere between the Town of Groton's ability to provide funding within the Levy Limit (an increase of \$1.4 million) and the Level Services increase of approximately \$2.7 million.

I look forward to discussing this in more detail with the Finance Committee and Select Board as we finalize the Proposed Fiscal Year 2026 Operating Budget.

MWH/rjb

cc: Patricia DuFresne – Assistant Finance Director/Town Accountant  
Megan Foster – Principal Assessor  
Hannah Moller – Treasurer/Tax Collector  
Michael Hartnett – Assistant Treasurer/Tax Collector  
Melisa Doig – Human Resources Director  
Kara Cruikshank – Executive Assistant  
Jason Silva – Dunstable Town Administrator  
Dr. Geoff Bruno – Superintendent of the Groton Dunstable Regional School District  
Sherry Kersey – Director of Business – Groton Dunstable Regional School District  
Lacey McCabe- Chair, Groton Dunstable Regional School District Committee

enclosure



# **FY26 Superintendent's Preliminary Proposed Budget**

**January 8, 2025  
GDRSD School Committee**

## Agenda:

Enrollment

Revenue Assumptions

- Estimates
- Chapter 70

Assessments to towns

Assessment comparison: GDRSD increase vs. town assessment increase

**Option 1:** Superintendent's Budget fully funded: town's assessment estimates requiring override

**Option 2:** Balanced budget based on current FY26 town revenue projections & assessment

Debt Service

Capital Requests

Excess & Deficiency

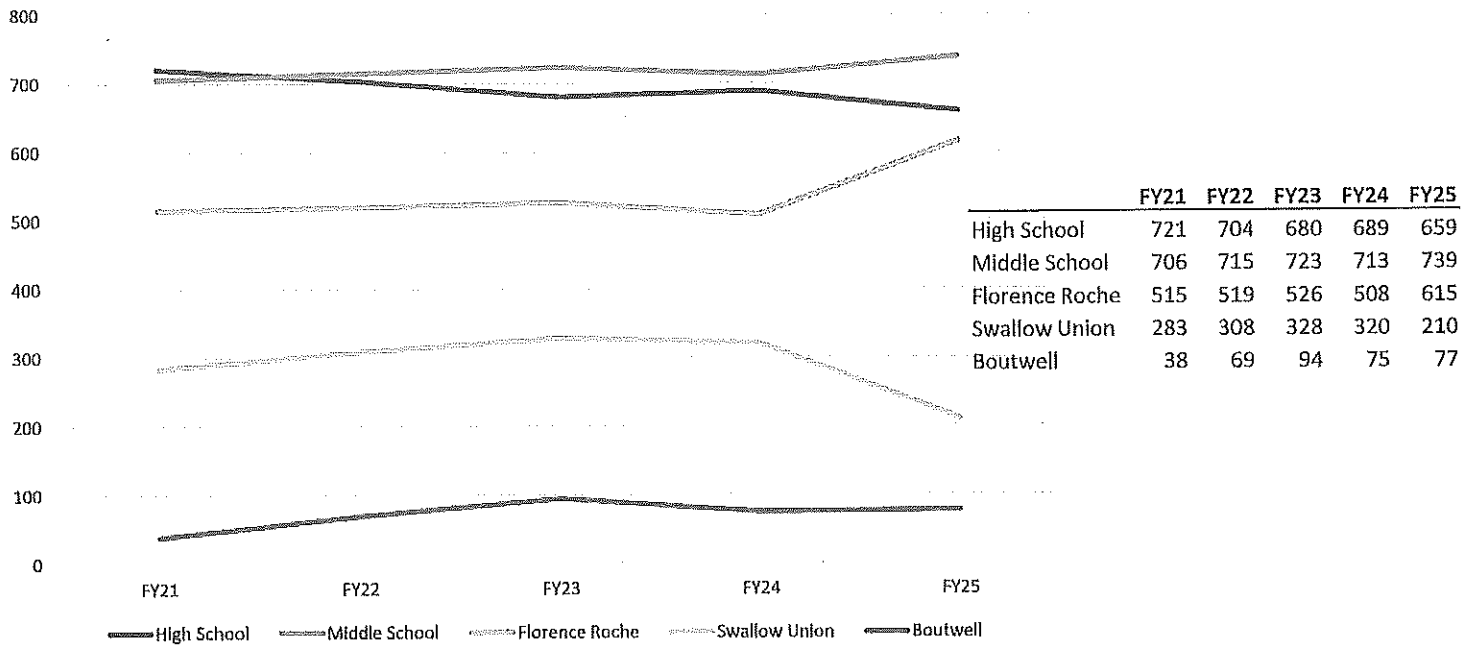
Budget Timeline and upcoming dates

## **Enrollment Trends – FY21 to FY25:**

- GDRSD enrollment has been relatively flat and unchanged during the period of FY21-FY25.
- Enrollment at the middle school has increased slightly and enrollment at the high school has decreased slightly.
- Enrollment at the Elementary Schools has been steady.
- Significant shift in enrollment at both elementary schools this fall with the opening of the new Florence Roche Elementary School.
- Class Size impacted K-12 with FY24 & FY25 cuts to personnel

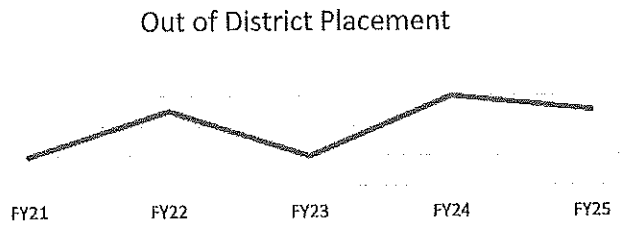
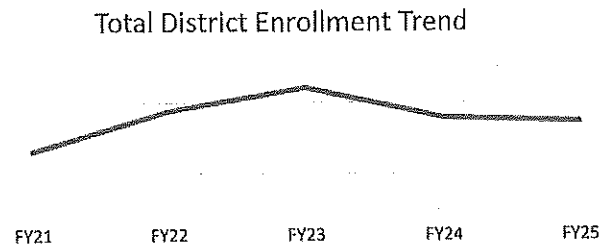


### Historical Enrollment Trends by School



## Enrollment Data: FY21-FY25

Enrollment Data						
	FY21	FY22	FY23	FY24	FY25	
High School	721	704	680	689	659	2400
Middle School	706	715	723	713	739	2350
Florence Roche	515	519	526	508	615	2300
Swallow Union	283	308	328	320	210	2250
Boutwell	38	69	94	75	77	2200
<hr/>						
	FY21	FY22	FY23	FY24	FY25	
District	2282	2338	2371	2329	2323	
Out of District	20	23	20	24	23	26
<hr/>						
	FY21	FY22	FY23	FY24	FY25	
Groton	76.8	76.9	76.8	76.2	75.5	20
Dunstable	22.5	22.3	22.7	23.2	23.9	18
Other	0.7	0.8	0.5	0.6	0.6	



## Class Size

Average Class Size		
School Year	23/24	24/25
<b>Florence Roche:</b>		
K	19	18
Gr1	21.25	21
Gr2	21.6	22.4
Gr3	22.6	23.2
Gr4	22.8	22.8
<b>Swallow Union:</b>		
K	17.7	24
Gr1	23.7	18.5
Gr2	23.7	22.5
Gr3	19.3	23
Gr4	21.7	17
<b>Middle School Avg:</b>	<b>21.75</b>	<b>23.1</b>
<b>High School Avg:</b>	<b>18</b>	<b>20.1</b>

## Revenue Assumptions

Chapter 70 – FY25 Cherry Sheet plus \$30 per student

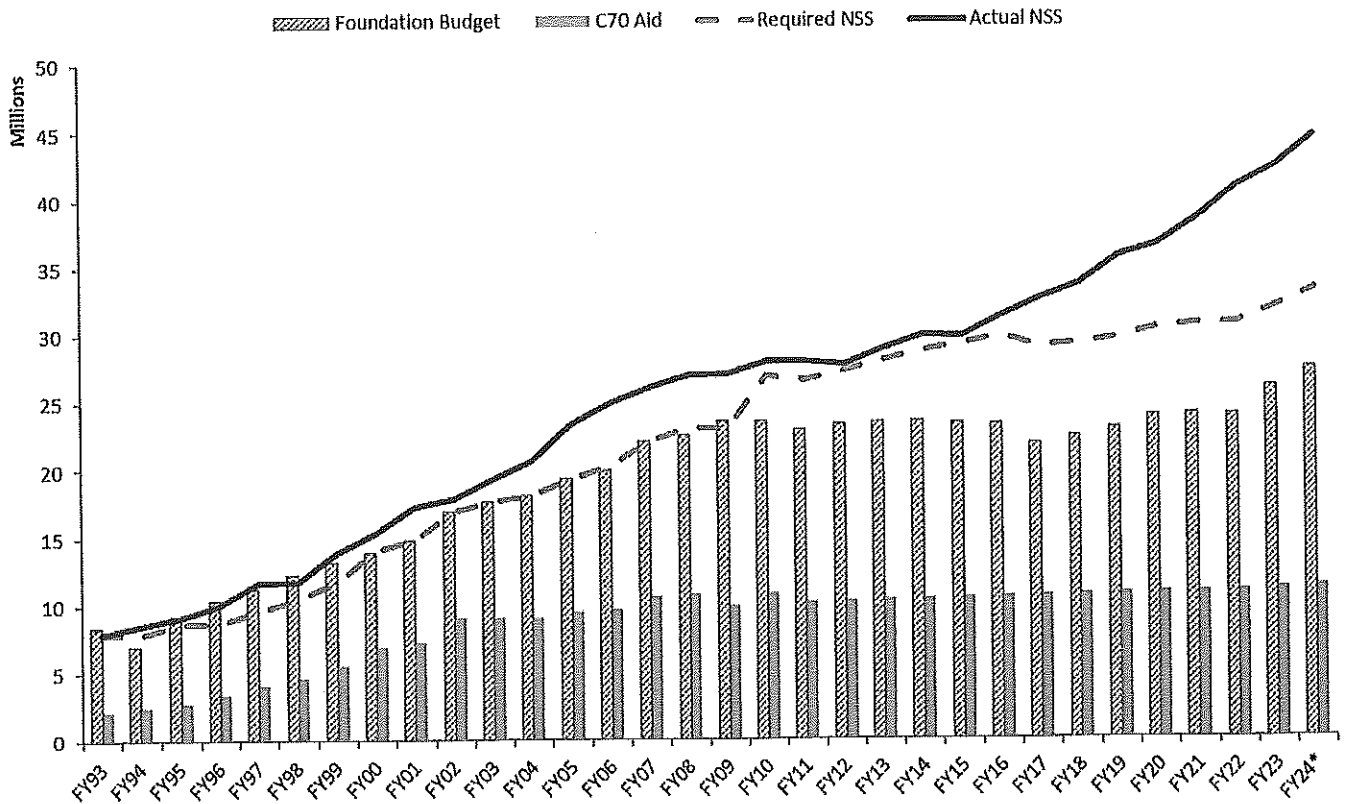
Chapter 71 – FY25 Cherry Sheet amount (% varies year to year)

Charter Reimbursement – 5 year average – variable every year

E & D – Reduced from \$500,000 to \$400,000 per guidance

All other general fund revenue sources are the same as FY25

(Medicaid, interest income, PTYC rent, etc.)



## FY25 Operating Budget Funding Distribution

Dunstable	\$7,962,157	16.7% of the budget
Groton	\$26,412,384*	55.3% of the budget
Chapter 70	\$11,329,403	23.7% of the budget
Chapter 71	\$974,625	2.0% of the budget
Other State funding	\$62,753	0.1% of the budget
Other Federal funding	\$150,000	0.3% of the budget
Other Local funding	\$852,911	1.8% of the budget

\*does not include \$619,000 gift

## Superintendent's Proposed Budget

The proposed budget is a **LEVEL SERVICES** budget. There are no additional programs or new positions proposed.

The proposed FY26 Budget will reinstate two positions cut in FY25:

**Middle School Counselor**

**Middle School Nurse**

The proposed budget will include a central office administrative assistant reduction:

**Administrative Assistant to Director of Pupil Services**

## Positions Cut: FY25

ELA Curriculum Coordinator

HR Administrative Assistant

Social Worker

Team Chair

Content Coordinators

Special Education Teacher: FloRo

Reading Specialist: FloRo

Innovation Technology: FloRo

Librarian: FloRo

Counselor: FloRo

Math Interventionist: Elementary

Reading Specialist: Swallow Union

Special Education Teacher: GDRHS

Social Studies Teacher: GDRHS

Nurse: GDRHS

ELA Teacher: GDRHS

Math Teacher: GDRHS

Special Education Teacher: GDRMS

Team Chair: Middle School

Counselor: Middle School

Digital Literacy Teacher: Middle School

Administrative Assistant: Middle School

Nurse: Middle School/FloRo

Library/Technology: Swallow Union



## Operating Budget

The Superintendent's proposed operating budget for FY 26 is:

FY 26 Operating Budget:	\$51,485,770
FY 25 Operating Budget:	\$47,742,822
\$ Increase:	\$ 3,742,948
%Increase	7.84%

Note: The operating budget increase from FY 24 to FY 25 was only 0.91% after cuts were made to balance the budget.

## Calculating Assessments

Step 1: Determine the total amount of General Fund budget

Step 2: Apply estimated State and Other revenue resources

(Ch. 70, Ch. 71, Charter Reimb., Medicaid, PTYC rent, Reg. Transp.  
Revolving offset,

Step 3: Apply estimated (if any) Excess & Deficiency

Step 4: The remainder is what needs to be assessed to the Towns.

Step 5: The state determines minimum required contribution from each town.

Those amounts are assessed to the towns as dictated.

Step 6: The remainder of Step 4 minus Step 5 is apportioned to each town based on the 5-year rolling average of enrollment.

## Assessment Range – Option 1 and Option 2

Option 1 reflects the Superintendent's Proposed Budget

Option 2 reflects a balanced budget based on Town estimates

Groton:	<u>FY25</u>	<u>FY26 Option 1</u>	<u>FY 26 Option 2</u>
	\$26,412,384	\$29,104,782	\$26,778,246
	Increase \$	\$ 2,692,398	\$ 365,862
	Increase %	10.2%	1.4%
Dunstable:	<u>FY25</u>	<u>FY26 Option 1</u>	<u>FY 26 Option 2</u>
	\$7,962,157	\$8,809,104	\$8,111,022
	Increase \$	\$ 846,947	\$148,865
	Increase %	10.6%	1.9%

## Assessments vs Estimated Available Funds

### Option 1 – Superintendent’s Proposed budget

Groton:	Assessment	\$29,104,782
	Est Available Funds	<u>\$27,812,384</u>
	Shortfall	\$(1,292,398)
Dunstable:	Assessment	\$8,809,104
	Est Available Funds	<u>\$8,111,022</u>
	Shortfall	\$(698,082)

## Assessments vs Estimated Available Funds

### Option 2 – Balanced budget

Groton:	Assessment	\$26,778,246
	Est Available Funds	<u>\$27,812,384</u>
	Surplus/(Shortfall)	\$1,034,138
Dunstable:	Assessment	\$8,111,022
	Est Available Funds	<u>\$8,111,022</u>
	Surplus/(Shortfall)	\$0

## Debt Service

Bonds taken to finance the purchasing of the high school land is the only remaining debt service for the school district. It matures in FY29.

Debt Service Assessments are separate from the operating budget assessments as the distribution percentages are based on a different criteria. They are for a defined period, thus this funding is not appropriated in perpetuity.

	<u>FY 25</u>	<u>FY 26</u>
Groton Debt Service	\$445,156	\$110,389
Dunstable Debt Service	\$128,696	\$ 36,424

Note: These numbers are solid and will not change.

## Capital Projects Assessment

The school district is dedicated to having a comprehensive capital plan developed. We have contracted with Leftfield LLC to prepare reports on the existing mechanical, electrical and plumbing (MEP) of all our buildings. Leftfield has also worked collaboratively with Sherry Kersey to issue an RFP for the selection of a architect firm to complete the rest of the building assessments. The district is ready to move forward with the award and keep the momentum of this project going.

The capital requests for FY 26 are limited to our technology capital needs.

## Capital Projects Assessment

	<u>FY 25</u>	<u>FY 26</u>
Groton Capital Assessment	\$295,767	\$278,643
Dunstable Capital Assessment	\$ 86,733	\$ 83,607



## Excess & Deficiency Balance

Excess & Deficiency has been certified at \$1,222,510 as of July 1, 2024.

If we use \$400,000 as projected, the balance will be \$822,510

If we use \$500,000 to match FY 25, the balance will be \$722,510

Historical certified balances are:

	Certified FY16	Certified FY17	Certified FY18	Certified FY19	Certified FY20	Certified FY21	Certified FY22	Certified FY23	Certified FY24	Certified FY25
E&D	805,414	1,065,791	1,657,486	1,213,919	948,895	1,627,966	1,381,846	1,991,921	1,459,455	1,222,510
Annual Budget	36,501,838	38,210,905	39,425,831	40,880,775	41,560,484	42,671,552	44,353,138	45,767,888	48,848,986	48,608,085
% of Budget	2.21%	2.79%	4.20%	3.00%	2.23%	3.82%	3.12%	4.35%	2.99%	2.51%

## Upcoming timeline

January 13 – Groton Finance Committee for final guidance

TBD – Dunstable Joint Selectboard/Finance Comm meeting

January 31 – Groton & Dunstable Town Administrator budgets submitted

February 12 – Full FY26 Budget Book given to school committee

February 26 – Public Hearing on the budget

March 12 – School Committee certifies the budget

**TOWN MANAGER**  
**TOWN OF GROTON**  
**REPORT ON PILOTS**  
**JANUARY, 2025**



## **INTRODUCTION**

In June, 2024, the Groton Select Board began the process of developing their annual goals for the ensuing year. A matter of utmost importance to the Select Board was the issue of generating more revenues to support the Operating Budgets of the Town of Groton and the Groton Dunstable Regional School District. In recent years, municipalities have faced increasing financial pressures, necessitating innovative solutions to sustain essential services and infrastructure. One such solution is the continuation and improvement of Payments In-Lieu of Taxes (PILOTs) in the Town of Groton, which can provide a vital revenue stream for local governments. PILOTs are voluntary payments by Non-Profit Organizations, which, under Massachusetts General Laws, are exempt from paying property taxes. This report examines the implications of the current PILOT program in Groton, particularly in light of the recent defeat of the Override of Proposition 2½ in the Spring of 2024. The rejection of this Override has underscored the urgent need for the Select Board and Town Manager to explore alternative revenue-generating strategies to support the Town's budgetary requirements.

To that end and in response to this pressing challenge, the Select Board established the following Goal for Fiscal Year 2025:

**Goal: Work with various non-profits to codify PILOT Agreements that support the strong relationships in place.**

Summer 2024 -

- Identify Groton Non-Profit Entities & Determine which Non-Profits to Review
- Research other Municipal/Non-Profit Agreements
- Capture Understanding of Current Agreements
- Identify contributions of non-profit partners
- Identify municipal costs in support of non-profit partners

Fall 2024 -

- Provide Public Update on above information
- Discuss Groton financial outlook and PILOT contributions with non-profit partners

Winter 2024 -

- Finalize Agreements and Codify in Writing

FY 2026 -

- Implement new agreements

The Town Manager is responsible for managing the Select Board's Annual Goals and to that end he established a Working Group to advise and assist him making recommendations to the Select Board to meet this goal. Members of the Working Group include the following individuals:

Alison Manugian  
Mary Linskey  
Hannah Moller  
Kara Cruikshank

Matthew Pisani  
Patricia DuFresne  
Megan Foster

The Working Group began meeting with the Town Manager in August, 2024. Due to the Town's current financial challenges, the Town Manager and his Working Group were committed to a methodical and thoughtful review process. From August, 2024 through December, 2024, the Town Manager held several meetings with the Working Group with the intent of assisting the Town Manager in providing a recommendation to the Select Board in January, 2025. This report will provide an overview of the current PILOTs received by the Town, analyze the potential benefits and challenges of increasing the PILOTs, and outline the Town Manager's recommendation for the Select Board's consideration.

### **How a Tax Rate is Set**

Prior to discussing PILOTs, it is important to understand how the tax rate is set. Property taxes make up almost eighty (80%) percent of the revenues collected by the Town of Groton to fund the Operating Budget. Under Massachusetts General Laws, the Tax Rate is set by taking the tax levy (total amount of property tax to be collected - including both new growth and an increase of up to 2 1/2 percent) and dividing it by the overall value of the Town (in units of \$1000). Residents are then given a tax bill that takes the tax rate and multiplies it by their individual property value (again in units of \$1000). This is an important factor in developing the proposed PILOT Policy that will be recommended by the Town Manager to the Select Board. Beginning on Page 9 is a further explanation of how a tax rate is set and how it will impact the recommended policy.

### **Brief Historical Review of PILOTs**

The Town of Groton has been successful in increasing PILOTs over the last two decades. In 2009, the Town of Groton received \$188,031 in PILOTs. Significant increases in PILOTs have been negotiated since then. In Fiscal Year 2024, the Town collected \$435,058 in voluntary payments, an increase of \$247,027, or 131% over the amount received in Fiscal Year 2009. In addition, in 2019, the Select Board brought the idea of a ticket tax on Groton Hill Music to Town Meeting, where it was rejected by the voters at Town Meeting. In 2021/2022, the Town Manager formed a Working Group with Select Board and Finance Committee members to research PILOTs and create a proposal to present to the large non-profits in Groton. There were two major outcomes to this effort. One result of that effort was the agreement by Groton Hill Music Center to collect a Community Fee on all tickets, which has provided \$117,142 to the Town of Groton since January, 2023. Another result of that effort was an increase of \$38,000 in the annual PILOT from Groton School in 2022 and an increase of \$17,000 in the PILOT from Lawrence Academy from 2021 through 2023.

### **Initial Review by Town Manager and Working Group**

In Fiscal Year 2024, there were 583 Tax-Exempt Parcels in the Town of Groton owned by thirty (30) different non-profit businesses/organizations (including the Town of Groton and the Groton Electric Light Department – GELD) as identified and classified by the Groton Board of Assessors. Please note that removing the parcels owned by the Town of Groton and GELD leaves twenty-eight (28) different non-profit organizations. Of these twenty-eight (28) organizations, eight (8) of them currently provide a PILOT to the Town of Groton. The following voluntary payments were received by the Town of Groton in Fiscal Year 2024 from the listed Non-Profit Organizations (including the Groton Electric Light Department):

**Fiscal Year 2024  
PILOT**

<u>Organization</u>	
Groton Housing Authority	\$ 4,561
Groton School	\$ 200,000
Groton Affordable Housing Inc	\$ 1,000
Groton Hill Music	\$ 65,168
Lawrence Academy	\$ 82,500
MIT	\$ 16,710
Seven Hills	\$ 17,119
Shanklin Music Hall	\$ 8,000
Groton Electric Light	\$ 40,000
<b>Total</b>	<b>\$ 435,058</b>

While these payments accounted for one (1%) percent of the Revenues received by the Town in Fiscal Year 2024, given the Town’s financial position, more revenue outside of property taxes is needed. To address this, the Town Manager asked the Working Group to assist him in developing a strategy to reach out to all non-profit organizations to solicit additional voluntary payments from both those organizations currently providing voluntary payments and those who do not currently make such a payment to the Town of Groton.

Due to the large number of exempt parcels, the Working Group recommended to the Town Manager that a review should be conducted to eliminate various parcels from consideration. The Working Group developed a list of “Rules of Exemption” that would remove a parcel from consideration. The Rules were developed in a thoughtful manner considering the impact the non-profit organization has on Town services.

The following “Rules of Exemption” were established by the Town Manager and the Working Group:

**Rule #1 - State Property – Including Properties owned by the MBTA**

These parcels were excluded as the Town receives approximately \$135,000 from the Commonwealth on the annual Cherry Sheet to account for the tax-exempt nature of these parcels.

**Rule #2 - Federal Property**

The Federal Government stopped providing financial support to Municipalities in 1986. Please note that a General Revenue Sharing Program was established in 1972 by President Richard M. Nixon to distribute federal tax revenue to state and local governments. The program was designed to help governments that were struggling to pay for services. This Program ended on September 30, 1986 when the Tax Reform Act of 1986 abolished the program to help reduce the federal deficit.

**Rule #3 - Properties Purchased with Community Preservation Act Funds**

As tax revenue was used to purchase these properties and they cannot be developed, they will not impact Town services.

**Rule #4A - Properties That Have a Permanent Conservation Restriction**

These parcels cannot be developed without an act of the Legislature and will not have an impact on services.

**Rule #4B - Properties Owned by the Conservation Commission Subject to Article 97**

For the same reason outlined in Rule #4A, it is highly unlikely that these parcels could be developed, and, therefore, will not impact Town Services.

**Rule #5 - Properties Under the Control of the Select Board**

As these properties are currently supported by Property Tax Revenue, it does not make sense to solicit a PILOT from the Town itself.

**Rule #6 - Properties that are Operated by Entities Funded within the Tax Levy**

Since Property Tax Revenue is used to support these properties (including properties owned by the Groton Dunstable Regional School District and Groton Board of Library Trustees), similar to Rule #5, it does not make sense to solicit a PILOT from these organizations as to pay it, they would need to increase their assessment/budget provided by the Town.

**Rule #7 - Properties Owned by Town Departments that are Enterprise Funds**

These properties are owned by the Groton Water Department and Groton Sewer Department and the Town bills them for services provided to them by the Town, so they are already covering their impact on Town services.

**Rule #8 - Properties Owned by a Separate Political Entity**

These are properties owned by the West Groton Water District. Land owned by the West Groton Water District and devoted to public purposes (not leased or otherwise used by non-exempt entities) is exempt from real and personal property taxes under M.G.L. c. 59. Town Counsel was not aware of any provision in Chapter 641 of the Acts of 1911 (which created the District) or the General Laws obligating or authorizing the District to make payments in lieu of taxes to the Town of Groton and was, therefore, removed from consideration.

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These Rules, when instituted, eliminated 339 of the 583 exempt parcels reviewed by the Town Manager and the Working Group. This left 244 exempt parcels owned by 28 Non-Profit Organizations that were the focus of the PILOT Study. The following is a list of those Non-Profit Organizations and the Fiscal Year 2024 total value of their exempt properties:

**Fiscal Year 2024  
Property Value**

**Organization**

Groton Housing Authority	\$ 5,706,766
Groton School	\$ 275,225,900
Groton Affordable Housing Inc	\$ 2,954,500
Groton Hill Music	\$ 320,078,800
Lawrence Academy	\$ 57,504,700
MIT	\$ 2,994,700
Seven Hills	\$ 5,230,700
Shanklin Music Hall	\$ 1,077,100
American Baptist Churches	\$ 15,638,200
Bridgewell Incorporated	\$ 905,600
Groton Conservation Trust	\$ 12,169,400
First Parish Church	\$ 2,889,300
Groton Cemetery Association	\$ 801,100
Groton Community School	\$ 1,944,700
New England Forestry Foundation	\$ 8,533,700
YMCA - Greater Lowell	\$ 952,100
First Baptist Church	\$ 3,235,600
N.E. Shirdi Sai Parivaar	\$ 6,298,100
Roman Catholic - Boston	\$ 1,071,500
Union Orthodoxy Society	\$ 2,219,600
Mass Audubon Society	\$ 837,700
Mass Development Corp	\$ 8,300
Mountain Lakes Club	\$ 300,100
Nashua River Watershed	\$ 537,200
GEMS	\$ 414,900
Groton Grange	\$ 538,900
Christian Union Society	\$ 723,500
Sargent Youth Foundation	\$ 247,300
<b>Total</b>	<b>\$ 731,039,966</b>

**Groton Electric Light Department**

The Groton Electric Light Department (GELD) is a special circumstance that needs to be considered separately from any criteria established to seek an increase or a new voluntary payment to the Town of Groton from the Town's Non-Profit Partners. GELD was established and operates in accordance with Massachusetts General Laws Chapters 164 and 164A. The primary purpose of GELD is to provide reliable electrical service at reasonable rates to its customers. GELD operates as an independent enterprise and is limited by statute on the return the plant may generate (limited to 8%, as per MGL c. 164, section 58). Municipal light plants have no obligation to make PILOT payments. State law requires GELD to generate a return to cover its expenses and there are specific statutory constraints relative to revenue generated. A municipal light plant may not be used as a vehicle to generate property taxes. Any proposed PILOT payment would be voluntary of GELD and payment may be made only from earnings in excess of expenses (as further restrained by limit on the return on the plant). Based on this statutory environment, any proposal with respect to a PILOT, or voluntary payment, from GELD may be considered only within the parameters permitted by the General Laws. To summarize, GELD does not have the degree of discretion that might be found with a private, non-profit organization.



## **Groton Hill Music**

As stated above, in 2022, the Town of Groton and Groton Hill Music entered into a verbal agreement in which Groton Hill Music established the Groton Community Fund in which they provide the Town with a payment of two (\$2) dollars per ticket sold to events at their facility. Performances by students and other children are exempt from this fund. This has been a very positive revenue source for the Town of Groton. This fund has generated over \$117,000 since January, 2023. Any new criteria established to request additional voluntary payments from the Town's Non-Profit Partners should reduce any request to Groton Hill Music by the amount generated by the Community Fund. It was further agreed to review the amount collected periodically.

## **Private Schools and PILOTs**

Prior to examining the rest of the non-profit organizations, the Town Manager and Working Group examined the Private Schools and their impact on Town services and what they have contributed to the Town in terms of voluntary payments and other non-monetary contributions. Groton is extremely fortunate to have two highly regarded Private Schools located in the Town of Groton. Both Groton School and Lawrence Academy add to the fabric of what makes Groton "Groton". That said, while they are important community partners, they also have a major impact on Town services, most importantly the number of students living in tax-exempt property attending the Groton Dunstable Regional School District, as well as services provided by the Town's Police, Fire and Highway Departments. The Town Manager and Working Group needed to balance the importance of having these Schools located in Groton, against the impact they have on Town services. Much time was spent reviewing the history of the two schools' voluntary payments, along with other monetary and non-monetary contributions to the Town of Groton. An important aspect of the relationship between the Town of Groton and Groton School and Lawrence Academy has been the mutual respect between the parties. This is a very important consideration in addressing PILOTs with both Schools. In addition to the voluntary payments made by both Schools, they have also been generous over the years when the Town has asked for help on various projects. These include assisting in the acquisition of Surrenden Farm, paying for a portion of a second school resource officer, engineering funding to design sidewalks on Higley Street and Peabody Street, fitness equipment for the Fire Department, fitness equipment for the Senior Center, a scoreboard for the new Florence Roche Elementary School Gymnasium, materials for the Diversity, Equity and Inclusion Committee and an electric vehicle for the Town's Inspectors. Although they do not show up on revenue and expense reports, these are significant contributions that enhance the quality of life for Groton residents. Appendix A of this Report contains letters from both Groton School and Lawrence Academy outlining contributions they have made to the Town over the years. These are important contributions that are invaluable to the Town of Groton.

All that said, there are direct impacts on the overall Operating Budget of the Town of Groton and the Groton Dunstable Regional School District that need to be understood and evaluated. Currently, Groton School and Lawrence Academy send 46 students to the Groton Dunstable Regional School. Based on Fiscal Year 2024 expenditures, it cost the School District \$14,581 per student, or \$670,726, to educate these students. Neither Groton nor Dunstable collect property taxes from Groton School and Lawrence Academy, and, therefore, taxpayers in Groton and Dunstable are covering the cost of educating these students. While the Town of Groton did receive \$200,000 from Groton School and \$82,500 from Lawrence Academy in voluntary payments in Fiscal Year 2024, these funds are used to balance the overall budget of the Town of Groton and cannot be sent

directly to the School District to cover the cost of educating the students from tax exempt properties. In addition, any attempt to quantify the impact the two schools have on the Police, Fire and Highway Departments would be highly subjective. Again, it is important to point out here that neither Groton School nor Lawrence Academy are required to pay property taxes under the Massachusetts General Laws. Both Groton School and Lawrence Academy, as outlined above, have been very generous over the years and that has to be taken into consideration when evaluating their impact on Town services versus what they contribute to the Community. The Town Manager and Working Group wanted to get a full understanding of what other Massachusetts Municipalities receive from Private Schools. To that end, twenty (20) Municipalities in Massachusetts were contacted that have 24 elite Private Schools within those municipalities. The following Chart (including Groton) shows what each municipality received in voluntary payments in Fiscal Year 2024:

<u>School</u>	<u>Address</u>	<u>Town/City</u>	<u>FY 24 Cash Contribution</u>
Belmont Hill School	350 Prospect Street, Belmont, MA	Belmont	None
Berkshire School	245 North Undermountain Road, Sheffield, MA	Sheffield	\$ 85,000
Brooks School	1160 Great Pond Road, North Andover, MA	North Andover	None
Buckingham Browne and Nichols School	80 Gerry's Landing, Cambridge, MA	Cambridge	None
Catholic Memorial	235 Baker Street, West Roxbury, MA	Boston	None
Concord Academy	166 Main Street, Concord, MA	Concord	None
Cushing Academy	39 School Street, Ashburnham, MA	Ashburnham	None
Deerfield Academy	7 Boyden Lane, Deerfield, MA	Deerfield	\$ 285,212
The Governor's Academy	1 Elm Street, Byfield, MA	Newbury	None
Groton School	282 Farmers Row, Groton, MA	Groton	\$ 200,000
Lawrence Academy	26 Powderhouse Road, Groton, MA	Groton	\$ 82,500
Lexington Christian Academy	48 Bartlett Street, Lexington, MA	Lexington	None
Middlesex School	1400 Lowell Road, Concord, MA	Concord	None
Milton Academy	170 Centre Street, Milton, MA	Milton	\$ 265,000
Noble and Greenough School	10 Campus Drive, Dedham, MA	Dedham	None
Phillips Academy	180 Main Street, Andover, MA	Andover	\$ 475,783
The Rivers School	333 Winter Street, Weston, MA	Weston	None
The Roxbury Latin School**	101 Saint Theresa Avenue, West Roxbury, MA	Boston	None
St. Mark's School	25 Marlboro Road, Southborough, MA	Southborough	None
St. Sebastian School	1191 Greendale Avenue, Needham, MA	Needham	None
Tabor Academy	66 Spring Street, Marlon, MA	Marion	None
Thayer Academy	745 Washington Street, Braintree, MA	Braintree	None
Winsor School	103 Pilgrim Road, Boston, MA	Boston	None
The Winchendon School	172 Ash Street, Winchendon, MA	Winchendon	None

Of the 24 Private Schools, only 6 provide voluntary payments to the Municipality they reside in, and two of them are in Groton. The Town of Groton is extremely fortunate to receive these payments and this must be taken into consideration when determining a final PILOT Program.

When reviewing the above list, the Agreement between Phillips Academy and the Town of Andover stands out as a significant contribution by a Private School to a municipality. The Agreement negotiated between the Town of Andover and Phillips Academy was reviewed by the Town Manager and Working Group. Please note the following Agreement:

Phillips Academy owns 144 properties in Andover, which are tax exempt under Massachusetts General Laws Chapter 59, section 5.

- Sometimes referred to as a PILOT (Payment in Lieu of Taxes), a Voluntary Contribution Agreement allows for voluntary payments to be made by Phillips Academy to the Town of Andover related to their tax-exempt properties.
- This agreement would be the fourth agreement between Phillips and the Town of Andover regarding voluntary payments for tax exempt properties.

#### Summary of Terms – FY2023-FY2032 Agreement

- 10 Year Agreement
- Total value of the agreement: \$5,238,135
- First payment totals \$463,275
- Payments increase 2.7% per year
- Based on the voluntary nature of the agreement, Phillips may terminate the agreement at anytime

The Town Manager and the Working Group believe that similar agreements with Groton's Non-Profit Partners are worthy of consideration and should be incorporated into any Final PILOT Agreement. It should be stated and cautioned that any PILOT Agreement entered into with a Non-Profit Organization can be canceled at any time due to the tax-exempt status of these organizations.

Another consideration in the review of the Private Schools is the Press Release that was issued in 1998 by then State Representative Robert Hargraves. In that Press Release, Mr. Hargraves announced that Groton School and Lawrence Academy "agreed to leave any houses acquired for residential purposes by bequest, purchase, or gift after July 1, 1998 on the tax rolls, rather than claim an educational exemption." Since July 1, 1998, Groton School has acquired six residential properties, while Lawrence Academy has acquired three residential properties and sold one (11 Lowell Road, known as the Water's House) that has been returned to the Property Tax Rolls. The Groton Assessors' Office conducted a review of the property tax bills on these properties and determined that under this voluntary agreement, Groton School would have owed \$1,652,255 in property taxes on these properties. During that same time period, Groton School paid the Town \$2,364,500 in voluntary payments. With regard to Lawrence Academy, the Assessors' Office determined that these properties, under this voluntary agreement, would have generated \$567,917 in property taxes, while they contributed \$1,051,568 in voluntary payments. It is important to note that pursuant to Massachusetts General Laws, Chapter 59, § 5 Clauses 3(b), 5, 5A, 5B and 5C and Chapter 59, § 29, known as the RETURN OF PROPERTY HELD FOR CHARITABLE PURPOSES, Groton School and Lawrence Academy file paperwork to exempt all their properties. Regardless of the Press Release issued in 1998, the Town cannot legally tax these properties and, most importantly, for the record, the Board of Assessors have no intention of taxing those properties.

All that said, regardless of the Press Release issued by Representative Hargraves in 1998, both Lawrence Academy and Groton School have filed the necessary paperwork with the Board of Assessors to claim these properties as tax exempt. This should not diminish or take away from the voluntary payments and other services provided to the Town of Groton by the two Private Schools. The final recommendation on formalizing voluntary payments will take all of this into consideration.

## **Criteria to Determine PILOT Request from Non-Profit Partners**

In developing the criteria and providing a fair and objective proposal, one must look at the way property taxes are assessed in the Commonwealth of Massachusetts. It should be noted that the property tax system in Massachusetts is not a fair way to pay for Town services. Approximately fifty-eighty (58%) percent of Groton's current tax bill pays for the Town's assessment to the Groton Dunstable Regional School District. If a taxpayer/resident does not have children in the school system or has no need for emergency services in a particular year, they are paying for services they do not receive. In addition, credit is not given to a taxpayer for in-kind services to the Town. The many volunteers that serve on Town Boards and Committees are not given a "credit" on their tax bill for the tremendous amount of time they donate to the Town. Without them, Groton's Government would not exist. Residents donate their time to make Groton the great place that it is today.

The point here is that the property tax bill is based on a simple formula without any subjectivity. As stated previously in this Report, the tax rate is determined by taking the Proposition 2½ tax levy and dividing it by the overall value of the Town. Residents are then given a tax bill that takes the tax rate and multiplies it by their individual property value and divides it by one thousand. It is a simple math formula that is dispassionate and straight forward. Wealth of an individual, ability to pay, the number of ambulance/fire calls, police responses, how many times the Town plows the street in front of a residence, the number of students that attend the Groton Dunstable Regional School District or the number of hours a resident volunteers serving on a Town Board are not taken into consideration when determining an individual tax bill. Any formula/criteria that is instituted to determine a PILOT should follow the same dispassionate, non-subjective logic.

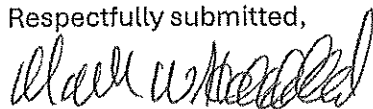
What also must be reiterated is the Law with regard to being a non-profit in Massachusetts. In plain and simple terms, non-profit organizations are not required to pay property taxes in Massachusetts. That is a fact. It cannot be argued or disputed. Any voluntary donation received from a non-profit is just that, a voluntary payment. The Town Manager and the Working Group believe that a uniform formula that is equally applied to a non-profit regardless of services received, wealth or ability to pay must be developed. Any solution must follow the same process in determining a property tax bill: Value of property times the tax rate divided by one thousand. This has to be weighed against the fact that the Town cannot force them to make a voluntary payment and the Town cannot assess them a tax bill based on the full value of their property. They are tax exempt.

Based on this, the Town Manager, with the support of the Working Group, has developed a criterion to request a voluntary payment from the twenty-eight (28) Non-Profit Partners (please note that Groton Electric Light Department has been removed from the proposal and will be dealt with separately). Specifically, the Town Manager, with the support of the Working Group, would propose that the Town reach out to its Non-Profit Partners and request that they enter into a PILOT Agreement with the Town of Groton that would provide a voluntary payment based on fifteen (15%) of their property value. This reduced value would be multiplied by the Tax Rate in a given year and divided by one thousand. The following chart shows what the Town could expect to receive (based on FY 2024 Values) should the Non-Profit Organizations agree to enter in such an Agreement with the Town of Groton:

<u>Organization</u>	<u>Fiscal Year 2024 Property Value</u>	<u>FY 24 Tax Bill if Taxed Full Value</u>	<u>Fiscal Year 2024 PILOT</u>	<u>Property Value at 15%</u>	<u>Proposed PILOT at 15% Value</u>
Groton Housing Authority	\$ 5,706,766	\$ 86,115	\$ 4,561	\$ 856,015	\$ 12,917
Groton School	\$ 275,225,900	\$ 4,153,159	\$ 200,000	\$ 41,283,885	\$ 622,974
Groton Affordable Housing Inc	\$ 2,954,500	\$ 44,583	\$ 1,000	\$ 443,175	\$ 6,688
Groton Hill Music	\$ 320,078,800	\$ 4,829,989	\$ 65,168	\$ 48,011,820	\$ 724,498
Lawrence Academy	\$ 57,504,700	\$ 867,746	\$ 82,500	\$ 8,625,705	\$ 130,162
MIT	\$ 2,994,700	\$ 45,190	\$ 16,710	\$ 449,205	\$ 6,779
Seven Hills	\$ 5,230,700	\$ 78,931	\$ 17,119	\$ 784,605	\$ 11,840
Shanklin Music Hall	\$ 1,077,100	\$ 16,253	\$ 8,000	\$ 161,565	\$ 2,438
American Baptist Churches	\$ 15,638,200	\$ 235,980	\$ -	\$ 2,345,730	\$ 35,397
Bridgwell Incorporated	\$ 905,600	\$ 13,666	\$ -	\$ 135,840	\$ 2,050
Groton Conservation Trust	\$ 12,169,400	\$ 183,636	\$ -	\$ 1,825,410	\$ 27,545
First Parish Church	\$ 2,889,300	\$ 43,600	\$ -	\$ 433,395	\$ 6,540
Groton Cemetary Association	\$ 801,100	\$ 12,089	\$ -	\$ 120,165	\$ 1,813
Groton Community School	\$ 1,944,700	\$ 29,346	\$ -	\$ 291,705	\$ 4,402
New England Forestry Foundation	\$ 8,533,700	\$ 128,774	\$ -	\$ 1,280,055	\$ 19,316
YMCA - Greater Lowell	\$ 952,100	\$ 14,367	\$ -	\$ 142,815	\$ 2,155
First Baptist Church	\$ 3,235,600	\$ 48,825	\$ -	\$ 485,340	\$ 7,324
N.E. Shirdl Sai Parivaar	\$ 6,298,100	\$ 95,038	\$ -	\$ 944,715	\$ 14,256
Roman Catholic - Boston	\$ 1,071,500	\$ 16,169	\$ -	\$ 160,725	\$ 2,425
Union Orthodoxy Society	\$ 2,219,600	\$ 33,494	\$ -	\$ 332,940	\$ 5,024
Mass Audubon Society	\$ 837,700	\$ 12,641	\$ -	\$ 125,655	\$ 1,896
Mass Development Corp	\$ 8,300	\$ 125	\$ -	\$ 1,245	\$ 19
Mountain Lakes Club	\$ 300,100	\$ 4,529	\$ -	\$ 45,015	\$ 679
Nashua River Watershed	\$ 537,200	\$ 8,106	\$ -	\$ 80,580	\$ 1,216
GEMS	\$ 414,900	\$ 6,261	\$ -	\$ 62,235	\$ 939
Groton Grange	\$ 538,900	\$ 8,132	\$ -	\$ 80,835	\$ 1,220
Christian Union Society	\$ 723,500	\$ 10,918	\$ -	\$ 108,525	\$ 1,638
Sargent Youth Foundation	\$ 247,300	\$ 3,732	\$ -	\$ 37,095	\$ 560
<b>Total</b>	<b>\$ 731,039,966</b>	<b>\$ 11,031,393</b>	<b>\$ 395,058</b>	<b>\$109,655,995</b>	<b>\$ 1,654,709</b>

While some of the current payments received by the Town would be reduced under this proposal, should the Town be successful in achieving such an Agreement with the various non-profits, the Town would realize a four hundred (400%) percent increase over what it currently receives in voluntary payments. Should the Select Board agree with this proposal, the next step would be for the Town Manager to craft individual letters to the Town's Non-Profit Partners requesting that they enter into negotiations with the Town to develop an Agreement similar to what the Town of Andover entered into with Phillips Academy.

Respectfully submitted,



Mark W. Haddad  
Town Manager

# APPENDIX A

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17 May 2024

The Groton Select Board  
Town Hall  
173 Main Street  
Groton, MA 01450

RE: Groton School's Impact on the Municipality

Dear Board Members :

I have had the privilege of acting in a representative capacity for Groton School for over twenty-five years. A number of individuals have contacted the Board since the failure of the override vote to express resentment regarding what they perceive as a failure on the part of Groton School to "pay its fair share." Since the figures these individuals have provided the Board are inaccurate, I feel compelled to provide accurate information relative to Groton School's direct financial contributions to the town, the impact Groton School has on the finances of the municipality, and the regional economic impact of Groton School.

This issue is complicated by both the laws which deal with non-profit educational institutions, and by the fact that much of what Groton School does to help the town and its residents is largely invisible.

While one could go back over a century and document the benefits that have accrued to the town (the School had crucial involvement in the creation of the Electric Light Department and the creation of a public water system, to name two), I will limit my discussion to the last twenty years, since I have first-hand knowledge of what has occurred during that period.

First, though, it would be worthwhile to outline the constraints Groton School has, both legally and ethically, with regard to its expenditures. Being a Massachusetts non-profit educational institution, Groton School's expenditures are governed by statute and must fall within the confines of its mission, which is

to provide a secondary education to its students. The funds which comprise its endowment have been given for that purpose, and a significant percentage of those funds have been gifted for specific purposes. As an institution, it does not have a free hand to ignore those constraints. Its mission does not include making up budgetary shortfalls the town may experience from time to time, nor has it been gifted money for that purpose.

On an annual basis, it has become customary for Groton School to contribute money to the town, and it has consistently done so, increasing that amount on its own without being asked to do so. This fiscal year that contribution was \$220,000.00; \$20,000.00 of which was to pay for a new scoreboard in the new school currently under construction. This contribution requires a sequestration of \$4,000,000.00 of unrestricted funds on Groton School's part.

Additional impacts to municipal finances are less obvious. Groton School is the highest user of Groton Municipal water (last year they spent \$116,370.00), and is by far the largest ratepayer for the Groton Electric Light Department (last year the bill totaled \$764,193.00 for the main campus and \$41,300.00 for off campus houses.). Groton School has been aggressively installing solar arrays with battery storage at its expense which assist the Electric Light Department in lowering peak usage. Since electric rates are based on costs during peak periods, this effort benefits all ratepayers.

During the last twenty years, the town has requested financial help on multiple occasions for specific purposes; Groton School has never refused. When the fire station was being built, there was a shortfall which Groton School fulfilled. On another occasion, Groton School purchased acreage for \$150,000.00 which the Conservation Commission needed for access to the Greenway, and gifted the land to the town.

Groton School's funding of the Surrenden Farm purchase is notable and should be remembered more than it is. The School contributed \$7,500,000.00 toward this purchase by the town, saving the taxpayers the \$12,000,000.00 a bond issue would have cost. The purchase of this land not only provided an amenity the public enjoys, it also prevented a significant development which was planned for that site. Using professionally recognized averages, that development would have added sixty students to the Groton Dunstable Regional School District population, costing the municipality in the vicinity of \$700,000.00 each year in the process, only a portion of which would have been covered by the tax revenue generated by those homes.



Several years later, Groton School purchased the former Gunderson property on Farmers Row in three stages for \$4,497,938.00; this prevented another development comparable to what had been proposed for the Surrenden Farm site, eliminating a resulting drag on the finances of the municipality comparable to the Surrenden site. Groton School also increased its annual contribution (without being asked to do so) in order to make this purchase revenue neutral for the town.

The financial commitments Groton School made for the \$7,5000.00,00 gift and the \$4,497,938.00 purchase required sequestration of over \$47,000,000.00.

While children of Groton School staff add to the Groton Dunstable Regional School District student population, it is also true that Groton residents attend Groton School. Over the last twenty years, that reduction to the student population has generally been comparable to the number of students added.

What goes unsaid when that calculation is made is the fact that it costs Groton School significantly more to educate its students and maintain the campus than is covered by tuition, this coupled with financial aid requires a financial outlay by Groton School close to five times the per pupil cost at Groton Dunstable.

Actual expenditures by Groton School over the last twenty years for the benefit of the municipality averaged \$630,000.00 per year, a sum that is dwarfed by what that financial outlay saved the town, which during that period would be in excess of \$36,000,000.00 (or \$1,800,000.00 per year)

The impact the school has on the local economy is also significant. Groton School spends in the vicinity of \$225,000.00 per year for transportation needs with the Yankee Bus Line (which is located in Groton). Parent and alumni events and dinners are regularly scheduled at either the Forge and Vine Restaurant or the Gibbet Hill Grill; this runs in the vicinity of \$55,000.00 each year.

Groton School has a steady influx of visitors (parents, alumni, and visitors) who stay at the Groton Inn, patronize the local restaurants, and spend money in the local shops and galleries. The student population patronize the local restaurants and shops as well.

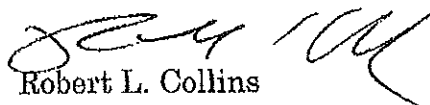
The school has an enormous inventory of buildings, most of which are over a century old. Groton School also maintains its own sewage treatment plant, and has significant infrastructure. The maintenance of its infrastructure and the

continuous maintenance and upgrading of its buildings involves the use an army of local contractors, plumbers, electricians, painters, excavators, engineers, and sub- contractors, adding large amounts to the local economy. If the last twelve months are representative, the projects Groton School has undertaken added in excess of \$14,000,000.00 to the local economy; this figure would be higher during years of significant building construction.

Groton also leases extensive acreage to local farmers at nominal rental amounts; most of this land produces hay, which is a major product for many local farms. Groton School also hires the same farmers for maintenance of field areas.

As a town, Groton has immeasurably benefited from having two of the most prestigious private schools nationally situated within its borders. While much of that benefit is the intangible ambiance the schools lend to the town's character, the high property values Groton residents enjoy are a direct result of their presence. The schools also enhance the quality of life all Groton residents enjoy, hosting numerous cultural and athletic events which can be enjoyed by all local residents and are a draw for local tourism.

Very truly yours,

  
Robert L. Collins

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30 July 2024

The Groton Select Board  
Town Hall  
173 Main Street  
Groton, MA 01450

RE: Non-Profit gifts

Dear Board Members:

The Board will recall that I sent a lengthy letter on May 17<sup>th</sup> detailing the financial contributions Groton School has made to the Town over the last twenty years. One Board member commented at the time that I had put a spin on the numbers, which simply was not true; those were actual figures.

I have continued to follow this issue; unfortunately, much of the public discourse has not included all of the facts. I thus feel compelled to add some thoughts and observations for the Board's consideration:

1. Recent letters in the Herald have mentioned the cost of educating students added to the Groton Dunstable School District who are children of faculty at the two private schools. That calculation has not taken into account the number of students from Groton who attend the two private schools, and are thus taken out of the District school system, which tends to make the issue revenue neutral depending on the year. Lawrence Academy currently has 40 students from Groton, Groton School currently has 12. Taking that calculation one step further, both private schools spend significantly more to educate each student (with only a portion of that cost being covered by tuition) than the District.

2. Both of the private schools have gifted funds to the town generously over the years, and both have helped the town financially whenever asked. As I outlined in my letter of May 17<sup>th</sup>, actual gifts in cash by Groton School to the municipality over the last twenty years amount to \$12,580,000.00, or

\$629,000.00 per year when averaged for that time period. Groton School has regularly increased the amount of its annual gifts without being asked to do so. While not on the scale of the gifts by Groton School, Lawrence Academy has also gifted funds on an annual basis, and increased the amount of those gifts by its own action.

3. Over the years, there have been several attempts to codify "Pilot" payments; on each such occasion, the effort was an exercise in futility since the Town would end up receiving less under a "Pilot" formula than it has been traditionally gifted.

4. Groton School and Lawrence Academy have always stepped up to the plate to assist the Town when specific needs have arisen. Regrettably, most people are not aware of those instances when the involvement of the schools was crucial to the success of things that were important to the Town. As the Board is aware, Groton School committed \$7,500,000.00 toward the purchase of the Surrenden Farm property. Lawrence Academy provided the extra funding needed when the Town was entering into the contract with Pepperell to provide sewer to Groton center. On multiple occasions, the two schools have assisted with budgetary shortfalls for specific municipal projects, and I am unaware of a single instance where either institution refused to help when asked.

5. It's easy to overlook the experience in other towns when focusing on our own situation. The customary annual gifts the Town receives from the two schools is somewhat unique, and is the result of decades of hard work by the Board, the Town Manager, and the two schools to create the special relationship and partnership which exists today, which again is something that most people are not aware of. Most private educational institutions do not regularly contribute to the municipalities they are situated in. There are exceptions, to be sure, but Groton is very fortunate to have forged the relationship we have.

6. Payments made by non-profit institutions are governed by statute; the funds they have are to be utilized to further their mission or they jeopardize their legal status. The wisdom of promoting education goes to the very foundation of the Commonwealth, and the concept is woven into our state Constitution. A landmark 1908 Opinion of the Justices of the Massachusetts Supreme Court outlines the basis in our Constitution for the tax-exempt status of educational institutions.

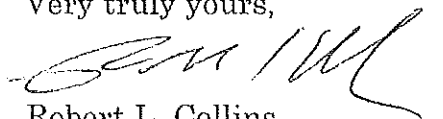
There are valid reasons for this treatment and society as a whole is benefited. The idea of a "fair share" being due goes against our carefully thought-out system of laws, and is somewhat insulting to the two institutions,

both of which have been very generous with their funds and facilities over the years.

7. Groton has benefited immeasurably by having two of the most prestigious private schools in the country within its borders. The two institutions are among our largest employers, contribute significantly to the local economy, and have been valued partners with the town since their creation.

Both schools are also intrinsic and important components in the unique character of Groton which sets us apart from our neighboring towns. That special character benefits us all, and is why most of us chose to live here.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert L. Collins", written in a cursive style.

Robert L. Collins

## Lawrence Academy

### Review of support to the Town of Groton and the surrounding community

September 2024

Below is a partial listing of contributions that Lawrence Academy makes to the local community in service to our shared goals of fostering a strong relationship between the town and non-profit organizations.

We make a grant of voluntary annual financial support to the town in excess of any agreed upon amounts resulting from residential properties removed from or added to the tax roll since 1998.

Each year we educate between 20 and 24 high school students who are residents of Groton and Dunstable, relieving the town of the cost of educating those students while the town still receives significant tax revenue from the properties owned or rented by those families. The number of taxpayer students attending LA has always exceeded the number of LA faculty children attending Groton schools.

Free use of Lawrence Academy facilities for local non-profits, including, but not limited to:

- Groton-Dunstable Youth Basketball use of our basketball courts for winter games
- Groton-Dunstable Boys and Girls Youth Lacrosse use of our turf field
- Groton-Dunstable Youth Soccer use of our turf and grass fields
- Groton Youth Hockey use of our ice rink (at a reduced cost)
- Pre-season use of our turf field by Groton Dunstable High School teams including field hockey and lacrosse
- The Groton-Dunstable RHS Thanksgiving football home game in November 2023
- Groton Fire Department fundraiser hosted in our performing arts facility
- Groton Police training exercises on campus at various locations
- Groton Community Christmas Concert use of our rehearsal hall
- Nashoba River Watershed use of our science labs for water testing while renovations took place to their facilities
- Provide facilities for the I Can Shine Bike Camp for developmentally delayed youth
- Host the Taste of Nashoba event for the Nashoba Valley Chamber of Commerce

As one of GELD's largest customers, we pay an electric surcharge of approximately \$50,000 per year that subsidizes the rate paid by other consumers in town.

Our 140 employees, 413 students, and their families are actively engaged with businesses throughout the town providing significant business and tax revenue. The commercial base of Groton would be materially smaller without this source of revenue.

Our students and employees participate in community service events that benefit the Town. Over the past years this has included:

- The renovation and re-supply of the library at the Boutwell pre-school completed this winter
- Participation in the town clean-up day
- Volunteer at the Groton Road Race each year
- Volunteer at Seven Hills monthly (except during COVID)

- Elderly neighbor visits
- Special Olympics clinics held on campus up to three times per year
- Meal packaging events for Rise Against Hunger. With Groton School and GDRHS, we have packaged hundreds of thousands of meals over the past 10 years

A number of Lawrence Academy employees are active volunteer participants in town committees ranging from the Historic District Commission to the town DEI initiatives.

We provide the food and volunteer labor for three Groton Community Dinners each year at the First Parish Church benefitting local residents who have food insecurity.

Over the past 15 years we have donated several 16-passenger school buses to the town for the town's use and for training use by town public safety departments.

In the early 1990's Lawrence Academy contributed \$300,000 to the cost of the Groton Sewer System, an amount approximately \$108,000 in excess of the connection fee due based on usage. This purchase of future capacity aided the economics of the project and defrayed the costs borne by the town and other town residents.