

**BOARD OF SELECTMEN
MINUTES JANUARY 7, 2013
BUDGET PRESENTATION
APPROVED**

Present: Peter S. Cunningham, Vice Chairman; John G. Petropoulos; Joshua A. Degen

Absent: Stuart M. Schulman; Anna Eliot

Also Present: Mark W. Haddad, Town Manager; Patrice Garvin, Executive Assistant

Mr. Cunningham called the meeting to order at 6:00pm.

TOWN MANAGER'S REPORT

1. Mr. Haddad stated that it was time to schedule the date for the 2013 Spring Town Meeting. The bylaw states that Spring Town Meeting shall be held on the last Monday in April, unless the Board selects another date in the months of March, April or May. The Board has considered the idea of scheduling the Town Meeting on a Saturday in April. The PAC is only available on April 6th. This date may be too early to hold the Town Meeting. Mr. Haddad recommended that the Town Meeting be scheduled for Monday, April 29th. Mr. Haddad also noted the upcoming elections that would also be impacted by the date of Town Meeting. Mr. Cunningham suggested looking into alternate venues to try and schedule Town Meeting on a Saturday. Mr. Haddad stated that he would look into an alternative location and report back to the Board at the next meeting.
2. Mr. Haddad enclosed the first draft of the RFP for Squannacook Hall. Mr. Haddad asked that the Board review the draft. Once reviewed the RFP can be advertised and have responses due on March 7th. Mr. Petropoulos suggested maximizing the exposure of the building and placing it on the MLS. Mr. Haddad stated that he could extend the due date and look into maximizing exposure. Mr. Degen wanted to try and preserve the historic structure. Ms. Collette noted that there is a demolition delay bylaw for the building. Mr. Degen thought the RFP should state a preference to restore the building.
[Document 1: Draft RFP]
3. Mr. Haddad stated that he prepared a project budget for the Fire Station that he wanted to include in the Special Town Meeting Warrant. The budget lists the bids received and funding already appropriated.
[Document 2: Fire Station Budget] Mr. Haddad stated that he put in the second lowest bidder price and listed all of the soft costs, including the Clerk of the Works. Mr. Petropoulos suggested placing information on hearings into the warrant. Mr. Degen also noted the need to list the bond costs as well as Fitch's Bridge.
4. Mr. Haddad requested that the Board ratify his appointment of Ellen Baxendale to the Commission on Accessibility.

Mr. Degen moved to ratify the Town Manager's appointment of Ellen Baxendale to the Commission on Accessibility to expire June 30, 2013. Mr. Petropoulos seconded the motion. Motion unanimously carried.

LIAISON REPORTS

Mr. Petropoulos stated that there were two information session on Lost Lake coming up; 1/9 at 9am and 1/22 at 7pm. Mr. Cunningham explained the reason for the Citizens Petition on the Warrant, and Mr. Petropoulos stressed the article just creates a district.

JOINT SESSION WITH THE FINANCE COMMITTEE PRESENTATION OF THE TOWN MANAGER'S PROPOSED FISCAL YEAR 2014 TOWN OPERATING BUDGET [Document 3-FY14 Budget Presentation]

Mr. Haddad began his presentation by introducing his Finance Team. Mr. Haddad stated that this was his 5th budget he has presented and classified the FY14 Budget as a "Needs Budget" that maintains the same level of services and addresses areas that will improve the delivery of services. Mr. Haddad discussed the budget issues and stated that in FY13 the budget was \$571,169 under the levy limit. The goal of FY14 was to maintain the same level of unexpended tax capacity. Mr. Haddad noted that his revenue estimates for FY 2014 projects a decrease in state aid. Mr. Haddad added that to maintain services the budget utilizes some of the unexpended tax capacity to offset the anticipated decrease in state aid of \$70,612. The state aide decrease is being projected at 11%, going back to the FY12 levels of state aid. Mr. Haddad stated that excluded debt would decrease in FY14 providing some relief to taxpayers (2,090,517 to 2,049,772). There is a healthy forecast for revenues and health insurance and pensions would not overly tax the budget.

Mr. Haddad discussed the revenue projections by reviewing how the Levy was calculated. At this time Mr. Haddad addressed a recent Editorial in the Groton Herald on the Fire Station funding that made many factual errors, such as how the levy was calculated. Mr. Haddad stated that new growth was added once the levy was multiplied by 2.5%. Mr. Haddad stated that once the levy was calculated the FY 14 total levy was \$26,770,802. Mr. Haddad continued to discuss revenue and noted that Motor Vehicle Excise tax projection was increased totaling \$4,308,669 to offset the budget. Mr. Haddad stated that there was \$857,905 in additional revenues towards the operating budget for FY14. Mr. Haddad showed a chart that reflected where revenues came from in the Town, property tax being the biggest source.

Mr. Haddad discussed the budget highlights. The health insurance initiatives at the State level have helped stabilize the budget. IT needs are a priority and there is a request for additional manpower in IT. Mr. Haddad reviewed the additional hours being requested for IT. IT would need \$57k of additional funding. A new full time dispatcher is also being requested. Mr. Haddad stated that there is a need for an additional dispatcher due to the increase in calls. Plus the state has required a new mandate that requires additional training for all dispatchers. It is an unfunded mandate that a dispatcher is required to stay on a 411 call until help arrives, causing any other call that comes in to go unattended and that this is a large part of the reason for asking for an additional dispatcher. The goal of adding an additional dispatcher was so that the Town can have two dispatchers per shift.

Mr. Haddad stated that the Library was proposing to join the Merrimack Valley Consortium (35 member towns) that would enable our residents to have access to over 3 million books and resources. The impact on the budget would be \$35k, \$17k of that is already expended annually to be a member of what they currently are enrolled in, an annual fee. The Union contracts are entering their second year (all but one) and there is a 2% wage adjustment and Mr. Haddad recommended the same for bylaw employees. The FY14 impact is approximately \$121,000. The performance evaluations completed its first year and in FY14 the impact is \$44k. Mr. Haddad added that the performance plan worked very well. Mr. Degen asked if the performance increase worked into the base for the next year. There was a good deal of discussion between the Finance Committee and the Selectmen on the impact of merit raises. Some members were concerned that merit raises were rolled in to the employee's base salary and would affect future increases that were calculated on base salary. Mr. Haddad replied that as presented the performance rate factored in the base.

Mr. Haddad stated that the plan was to set aside levy capacity to pay the debt service for the new Center Fire Station has been successful. Mr. Haddad stated that the FY14 budget has funding necessary to cover the debt service for the fire station without the need of debt exclusion. The FY 14 budget will provide for over \$500k in unexpended tax capacity for any town need, including public schools. Mr. Haddad wanted to again correct the recent editorial that recently caused issues with the School Committee. Mr. Haddad stated that the plan was to set aside levy capacity to build money to cover the debt service for the fire station. This plan has been over the

past few years. The editorial stated that there was no extra money for the schools but the budget Mr. Haddad presented funds the debt service for the station and increases the local school assessments by 2½ percent, while having \$500 in levy capacity. Mr. Haddad stated that the Town may have the capacity to fund the station and the IT needs of the school. The money the town has set aside has not been spent and the Town is available. Mr. Degen noted that Dunstable would have to come up with their share of funding for the schools and that both towns have to agree. Mr. Hargraves asked what if the schools needed 1 million. Mr. Haddad stated that then the schools could ask for an override. Mr. Hargraves stated that the fire station should be done as debt exclusion. Mr. Haddad stated that at any time the Town could move the debt for the fire station to exclusion.

Mr. Haddad stated that the schools have not finalized their budget so he has anticipated a 2.5% increase. Mr. Haddad noted the Enterprise Funds and that increases would be covered by user fees. Mr. Haddad reviewed the Expenditure Breakdown, noting the Dispatcher, the Fire Station and decrease in Health Benefits. Ms. DuFresne stated that the Town was budgeting 5% increase in health insurance. Mr. Haddad illustrated through a chart where tax dollars go, the schools being the largest. Mr. Haddad showed the tax impact for residents with his proposed budget for FY14. Mr. Haddad showed a five year forecast. With revenues and decrease in state aid Mr. Haddad showed that the fire station could be funded and still not taxing to the max.

Mr. Haddad reviewed Other Post-Employment Benefits OPEB. OPEB is benefits other than pension that the Town is required to continue to provide after an employee leaves the Town. Currently this is a pay as you plan in Town. GASB 45 set forth requirements for towns that handle OPEB. A periodic actuarial analysis must be done to identify costs. Groton's liability is \$7,150,656. Leaving OPEB unfunded may have a negative impact on the Town's Bond rating. There is no obligation to fund this liability but that could change. Mr. Haddad proposed starting to fund this liability in FY14 in a stabilization fund and then convert to an unbreakable trust in FY18. Mr. Haddad proposed appropriating \$100k from the Town's excess Levy Capacity at the FY13 Spring Town Meeting to this Stabilization Fund. The impact on the FY14 tax rate would be \$.07 or \$28 on the average tax bill. The estimated tax rate for FY14 would be \$17.33 and increase of 2.84%. Mr. Haddad presented a five year projection for OPEB. Mr. Degen was opposed to OPEB. Mr. Haddad noted that the five year projection did not include Fitch's Bridge. Mr. Petropoulos asked what the total debt service was. Mr. Haddad stated that the total debt service was 1.5 million.

Mr. Cunningham moved to open the public hearing for the Special Town Meeting Warrant scheduled for January 26, 2013 at 7:30pm. Mr. Petropoulos seconded the motion. Hearing opened.

Mr. Cunningham read the legal notice.

Mr. Cunningham moved to suspend the hearing until the budget presentation for FY14 had concluded. Mr. Petropoulos seconded the motion. Hearing suspended.

Mr. Haddad stated that he would speak to bond counsel regarding OPEB. Mr. Degen asked what the bond impact would be if OPEB was not adopted. Mr. Haddad stated that the Town has a plan for impact of OPEB over the next five years.

JOINT SESSION WITH THE FINANCE COMMITTEE PUBLIC HEARING ON JANUARY 26, 2013
SPECIAL TOWN MEETING [Document 4; Special Town Meeting Warrant]

Mr. Degen moved to reopen the public hearing on the Special Town Meeting Warrant. Mr. Petropoulos seconded the motion. Hearing Reopened.

Article 1-FIRE STATION

Mr. Haddad referred to the cost sheet for the Fire Station. The sheets includes soft costs, 5% construction contingency. The sheet includes funding to date on the project. The debt service would be for 22 years for a total cost estimated at \$7,734,589. The annual cost is estimated at \$487k in the budget. The construction should

start in March according to the current schedule. Mr. Petropoulos asked if the second bidder price is reflected in the numbers presented. Mr. Haddad stated that the second lowest bidder (\$119k difference) was reflected. Mr. Haddad stated that if that number is not needed then he would go to a future town meeting to adjust the total. Mr. Degen wanted to address the order of the articles at the conclusion of the warrant review.

Article 2-Herbicides

Mr. Haddad stated that a RFP was put out and three bids were received. Aquatic, NE Environmental and Lycott. Mr. Haddad reviewed the RFP process. The preferred bidder was Aquatics with a bid of \$88k. Mr. Haddad is recommending \$95k to cover spot treatments and some engineer fees. Mr. Haddad noted that the estimated cost was \$130k. Mr. Haddad explained why it was on this warrant. It is on the warrant because Spring Town Meeting would miss the deadline to have the most effective treatment.

Article 3-Fitch's Bridge

Mr. Haddad stated that the bids were due on 1/10 and two prices are being sought.

Demo Only \$250k estimate

Demo/Replace \$650k estimate

Mr. Haddad stated that you cannot borrow for demolition. Mr. Petropoulos asked about the CPA funds. Mr. Haddad stated that there was not enough in the CPC to pay the debt because of Surrenden Farm. The CPC has to stay within 80% of borrowing of the towns share of funds. Mr. Manugian stated that CPC funds could also come with DOT requirements, which would add to costs. Mr. Lovering suggested excluding the debt. Mr. Cunningham noted the safety concerns of the bridge. Mr. Haddad stated that there could be two motions. One to demo only and one to demo and rebuild.

Article 4- Lost Lake Sewer District

Mr. Haddad stated this was a Citizen Petition and that there is no funding just creating a district. This needed to be done to be considered for grants. There was some confusion with wording regarding District or System. Mr. Haddad stated the motion would be creating a System. A District is a legal entity, which the Town does not need. Mr. Degen was against this article being put on the warrant and summed up his reasons, most notably risking funding the Fire Station. Mr. Cunningham stated that the people he spoke to to get signatures were fine creating the district. Mr. Petropoulos asked Mr. Degen how he felt about the article now that it was on the warrant. Mr. Degen was still against the article. Mr. Petropoulos explained why there were not a lot of Lost Lake signatures on the petition. Simply signatures were collected in public places.

Numbering of Articles

Mr. Degen felt the Lost Lake Article should be put first, as to not risk Article 1. Mr. Petropoulos stated that he received a lot of feedback from members of the community suggesting that all money articles should be voted first. Mr. Cunningham stated that the purpose of the Special Town Meeting was the Fire Station and it should be first. The Board decided on the following Warrant order:

1. Herbicide
2. Fitch's Bridge
3. Fire Station
4. Citizen Petition-Lost Lake Sewer District

Mr. Degen moved to order the articles as listed above. Mr. Petropoulos seconded the motion. Motion unanimously carried.

Mr. Degen moved to close the public hearing. Mr. Petropoulos seconded the motion. Hearing Closed.

MINUTES

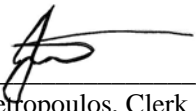
Mr. Petropoulos moved to approve the regular meeting minutes of December 3, 2012, as amended. Mr. Degen seconded the motion. Motion carried, 1 abstention.

Mr. Petropoulos moved to approve the regular meeting minutes of December 10, 2012. Mr. Cunningham seconded the motion. Motion carried, 1 abstention.

Mr. Petropoulos moved to approve the Executive Session minutes of December 10, 2012. Mr. Degen seconded the motion. Motion unanimously carried.

ADJOURNMENT

Mr. Petropoulos moved to adjourn the meeting at 8:45 p.m. Meeting adjourned.

Approved: 
John G. Petropoulos, Clerk

respectfully *submitted*,
Patrice Garvin, Executive Assistant

Date Approved: 2-25-13