BOARD OF SELECTMEN MEETING
MINUTES JANUARY 7, 2016
APPROVED

Present: John G. Petropoulos, Chair; Anna Eliot, Vice Chair; Stuart M. Schulman, Clerk; Peter S. Cunningham, Member; Joshua A. Degen, Member
Also Present: Mark W. Haddad, Town Manager; Dawn Dunbar, Executive Assistant to the Town Manager

Mr. Petropoulos called the meeting to order at 6:00pm and reviewed the agenda.

JOINT MEETING WITH FINANCE COMMITTEE AND SCHOOL COMMITTEE

Superintendent Kristan Rodriguez thanked everyone for coming and started out by saying that they wanted to continue to find opportunities to work with the Towns. She said that they were here in support of the School Committee and had 5 out of the 7 members present. She said that they had all spent countless hours working on the FY17 budget and a needs assessment.

Mr. Hargraves called the Finance Committee meeting to order at 6:03pm.

Ms. Rodriguez said that she wanted to take a moment to highlight the key findings of their research.

1. Reverse declining student performance in core areas. – caused by the loss of essential staffing and resources. Lower performance level than they would have liked.
2. Need to restore and improve programs to meet the needs of students. Library, sciences, physical/behavioral health, technology and engineering and foreign language at the elementary level.
3. Need to provide social and emotional support to their students. – High anxiety levels, suicidal tendency levels high, etc. Their support is below recommended levels right now.
4. Need to improve performance of students with disabilities while meeting the needs of all learners. – The discrepancy between those that need support and those that don't **-** the gap is growing.
5. Need to provide essential support services including kindergarten assistants, technology support staff, nursing staff, custodial staff and maintenance staff and administrative assistants. Far under recommended levels in technology, nurse to student ratio is off, buildings are aging and less staff to maintain them.

Ms. Rodriguez said that they worked hard to assess their needs adding these were not their wants but their needs. She said that they have great schools, kids and a great community but where their needs were was in in areas where they were seeing declines in performance.

Ms. Alison Manugian said that the proposition 2 ½ override had been in place since the 1980's. She said that it was important to remember it was not a definition of stability but an arbitrary level. She said that the State had actively changed expectations of funding levels and they were asking Towns to step up and take over. She said that in FY00 49% of required school spending came from the State. In FY15 only 36% of required school spending came from the State. She said that he State had determined that the local level can fund things if they find programs to be a priority. Ms. Manugian said that about 60% of their budget was salary which grows around 3% annually. She said that the increases are because of COLA's and contractual steps. She said that 14% of their budget was spent on health insurance costs and they were assuming 8-9% growth annually. Ms. Manugian said that the rest of the budget was for utilities, consumables, and the costs associated with educating students. She said they assume those costs grow around 3% annually. She said that it was no longer realistic to say the budget was going to grow at less than 2% annual and they needed to start addressing that long term now.

Ms. Manugian said that they were looking at a few different options on how they should move forward.

1. Hold town's assessments at roughly the current levels.
2. Make budgetary request to the towns, a one year request that would fund the entire needs determined and anticipated technology and capital needs of the district. The technology and capital costs had not been finalized yet and wouldn't be ready until May.
3. Funding that would only address needs. In the future they would need to circle around and discuss technology and capital needs.
4. Increasing budgetary request from towns so that it is more than recent years with increases on an ongoing basis.

Mr. Haddad asked if there was a 1A option. Ms. Rodriguez said that option 1 would meet their rollover costs but performance would continue to decline. Mr. Haddad asked what the rollover costs this year did to their overall budget increase. He asked if it was still around $1M. Mr. Jared Stanton said that the rollover costs grow more than 2 ½%. Ms. Rodriguez said that when they come to the towns, they come with general fund amounts.

Mr. Robertson asked if they could speak to the cost of the options. Ms. Manugian said that option 2 which included technology and capital was about $5-7M. Ms. Rodriguez said that it was a number that would sustainable without another override. She said they couldn't spend all of it initially but would apply it to increases over time on things such as salaries. Ms. Manugian said that would sustain them for about 6-7 years without an increase. She said that option 3 would not take into account funding technology and capital needs and would be around $3-4M. She said that this option says they have a problem and here's what the solution is and what's going to be done. Mr. Robertson said that he would like to understand what the metric was before they look at spending the money. Ms. Manugian thanked him adding this was the kind of feedback they needed to hear.

Mr. Cunningham said that he assumed there were key funding areas that were more critical than others. Ms. Rodriguez said that the School Committee had asked her to prioritize that. She said that she was categorizing the priority beginning with the most direct contact to the children sitting in the seats. She said that there was a priority needs document in the assessment document. Reductions to staffing was what we found as the issue with declines in performance and primarily in areas with staffing cuts. She said that in the past the mean was calculated based on the staff vs. students ratio and wasn't an accurate way to look at things.

Mr. Schulman said that a large percentage of the budget was personnel. He said that with option 2 they would obviously be looking to increase personnel which would also increase health insurance costs. He said that he agreed that the 2 ½% override was artificial but it did exist. He asked if they would need an override every year to pay for all the additional people they were looking to hire. Ms. Manugian said that she was hesitant to say they wouldn't need one every year but it was always a possibility. She said that there were communities that do it every year. She said they were trying to eliminate surprises adding that the personnel costs make it hard even for the Town to stay at 2.2% every year.

Mr. Degen said that they were looking for approximately 35 new FTE's. He said that if they were to look at the current carry forward number he asked what would be the carry forward number with all new staffing for next FY, FY18. Ms. Rodriguez said that they were currently looking at that adding they were trying to be very authentic about it. Mr. Degen asked if they could provide them with an approximation. Ms. Rodriguez said that this was the kind of things they wanted to hear from the Board. Mr. Degen said that the proposed budget had set aside $776,100 without going for an override. He asked if this was part of the $3-4M they needed with the additional from Groton totaling $2.5M. Ms. Rodriguez said that she was not committed to answering that right now adding it was something they were working on. Josh said that it would be important to go at it with the complete picture in order for any success at an override. He said that it sounded like the complete picture in this case was another $2-3M. He also thought that everyone should be prepared to come forward with an override request in FY18. Ms. Manugian said that she was not sure if it would be FY18 but it would be coming. Mr. Degen said this recommendation would be to go with option 4 where they are unsure about their technology and capital needs. He said that he was not sure he would condone it but at least it would show people what the budget requests would look like over a few years.

Mr. Haddad asked if the School Committee had thought about their strategy and what's in their best interest. He said that overrides over consecutive years was a scary proposition. He said he thought knowing what the total impact was would be helpful. Ms. Manugian said that they had been having those discussion and whether or now they should request smaller amounts over the years or one large override now. Ms. Manugian said that FY17 was the last year on their current union contracts adding that their unions were much larger than the municipal unions and harder to control. She said that some of their unions have ended up in mediations adding that the increases were not out of line or unreasonable in comparison to other districts who are overpaid. She said it could be seen as offensive it they go to them and say we only have a certain number to spend. She said that historic inflation for the area has been just over 3%. Mr. Robertson disagreed adding that they would be walking into negotiations knowing they are in an override situation and could be for a number of years.

Mr. Pease said that option 2 was unique. He said that there was a $1-3M cushion to consume FTE rollovers. He asked how far out that cushion would exist. Mr. Petropoulos said that there might need to be clarification required as part of these options so that they can better understand these scenarios. Mr. Hargraves asked everyone to place themselves here discussing this one year from now. He said those discussions would not include anything discussed that day. He asked if the School Committee could put together a chart that shows what would be left out if the budget didn't reach certain amounts. Mr. Cunningham said it sounded like he was asking for a prioritization. Ms. Leslie Lathrop said that the missing piece of the discussion was a decision from the community on the level of education they wanted. She said that if they wanted the students to have a high level of education than they needed to pay for it.

Mr. Haddad asked when the School Committee would be presenting their budget. Ms. Rodriguez said that they had a meeting schedule for the 13th and the recommended budget would go out around February 1st with the budget to be voted on in March.

Ms. Rodriguez said that they would be holding a 2-day visioning workshop on January 29th and 30th at the Groton Country Club where they hoped to have between 70 and 150 people attending.

BETSY SAWYER PROCLAMATION

Mr. Petropoulos said that they were here for something pretty special. Mr. Degen said that most of the people in the room were there to recognize Betsy Sawyer, a 5th grade teacher here in Groton. He said that she was ill and could not be there that night. Mr. Degen said that in 2004, Betsy started the bookmakers and dreamers club and wanted nothing more than world peace. He said that she put a positive spin on this world and brought out the best in the children she was around. He said that he thought this brought out the most special part of teaching. Mr. Degen said that hundreds of children had participated in her club and with the Pages for Peace since 2004 including his own children. He said that the book includes letter from so many people worldwide that care about world peace and Betsy had lead numerous trips for children to the UN for world peace day. He said that had been very fortunate to have had her lead this program. Mr. Degen read a proclamation prepared for Ms. Betsy Sawyer.

Ms. Sheila Harrington was also present to read a citation and said that they were working on a resolution at the State House for Betsy. She said a simple citation did not do this justice. Representative Harrington said that

Betsy was named an unsung heroine in Massachusetts a couple of years ago and thought that she should be an unsung heroine of the world. She said that they couldn't love or respect Betsy more in this community.

1. Mr. Haddad said that he, Mr. Petropoulos and Ms. Eliot met to discuss his 2016 goals and objectives and asked the Board to adopt the proposed. Mr. Petropoulos said that he wanted to thank Ms. Eliot for working on this with him and thank Mr. Haddad for accepting them as they are not easy objectives.

   Mr. Cunningham moved to accept the objectives as laid out fort the Town Manager as presented for 2016. Mr. Degen seconded the motion. The motion carried unanimously.

2. Mr. Haddad said that the Town Manager review commences in January as outlined in the policy and must be done at a public meeting. He asked the Board to take this up and start the process. Ask you to take this up and start the process. Mr. Haddad said that he looked forward to working with the Board on this.

TOWN MANAGER'S FY17 PROPOSED OPERATING BUDGET PRESENTATION

Mr. Haddad said that this was the budget kickoff and what he would be providing was an overview adding that the entire budget was on the Town's website for viewing. He said that this was the eighth budget he had done and had done this one differently than in the past. He said that the financial policies had changed and this was a reflection of those changes. He said that no vote was taken but he was directed to keep municipal spending increases at no more than 2.2%. He said that they had done things over the years and didn't want to eviscerate the budget. Mr. Haddad said that he needed to thank the Finance Team and the Department Heads for doing a great job with their budgets and understanding the constraints.

Mr. Haddad said that the FY16 approved budget was $251,793 under the levy limit. He said that there is a lot of talk that they tax to the max which was not true. He said that new growth was certified at $20,635,887 in FY16 which added and additional $337K to the levy limit. He said that they were anticipating $17M in new growth and would add $319K to the levy limit. Mr. Haddad said that they were level funding state aid adding that he was a little concerned as the state was facing a $1B deficit in FY16. Mr. Haddad said that based on an earlier conversation with the School Committee, they were looking at needing at least $1M to hit their rollover costs. He said that Groton's portion of that was 77.61% or $776,100 and had that set aside in the budget. Mr. Haddad said that their communication with the schools had been outstanding and had allowed them to have a better handle on their needs. Mr. Haddad said that they would be using most of the unexpended tax capacity to fund the schools this year. Mr. Haddad said that they were anticipating a healthy revenue forecast and it was anticipated that the Town will see an increase of 6.83% in employee benefits (or $239,495) down from 11.92% last year (or $373,665).

Mr. Haddad reviewed how the levy limit was calculated and said that the expected levy limit was $28,024,639 with a total tax levy calculation of $30,241,410. He said that he was building the budget on the $28M because the rest was debt they have to raise money to pay for. He said that state aid, motor vehicle excise taxes, general revenues, unexpended tax capacity and other available funds (ambulance fees) all go towards offsetting the operating budget. These revenues anticipate $4M in other revenue. He said they were anticipating 3.55% growth in revenues next year adding that 85% of operating revenues was funded by property taxes.

Mr. Haddad said that some of the budget highlights were the funding of the School Resource Officer for a second year and funding for Sargisson Beach. He said that he had added money in police wages for additional overtime to aid in an anticipated increase in traffic due to some of the large building projects coming into Town. Mr. Haddad said that the Chief asked for a full-time officer that would be dedicated to traffic enforcement which was denied. He said of that $41K requested, $9K of that was for additional driver training on the newer SUV vehicles. Mr. Degen said that the last police officer that was added to the department and additional money placed into the department at that same time was to make sure that the overtime was kept in check. Mr. Haddad said that the new position added last year was the School Resource Officer. He said that they fully funded the police overtime in FY15 because they were coming back for more money every year. Mr. Degen said that he would like to see the driver training be done in house on their own time and that $41K be brought to zero.

Mr. Haddad said that the proposed budget also has a new full-time custodian to replace a current contracted one. Mr. Haddad explained how hiring a full-time custodian would save them money versus paying a full-time contractor. He said that the taxpayer expense would be $31,103 plus GELD's contribution of $12,480. He said that the total taxpayer impact would be $18,623. Mr. Degen said that they would still be brining on a new employee. Mr. Haddad said that he was not filling an upcoming retirement so the head count would still be the same. Mr. Degen said that it was still a net liability beyond what Mr. Haddad was showing. Mr. Cunningham agreed that it would be a wash. Mr. Degen said that if they didn't add an employee, it would be a reduction. He said that each employee had a long term liability including pension, benefits, etc. art Mr. Haddad said that they would not be increasing the head count. He said that part of his rationale in eliminating the upcoming retirement's position was because of the creation of this one. Mr. Petropoulos said that Mr. Haddad had acknowledged that they could do without some hours in the Assessor's office. Mr. Haddad said that he was adjusting his priorities adding that he was adding hours to other employee's hours to be able to take on some additional duties. He said that it was not a standalone decision and he was trying to address added needs in their DPW that they had been neglecting for years. Mr. Delaney said that this was a replacement of an employee that used to be there. He said that there used to be three employees at the transfer station and now there were two. He said that their recyclables had quadrupled over the years adding that when he started in 1986 they had 13 employees and only had 12 now. He said that his workload hadn't gone down but increased especially now that he was in charge of municipal buildings. He said that one person couldn't care for all the buildings. Mr. Haddad reiterated that it was a reassessment of priorities. Mr. Degen agreed that Mr. Delaney had asked for this position in the budget for three years now adding that the GELD component was a nice offset. He said that there was a savings no matter what and was not questioning the good deal. He said that he was trying to say there are other constituent liabilities with creating a new position.

Mr. Haddad said that the health insurance costs were included for an individual. He said that the FY17 impact is what he was showing. He said that the contractor they were currently using applied and was hired for the position would take a single plan. Mr. Hartnett said that they were correct about additional liabilities but a brand new employee who works over 30 hours a week was self-sufficient on the pension side. Mr. Degen said that one of the ways of controlling costs was to get away from the 80/20 formula for health insurance. He said that the Town of Concord achieved this 8-10 years ago. He said that they needed to strive to get to a 50/50 split. He said that the current split was a huge employee benefit. Mr. Cunningham said that he thought everyone understood that adding that he thought it was one of the Town Manager's objectives. Mr. Delaney pointed out that the split was 90/10 before Mr. Haddad started.

Mr. Haddad said that they were going to continue to fund OPEB as they did in FY16. He said that changes had been made in the Country Club's budget for FY16 and the proposed budget would continue to lessen the burden. He said that the taxpayers provided a subsidy of $273,683 in FY15. And in FY17 they were anticipating only a subsidy of $135,913. He said that they were anticipating revenues of $428,600. Mr. Degen asked what the FY16 taxpayer subsidy was. Mr. Haddad said that he was unsure because they were only half way through the FY. Mr. Pease asked how they justified a taxpayer subsidiary of a membership only location. Mr. Petropoulos said that they ask the taxpayers every year and they decide to fund the Club. Mr. Haddad said that they were moving in the right direction with the club and will continue to do so. He said that they put together a debt service plan that will consider projects approved at 2015 STM. He said that the plan in the

FY17 budget was to pay $134K for debt and in FY18-19 it would be reduced to about $98K. In FY20 they would fully bond the debt and offset it by the pension budget savings. They would see the debt budget only increase $44K from FY19 to FY20 or $8K from where we are now.

Mr. Haddad said that all union agreements were entering the second year of contracts. He said that the increase in salaries and wages was $72,519 and the performance incentive was $50K for a total impact of $122K. He said that in FY16 they total increase was $207K because the police contracts were front loaded. He said that FY16 also had a leap year which caused them to have to budget for 52.5 weeks; FY17 would be back to 52.2 weeks adding that it only affected hourly employees.

Mr. Haddad said it was asked if the police received a performance incentive. The answer was no. Mr. Haddad said that prior to the last contract they took out automatic steps plus wage adjustments but in its place put in a performance incentive plan which allowed the employees to receive up to an additional 2% based on their performance. He said that this eliminated guaranteed 3% step increases. He said that this was not automatically given to people adding that some people don't receive an increase. Mr. Petropoulos said that performance incentives was increasing at 70% and salaries was increasing by 3.82%. He said that it seemed like a big number with a target of 2.2%. He said that salaries were 60% of their budget adding that they were growing 50-60% of their budget at 3.8%. He thought they had been compromising other parts of their budgets for this. Mr. Haddad asked them to keep in mind that their budget was because of the people they pay to provide services to the taxpayers. He said that this was a service industry and the people provide the services. Mr. Haddad said that the schools were saying they are in need 30 more people to provide services to the students. Mr. Petropoulos said that in 20 years they will spend more on benefits than they spend on salaries. He said that these were trends they have to deal with. Mr. Robertson said that services were not impacted because debt was paying for it. Mr. Haddad said that he had given them a debt plan that can be funded in future years.

Mr. Haddad said that he was proposing a balanced budget that was $25K under the levy limit. He said that they had set aside 4.54% for GD's operating budget or $776,100. The overall total municipal budget for next fiscal year was going up 2.2%. Mr. Degen said that Mr. Haddad was creative in how he hit that goal. He said that he had a problem with how he hit that goal. Mr. Degen said that Mr. Haddad didn't receive direction on how to do it just to do it. He thought they would need to cut $120K from the budget in order to meet the 2.2%. Mr. Haddad said that you could look at it any way you wanted adding that he was addressing debt service in future years by addressing debt the way that he did.

Mr. Pease asked what the extra long-term cost to the town was to use the short term interest payment and not bond it. He said that while the number works in FY17 if they were to not push it off, they would have a net savings of $180K in the budget. He said that borrowing in the future to fund something now was not something that he liked. Mr. Haddad said that when putting together a long term budget you need to find the best way to fund it.

Mr. Haddad said that the tax rate would increase to $19.32 from $18.78. He said that property values should go up next year which would help the tax rate. He said they thought the number would be $7,728. He said that they spent a lot of time working on the five year projection and this was the best one we could do and thought that they did a good job anticipating increases in our benefits. He said that they broke out salaries and wages in all categories and accounted for increases in salaries by 3% and expenses by 1%. He added that they were using 3% for GDRSD also. He said that the Finance Team gave them actual debt service numbers and in FY21 and FY22 they decreased wage increases to 2% overall.

Mr. Petropoulos said that the town forced the school to spend less is what he has been hearing but in reality the schools came in asking for what they wanted. So those statements are not true. He said that he wanted to make that clear adding that those statements are just not true. He said that he wanted to make it perfectly clear that any lack in spending on the schools part was not because the town didn't have the money for them.

Mr. Haddad said that he thought that the Finance Team gave them a decent budget that's easily understood. He thought it was a very good budget and looked forward to working with everyone moving forward.

Mr. Haddad said that when he presented his first budget eight years ago he was told they wouldn't be able to sustain. He said that they had sustained it and been in what the law has allowed. He said that he really wanted to be very careful to not eviscerate the municipal budget to fund the schools. He said that they couldn't keep talking that the sky is falling. He said that they were trying to address things and be innovative within their means. Mr. Petropoulos said that the schools will need more moving forward. Mr. Haddad said that depending on what the schools said on February 1st, it could throw everything he just presented out the window. Mr. Haddad said that schools will also have to negotiate with their unions like they were asking him to do with theirs moving forward. He said that if the schools were looking to add 30 new positions, $1M wasn't going to cover the costs.

Mr. Cunningham asked what the process was moving forward. Mr. Haddad said that the Finance Committee was picking a Saturday meeting date after this meeting. Mr. Petropoulos said that they had a standing agenda item for budget related items every week. Ms. Eliot said that communication has been important and a major change. Mr. Degen said that it might not behoove the Finance Committee to have joint meetings until after February 5th when the schools unveil they budget. Mr. Haddad said that the municipal budget was the budget no matter what and they needed to look at it. Mr. Petropoulos said that Mr. Haddad and the departments had done a great job.

Mr. Degen moved to adjourn the meeting. Ms. Eliot seconded the motion. The Motion carried unanimously.

Approved: ______________________________ ______________________________

Stuart Schulman, Clerk

respectfully *submitted*,
Dawn Dunbar, Executive Assistant

Date Approved: 1/25/16