

**BOARD OF SELECTMEN MEETING  
JOINT MEETING WITH FINANCE COMMITTEE  
MINUTES FEBRUARY 18, 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

Mr. Petropoulos called the meeting to order at 6:00pm and explained that this meeting was to provide budget guidance to the Town Manager.

Mr. Prest called Finance Committee meeting to order.

A resident from Blacksmith Row said that he had been following things and thought they were in a real pickle. He said that economic times weren't great, raises weren't great but tax increases were onerous. He said that the past and recent budget emphasize wants and needs have overridden the schools. He said that there was nothing wrong with new golf carts, a new fire station, or 4 corners sewer project being brought up piecemeal but they were affecting the biggest player, the schools. He said that the Town now had a level 2 school system which was downgraded from a level 1. He said that the first thing he would look at if moving to town was the school system and felt as though this left Groton in a situation where it was not a desired town. He said that there was an aging demographic, and a reduced tax base adding he didn't see how it would work for anyone. He said that savings on the town side would help alleviate the school budget.

Mr. Petropoulos said that he didn't want to argue the residents opinion but having mentioned that the schools were overridden by the town by just not true. He said that the schools were never told they couldn't have something and the Town budget was not accumulated over time because of lack of money being given to the schools. Mr. Cunningham said that they recognize the restraints but didn't want to see this become a school vs. town debate. He said it would tear the town apart adding there were compelling needs on both sides of the budget. He asked people to not make it a town vs. school fight.

Mr. Jack Risdon of West Groton said that the seniors were seeing no raises and increases in Medicare adding this was making it difficult for them to afford to live in this town at this rate. He said that it was important to stay within the budget adding he hoped the schools had a plan B in case the override failed. He said that he was going to be pushing to see that it does fail.

Mr. Petropoulos read the following email received from a resident:

*At a recent board of selectmen meeting you requested comments or feedback from the public wrt current issues. These comments would be read at the beginning of the bos meeting.*

*I am writing to urge you to support the upcoming discussions constraining municipal personnel costs in a revised budget. I support level funding the 2017 municipal budget.*

*While this funding constraint may seem severe, it may be one of the few options available that could lessen the financial burden to the tax payer caused by a potential override*

*In summary I ask you to support an initiative to level fund the municipal budget to help fund the school assessment.*

Mr. Petropoulos said that it was their role that night was to provide financial direction to the Town Manager. He said that they may vote as a board that night and the Finance Committee may meet at a future date to further discuss and vote on the same. He said that this was a time of financial leadership adding that no one knew the budget better than Mr. Haddad. He said that they were there to provide guidance/direction to make

sure services are affordable to the residents. He said that their current budget had personnel costs that was growing at a rate of over 4.5% from the year before where revenue was growing at under 3.5%. He said that this was brought to their attention a year ago in a benchmarking study. He said that this couldn't happen adding it was not about the people that work in their town but about the costs.

Mr. Cunningham said that the budget presented was a balanced budget and was within the guidance adding that specific guidance was not given. He asked what areas they needed to constrict or control and if they were to level fund the budget what would it look like. He said that debt service was debt service and they had contracts with bargaining units so there were limitations there too. He said that they could do reductions within the workforce but that they needed to be clear about any cuts and be honest about the impact on services.

Mr. Degen said that this was about how to get the budget down but not how to cut it. He said that he offered suggestions at their meeting on Saturday adding it was the ultimately the Town Manager's job to figure out how to do it. He said it was incumbent on the Town Manager to get what they want done. He said that a 0% budget might need to be done to show what it would look like adding he would like to see that occur. Mr. Haddad said that his only concern was that if he were to come in with that he would want them to be specific on how I do that using zero benefits, zero wages as examples. He said that if they wanted to cut jobs that would have to be their decision adding he was not supporting a zero based budget by any means. Mr. Haddad said that he would also like to see debt removed from this exercise. Mr. Degen said he would like to see a 0% budget growth overall with emergency staff left to minimum required levels. He said that he also didn't want to see cuts to the roads. He said that he would also like to see a 2.2% budget that doesn't hit the debt.

Mr. Haddad said that the law allows for bond anticipation notes so that you can take into consideration other capital needs that may come up. He said if they were going to do a major bond issue of \$3.5M within 2 years, it would go against his fiduciary responsibilities as CFO of the Town. He said it was irresponsible to bond when you know that something is coming down the road and it ends up saving money in the long run. Mr. Schulman said that if they decide in their guidance that debt should be excluded from the 2.2% level he wanted to say that it was a good sound financial movement and was not a bad idea. Mr. Cunningham said that he would like to consider it separately. He said that the debt proposal was put together with their treasurer and financial advisor. He said that it was not a trick to balance the budget based on what they had heard. Mr. Cunningham said that at the end of the day this was going to come down to people adding there was not a lot of low hanging fruit. Mr. Schulman said that if he were to offer guidance it would be to get to the 2.2% without the bond issue. Mr. Haddad said that it sounded as though he was to be looking at big 3 - municipal wages, benefits and overall expenses. Mr. Petropoulos said that that was one of his sets of guidance.

Ms. Eliot said that she hoped everyone would be scrubbing the school figures the way they were scrubbing the municipal numbers. Mr. Haddad said that when they were putting together the operating budget they got guidance from GDRSD and how they knew their carry over costs were \$1M. He said that that translated to \$776K from Groton or a 4.54% increase. Mr. Haddad said that he would like to also ask the Board to allow him to show carryover costs to meet the obligations they have. Mr. Petropoulos said that was contextual information that he could provide with guidance they had given him. Mr. Cunningham said that it was something they should see. Mr. Petropoulos said that their responsibility was for the municipal budget not the school budget adding they couldn't give guidance to the schools. Mr. Cunningham and Mr. Degen both disagreed with him. Ms. Eliot said that people scrutinizing their budget needed to be fair to both budgets. Mr. Cunningham said that they all swim in the same pool and all were responsible for making a recommendation to the schools. He said that they were looking for 49 new FTE positions and student enrollment had declined by 170 students. He said that he wanted some understanding of where these needs were coming from. He said that they needed to be able to talk about it. Mr. Cunningham added that he was comfortable with the guidance given. Mr. Degen said that it was a lot easier to make recommendations on the municipal budget at a much

higher level than school budget but thought they should be giving a certain level of scrutiny to the school budget. He thought this same round table needed to be had with the school department adding that only the Board of Selectmen could authorize an override vote. He said that they needed to be sold the bill of goods and needed to understand the needs for staffing, etc. He said that he was going to be hard-pressed to support the level they were looking for and suggested maybe a staged override over a couple of years. Mr. Schulman said that since it was the Board that had to authorize an override, it was their responsibility to understand an override. He said that this was not a one year problem; it was a multiyear problem and he wasn't sure the school's budget was sustainable. He said he needed to have more information before he could make that determination.

Mr. Petropoulos said that he would like to see the big three at a zero based budget as Mr. Degen had proposed with EMS staffed at the Chief's required levels.

Mr. Haddad restated what had been discussed. He said that he was going to first take debt out of the equation. He said he was then going to provide three (3) budgets: 1. A Carry over budget; 2. A budget with the big 3 at 2.2%; and 3. A budget with the big 3 at 0%. He added that he was to also to maintain public safety. Mr. Cunningham said to not hold harmless any department.

Mr. Robertson said that they hadn't sat down as a group but he agreed with the direction but wanted to make sure the wage line did not grow by more than 2.2% and zero. Mr. Haddad said that he didn't think he would be cutting expenses based on what he had presented in his original budget. Mr. Degen said that if they were to cut three extra benefit vacancies that had not been filled historically he thought it would be very easy to cut that down by \$50K. He said that if they needed to they could always go for a reserve fund transfer. He added that with health insurance rates coming in at an 8.3% increase there would be a savings there also. Mr. Haddad said that with this scenario he might recommend an increase in the reserve fund to account for vacancies in health insurance.

Mr. Haddad asked about the Board's timeline on this adding that the school budget would be finalized in early March. He said that the Finance Team could work on this new direction and have it for the Board and Finance Committee by February 29<sup>th</sup>.

Mr. Pease said that he saw this coming down the pike last year even as a brand new member. He said that the rest of committee pushed back on his suggestion and the reason he abstained from the vote. He said that his guidance would be of no surprise but just as he stated last year he would like to see a flat budget presented. He said he was not concerned about how it happens adding that his guidance would be a flat budget over last year's numbers including debt. Mr. Bacon said that this was his second budget cycle here and was concerned about the climate in which this was happening. He said that there was a lot of misinformation campaigning going on here. He said that they agreed on a 2.2% threshold and now they were refining that. He said that that was okay but he was concerned that there was a perception that the school budget was taking away the municipal budget. He said that there is no fat in the municipal budget adding that Mr. Haddad had done a good job with bare bones budget. He said that he had done a great job with golf course contrary to comments made earlier about golf carts. He said that it would be sad to make excessive cuts to the municipal budget without questioning the school budget that was over half of the town's overall budget. Mr. Schulman said that he was happy with what Mr. Haddad had presented as the 2.2% budget and had no problem with it. He said that his support for any further budget guidance would be just to see the different scenarios. He said that he was not saying he was going to support them but thought that they needed to look at the alternatives. Mr. Haddad said that the original proposed budget was balanced and met the carry over needs of the schools. Mr. Cunningham said that they needed to look at it all and demonstrate to the public what it would look like at different levels. Mr. Petropoulos said that he imagined they would not be looking at the original proposed budget at Town

Meeting. He said to Mr. Bacon that they did give guidance and they got their 2.2% budget. He said that he thought this was predictable adding that they had never done this guidance before and no one said they would do this well. Ms. Eliot said that they did not do anything wrong adding there was only room for improvement. Mr. Degen said that there were other ways of achieving 2.2% but said they only told Mr. Haddad to hit that number not how to get there. He said that in the future they should say how to do it and that would solve any problems.

Mr. Prest said that they would be negligent if they didn't take a look at the school budget also. He said that some of them were doing a deep dive into that now including himself who had been speaking with other towns also. Mr. Robertson said that they know there will be certain bumps they will hit unless they think about them now. He said that this was about settling the path. Mr. Hargraves said that since his tenure on the Finance Committee he has not seen such good communication as he had with the current superintendent and the Town Manager.

Mr. Pease and Mr. Schulman left the meeting at 7:03pm.

Mr. Haddad suggested that the Board take a vote on the big 3 they just talked about and ask him to have it for them at their meeting on February 29<sup>th</sup>. Just to recap, they would be asking Mr. Haddad to 1. Take debt out of any proposed changed. 2. Present a carry over budget to meet obligations they have. 3. Present a budget with the Big 3 (wages, benefits and other) at 2.2% and with a bottom line at 2.2%. 4. Present a budget with the big 3 (wages, benefits and other) at 0% and with a bottom line at 0%.

Mr. Petropoulos said that he was fine with the big 3 coming in at 2.2% however he got there. He said that Mr. Robertson's suggestion was to have the bottom line at 2.2% also. Mr. Haddad said that if the Finance Committee were to make any changes at their meeting on Tuesday, they would have to reassess. Mr. Petropoulos asked if they constrain him to use the entire levy limit. Mr. Haddad said that original proposed budget was \$75K under the levy limit with the schools receiving \$776K. He said that anything he would do here would contribute to lowering the possible assessment from the schools and lower the override should they decide to request one. Mr. Degen said that Mr. Haddad's explanation was 100% correct adding that the difference after reaching the levy ceiling was the override.

Ms. Sartini said that as a citizen she strongly supported Mr. Petropoulos's statement about not touching public safety. She said that the Town needed a top notch public safety and DPW

*Mr. Cunningham moved to direct the Town Manager to prepare budgets as outlined that evening. Mr. Degen seconded the motion. The motion carried unanimously.*

*The Board of Selectmen and Finance Committee adjourned their joint meeting at 7:14pm.*

Approved: \_\_\_\_\_

Stuart Schulman, Clerk

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respectfully submitted,  
Dawn Dunbar, Executive Assistant

Date Approved: 3/7/16