



TOWN OF GROTON

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Board of Selectmen

John G. Petropoulos, *Chairman*
Anna Eliot, *Vice-Chairman*
Stuart M. Schulman, *Clerk*
Peter S. Cunningham, *Member*
Joshua A. Degen, *Member*

Town Manager
Mark W. Haddad

To: *Board of Selectmen*

From: *Mark W. Haddad – Town Manager*

Subject: *Weekly Report*

Date: *February 1, 2016*

1. Please note that Monday's meeting will begin at 5:30 p.m. with an Executive Session to discuss the "deployment of or strategy regarding security personnel or devices." Police Chief Donald Palma and Fire Chief Steele McCurdy will be present for this purpose. The regular meeting will commence at 6:00 p.m. Scheduled on Monday's Agenda is just one item. The Friends of Prescott have submitted their CPA Application for improvements to the Prescott School. I have enclosed a copy of the application in the packet for your review. Also enclosed is a memorandum from the Community Preservation Committee stating that they are unlikely to consider this application since the Friends do not have ownership of the Building. The Selectmen would have to support the application in order for it to be considered. They will be at the meeting on Monday seeking the Selectmen's support of their application.
2. As you know, we have been searching for a Land Use Director/Town Planner to replace Michelle Collette when she retires at the end of February, 2016. I had previously informed the Board of the process we would follow to conduct this search, however, I would like to repeat it for the Board's and publics' information. We advertised the job in several publications last Fall. I had appointed a Search Committee made up of myself, Human Resources Director Melisa Doig, Carolyn Perkins and George Barringer of the Planning Board, Building Commissioner Ed Cataldo, Bud Robertson from the Personnel Board, Executive Assistant Dawn Dunbar and Selectman Anna Eliot. We received 13 applicants for the position. The Committee narrowed them down to five candidates to interview. After the initial interviews, we narrowed it to three finalists to be interviewed by the Planning Board. One of the candidates dropped out and the Planning Board interviewed two of the finalists. Based on their interviews, the Planning Board informed me that they were comfortable with either candidate. I had the Department Heads interview the two finalists as well. Based on the recommendation from the Planning Board and the Department Heads, I have decided to appoint Laurie Connors Bonavita as the Land Use Director/Town Planner effective March 1, 2016. Ms. Bonavita is currently the Director of Planning & Development/Town Planner for the Town of Millbury, Massachusetts, a position she has held for the last eleven years. I have enclosed a copy of her resume for your review. She was the unanimous choice of the Planning Board. This was a very thorough process and I am pleased with the outcome. Ms. Bonavita will be a great addition to our staff. Pursuant to Section 4-2(c) of the Groton Charter, I would respectfully request that the Board consider ratifying this appointment at Monday's meeting.

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3. Enclosed with this report is the FY 2016 Second Quarter Financial Statement for your review. We can discuss and review this in more detail at Monday's meeting
4. As part of our quarterly review of the Town's Finances, the Chairman has requested that the Board take this opportunity to review the Board's annual goals and objectives as well to see what progress has been made. Enclosed with this report are your goals. I look forward to discussing this in more detail with the Board at Monday's meeting.
5. Selectman Degen had raised an issue with me and Chairman Petropoulos on the status of the Country Club Liquor Licenses. As you are aware, the Town is holding these licenses, but they are being utilized by Luke and Kate Kenney, who lease both the Tavern and Function Hall from the Town. These licenses have been used by the Kenney's since May, 2015. In December, 2015, the Board of Selectmen renewed the licenses to the Town, with the proviso that these licenses be transferred to the Kenney's by June 1, 2016. That said, Selectman Degen believes that the Kenney's should pay a license fee to the Town for the use of the licenses for 7 months in 2015. This will not be an issue in 2016, as they will pay the license fees upon transfer in June. The ABCC requires two licenses at the Country Club since there are two separate buildings (Gibbet Hill is required to obtain two licenses as well). The original licenses held by the Town in 2015 for the Club were classified as a Club – Non Profit License since they were held by the Town. The license fee charged in previous years was \$500 per license. The fee charged for a full liquor license for restaurant and/or function hall is \$3,000. That said, I am recommending that the Board not charge the Kenney's for these licenses in 2015. There are many reasons for this recommendation. First, when the original lease was signed by the Kenney's for the Tavern, there was no discussion that they would be required to pay the fee while the liquor license was held by the Town. Second, the Kenney's have provided many services to the Town for which they have not charged the Town. These include providing two offices in the Function Hall for the Town in which they do not charge rent; agreeing to cover all events booked by the Town prior to them leasing the Function Hall in which they agreed to honor all terms accepted by the Town (at a loss to the Kenney's); free use of the Function Hall by our Summer Camps during inclement weather; and the fact that the Tavern is a Seasonal Business only open during golf season. The Town has been more than compensated for these licenses. Moving forward, I am recommending that the Selectmen consider approving the transfer of the licenses on June 1, 2016. The Kenney's should be charged \$3,000 for the Function Hall License. With regard to the Tavern, I am recommending that the Selectmen institute a seasonal license since it is only open a portion of the year. A seasonal license is allowed under state law. Based on our review of other communities that have seasonal licenses, we are recommending that the Selectmen establish a fee of \$1,000 for the Seasonal License. We can discuss all of this in more detail at Monday's meeting.

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6. As part of my FY 2017 Budget Update, there are a few items that I would like to discuss with the Board:
- A. At last week's meeting, the Finance Committee informed the Board that they would be providing a recommendation to form a Committee to study sustainable municipal budget growth. Enclosed with this report is their proposal for the Charge and Membership of the Committee. In my opinion, the charge makes perfect sense and I strongly support the mission. I would ask the Board to consider that since the Town Manager serves as the Chief Financial Officer of the Town and is responsible for the performance of all the fiscal and financial activities of the Town, shouldn't the Town Manager be a member of the Committee? For example, when the Groton Dunstable Regional School Committee recently developed their Strategic Plan that looked at their long range sustainability, the School Superintendent led the review. I would respectfully request, should the Selectmen move forward with this Committee, that the Town Manager be a member. We can discuss this further at Monday's meeting.
- B. During my initial budget presentation, I discussed a proposed plan on Debt Service. There appears to be some confusion with regard to this proposal. I have been contacted by some residents who believe that I am balancing the budget by deferring debt service. As a matter of fact, the Groton Herald has added to this confusion by putting a headline in their edition last week stating that "Haddad Meets Reduced Spending Mandate by Deferring Debt Service Payments." This is absolutely not true. That said, I can understand why some have come to this conclusion. In FY 2016, the Town appropriated the following for Debt Service:

Long Term Debt Excluded:	\$1,172,545
Long Term Debt Within Levy:	\$ 86,045
Short Term Interest Within Levy:	<u>\$ 125,000</u>
	\$1,383,590

When we established the FY 2016 Budget in December, 2015, we carried the amount of \$125,000 for short term interest to cover the costs associated with Capital Projects being requested at the 2015 Spring Town Meeting (Lost Lake Fire Protection, Radio Project and Four Corner Sewer Project) based on a recommendation from our Financial Advisor. When the budget was established, we had no idea what the costs would be for interest and established a very conservative budget. In reality, when we finally borrowed the money, the actual cost was \$8,113, or \$116,887 under budget. This money will not be spent in FY 2016 (unless a major shortfall comes up in another budget in which it can be transferred). It should be turned back as free cash. In FY 2017, we are appropriating the following for debt service:

Long Term Debt Excluded:	\$1,148,208
Long Term Debt Within Levy:	\$ 78,172
Short Term Interest Within Levy:	<u>\$ 56,333</u>
	\$1,282,713 or \$108,877 less than FY 2016

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6. B. Continued:

While we over-appropriated Short Term Debt in FY 2016, we actually increased the budget by \$48,222. We have not deferred debt service to balance the budget. While you can make the claim that we used the over-appropriation to meet the 2.2% budget goal, we did not defer debt to make this happen. It was always our plan to wait to permanently finance these projects when it was in the best interest of the Town to do so. In determining when to permanently finance this debt, we examined the Five Year Capital Plan and found that it calls for the replacement of the Fire Department's Ladder Truck in FY 2018 at a cost of almost one million dollars. In our opinion, it did not make sense to permanently finance the projects approved in 2015 with such a major purchase that would require bonding the following fiscal year. Therefore, we are recommending that we continue to roll over the interest payments on these issues for the next two fiscal years and permanently finance these issues when we borrow the funds to buy the new Ladder Truck in FY 2018. By waiting, we will see a reduction in our Pension budget of \$190,000 in FY 2020 when we pay off the increased assessment caused by the early retirements approved in the 1990's. This can then be used for Debt Service. This will minimize the impact to our residents. In FY 2017, we are proposing a debt service budget within the levy limit of \$134,505, a reduction of \$76,540. The following Chart illustrates the impact to tax payers by waiting three years to permanently finance the 2015 Capital Projects as well as the Ladder Truck:

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Debt Service Budget	\$134,505	\$97,383	\$99,180	\$ 333,213
Pension Budget Savings	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$(190,000)</u>
Net Debt Service Budget	\$134,505	\$97,383	\$99,180	\$ 143,213

As you can see, the actual additional impact to the Groton Taxpayers for these projects is less than \$50,000 in FY 2020. We may want to consider utilizing the savings in FY 2018 and FY 2019 in the Debt Service Budget for one time purchases so that the actual increase in the Debt Budget in FY 2020 would be less than \$10,000."

I think it is important to point out that when the Town borrows money, it pays upwards of \$50,000 in one-time costs. To go out in consecutive years would be irresponsible and costly. In addition, borrowing money every year is not looked upon favorably by the Bond Rating Agencies and it may lead to increase interest costs by having our AAA Bond rating reduced. We are very careful when it comes to borrowing money. We establish a five year capital budget so that we can properly plan our budget.

- C. As you know, we will be meeting with the Finance Committee in joint session on Saturday, February 13th. The Finance Committee has invited the Police Chief, Fire Chief, Library Trustees, Country Club General Manager, Town Treasurer and DPW Director. Is there any other Department the Selectmen would like to attend to answer questions? We can discuss this further at Monday's meeting.

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6. D.

D. Last week, I presented the Board with a proposal to adopt M.G.L. c. 60, §3D that would provide a fund for people to donate money to help low-income seniors and disabled residents with their property tax bill. Selectman Degen requested that we reach out to the Town of Littleton to find out their experience with the Law. We contacted Littleton Town Treasurer Steve Venuti for this information. Littleton's program is called T.R.E.A.D. (Tax Relief for Elders and the Disabled). The program was authorized at their 2015 Fall Town Meeting. By statute the Treasurer and Chair of the Board of Assessors are on the committee by default. Littleton has not gone through the application review process yet, but the Council on Aging is taking the lead on compiling the applications. Littleton set up an on-line transaction link through UniBank on the same page as the R/E tax transaction, but most of their donations have come in via checks and the COA Director's efforts. Since the tax bills went out at the end of December Littleton has taken in a little over \$3,000 in donations – more than they expected coming out of the gate. Depending on the number of applications and the total money received, Littleton will decide whether to give it all out each year or disburse a partial amount and start to grow some base dollars. We can discuss this further at Monday's meeting.

MWH/rjb
Enclosure