



TOWN OF GROTON

173 Main Street
Groton, MA 01450

Sustainable Budget Study Committee

Kevin Forsmo, Chairman
Mark Haddad
Jack Petropoulos
Bud Robertson
Art Prest
Patricia DuFresne
Michael Hartnett
Kevin Brogan
Allison Manugian

MEETING MINUTES

Date: Thursday, June 30, 2016
Time: 7:00 AM
Location: 1st Floor Meeting Room, Town Hall
Members Present: Bud Robertson, Art Prest, Patricia DuFresne, Jack Petropoulos, Michael Hartnett, Kevin Forsmo, Kevin Brogan, Mark Haddad
Absent Members: Alison Manugian
Others Present: Dawn Dunbar

Mr. Forsmo called the meeting to order at 7:03am.

Mr. Forsmo said that Mr. Robertson was going to walk through the assessment increase for the schools and why it looked disproportionate to the municipal budget. Mr. Robertson reviewed the attached spreadsheet. He said that in FY17 there was no increase in Chapter 70 funds adding the Town had to come up with total assessment. He said that the School budget only increased by 3.21% which was for wages and benefits. He said that the 4.7% was an assessment growth rate because the Chapter 70 didn't increase. Mr. Prest pointed out that that number was what is going to cause a \$400K deficit next year. Mr. Robertson agreed adding that it would contribute to it. Mr. Forsmo said that he thought that was the root cause adding as the Chapter 70 assessment grew, the assessment from the schools to the Town would go down. Mr. Robertson said it would but many years down the road. Mr. Robertson said that the Town thought the assessment number of 4.7% was bad but that the real budget growth was 3.21%. Mr. Haddad said it was important that not only they understand that distinction but that the Selectmen understand it and ultimately the Town understand it. Mr. Robertson said that the Finance Committee should discuss it also and understand it. Ms. Dufresne said that they needed to try to be more careful with how they define it and talk about it. Mr. Haddad said that some would still argue that 3.21% is still too high.

Mr. Prest asked if the objective was to look at the school budget along with the municipal budget. Mr. Forsmo said that they were given the task to look at the municipal budget but should understand the school budget also. He said that it was his opinion that they only have control over the municipal budget and should make recommendations about that but thought they could talk about recommendations they have for the school budget adding that Ms. Manugian could pass along those recommendations to the rest of the School Committee. Mr. Prest said he thought they should look at the school budget adding there wasn't enough money on the municipal side to cut to fund the schools. Mr. Brogan said he thought the direction from the Selectman was for them to look at the municipal budget. Mr. Forsmo said that they could be overstepping their bounds if they made recommendations about the school budget. Mr. Petropoulos said that they could make assumptions about the school budget and let the schools figure out how to get to that assumed amount. He added that he strongly encouraged the Selectmen and Finance Committee to use their Committee through the budget months. Mr. Haddad said that he agreed with both sides adding he thought they could discuss recommendations without telling the School Committee how to do it. Mr. Forsmo said it was important that everyone be on the same page and everyone see this in the same context.

Mr. Haddad said that he went back and looked at the actual expenditures from 2013 in the big 3 categories. He said that there were a few things that affected increases in the municipal budget. He said that the budget stabilized in FY15 where municipal spending went down while schools went up 8%. He said that in FY14 salary increases included an additional IT position, a full time Building Commissioner and they moved some money from wages into salaries. Mr. Haddad said that the wages increased by 10% because they changed an IT position to full time, it was the first year of the new fire union contract, they added a dispatcher, they were reimbursed \$40K less for the 911 grant (either it was reimbursed late or it was cut back) and it was a bad winter where they used an extra \$172K in snow and ice overtime. He said that the actual increase was 4.5% adding it had been pretty consistent overall. Mr. Forsmo asked about tracking the grant and if it was included in the budget book. Mr. Haddad said that the budget had to be fully funded because it was reimbursable. He said if the grant money were to come in the following fiscal year, it would be closed out to free cash. Mr. Haddad said that FY 14 saw a 12.2% increase in town counsel expenses, library expenses went up because they joined the consortium, there were pool filter and boiler replacements at the Country Club, and debt service increased as it was the first, and only year they paid the debt on the new fire station.

Mr. Haddad said that he, Mr. Forsmo and Mr. Robertson met on Monday to look at expenditures moving forward. He said that the schools were pretty locked in to 4.7% assessment in FY18 because of contractual obligations which left a \$468K shortage with the override. Mr. Robertson said that they assumed the schools are at 3.2% real spending and a 4.7% assessment. Mr. Forsmo said that 4.7% assumed no growth in state aid. Mr. Haddad said that they had a problem next year and this committee can do nothing because of union contract obligations unless he was directed to open contracts. Mr. Haddad said that they went on and further looked at FY19 and what growth rate would they need to make this work. Mr. Haddad said that they would need to keep municipal growth to 2.31% and the school assessment to 3.67% (real school spending at 2.31%). Mr. Haddad said he didn't know if that was possible but that was what it would take to keep the deficit constant. Mr. Petropoulos said that if the school budget was reduced to 2.3% from 3.2%, then they shouldn't have a deficit moving forward. Mr. Haddad agreed adding they would have to get rid of the \$468K deficit next year in order to do that. Mr. Petropoulos suggested putting this data into some visual charts adding that most people prefer and learn better from visuals.

Mr. Haddad said that the School Committee told them that the overall growth of 3.2% was all put into salaries and benefits, not expenses. Mr. Petropoulos said that he was concerned by relying on a model that was unachievable. Mr. Robertson said that nothing was unachievable but could be unrealistic. Mr. Haddad said that he thought they could use this model to make recommendations to the Board and Finance Committee. He said that they could always look at cost share differences in benefits to free up some money there. Mr. Petropoulos asked what was unmovable. Mr. Haddad said that pension was unmovable. He said that Medicare would come down if the wages come down also. Mr. Petropoulos said they should look at compensation growth at 2.5% adding there were many ways to distribute that. He said that something had to be near zero adding that 2.5% number had to be the number.

Mr. Forsmo said that he sat down with Mr. Haddad on Tuesday to talk about the capital budget. He said that capital plans had been funded every year. He said that he received capital plans from Mr. Haddad and would be looking at the sustainability of it.

Mr. Haddad said that he and Mr. Prest were meeting with Ms. Doig, Human Resources Director the next week to look at health insurance. He said that he and Ms. Dufresne would also be meeting to look at enterprise budgets and revolving funds.

Mr. Haddad said that the Department Heads were scheduled to attend their meeting on July 14th. Mr. Robertson asked if they should talk to the Selectmen first. Mr. Haddad said that they could provide the Board with an update on the 11th. Mr. Robertson said it would be a good time to educate the Board on the real assessment.

Mr. Dufresne said that the enterprise funds were accounting mechanisms set up to track their programs. She said that this placed no burden on the general fund adding they cover their own expenses. She said that they were self-balancing and they got to keep their investment income and surplus revenue in their enterprise accounts. She said that the Town currently had enterprise funds set up for water, sewer, and cable access. She said that the Regional School Districts could not have enterprises. She said that ideally there was no tax payer impact, unless there was a deficit; the town would not

be responsible for subsidizing. She said that enterprises once adopted were in place for three (3) years. She said that once the Country Club balanced out, they might want to consider them for an enterprise fund. Ms. Dufresne said that the Town could also charge back the enterprises for certain things, like postage, benefits, space in the building, etc. Mr. Haddad said that the bottom line was enterprise funds would not solve their problems.

Mr. Haddad moved to approve the meeting minutes of June 23, 2016. Mr. Forsmo seconded the motion. The motion carried 7-0-1 with Ms. Dufresne abstaining because she was not present.

Mr. Forsmo moved to adjourn the meeting at 8:25am. Mr. Robertson seconded the motion. The motion carried unanimously.

Respectfully submitted by Dawn Dunbar, Executive Assistant to the Town Manager

APPROVED: July 21, 2016

APPROVED

APPROVED