



## 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, 7/21/16  
Time: 7:00 AM  
Location: 1<sup>st</sup> Floor Meeting Room, Town Hall  
Members Present: Bud Robertson, Art Prest, Patricia DuFresne, Jack Petropoulos, Michael Hartnett, Kevin Forsmo, Kevin Brogan  
Absent Members: Mark Haddad, Allison Manugian  
Others Present: A. Eliot (BOS), E. Baxendale (Resident)

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*Mr. Forsmo called the meeting to order at 7:00 a.m.*

Mr. Forsmo asked the members for their feedback regarding the SBC presentation to the Town Department Heads on 7/19/16. Mr. Petropoulos replied that the presentation achieved its objective and was received reasonably well. His impression was that at least some of the attendees went away with a better understanding of the underlying problem, and the questions that were raised will help this committee formulate its next presentation to the employees as a whole.

Mr. Petropoulos commented that some of the assumptions about future school spending were unrealistic for planning purposes and should be corrected prior to future presentations. Mr. Robertson agreed that as school spending is an important budget driver on the municipal side, access to realistic growth numbers is crucial. Mr. Brogan felt that the Department Heads left the meeting feeling that the cost of employee benefits was an enormous part of the problem. Ms. Dufresne said that feedback she received from some of the Department Heads indicated that employees are concerned for their jobs and are mostly interested in hearing about potential solutions. Mr. Robertson said that while it's fine for employees to understand the impact of benefits costs, wage and salary growth must also be addressed (given the total dollars involved) and is more controllable than benefits. Mr. Prest agreed with this summary, but noted that some of the potential solutions will be tough to implement in a unionized environment. Mr. Petropoulos noted the challenge of determining how to equitably tackle wage and benefit growth without destabilizing town operations. The group discussed how to clarify (in future presentations) the true magnitude of school growth impacts on the town budget. Mr. Robertson suggested that the school committee be briefed on the target sustainability number of 2.3% (rather than the 3.5% previously identified). He added that both sides of this issue (school and town) perceive that the other side should run a "leaner" budget. An operational review by an outside consultant may help correct this perception, and provide acceptable baseline budgets. Ms. Eliot hopes that the work that the town budget sustainability committee has already done will be useful to the counterpart committee getting underway for the school district. Also, she wondered if it would be possible for the same

consultant to address both entities once the relevant tasks have been defined. Mr. Petropoulos felt that comparing Groton's operations and structure to those towns identified as similar in the demographic study may go a long way toward answering questions of budget efficiency without incurring the cost of a formal audit. Mr. Prest said given the work that the FinCom does reviewing the town budget, he could not support spending taxpayer money on an operational audit for the town, although he does support such an expenditure for the district. He added that Hamilton/Wenham achieved a good result from their audit.

Mr. Forsmo suggested that the Department Head presentation should be delivered to the School Committee; once the district version of the SBC is underway, they will then have access to these conclusions. He and Mr. Robertson could ask for more realistic growth assumptions at the time they deliver the presentation, which could then be incorporated into the planned presentation for all employees.

Mr. Hartnett mentioned that the impact of the global investment rate on the growth of benefits costs is not clearly understood by most people. If interest revenue falls short of goals, assessments are increased to normalize the amortization schedules. Mr. Forsmo acknowledged that this is an inherently uncontrollable risk built into the MCRS assessment. Mr. Robertson stressed the importance of being able to explain to stakeholders why benefits are projected to grow by 6.5% year over year. Whether it is due to the cost of prescription drugs, or the aging population or unfunded pension liabilities, it must be clearly defined for stakeholders. The group briefly discussed the difference between the district and town in terms of benefits structure. Mr. Hartnett believes that the lower benefits cost enjoyed by the school district is related to the teachers' retirement system (which requires no match from the district). He offered to research this further.

The committee discussed the logistics of scheduling a presentation for all the town employees and agreed that the Town Manager should be allowed to determine how and when the presentation would take place. The group generally felt the presentation should not be mandatory, but there was a benefit to making attendance "strongly encouraged." The main message would include revenue and expense charts plotted over time and will demonstrate how expense growth will overtake revenue by 2036. The town must determine how to reduce the expense trend line so that it runs at or below the revenue trend line, and offer potential solutions. Mr. Petropoulos suggested a graphic which would demonstrate how layoffs of personnel will only be helpful in the short-term; long-term gains require a reduction in the rate of growth.

Mr. Petropoulos explained how increasing tax rates could lead to a change in the demographic makeup of Groton, which will lead to a further demand for new services and an even higher tax rate. Over time, these pressures will cause Groton to become a very different town. The group discussed including potential tax overrides as part of the solution set presented by the SBC. Mr. Forsmo noted that while overrides are certainly an option, they are far from guaranteed, and are not necessarily a recommended or sustainable solution.

Mr. Forsmo said that he would update the BOS on Monday (7/25/16) regarding the feedback from the Department Head meeting, and would suggest that the Town Manager help work out the details of a similar presentation to be delivered to the entire employee base. Mr. Brogan stressed that in order to keep to its deadline, the committee should begin brainstorming solutions in the revenue and expense categories. Mr. Petropoulos replied that finishing by a particular deadline may not be as important as producing a quality product. Mr. Forsmo felt that some recommendations would be ready for September, even if the committee is still completing its work.

The idea of synchronizing district and town labor contracts was discussed. Mr. Robertson wondered if there was some value in tying future contractual wage increases to override requests. He noted that wage increases of this nature are easy to present and explain to taxpayers on an override ballot.

Approval of Minutes: The group made two amendments to the minutes of 6/30/16 (on page 2: 2<sup>nd</sup> paragraph, first sentence changed “Mr. Brogan to Mr. Forsmo”, and deleted 2<sup>nd</sup> sentence of 3<sup>rd</sup> paragraph). On a motion by Mr. Petropoulos, seconded by Mr. Robertson, the SBC voted unanimously to approve the meeting minutes of 6/30/16 as amended. The Vote: 6-0-0

On a motion by Mr. Robertson, seconded by Mr. Petropoulos, the SBC voted in the majority to approve the meeting minutes of 7/14/16. The Vote: 5-0-1 (Mr. Forsmo abstained as he did not attend the meeting)

On a motion by Mr. Robertson, seconded by Mr. Petropoulos, the SBC voted in the majority to approve the meeting minutes of 7/19/16. The Vote: 4-0-2 (Mr. Hartnett & Mr. Prest abstained as they did not attend the meeting)

*Mr. Forsmo officially adjourned the meeting at 9:05 a.m.*

Respectfully submitted by: Patricia Dufresne

**APPROVED: JULY 28, 2016**

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