



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
Alison Manugian

MEETING MINUTES

Date: Thursday, August 4, 2016
Time: 7:00 AM
Location: 1st Floor Meeting Room, Town Hall
Members Present: Mark Haddad, Patricia DuFresne, Alison Manugian, Jack Petropoulos, Kevin Forsmo, Kevin Brogan, Bud Robertson, Michael Hartnett
Absent Members: Art Prest
Others Present: Robin Eibye, Ellen Baxendale (Resident), Ana Eliot, (BOS), Melisa Doig, Tom Orcutt

Chairman, Kevin Forsmo called the meeting to order at 7:00 a.m. The agenda was reviewed.

SUSTAINABILITY PRESENTATION TO EMPLOYEES UPDATE

Jack Petropoulos said approximately 40 employees attended the meeting, and he felt the Town employees now have a better understanding of the challenges the Town faces. Mr. Petropoulos went on to say that no real push back was received. Mr. Petropoulos said employees provided suggestions such as reducing overtime, etc. Mark Haddad said that Mr. Petropoulos did a great job presenting to the employees and that the message was well received. Mr. Haddad said he has the impression that the Police Union is interested in seeing the school district make similar cuts. Mr. Petropoulos said he'd like to give the presentation to residents at Town Meeting in the fall. Kevin Forsmo asked how many unions exist in town. Mr. Haddad said there are seven unions in total. Alison Manugian noted that the school district has a total of five employee unions.

Mr. Haddad said he's in talks with two businesses about the possibility of them conducting an operational audit for the Town, both will provide a cost estimates.

CONTRACT OFFSET

Mr. Forsmo wondered how to proceed. Ms. Manugian said it would be helpful to have one page of information to reference. A discussion ensued about presenting information on the municipal budget challenges to the schools. Mr. Forsmo suggested the Sustainable Budget Committee note their willingness to present the committee's findings to the school committee. Mr. Haddad said he felt it was premature to present at Town Meeting this fall; Bud Robertson agreed. Ana Eliot said if there is not a massive agenda planned for Town meeting, it would be a good opportunity to share the committee's findings. Mr. Haddad said he's concerned that there is nothing on the Warrant that pertains to the Sustainable Budget Committee. Ms. Eliot said Town Meeting is a good opportunity to share information with residents. Ellen Baxendale noted that people have short memories. Mr. Forsmo suggested waiting until Spring Town Meeting; all agreed it was a good idea to wait until spring.

SOLUTIONS ON TAXPAYER TOTAL COMPENSATION

Taxpayer Ability To Pay - Kevin Brogan explained it's what taxpayers can realistically afford when it comes to tax increases. While various factors ultimately affect ability to pay, some facts to consider regarding taxpayer incomes:

- According to the U.S. Bureau of Labor Statistics (BLS), for the second quarter of 2013 to the second quarter of 2014, average weekly wages:
 - In Middlesex County grew by 1.1%.
 - In Worcester County grew by 2.4%
 - In Massachusetts grew by 2.4%.
- More recent BLS data indicates that wages and salaries for the 12 month period ending June 2016 in the Boston/Worcester/Manchester region increased by 2.9%. Total compensation for the same 12 month period increased 2.2%.

On a national level, the story is much the same. According to Mercer Consulting's 2014/2015 U.S. Compensation Planning Survey, the average raise in base pay was expected to be 3.0% in 2015, up slightly from 2.9% in 2014, 2.8% in 2013 and 2.7% in 2012. BLS reports that for state and local government workers, wages and salaries increased 1.7 percent for the 12-month period ending in June 2016. In June 2015, the increase was 1.9 percent.

Mr. Brogan noted that for most U.S. workers, real wages – that is after inflation is taken into account – have been flat or even falling for decades. Mr. Robertson said it's important to ask ourselves are we comparable to keep good employees. Mr. Brogan said that data suggests that employee cost sharing has greatly shifted over time. Between wage increases that have been close to inflation, large increases in health insurance premiums and health insurance premium cost shifting, worker buying power has stayed stagnant or eroded over the past several years. Mr. Brogan noted property taxes are growing more quickly than taxpayers' compensation growth. This trend cannot continue. Either tax growth rate must decline or compensation growth rate must accelerate for current taxpayers or a new group of taxpayers must displace the current population.

Mr. Petropoulos said his view is that town residents will understand that taxes are tied to the Town's ability to pay. Committee members complimented Mr. Brogan on the presentation.

FIRST ROUND OF PROPOSED SOLUTIONS: REVENUE AND HEALTH INSURANCE

Mark Haddad began talking about the potential new revenue sources of a room occupancy tax that would allow the Town to impose a tax of up to 6% on rooms rented for 90 consecutive days or less. Mr. Haddad noted that Town Meeting must adopt Chapter 64G of the General Laws. Ms. Eliot asked if the Town had a conversation with the owners of the new inn about the proposed tax.

Mr. Haddad noted that all departments should review current fees charged to determine if increases are warranted. Surrounding Towns, as well as, established demographic comparable towns should be surveyed. Mr. Haddad noted that Groton charges a \$5.00 late fee if taxes aren't paid on time. If the fee was increased to \$10.00, it could possibly generate \$20,000.

Mr. Haddad noted continuing with the Country Club plan to free up operating expenses used to subsidize club operation. Mr. Forsmo inquired if the Town would entertain selling the golf course. Mr. Haddad said the management structure and business plan were changed a few years ago and the new plan is working.

Mr. Haddad said the Town could reach out to any new non-profit entity in town to request an annual PILOT. Examples would include the new Hindu Temple and Indian Hill Music.

Standardize Enterprise Department Intergovernmental Payments. Mr. Haddad said the town has the ability to charge intergovernmental fees to the town. Patricia DuFresne said the DOR is working on setting a standard rate for the State. A discussion ensued about intergovernmental fees.

Mr. Haddad said the Town may want to consider the following:

- Collecting a boat excise tax.
- Review potential regional collaborations such as expanding our regional dispatch agreements to include more towns. Maybe there are other towns that want to join.
- Study the feasibility of installing parking meters on Main Street.
- Eliminate the health reimbursement account.
- Increase employee cost share and increase retiree cost share.
- Establish health insurance buyout for employees. Seek special legislation to remove the requirement to offer retiree health insurance and increase threshold to receive health insurance from 20 hours per week to 30 per week to bring it in line with “Obama Care”. Mr. Forsmo asked how this could potentially impact union negotiations.

Mr. Haddad noted that all of the proposals for health insurance are one time savings only and do not slow the rate of growth. Changes in Chapter 32B would be required to impact long term savings in health insurance costs.

Mr. Petropoulos asked Mr. Haddad to create a matrix of the information contained in the presentation. Mr. Haddad agreed.

Mr. Forsmo asked if the Sustainable Budget Committee should institute a “suggestion box”. Mr. Haddad said that they are working to create such on the Sustainable Budget Committee’s web page.

A discussion ensued about next week’s agenda.

MINUTES

Draft minutes from July 28, 2016, were reviewed.

Mr. Haddad moved to accept the July 28, 2016, minutes as written. Bud Robertson seconded and the motion carried 8:0. (Art Prest, absent)

Mr. Haddad moved to adjourn the meeting at 8:53 a.m.

Respectfully submitted by Robin Eibye, Executive Assistant

APPROVED: August 11, 2016
