



TOWN OF GROTON

173 Main Street
Groton, MA 01450

Sustainable Budget Study Committee

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

MEETING MINUTES

Date: Tuesday, September 27, 2016
Time: 5:00 PM
Location: 1st Floor Meeting Room, Town Hall
Members Present: Mark Haddad, Kevin Forsmo, Kevin Brogan, Bud Robertson, Art Prest, Patricia DuFresne
Absent Members: Michael Hartnett, Alison Manugian, Jack Petropoulos
Others Present: Robin Eibye, Ellen Baxendale (Resident), Ana Eliot (BOS)

Chairman, Kevin Forsmo called the meeting to order at 5:09 p.m., and the Committee reviewed the list of recommended revenues and expenditures. A brief discussion ensued about compensation, base and merit, health insurance premium cost share, and the elimination of the health reimbursement account.

REVIEW DRAFT REPORT

The Committee Definition of Sustainability is to manage expenses such that growth is less than or equal to anticipated revenue growth, while respecting the quality of life desired by the Town

Mr. Forsmo provided Committee members with a draft copy of the SBC Presentation to Fincom and BOS along with the packet of models emphasized in the presentation. The Committee reviewed each model for accuracy.

The draft presentation was reviewed by Committee members. Mr. Forsmo provided a brief overview of Model #1: Recent Trends Continue, Model #2: No Override (FY19 Forward), and Model #3: Constraining Costs.

The Committee confirmed that Model #1: Status Quo Assumptions should include the following:

- 4.28% Revenue Growth
- 5.12% annual municipal wage and salary growth from FY2019 forward
 - 2.30% growth in FY2018 due to contracts currently in effect
- Municipal employee benefits expenses as provided by the Town Manager
- 2.97% annual municipal expense growth
- 4.70% annual GDRSD assessment growth
 - Due to the assumption of negligible Chapter 70 state aid growth, this corresponds to roughly 3.5% annual GDRSD operating budget growth

The Committee confirmed that Model #2: FY19 Forward, No Overrides Assumptions should include the following:

- The Groton municipal and GDRSD operating budgets grow at approximately the same rate of 2.95% annually
 - Due to the assumption of negligible Chapter 70 state aid growth, this results in higher growth (3.93%) for Groton's GDRSD assessment.
- The deficit out to FY2022 remain the same as the projected FY2018 deficit, essentially incurring no override in FY2019 through FY2022.
- 1.20% annual municipal wage and salary growth from FY2019 forward

- 2.97% growth in FY2018 due to contracts currently in effect
- Municipal employee benefits expenses as provided by the Town Manager
- 1.00% annual municipal expense growth

The Committee confirmed that Model #3: Cost Constraint Assumptions should include the following:

- 1.50% annual municipal wage and salary growth from FY2019 forward
 - 2.97% growth in FY2018 due to contracts currently in effect
- Municipal employee benefits growth in line with historic increases
- 1.00% annual municipal expense growth
- 4.00% annual GDRSD assessment growth
 - Due to the assumption of negligible Chapter 70 state aid growth, this corresponds to roughly 3.00% annual GDRSD operating budget growth
- Roughly equivalent operating budget growth for both Groton and GDRSD of approximately 3.00%

It was agreed that the problem is due to different reasons, none of the three models presented are sustainable over the long term. In order to ensure the Town of Groton is on a sustainable financial path, we must continue to look for opportunities to reduce costs and preserve/grow revenue. Chapter 70 state aid to GDRSD will not grow appreciably for decades based on the district's perceived wealth.

- The following recommendations for FY18 were reviewed: \$150k - Implement a Room Occupancy Tax of 6%; \$70k - Eliminate the Health Reimbursement Account benefit given to town employees; \$25k – New or Increased User Fees.

Long Term Recommendations include: Revenue: new business, PILOTs; Expenses: ability to limit total personnel cost growth is the primary determinant of sustainability; COLA increases in contract; Merit increases: lump-sum (as opposed to compounding) paid on a year-by-year basis, paid from free cash, could be tied to appropriate index; Increase employee health care premium share.

Kevin Brogan joined the meeting at 6:06 p.m.

A brief discussion ensued about including petitioning the Middle County Retirement System to extend the amortization period for the unfunded pension liability period and continue annual cost-benefit analysis of Country Club.

The Committee discussed general recommendations and the tracking of revenue and expense growth and a more thorough five-year projection should be a more central planning exercise for each budget cycle. The SBC could be a standing committee working over each summer to explore current options before each budget cycle.

MINUTES

Draft minutes from Thursday, September 15, 2016, were reviewed.

Mark Haddad moved to accept the September 15, 2016, minutes as written. Mr. Prest seconded and the motion carried 6:0. (Michael Hartnett, absent; Alison Manugian, absent; Jack Petropoulos, absent)

The Finance Committee meeting began at 7:00 p.m., please refer to the Finance Committee meeting minutes of September 27, 2016, for continuation of record.

Respectfully submitted by Robin Eibye, Executive Assistant

APPROVED