

REPORT OF THE TOWN MANAGER TO THE 2015 FALL TOWN MEETING

The 2015 Fall Town Meeting Warrant contains several warrant articles that seek appropriations, some of which will affect the Tax Rate and some which will have no further impact on taxes. The purpose of this report is to provide the residents and taxpayers with a summary of these articles and what impact they will have on the Fiscal Year 2016 Tax Rate.

As you will recall, the 2015 Spring Town Meeting voted a budget of \$33,298,830 which was \$100,000 under the levy limit based on our best estimate of revenues at that time. Since that time, we have begun to get a better picture of our estimates. Most importantly, in July, the Commonwealth finalized its budget and provided the Town with its final State Aid Estimates. Further, the Assessors continue to work toward the finalization of the Town's new growth. They should have it certified by the end of October. At this time, I am pleased to say that both of these amounts have come in essentially on budget, with slight increases in both accounts. The following chart provides the difference between what was originally estimated and what we are estimating at this time:

	<u>Original</u>	<u>Current</u>	<u>Difference</u>
State Aid	\$ 856,252	\$ 856,513	\$ 261
State Charges	\$ 106,992	\$ 81,969	\$25,023
Snow & Ice Deficit	\$ 155,224	\$ 144,388	\$10,836
Off-Set Receipts	\$ 20,000	\$ 17,814	\$ 2,186
Property Tax Levy	\$29,217,602	\$29,218,484	\$ 882
Local Receipts	\$ 3,633,192	\$ 3,633,192	<u>\$ 0</u>
Additional Revenues			\$39,188

With this additional revenue, the approved budget is now \$139,188 under the levy limit. Since the original budget was voted, we have been attempting to address several issues that require attention. Article 2 of the Warrant proposes to amend the original budget in some line items. In addition, the Department of Revenue has certified the Town's Free Cash at \$1,009,092. Free Cash will be used to fund several of the Articles contained in the Warrant. The use of "Free Cash" will not impact the tax rate. We will not be proposing the use of any of the excess levy capacity at the Fall Town Meeting.

The following is a summary of Warrant Articles requesting funding:

Article 1:	<i>Unpaid Bills</i>	<i>Amount Requested: \$5,000</i>
	Turf Unlimited -	<u>\$5,000</u>
	Total	\$5,000

Article 2: Budget Amendments

Amount Requested: \$76,500

The proposed funding for this Article will come from taxation and will impact the Tax Rate (at the conclusion of the summary and explanation will be a chart showing the impact on the FY 2016 Tax Rate). The following is a breakdown of the requests, followed by an explanation:

<u>Line Item</u>	<u>Original Appropriation</u>	<u>New Appropriation</u>	<u>Difference</u>
Board of Selectmen Expenses	\$ 2,000	\$ 10,000	\$ 8,000
Police Expenses	\$190,600	\$230,600	\$40,000
Fire Expenses	\$148,000	\$168,000	\$20,000
Municipal Building Wages	<u>\$ 84,728</u>	<u>\$ 93,228</u>	<u>\$ 8,500</u>
Total	\$425,328	\$501,828	\$76,500

Explanation of Requests

Board of Selectmen Expenses - \$8,000

There are two specific requests that comprise this appropriation of \$8,000. The first request is for a consultant to assist in the review of the Regional School Agreement. The Board of Selectmen has been working with representatives from Dunstable and the Groton Dunstable Regional School District reviewing the Regional School Agreement. It was determined to hire a consultant to assist in the review of the Agreement. The School Department advertised an RFP for this service and one company responded to the RFP. The Massachusetts Association of Regional Schools (MARS) submitted the only proposal, at a cost of \$13,500, which was accepted. Groton's share will be \$4,500. The second request has to do with the study of the Prescott School. The Municipal Building Committee for the Prescott School has been working very hard to develop a thorough and well thought out proposal for the future of the Prescott School. One of the areas of importance is the actual cost of renovating the building if it were to be designated for community use. In order to obtain the best possible cost estimates, they would like to be able to update the estimates that were contained in the Bargmann Report done for the original Prescott Re-Use Committee. They have reached out to the company that did the original estimates three years ago and they would charge \$3,500 for this update. The update would be based on the proposed use by the Committee.

Board of Selectmen: *Recommended Unanimously*

Finance Committee: *Recommended (Pease Voted Against Prescott Request)*

Police Expenses - \$40,000

Last fall, the Town Meeting appropriated \$60,000 to renovate the Public Safety Building after the Fire Department moved into the new Center Fire Station. An additional \$25,000 will be needed to complete the renovations. There have been unforeseen electrical costs. When the rehab began, an electrician was needed to come in for necessary renovations. A number of rooms had just one receptacle in them. Additionally, an electrical panel had to be added to accommodate current technology and leave some room for growth. The electrical renovations are now going to cost between \$12-14K. This expense covers upgrades to bring the building up to code and wiring the building to accommodate future needs. There have also been technology upgrades, wiring and backroom equipment as well as modifications to the dispatch center that would complete the renovations. Please note that all of the painting, cleaning and moving of materials is being completed by Department employees on a voluntary basis. In addition, in FY 2015 we began a multi-year security implementation that would offer many enhanced security features through-out the town. Through this process we contracted with a vendor to implement keycard access doors and high resolution security cameras within the town's larger buildings. We broke this into project phases and started 'Phase I' at the Public Safety Building at 99 Pleasant St (Groton Police Department) in April 2015. Phase I was a larger scope of the project because all of our central hardware would be located there. It required additional cameras and equipment to fully secure the premises for the desired levels of access/surveillance that should be expected of a public safety building. Phase II is planned for FY 2016 and will implement door access and surveillance at 173 Main St (Town Hall). After finalizing project quotes we have found that we require an additional \$15,000 in FY 2016 to complete Phase II. Therefore, the total amount requested for Police Expenses is \$40,000

Board of Selectmen: *Recommended (4 In Favor, 1 Against – Petropoulos)*
Finance Committee: *Recommended (6 In Favor, 1 Abstained – Pease)*

Fire Department Expenses - \$20,000

The Groton Fire Department is requesting \$20,000 for the purpose of running an on-call firefighter recruit class in the fall/winter timeframe. This recruit class will help bolster the available call staff in all three fire stations. With the continued development in Town, the call volume has similarly grown at a consistent pace. This growth, coupled with the need to balance family and work commitments requires the Groton Fire Department to have a large call department to continue to answer emergency calls. In addition to the need to create balance for members, the nature of on-call services results in turnover often due to these same outside factors. On-call recruit programs and drive of course will cost money in terms of instruction, materials such as books and protective equipment for new personnel.

Board of Selectmen: *Recommended Unanimously*
Finance Committee: *Recommended Unanimously*

Municipal Building Wages - \$8,500

The Department of Public Works has been trying to fill some voids in a couple of areas and has been trying to address them. The DPW Director initiated a solution during the summer months and needs to make it a permanent solution for the Department. The major areas of deficiency are the Transfer Station and in custodial work. At the transfer station, a checker is needed so that the other two employees can continue to do the larger work without interruption. The Department loses minor amounts of revenue when a checker is not available when people dump items without proper bags or in the wrong place. The use of a checker will cut down on these losses. While this issue does not generate enough revenue to fund an employee, it will, however, improve the efficiencies of the operations. There are a couple of areas where additional custodial support is needed. It includes more coverage in the Highway Garage, vacation coverage, learning the complexities of the new fire station, locker rooms at the Country Club on a more frequent basis, the bathroom at Transfer Station, Legion Hall and the new Electric Light Building. This past summer, the Department utilized a contractor who has been working at the Club for almost two years to fill these voids. This position will provide coverage during vacations as well as provide the coverage listed above. To fund this position, funding will come from the Electric Light Department, Country Club and Building Maintenance Wages. The amount requested is the Building Maintenance share of the new position.

Board of Selectmen: *Recommendation Deferred (4 Deferred, 1 In Favor - Cunningham)*
Finance Committee: *Recommended Unanimously*

This Article requests that the funding for these requests (\$76,500) come from Free Cash and will have no impact on the FY 2016 Tax Rate. The only change that will impact the Tax Rate is that the overall value of the Town decreased by approximately \$4 million, which will cause a slight increase in the Tax Rate. The impact on the FY 2016 Tax Rate is as follows:

Original Budget -	\$33,298,830
Original Town Valuation -	\$1,546,004,928
Original Levy Capacity Used -	\$26,826,670
Amount Under the Levy Limit -	\$100,000
Original Proposed Tax Rate -	\$18.83
Average Tax Bill -	\$7,532 or \$224 increase over FY 2015

New Proposed Budget -	\$33,375,330
New Town Valuation -	\$1,542,429,378
New Levy Capacity Used (w/Growth)	\$26,782,686
Amount Under the Levy Limit -	\$139,188
New Proposed Tax Rate -	\$18.85
Average Tax Bill -	\$7,540 or \$232 increase over FY 2015

Article 3 – Capital Stabilization Fund

Amount Requested: \$425,000

The Fund has a balance of \$129,616. The financial management goal is to achieve and maintain a balance in the Capital Stabilization Fund equal to 1.5% of the total annual budget. To meet this level, the Town will need to add \$425,000 to the fund. This funding will come from Free Cash and not affect the Tax Rate.

Article 4 – Stabilization Fund

Amount Requested: \$32,000

The balance in this fund is \$1.64 million. The financial management goal is to achieve and maintain a balance in the Stabilization Fund equal to 5% of the total annual budget. To meet this level, the Town will need to add \$32,000 to the fund. This funding will come from Free Cash and not affect the Tax Rate.

Article 5 – Offset the Tax Rate

Amount Requested: \$200,000

The Board of Selectmen is recommending that Town Meeting transfer \$200,000 from Free Cash to offset the tax rate in FY 2016. This will reduce the average tax bill (home valued at \$400,000) by \$52.00.

Article 7 – Transfer Money to Water Enterprise

Amount Requested: \$50,000

From the Summary in the Warrant: “This Article requests funding from the Water Enterprise Fund Surplus to the Fiscal Year 2016 Water Department’s General Expense for Engineering Services related to the Electrical Upgrades and Pump and Motor improvements at the Whitney Pond Well. The final amount needed will be presented to the Fall Town Meeting.” This funding will come from Water Revenues and not affect the Tax Rate.

As stated above, all of the funding for the money articles (except Article 7) (\$738,500) will be appropriated from Surplus Revenue (“Free Cash”) and not impact the Fiscal Year 2016 Tax Rate. Should each of these articles pass, the Town will have a balance of \$270,592 in Free Cash.

Respectfully submitted,

Mark W. Haddad

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Town Manager