

ALG Minutes

October, 10 2019; 7:30 AM; Room 204 Town Hall

Present: Bart Wendell, Facilitator: Joan Gardner & John Benson, BoS: Christi Andersen & Roland Bourdon, FC; Amy Krishnamurthy, SC; John Mangiaratti, Peter Light, Steve Barrett & Marie Altieri, staff. Absent: Diane Baum, SC.

Audience: David Martin, BoS; Mark Hald, Asst. Town manager; Brian McMullen, Asst. Assessor & Finance director; Bonnie Lobel, COA; John Petersen, SC & Charlie Kadlec.

Additional documents: Agenda; Minutes of July 31; DOR Free Cash approval; Town of Acton Multi-year financial model (ALG spreadsheet); Finance committee POV---slide show

I. Regular Business

1. Minutes of July 31 were accepted with typo corrections

II. Special Business

2. FY 20 Update

John: Not a lot of changes: DOR certification for reserves; we are on plan.

Peter: no changes

3. FY 21 Revenue projections

Steve: Projection total: \$105,434,495. That assumes a tax levy to the full extent; level state aid; @ 1% increase in local aid; addition of debt exclusion numbers. There is a need to look at more economic data.

Marie: The state is working on a student opportunity project which will look at the distribution of Ch. 70 aid, health insurance and SPED. We are using the minimum of \$20-\$30/pupil. If the legislation passes the larger districts will get more money; in several years we will expect to get increases.

Peter: I think it will take 3-4 years for us to catch up.

4. School building project

Peter reported: a meeting with the staff of the MSBA to go through the building project budget to determine what would and would not be reimbursed. The grant is \$38M which is lower than expected.

There was no reimbursement for : the second stage so that was removed and the floor will be flat; hazmat and asbestos removal will not be reimbursed; they will reimburse for the demolition of only one school---that will be the Gates; the modulars needed for the transition will not be fully reimbursed so they will reduce the number of modulars. Acton's share will be \$66.3M with a tax impact range of \$452-\$509 a year for a median value home. There will be a 25 or 30 year bond at a conservative rate of 3%.

Peter: "The debt strategy committee has a strong interest to stay at the lower end of the range."

There was also a presentation to the Boxboro boards where the project was favorably received by board members.

Jon asked if the number for the avoided costs for the sewer/septic had been finalized.

Peter indicated that there was a meeting with the Board of Health next week where that would be discussed.

Once the building numbers are voted, they cannot increase but may decrease.

5. West Acton Sewer

John said the project was "moving along" and there was a forum in West Acton tonight where the final service area map would be voted. It's approximately a \$15M project. Once all the properties are determined, betterments will be calculated. The project will be in two phases with Phase 1 being a forced main in the area to serve the new school building; Phase 2 will fill-in all the other properties. There are approximately 200 parcels and the owners will be notified shortly about their betterment costs. By phasing, it is expected that there will be more competition and bids will be lower. If everything goes as planned, betterment assessments will start to be paid in 2023; we think they will be in the \$35K range over a 30-year borrowing cycle.

6. Minuteman

John went to the ribbon cutting for the beautiful new building.

John said that the payment for the Minuteman debt was not excluded but as per a 2016 agreement was coming from the operating budget. He said that the increase in the costs increasing and that he was making a request from the town to put the Minuteman debt into a debt exclusion bond.

Bart: Is there any object for the town to make this change?

Christie: That's exactly what debt exclusion should be used for: to cover the costs over time. Questions were asked about the rate and Steve explained that it was 3.25% but MM still had another bond outstanding and needed to wait for the MSBA audit before it was floated.

7. North Acton Fire Station

John said the project was in pretty good shape; it's a \$9.5M project; they were doing some value engineering; looking at the square footage but want the building to be flexible for the future; that a traffic engineer will have a report in several weeks. John expect to present the project to the Tri-board session on November 12th.

8. STM & Election

School space is reserved; 1,700 clickers will be available; they are working on a draft warrant and will be speaking with the Town Moderator.

Amy: I feel confident that all the kinks have been worked out.

John: We are OK with 1700 but not 4,000

Marie: the overflow will not be in the cafeteria but in the gym which should make the sign in easier and faster.

9. FC POV---this was a slide show

The POV presented town statistics and followed them with concerns.

Of interest: 74.1% of Acton households (5884) have no children while 25.9% (2057) do have children; Acton's share of the school project is \$66.7M; there is a debt for Minuteman of \$10.5M

The FC's concerns include: 71% of next year's town budget is going for salaries and fringes; for the schools the percentage is 80; there is an annual increase in Middlesex retirement. Under OPED the town owes \$16.1M; investing \$600K/year; liability decreased by \$452K; will be fully funded by 2023. Schools owe \$43.8M; pay out \$900K/year; liability increased last year by \$1.8M; will be fully funded by 2092.

FC recommended: town continue OPED; Schools add an additional \$100K/year; \$1.6M yearly investment required to fully address service costs in a timely manner.

FC future capital projects:

1-5 years: Douglas/Gates; (new capital improvements, use of override funds); North Acton fire station; WA sewers; updates on existing fire stations; waste water treatment plant upgrades.

5-30 years: Conant replacement; DPW building; ABRHS administration building.

FC recommendations for future capital projects: Bring in outside funding where possible; fund ongoing maintenance within operating budget; prioritize capital needs before they become critical; present capital improvement scorecard at ATM.

Concerns: Recession ----which will require vigilance; watch revenue numbers; limit budget growth; stop depending on reserves for operating budgets.

Recommended reserve policy: minimize use of reserves and E&D; only use reserves and E&D for one-time unforeseen capital emergencies.

Concern: Land purchases

Make no future land purchases without a clearly outlined purpose. 19-21 Maple street is OK; parking fees will pay for the purchase; 53 River street is an ongoing risk--the dam; 348-364 Main street--learn from our mistakes

K-Mart parcel: development may have traffic, school use, commerce , residential/commercial tax base and quality of life implications.

Take Always: tax bills expected to increase \$500-\$550 from all debt exclusion votes. Operating budgets should increase no more than 2.5% and not to exceed 3%.

Jon said that the outcome for the 348-364 Main Street was something the town needed and people wanted to have dedicated senior housing.

Christi noted that the town did have a pro-active housing plan but that buying that land at inflated prices was not the way to go. The town needs to have a specific plan for the purchase of land and not try, after the fact, to find a purpose.

Jon said that it was a special case and that circumstances led to a good outcome.

Roland suggested that they look at 53 River Street instead. They have already missed \$23,249.23 in lost tax revenue and there is the unknown liability of the dam

Jon noted that there was a great deal of neighborhood objection to the planned 40B that would be in the flood plain. He added that there was a committee working on the project and they would come out with a project acceptable to the community. Sometimes we must listen to the voices from the community

Marie said she liked the presentation and suggested that it was nearly ready for presentation at the STM. She asked that they get together off-line to go over the debt charts and the average house assessment.

It was agreed that the finance directors from the school and town would look at the charts and make sure they were correct.

11. Public

John Petersen congratulated the FC on their POV and was happy to see they are looking toward the future. He suggested that the target budget increase may be hard to accomplish since there is inflation and the budgets are primarily salaries.

Bonnie Lobel suggested that the FC's POV was misleading and gives a false impression that the tax increase will be in the \$500 range when for many it will be much greater. She also noted that the FC is depending on the incoming increase [in assessments] and does not add that to the tax increase.

Christie said the FC is aware of the tax impact differences for different families and that using averages does not focus on individual bills.

Charlie said he thought the FC POV was a good thing for the STM. He also asked that the debt for the rest of the school buildings be shown.

Peter said that the schools were working on a debt sheet that would show the outstanding school debt as it related to each building.

12. Next meeting

October 30, 6:30 PM in 204

13. Adjourned 8:45

Ann Chang

Additional Documents: Agenda; Minutes of July 31; DOR fee cash approval; Town of Acton Multi-year financial model (ALG spreadsheet) and FinCom POV---slide show