

Meeting Notes  
Acton Leadership Group  
September 19, 2019 7:30 AM  
Acton Town Hall – Room 204

Present: Bart Wendell, facilitator, Joan Gardner and Jon Benson, Board of Selectmen; Christi Andersen and Roland Bourdan, Finance Committee; Diane Baum, Amy Krishnamurthy and Paul Murphy, Regional School Committee; John Mangiaratti, Peter Light, Marie Altieri, and Steve Barrett, Staff.

Audience: Charlie Kadlec, Bonnie Lobel, Brian McMullen (Staff); Dave Verdolino (ABRSC Finance Director)

Handouts at the Meeting: Town of Acton Multi-Year Financial Model dated 19-Sep-19, Review of Projection FY21, Minutes of the Acton Leadership Group dated August 29, 2019, Draft Schedule of Meetings and Events for Special and Annual Town Meetings, Draft Warrant for December 10, 2019 Special Town Meeting (embargoed).

### **Regular Business**

#### **1. Approval of Meeting Minutes**

After discussion, the Minutes for the August 29, 2019, meeting were agreed to with minor corrections. Consideration of the minutes of the July 31 meeting was postponed.

### **New/Special Business**

#### **2. FY20 Update**

Town (Mangiaratti): Town Hall is on track; Town has had some additional financial support from the Legislature. For CPC projects: \$100K for the Asa Parlin house; \$150K for the NARA bathrooms as well as \$100K toward the transportation shuttle for Maynard.

Schools (Light): On target for FY20; considering bonding capital items from last year's Town Meeting to piggy back on borrowing costs with school construction.

- 3. Review of Multi-Year Financial Model**
- 4. Discussion of FY21 Revenue Projections**

Mr. Barrett reported that the newest version of the model includes debt exclusion for the Region and changes in the average tax bill.

The following points were made:

Benson: FY21 projections include \$1.3 million in reserves from the Town and \$505,000 from E&D (schools). There appears to be the need for another \$1.2 million in cash.

Altieri: Budget numbers will come in lower and impact the gap.

Andersen: Does the tax bill calculation include the debt exclusion? Answer is yes.

Altieri: Debt exclusion did have short term bonds in it but is now showing long term bonds for financing.

Barrett: Tax bill does include the fire station and assumes taxing to the full available levy; conservative local receipts and level funding from the State.

Bourdan: Will State aid go down in a recession?

## 5. School Building Update

Mr. Light introduced David Verdolino, Finance Director for the Regional School District to present the current thinking on financing options.

October 30: MSBA appointment with final vote on package presented September 11; staff level meeting on October 3 to get good sense of the numbers.

Debt Strategy Subcommittee looked at several models for issuing debt. Assumption for Acton is an 85 percent share at a 3 percent bond rate. Considered when to borrow, term, structure of the bonds and old vs. new debt.

Based on historically low interest levels, the subcommittee recommends borrowing project debt as soon as possible and forego short term borrowing (eliminate the outlay for short term financing.) Looking at a 25-30 year term, probably with level total payments. The range of incremental difference for the average taxpayer is about \$442 annually (25 year financing) to \$498 (30 year financing).

This range will be superimposed on existing debt for Jr. High and High School which will expire after year five.

Every  $\frac{1}{4}\%$  change (up or down) in the 3 percent rate will be about \$14.

Mr. Light pointed out that they are also looking at piggy backing the capital project money for current projects with the hope of saving on issuing costs.

In response to Mr. Benson, Mr. Light explained that the earlier projections of 650-800 over the summer did not reflect the impact of changing the short term borrowing and the lower interest rates. Initial costs were higher as well and the change to a level payment schedule over a longer period helped.

Ms. Andersen stated that the number scared her and encouraged a 30 year schedule in light of the additional costs for the fire station and potentially sewers for people in West Acton. Mr. Light assured her that the School Committee is sensitive to these concerns and Ms. Baum agreed that there could be sticker shock and said it would be important to explain the value in context.

## 6. West Acton Sewer

Mr. Mangiaratti reported that outreach forums were underway including a presentation to the School Building Committee prior to finalizing the participants in the new district. There will be additional information for ALG. Ms. Andersen commented that this is an additional fee on top of the capital projects and that the affected residents have no control over whether they pay or not. Mr. Benson asked about the number of residents and businesses in the district.

Mr. Mangiaratti explained the proposed plan is to determine the number of homes in the new district in November when the Board of Selectmen will act as Sewer Commissioners. He cautioned that the information in the Draft Town Meeting Warrant (Article 3) was for reference only.

#### 7. Minuteman Vocational Technical High School

Mr. Barrett explained that the ALG Model assumes that the Town will approve bonding the debt for the new Minuteman school construction. In response to Mr. Benson's question about considering the matter at the Annual Town Meeting in April, Ms. Altieri explained that the ballot question would have to be on the Town Election ballot in March prior to Town Meeting consideration. Mr. Benson said the borrowing information will have to be precise for consideration in December.

#### 8. North Acton Fire Station Update

Mr. Mangiaratti reported that the schematic design cost for the station is \$10.9 million with 25 percent for contingencies. The project is now going through value engineering to reduce costs without sacrificing the project's mission. The old estimate was \$7.5 million plus design, which brought the total to \$8.2 million. The delta includes escalation in construction costs, soft costs for FFE and specialized equipment specifically required for firefighting; e.g., air pack refill equipment and a decontamination chamber. The number carried in last year's budget was \$9.5 million.

In response to Mr. Bourdan's question, he confirmed there were no new fire trucks included in the estimate.

#### 9. December Special Town Meeting and Special Town Election

Mr. Mangiaratti referred to the Draft warrant distributed at the meeting, reminding the group the document was very preliminary and as such should not be shared.

#### 10. Future Meeting Schedule

Wendell reminded the group that the meeting schedule should include two meetings in both January and February (if needed) and one in March. The next ALG meeting is scheduled for October 10, 2019, at 7:30 AM.

#### 11. Finance Committee Draft Point of View

No updates; will be on agenda for next Finance Committee meeting.

#### 12. Public Comment

Mr. Kadlec suggested that debt service for capital project be stretched out as long as possible (level funding) to take advantage of low borrowing rates. He also predicted a high likelihood of needing additional firefighting staff subsequent to construction of a fourth station. Mr. Mangiaratti stated that the current plan anticipates no new firefighters; there will be a longer term analysis. Mr. Benson indicated the Selectmen would be considering the question of closing one of the stations.

Ms. Lobel, representing the Council on Aging, spoke on behalf of residents who are living on fixed incomes and asked for financial information applicable to their financial reality. She also asked for more focus on the available tax exemptions. Mr. Magiaratti responded that there was an increased number of residents using a total of \$525,000 in exemptions this past year; by comparison in FY12 (5 years ago) the total was \$300,000.

Meeting Adjourned at 8:55 am.

Submitted by Pat Clifford on behalf of Ann Chang