

ALG minutes, November 27, 2024; 7:30 AM and zoom; room 204

Present: Bart Wendell, facilitator; Dean Charter & Fran Arsenault, SB; Tori Campbell & Yanxin Schmidt, SC; Jason Cole & Scott Sullivan, FC; John Mangiaratti (started on zoom but came in later) Peter Light, Thom Begin, Sheri Matthews, & Marianne Fleckner, staff.
Audience: David Martin, SB; Ellie Anderson, finance director.

Extra info & documents: Agenda, Oct. 9th minutes; 5 pages of ALG draft plan

I. Regular business

1. Public comment: there was none
2. Minutes were accepted with corrections from Peter and Tori via email and Dean in person.

II. New/ special business

3. FY 25 update

Peter: a lot of the information is the same as last meeting.

Good news is we have enough to cover the health care cost payments. Blue Cross \$650K for two-year duration. Overall FY 25 continues to be on target. We are watching the maintenance costs and increasing utility costs. Both may have an impact on FY 26.

Marianne: our situation is similar to the schools; were comfortable with the health insurance for FY 25 and the claims due. Since our last meeting our turn back for FY 24 was \$70 K. Free cash has been certified at \$5.1M.

4. Review of financial model

John: there have been a lot of changes. Revenues for new growth have been certified; there's been an increase in the average over seven years— so it's up for FY 26; override has an additional revenue of \$850K.

Changes in Minuteman — yearly increase of 3%; school assessment is down \$500K; MM is also down; town is working on capital plan. We'll be looking at free cash later.

Jason: is the increase because new growth automatically rolls into unused tax capacity?

John: the recap balances it out. What this does is tax less. In the recap totals is driving us to tax less.

Jason: what about the \$184K increase in FY 26?

John: take the levy limit, add 2.5%. We've been using a seven- year rolling average [for new growth]

Jason: what's the catalyst for the \$180K increase?

John: Powdermill is one reason.

Bart: other questions?

John: this is really a good model, we are in a much better place than I can recall from the past.

Jason: we need to have a conversation about free cash and the DPW. In the FC' POV we have a 3-5% range for free cash. The SB is looking to use free cash for capital projects. I can see

that getting us back to the 3% level. Rather than use the override 3% in reserves, the FC thinks it should go to taxpayer relief.

Dean: I can understand the wish to keep taxes low but there are urgent capital needs where we will use free cash. We should be spending \$1M / year on upgrading storm water systems. We are now spending less than \$900K; there is a tremendous from the public for new sidewalks; there are other capital needs that need to be addressed.
You need to read the Town Manager's plan to see how much free cash will be used.

Bart: John, when will we see that plan?

John: at the SB meeting on 12/16. The plan as presented currently uses 3.3% free cash which leaves 3.3% unused. We are within the [FC's] range.

Jason: free cash was certified at \$5.13M?

John: \$5.137M available for use in FY 26 using it we lower the budget.

Jason: I see it trails by a year, I was getting it wrong

Bart: Jason have your original questions been answered? Jason: yes

Peter: the SC is working with a 3% budget growth. It's still very early; we have no state aid info — overall revenue is well under projections. We have. \$2.23M deficit we have to close

Jason: is there a risk of not being able to close the gap?

Peter: with a 3% budget; in the past state aid was \$30/pupil; the last two years that's been increased but we won't know until July. We got \$300K for FY 25. We are working hard to get increases in the circuit breaker. We've had big increases in out of district costs. The millionaires tax has earned good money — the superintendents are working on getting funds for the circuit breaker — but again we won't know for a while.

Bart: you are on schedule for this time of year? Yes.

Jason: DPW building

Debt exclusion is on schedule (the numbers are being reduced due to payoffs). A new debt exclusion will have a financial impact on the town.

At the last FC meeting there was zero support for the DPW building.

Bart: should this be discussed at this time?

Jason: we need to get all our ducks in a row — it's my recommendation that we pull the building and bring it back at a future date — and not at this size. Keeping in the tradition of ALG, if there's not a consensus it should be pulled.

Bart: you're saying a future time — when?

Jason: traditionally, if we can't make a decision by October, it's not done this year. I do not believe that value engineering can save 10s of millions of dollars. Therefore we need to go back to the beginning and build the right size building.

We have \$97.2M in debt exclusion for the boardwalk school — it's our responsibility to make recommendations; stop, pause, look at absolute needs. Look at all the storage space we have in too many empty buildings. The senior center leased a building at great savings — we could

do something similar. The project is too expensive for multiple reasons; the project is not ready to move forward.

Yanxin: have you been in the current building?

Jason: a new building is not needed.

Yanxin: I went on a tour of the building— the working conditions are deplorable. We are facing the harsh winter conditions— if we do not provide better work conditions, we'll not have any workers.

Jason: a new building has to be based on needs not wants. A case has yet to be made for a new DPW building. Radiant floor heating? The FTE count could change; 20 pieces of equipment inside saves money— how much? What's the extended life? Where are the hard facts? This is a 9-0 issue for the FC.

John: hard facts: the cost estimations for construction rise every year; the money saved by bringing equipment inside — we use our truck for 18 years. Every year is a 5-6% savings.

Jason: then right size the building.

Fran: we've invested in the designs and I think we should maintain the momentum

Dean: I challenge to assumption that the building is the wrong size. Looking at similar projects we are not out of the norm. The problem is that 50 years ago when it was first built, we cut it down by 30-35% and we have been pinched for all those years. I'm not sure what you've based your assumptions that it's the wrong size. Look at the Library and the PSF — both are now in need of redesigns. The PSF needs added space for female employees— as does the DPW building. I don't agree that it's too big

The energy costs are high— we have to do geothermal because of a bylaw passed by the town. It was voted overwhelmingly by town meeting not to build any more gas fired buildings. How to heat the building at a reasonable level requires heating the garage. The least expensive and most efficient way is to have radiant floor heating. It's not a new invention; two fire stations built in the '50s have it.

There is no vacant industrial space we could rent. The DPW placement is based on geography it can't be too far away from the areas that need services.

It's the resolve of the SB to push forward. I still question as to whether it's legitimate to discuss this at ALG— the school district is not involved.

Jason: the Boardwalk school and the fire station reached a consensus and were part of the process

Fran: at this point we're trying to retain employees; there is no place for the women; we need the space for storage. Don't know if the ALG is the place for discussion.

Yanxin: it's not appropriate for ALG. From a military connection we should think mission first, people always. We should take care of the people who work for us.

Tori: I appreciate how the ALG allows us to figure out the big picture before we get to town meeting. I've only seen this on the operational side of the budgets so far. For capital, I'm not sure of the right forum to work out small details but it seems to me that it's important to have a way to look at the scope and sequencing of long-term facility needs and make sure that all the various boards are synchronized in that regard, too.

John: it's very clear that it's the role of the SB to decide whether or not to build a new DPW building. It's also very clear that the FC is charged with deciding whether or not to recommend the project at TM. In my experience, the ALG role has been to discuss how the debt for a project like this fits into the financial model so it is understood as part of the long term financing.

The discussion on exactly the right forum continued; no real consensus was reached.

Bart: noted that at present the FC could not justify the expense. But that there needed to be some sort of agreement for a presentation at Town Meeting.
What is the next step.

John: at the next meeting there will be slightly revised numbers. Right now we are in a good place with a balanced town budget. Things could change.
We will need to come back for a discussion on free cash to offset operations excess levy

Bart: so we have positive planning save the DPW building.

There was a general discussion as to what numbers would be available and when. Recognizing that all would still not be available until late in Jan. It was decided that the next ALG meeting be held December 18th—7:30 AM. Plans for subsequent meetings in Jan will be made on the 18th.

Adjourned 8:40

Ann Chang