



Minutes – Acton Finance Committee
Date August 15, 2006
Town Hall 7:30 PM

Pursuant to a notice duly posted with the Town Clerk and with a quorum of members present, the Acton Finance Committee convened at 7:30 pm on _August 15, 2006, to review various matters

Members present for the meeting: Pat Easterly, Herman Kabakoff, Allen Nitschelm, Steve Noone, Bob Evans, Pat Clifford, David Stone, and Bill Mullin

Others Present

Approval of Minutes

Mr. Nitschelm moved that the minutes of July 18th be accepted, Ms Clifford seconded and the minutes were approved unanimously

New Business:

1. Discussion of Free Cash/ Stabilization Policy

The Chair asked Mr. Nitschelm to report on the Selectmen's discussion of Capital Planning. He reported that the BOS had a discussion of both capital needs and funding options at their meeting on Aug 14. He added that there was some mixing of personnel needs along with true capital items

The Chair then asked the Free Cash/ Stabilization Sub Committee to report
Ms Clifford discussed the subcommittee's views on need for such policies, the levels at which they should be funded and the key questions that the Finance Committee would need to resolve prior to recommending such policies. Mr. Noone discussed a graph comparing the total of Acton's Free Cash and Stabilization Funds as a % of Operating Budget to the statewide average from 1994 to 2006. He commented that Acton had compared favorably to the statewide average from 1994 until 2003 but had spent virtually all of these funds and now ranked 348th in the State. Mr. Nitschelm defined the terms and discussed the need for fiscal discipline.

The Chair asked the other members for questions and comments

Mr. Mullin stated that establishing a free cash Policy virtually guaranteed a tax increase and had the effect of shifting the timing of taxation.

Mr. Stone commented that free cash could come from cutting spending as well as tax increases

Mr. Nitschelm commented that this was meant to be a guideline and could be flexible

Mr. Kabakoff stated that the policy should define what the free cash could and could not be used for. His view was that it should not be used for recurring items

Mr. Evans commented that in his opinion the Town did not need a free cash policy; it was up to the voters to decide what tax rate they will pay for the services provided.

Mr. Mullin commented that voters would not support a tax increase to build a free cash fund.

Mr. Noone offered by way of background that the subcommittee was working with the assumption that funds would be coming available from such things as the NESWC Enterprise and Overlay Surplus and the goal was to establish policies before that money



was all spent on current needs. He added that a tax increase to fund free cash had not been contemplated.

The Chair suggested that the Stabilization Fund be discussed separately from Free Cash and asked the members about the need for a Stabilization Fund

Mr. Nitschelm stated that in his opinion the two were linked like a checking account and a savings account. He pointed out that the DOR recommends 5 % free cash.

Mr. Evans said that as long as it was tied to a specific need he was less opposed to a Stabilization Fund than a Free Cash Policy.

Ms Clifford pointed out that a Stabilization Fund could be used for major capital projects or to fund a five year capital plan

Mr. Noone concurred with Mr. Nitschelm that the two were linked but stated that he was in favor of whatever we thought we could get.

Mr.Kabakoff concurred with Mr.Noone's position

Mr. Mullin stated that he in favor if it would increase fiscal discipline

The Chair concluded that there were clearly mixed views on free cash bur more support for a Stabilization Fund and instructed the sub committee to finish their work and draft a policy to be voted on at a future meeting

Future Agenda Items

The Chair discussed the need for a discussion of rate setting for sewer rates, as well as capital planning.

Committee Reports

- CWRMP Mr. Nitschelm that the first meeting will be September 20
- ACHC Ms Clifford reported that there was nothing new
- ALG Ms. Easterly reported on two meetings. The first covered the ALG determination that a special town meeting would be required for the region to lower the assessment. Mr. Stone questioned that and the Chair will follow up.
The second ALG meeting was reported on by Ms Clifford and Mr. Mullin and the main topic of discussion was reengineering and the NESWC funds
- BOS Mr. Nitschelm reported on the last BOS meeting
- Conservation Mr. Stone reported that there was nothing new
- CPC Mr. Noone reported that there was nothing new
- HIT Mr. Evans reported on the results of the last fiscal year
- Schools Ms. Easterly that she would be serving on a group looking into EDNETS and that the schools had put together a 5 year capital plan
- Capital Ms Easterly reported that the group was working on a common definition of capital and preparing for the State of the Town Meeting

Mr. Kabakoff moved to adjourn, Ms Clifford seconded and the meeting adjourned at 9:11 PM

Respectfully submitted,

Stephen Noone