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John Murray

Subject: FW: Your ALG numbers, My ALG numbers and some comments/thoughts

From: John Murray
Sent: Friday, September 28, 2007 12:01 PM
To: Jonathan Chinitz
Cc: bryan@mail.ab.mec.edu; maltieri@mail.ab.mec.edu; Patricia Clifford; Mary Ann Ashton; Peter Ashton
Subject: RE: Your ALG numbers, My ALG numbers and some comments/thoughts

Jonathan:

Your recap of FY '08 is correct except , it does not account for the \$82K we reserved for appropriation at a fall Town Meeting

From: Jonathan Chinitz
Sent: Friday, September 28, 2007 11:18 AM
To: John Murray
Cc: bryan@mail.ab.mec.edu; maltieri@mail.ab.mec.edu; Patricia Clifford; Mary Ann Ashton; Peter Ashton
Subject: RE: Your ALG numbers, My ALG numbers and some comments/thoughts

That's unfortunate. I can appreciate the board's needing to know the big picture. My fear is that given the makeup of the current board that the spreadsheet will create more confusion than anything else. We really need for them to focus on the capital plan and its financing so that we can move forward.

Good luck.

Jonathan Chinitz
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From: John Murray [mailto:jmurray@acton-ma.gov]
Sent: Friday, September 28, 2007 11:05 AM
To: Jonathan Chinitz
Subject: RE: Your ALG numbers, My ALG numbers and some comments/thoughts

Jonathan:

Thanks, I will pass your comments along to the Board.

One general comment in reply -- Members of the Board do not believe they are able to address questions concerning the capital plan and debt exclusion overrides without knowing the status of the operating budget.

John

9/28/2007

From: Jonathan Chinitz
Sent: Friday, September 28, 2007 10:58 AM
To: John Murray; bryan@mail.ab.mec.edu
Cc: Acton Leadership Group; Board of Selectmen
Subject: Your ALG numbers, My ALG numbers and some comments/thoughts

John:

Bill fwd'ed me a version of your ALG plan updated to reflect a variety of changes in both revenues and expenses. I am including a copy of the ALG plan that I gave to the FINCOM at their 9/11 meeting where Bill and I were present. I believe that the BOS has copies of these as well. In all my presentations that included this sheet, which I have now termed "model", I was very clear that this was a SAMPLE, or a WORK IN PROGRESS, and that I was more than happy to receive and incorporate feedback into the model. The numbers in it were carried over from last year and nothing of substance was updated in them.

I did take a look at your spreadsheet. I have a few comments, which I will outline below.

Before I do so, I would like to remind the members of the BOS that the information the ALG is seeking is specifically needed to address the Capital Plan and the milestone that we have set for ourselves of Oct. 15th. The questions are:

- (1) What projects and what is the total cost?
- (2) How is it going to be financed (inside vs. outside, other sources of revenue)?
- (3) One question or multiple questions at Town Meeting and, if needed, at the ballot box.

I applaud the BOS for taking the initiative and holding a meeting tomorrow to address these issues.

My comments on your ALG spreadsheet:

- 1) Cherry Sheet and Regional Revenue -- Based on my proposal for revenue sharing calculations and ALG planning for FY09, which is just a PROPOSAL at this stage, the estimates for these numbers rest with the respective entities. The SC and School administration are in the process of getting estimates on these numbers. The numbers that I have in my sheet are higher than yours.
- 2) Excise Taxes -- The number that you have is \$410K less than the number I am carrying. Again, based on my proposal your team is responsible for estimating that number.
- 3) Fees -- You are carrying an estimate of 2.5% increase while my sheet shows 5%. Again, based on my proposal your team is responsible for estimating that number.
- 4) You have introduced a new revenue line for NESWC and pegged it at \$400K. While I applaud you for introducing a "new revenue source" into the model I think it is best to introduce these things at the ALG where we can have a discussion about them.
- 5) The same is true for the Windfall revenue lines. I have those in my spreadsheet in the revenue sharing portion of the model, not in the Finance Committee model, as they are one-time events. We (SC) know what that number is, it has been presented at the ALG, and we will adjust the revenue for FY09 off the top to reflect that transfer to the municipal side.
- 6) Free Cash -- you are free to use any number you want here. Again, I would submit that this is a discussion that we need to have at the ALG.
- 7) Budgets -- you are making predictions on budgets going up 6-7%. Again, I would submit that this is a discussion that we need to have at the ALG.
- 8) Muni budget number for FY08 -- my sheet has \$22,495K while yours has \$21,797. I checked with the Town Clerk and here is what I have for municipal appropriations from the 2007 Town Meeting:

\$ 23,473,554	Article 20	Budget	Levy
\$ 494,000	Article 20	Budget	Free Cash
\$ 52,000	Article 20	Budget	Cemetery Trust
\$ 737,500	Article 21	Capital	Levy
\$ 100,000	Article 22	NAFS	Levy

9/28/2007

\$	75,000	Article 22	GIS	Levy	
\$	54,500	Article 25	468 Main	Levy	

\$ 20,400 Article 26 Quarry Rd Levy |

This totals to \$25,006,954. If you take out excluded debt (from the ALG sheet) and cemetery trust the total is \$23,400,954. I have NOT updated my spreadsheet to reflect these numbers.

Having said the above, the BOS is free to use whatever modeling approach they choose that they feel comfortable with. I would respectfully submit that basing budget decisions on revenue estimates that have not been discussed in a wider audience might be a bit premature at this stage.

Be well and I hope you have a productive meeting tomorrow.

Jonathan Chinitz

ALG Multi-Year Financial Model and Revenue Forecast
Proposal for FY09-FY10
Sep 11, 2007 Version: 1.0

FY	2006 (Recap)	2007 Final	2007 Updated (2)	2008 Final	2009 Forecast	2010 Forecast	Comments
Revenues:							
Tax Levy:							
Base	\$ 46,480	\$ 52,256	\$ 52,256	\$ 54,361	\$ 55,772	\$ 58,432	
2 1/2%	\$ 1,162	\$ 1,306	\$ 1,306	\$ 761	\$ 2,009	\$ 1,461	
New Growth	\$ 814	\$ 550	\$ 799	\$ 650	\$ 650	\$ 650	Held flat
Debt Excl.	\$ 2,817	\$ 3,369	\$ 3,369	\$ 3,332	\$ 3,101	\$ 3,101	
Overlay	\$ (500)	\$ (500)	\$ (500)	\$ (500)	\$ (500)	\$ (500)	
Total Tax Levy (excl. current yr. override)	\$ 50,773	\$ 56,981	\$ 57,230	\$ 58,604	\$ 61,033	\$ 63,143	
Cherry Sheet	\$ 4,186	\$ 4,979	\$ 4,979	\$ 6,004	\$ 6,513	\$ 6,930	
SBAB - Twin School	\$ 1,086	\$ 1,086	\$ 1,086	\$ 1,086	\$ 1,086	\$ 1,086	
Excise Taxes	\$ 2,835	\$ 3,300	\$ 2,805	\$ 3,100	\$ 3,255	\$ 3,418	5%
Fees	\$ 705	\$ 1,200	\$ 1,300	\$ 1,365	\$ 1,433	\$ 1,505	5%
Int. Income	\$ 190	\$ 250	\$ 350	\$ 368	\$ 250	\$ 250	Held flat
Pension/Pothole/Other	\$ 82	\$ -	\$ -	\$ -	\$ -	\$ -	
Regional Revenue	\$ 2,532	\$ 3,967	\$ 3,868	\$ 4,823	\$ 5,305	\$ 5,677	
Regional E&D Acton's share	\$ 314	\$ 337	\$ 337	\$ 286	\$ 500	\$ 500	
HS Interest/Bond Prem.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Free Cash	\$ -	\$ 137	\$ 137	\$ 1,600	\$ 600	\$ 450	
Operating Override	\$ 3,800	\$ -	\$ -				
Capital Override							
Revenues before Overrides	\$ 62,703	\$ 72,237	\$ 72,092	\$ 77,236	\$ 79,975	\$ 82,959	
Revenues including Overrides	\$ 66,503	\$ 72,237	\$ 72,092	\$ 77,236	\$ 79,975	\$ 82,959	
Revenue incl override excluding debt/SBAB	\$ 62,600	\$ 67,782	\$ 67,637	\$ 72,818	\$ 75,788	\$ 78,772	
Debt Exclusion:							
Debt on APS	\$ 489	\$ 505	\$ 505	\$ 517	\$ 526	\$ 526	
Debt on JHS/SHS	\$ 1,213	\$ 1,798	\$ 1,798	\$ 1,778	\$ 1,612	\$ 1,612	
Municipal Debt Incurred	\$ 570	\$ 537	\$ 537	\$ 520	\$ 454	\$ 454	
Debt on Police station	\$ 545	\$ 529	\$ 529	\$ 517	\$ 509	\$ 509	
Total Debt Exclusions	\$ 2,817	\$ 3,369	\$ 3,369	\$ 3,332	\$ 3,101	\$ 3,101	
Budgets Excluding Debt:							
					Percentage Expense Increase (Model):		4.00%
Municipal Budget	\$ 18,971	\$ 20,417	\$ 20,417	\$ 22,495	\$ 23,395	\$ 24,331	% increase
APS Budget	\$ 20,479	\$ 22,047	\$ 22,047	\$ 23,688	\$ 24,636	\$ 25,621	% increase
ABRSB Budget - Acton Share *	\$ 22,356	\$ 23,593	\$ 23,593	\$ 25,848	\$ 26,882	\$ 27,957	% increase
MM Assumption	\$ 780	\$ 750	\$ 750	\$ 787	\$ 811	\$ 835	3% increase based on history
Subtotal schools	\$ 43,615	\$ 46,390	\$ 46,390	\$ 50,323	\$ 52,328	\$ 54,413	
TOTAL	\$ 62,586	\$ 66,807	\$ 66,807	\$ 72,818	\$ 75,723	\$ 78,744	
			6.74%	9.00%	3.99%	3.99%	
NET POSITION	\$ 14	\$ 975	\$ 830	\$ (0)	\$ 65	\$ 28	
Tax Impact:							
Existing Valuation			\$ 3,947,971	\$ 4,145,370	\$ 4,352,638	\$ 4,570,270	
New Growth value				\$ 44,451	\$ 46,078	\$ 46,466	
Total Valuation			\$ 3,947,971	\$ 4,189,821	\$ 4,398,716	\$ 4,616,736	
Tax Rate			\$ 14.62	\$ 14.11	\$ 13.99	\$ 13.79	
SF Value			\$ 542,140	\$ 569,247	\$ 597,709	\$ 627,595	
SF Tax Bill			\$ 7,928	\$ 8,030	\$ 8,361	\$ 8,652	
% Change				1.29%	4.12%	3.47%	
Residential Value			\$ 443,046	\$ 465,198	\$ 488,458	\$ 512,881	
Residential Tax Bill			\$ 6,479	\$ 6,562	\$ 6,833	\$ 7,070	
% Change				1.29%	4.12%	3.47%	

Provided by J.C on 9/28/07