

Minutes – Acton Finance Committee  
September 9, 2008, 7:30 p.m.  
Town Hall – Room 204

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 p.m. on September 9, 2008 to review various matters.

**Members present for the meeting:** Steve Noone, Herman Kabakoff, Mary Ann Ashton, Pat Clifford, Pat Easterly, Bob Evans, Bill Mullin, Kent Sharp, Doug Tindal, Associate Member Maynard (Brandy) Brandon

**Others Present:** Steve Ledoux, Lauren Rosenzweig, Clint Seward, Dick Calandrella, Allen Nitschelm, Charlie Kadlec, Paul Hoff, Jo-Ann Berry, Sharon Smith McManus, Heather Harer, and several others.

Chairman Noone called the meeting to order, provided an introduction to the agenda, and asked for public participation. There was no public participation offered.

Mrs. Ashton presented minutes from the August 12 meeting and the September 2 meeting. Bill Mullin moved approval of the August 12 minutes, and Kent Sharp seconded. Herman Kabakoff requested that the committee wait to approve the September 2 minutes until the September 23 meeting to allow adequate time for all to review.

**Report on WR Grace Negotiations**

Town Manager Steve Ledoux and BOS Chair Lauren Rosenzweig presented information about Acton's settlement with W.R. Grace (press release attached). Mr. Ledoux provided background information regarding the two issues in dispute: the property taxes assessed on Grace's Acton property for FY2004-FY2008 and the sewer betterment assessments charged by the town to Grace. To settle the tax cases, both parties have agreed to a compromise valuation of the property of \$4 million per year, which resulted in an overpayment plus interest owed to Grace of \$216,000. With respect to the sewer betterment issue, Grace has agreed to pay the past due betterment fees and interest (\$538,000) and to keep its payments current, while continuing to dispute this charge. The net result is that Acton will net an immediate payment of approximately \$322,000.

Mr. Mullin clarified that this is a non-cash event for FY2009, and that the overlay account will be reduced by \$216,000 for FY10. He asked whether demand for abatements would be likely to increase given the downturn in economy and real estate values. Mr. Ledoux acknowledged that was a possibility.

**Presentation by Acton Voters Group**

Chairman Noone introduced Clint Seward, chairman of the Acton Voters Group. Mr. Seward said that his group has obtained feedback on their petition for a Special Town Meeting on October 2 to approve of funding \$2.4 million of the FY09 budgets through use of the NESWC fund. He stated that many people in Acton are concerned about high taxes, and concerned that they're going up each year to the maximum. They are happy to see someone representing them in some way, bringing this opinion to the boards as everyone begins a new budget cycle. The

Acton Voters Group proposes that taxes can be reduced, and this can be done in a responsible manner. People are hurting because of the downturn in the economy. They are concerned about how taxing decisions are being made – is there enough transparency, are ALG decisions being made in a public way?

Steve Noone thanked AVG for getting people involved in the process. He discussed the FY09 Acton Leadership Plan, and said that the boards have been working on a draft plan for FY10 through FY12. He stated that for FY09, the boards have a spending plan, and had a funding plan that was approved. He asked whether the petition essentially wants to revisit the funding portion of the plan and whether the AVG proposal is actually spending reserves on the operating budgets. Mr. Seward said that if there were another way to accomplish easily, they would have done that. For example, they might have moved money into a capital fund and then distributed checks. Mr. Noone asked about the impact of the AVG proposal on FY10, FY11 and FY12. Mr. Seward referred to guidelines from the Department of Revenue, but said that they don't have a plan, stating that the plan is to go to a Special Town Meeting and offer voters a choice.

Herman Kabakoff said that he doesn't understand why there is this contention. He said that over the years citizens have been taxed for a specific variety of reasons – the most recent was to cap the landfill, and then it wasn't necessary to do that. Mr. Kabakoff said that we collected money for a purpose, the purpose went away, so give it back. Because the problem got resolved, the town ended up with a reserve because we over-anticipated our needs. Although he thinks that our reserves are too low, we will likely hear other opinions about the level of reserves.

Bob Evans asked whether AVG has a specific letter from DOR, or whether they are referring to the materials posted on the DOR website. He said that AVG is lumping together recommendations about three different types of reserves, as he doesn't agree that DOR says that “the Best Practices of DOR say that reserve levels should be 3-5 percent.”

Pat Easterly asked what new events have occurred since April Town Meeting which would require a new look at the budget plan agreed to at that meeting. Mr. Seward said that TM precipitated all of this, as numbers were not available to citizens until the night of TM, and a small group of people (400 and then less and less) were making the decisions each night. After TM people began to wonder what happened that we ended up with a 4 percent tax increase, and hiring 30 people. As people began talking, they started thinking, what could be done? TM precipitated questions about budget process, TM itself. Mrs. Easterly asked whether AVG has taken a forward look at the capital plan and what of the NESWC money could be used if this were implemented? Mr. Seward said that the total request for capital is easily \$50 million, and this \$2.4M is a very small part of this.

Brandy Brandon commented about his professional background and considerations about the right level of reserves, and the many factors that go into determining that. He referenced an article from the Wall Street Journal in April 2008 which analyzed the relationship between real estate tax and valuation. He said that he feels that money is being used in Acton to buy more government than what he wishes to pay for.

Doug Tindal was concerned that, if we accept the notion that reserves are our savings account, why would AVG wish to drain the reserves 30 percent going into a period of great economic uncertainty. Mr. Seward said that his group has struggled with this. Because there is not a reserves policy in Acton, they've turned to the Mass DOR, and they said 3-5 percent. Citizens are in trouble, and they need relief. He would ask why are budgets expanding and town and schools hiring staff in bad economic times? That question needs to be sorted out here, we can't sort that out at Special TM.

Mary Ann Ashton asked about the whether AVG has looked at who will benefit from the tax relief, and whether AVG participants have been involved with advocating for some of the other programs, such as senior tax relief, designed to help out citizens who are struggling. Mr. Seward referred to the articles he wrote for the Beacon last year.

Kent Sharp asked about whether it is a best practice to hold a Special Town Meeting to talk about one item. Issues such as class size, which has an impact on the number of staff hired, were considered as part of the budget process. Mr. Seward referred to Town Moderator Don Mackenzie's efforts to improve Town Meeting, and ways that the town could use technology to better inform its citizens. Mr. Seward said that if there were better use of internet and e-mail that voters could have clear choices ahead of time. Mr. Sharp pointed out that budgets are put together each year by two elected bodies by are elected by more than 300 people.

Pat Clifford asked whether this is an anti-tax proposal, or an anti-reserves proposal, or an anti-plan proposal. Mr. Seward responded that they are not against anything; they want to give voters a choice. Ms. Clifford asked why this proposal shouldn't be considered as part of the budget process, along with all of the other proposals that people bring forward for consideration each year. She assured Mr. Seward that if this proposal were considered in January, along with all of the other proposals, that the Finance Committee could be responsible and responsive.

Bill Mullin said that the Finance Committee had supported not "taxing to the max" in FY08, and considered this as part of its budget process for FY09. In the end, as a matter of prudence, the Fincom decided that there was too much uncertainty, but asserted that every time we can prudently not raise taxes, we should do that. Mr. Mullin said that if it was necessary to cut \$4 million out of the budget, and 80 percent of the budget is people, it would be necessary to cut 64 positions out of the budgets, and said that he would not be able to support a tax reduction that was not related to budget numbers. He said that the rebate will not be going primarily to vulnerable people, but rather to commercial taxpayers. Mr. Mullin said that with prudence and discipline, we can craft budgets that can help people with tax bills. The Finance Committee is working on factoring in inflation, economic effects, etc., into the budgets, and there will be an opportunity to provide for tax relief within the context of the budgets.

Several members of the public commented. Charlie Kadlec said that from everything he'd heard, it sounded as though the reserves would be used for operating expenses, because that's how layoffs, class size, etc., come into play. Jo-Ann Berry asked how much of the NESWC funds came from brokerage fees, taxes, and fees paid to use the transfer station. Peter Ashton said that he had requested that information and would share with the public when he received the information.

Bill Mullin moved, and Pat Clifford seconded, that the Finance Committee should not support this petition at Special TM. In speaking to his motion, Mr. Mullin said that if this article failed at STM, he would continue to look at ways to reduce taxes within the context of the overall budget.

Other Fincom members offered comments on the motion. Pat Clifford said that Fincom had spent a lot of time trying to reduce the amount of money that was going to be spent at Annual Town Meeting, a process that was well vetted. This proposal was out of the usual cycle, and should be considered as part of the regular budget process rather than separately. Bob Evans reminded the committee that the last time the state went through difficult fiscal times Acton saw decreases in state aid. ATM will know far more about what can be given back out of this than we do now. Taxpayers who would like to have something back will be just as happy to get money back in FY10 as in FY09. Pat Easterly said that the Finance Committee has supported giving up portions of reserves in the past, but as part of a complete budget process. She encouraged Mr. Seward to continue the dialogue and work on ways to improve our budget and continue to investigate cost efficiencies. Mr. Kabakoff said he would vote against the motion. The town is not constrained or restrained at any time about spending, and people can vote to spend as much money as they want to support a project.

The motion passed 8-1 (Kabakoff).

### **Update on Multi-Year Plan**

Steve Noone said that the Regional School Committee discussed the draft multi-year plan, and made some suggestions about the plan and additional footnotes. The Town Staff and BOS have expressed concern about formatting, salary assumptions, and more. He will meet with Mr. Ryan and Mr. Ledoux on Thursday about assumptions, and intends to have a plan for Friday morning's ALG meeting. The three boards can vote on the plan at their three-board meeting on September 15. The warrant for the STM will go to press on September 19 and will carry the plan as a DRAFT.

### **Preparation of Joint Board Meeting**

Steve Noone distributed a draft agenda for the three-board meeting on September 15. Bart Wendell will facilitate, and there will be a brief period for questions after each agenda item. Bob Evans recommended that the agenda eliminate "basic definitions," but Mr. Noone said that discussion and presentation of the budget drivers will be the focus.

Mr. Sharp motioned to adjourn at 9:55 p.m. Motion was seconded by Ms. Clifford, and voted unanimously.

Respectfully submitted,

Mary Ann Ashton  
Clerk