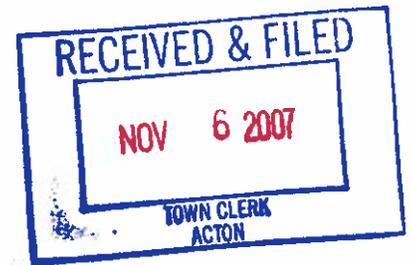


DRAFT Minutes – Acton Finance Committee  
Date October 2, 2007  
Town Hall Room 204



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 pm on October 2, 2007 to review various matters.

Members present for the meeting: Steve Noone (SN), Pat Clifford (PC), Herman Kabakoff (HK), Allen Nitschelm (AN), Bill Mullin (BM), Pat Easterly (PE), Mary Ann Ashton (MA), and Kent Sharp (KS).

Others Present: Sharon McManus(SM), Heather Hare (HH)

There was no public participation.

PE indicated the membership of the Capital Planning Working Group. They are: Bill Ryan, John Ryder, John Murray, and Paulina Knibbe. They are working to determine options for funding capital purchases. They are not recommending specific items to purchase. Items on the list of needs include: \$4MM for the schools, and \$5-\$7MM for the new fire station. PE passed out a chart indicating the cost of funding \$10MM and \$7MM over 20 years at a 5% interest rate. This handout is included as an attachment to these minutes. This estimate does not consider the decline in debt service as principal is paid off. PE acknowledged that we could need more than \$10MM depending upon additional items on the Town's wish list. BM asked how the 5% rate was determined. PE indicated that John Murray agreed that it was a good number. MA asked how we get to a detailed capital plan. She observed that the town has identified \$9.6MM needed in FY 2009 and more the following year. FINCOM's role in establishing a final capital plan will be discussed at a future meeting.

PC discussed the disposition of the NESWC fund. In particular, we can use as much as we want when we want. There is \$5MM in the fund. The current proposal makes the following allocations: \$1MM for the Transfer Station; \$2MM reserve for litigation, \$2MM for Town Meeting to determine. AN pointed out that the Selectmen think that we should not reserve for litigation. They want \$2MM for capital now and some more for future years. PE pointed out that the Selectmen did not take a vote. KS asked how the \$1MM for the Transfer Station was determined. No one could answer. AN did say that there is a document that lists the Transfer Station's requirements. BM observed that this money belongs to the tax payers; it is not just the school's money or the town's money. This money should be treated like free cash. SN asked for opinions. AN opined that the money should be used for capital purchases only. HK opined that it be spent for nonrecurring items only, with priority given to the Town government needs (as opposed to the schools). KS agreed with HK. MA said that we should look at our needs in a holistic way. We should not spend all at once. We should use for extra ordinary capital needs not routine capital needs (like police cruisers and IT). Projects should have a 30 to 40 year life. PE opined that this money should be used for major one time items as determined by boards and committees. BM is glad that the Selectmen do not want to reserve for litigation. However, he thinks that setting aside some for this purpose is prudent. He believes that we should only spend \$3MM. KS doesn't see why we should set aside money for the Transfer Station. Instead, we should set aside money for general requirements and spend it as needs require. SN thinks we should reserve \$1MM for working capital for sewers. HK opined that we should set aside \$1MM for contingency and spend \$4MM. MA agreed with HK except she thinks we should set aside \$2MM. AN thinks we should spend as much as we need to reduce the need for an override.

SN then discussed the improved budget process project. He distributed a printout of a spreadsheet titled "Different Versions of ALG Numbers" a copy of which is attached to these minutes for reference. He indicated that first we must resolve differences for this fiscal year, FY2008. SN also distributed an analysis of utility costs. This analysis is also attached to these minutes. In his opinion the budget numbers for this fiscal year are good. There should be no need to escalate estimates for 2008-2011. PC asked what conservation measures have been taken. SN indicated that the schools are getting new roofs and univents and they have installed Power Factor. PC asked if installing HVAC in the library will have an impact. SN thinks we should do this project, it should have no major impact.

KS is still researching to get data regarding the impacts of SPED costs.

MA requested copies of collective bargaining agreements. She has the schools' contracts but not the Town's.

SN indicated that Steve Barrat doesn't think that HI rates will increase this year.

BM discussed a memo he wrote regarding what he believes our “Point of View” should be. A copy of this memo is included as an attachment to these minutes. He believes that the objective of the FINCOM should be to give guidance (opinion) ahead of the game. BM made a motion exactly as on his memo (attached). AN seconded. BM does not address expenses. This motion represents collective will. KS questioned the last bullet which indicates that we will not rule out reserving a portion of the standard Proposition 2½ levy increase. BM said that given what we know now we may not have to raise taxes the full amount allowed by Proposition 2½. PE inquired as to what the revenue split plan is. BM indicated that he agreed that the definition is vague. He is talking about process. He wants to keep the current plan regarding the revenue allocation process in place. BM observed that there is some sentiment for funding the fire station within Proposition 2½. We have to measure and find the political will for funding major capital projects with a capital override.

SN agrees with the motion regarding the revenue split. BM pointed out that the actual final split needs to be negotiated.

PC observed that this motion deals with the “what” and the “why” and not the “how”.

MA thinks that some of the reserves should be available when preparing the 2009 budget.

AN asked if we are close to the bond cap. BM said no.

AN asked BM his opinion regarding the Chinitz windfall/shortage plan. BM indicated that in his opinion this may not be a good idea.

AN believes that we should attempt to fund spending within Proposition 2½. He doesn’t agree with saying we “must” fund the fire station outside Proposition 2½. We should keep pressure to keep capital spending as little as possible funded inside Proposition 2½.

PE asked regarding what the next step is.

BM suggested that we forward this motion to boards with an invitation to comment.

PE thinks it is premature to make statements as to whether or not we need an override.

Other committees need to discuss as to how to fund budgets and projects. BM observed that keeping an expenditure within Proposition 2½ doesn’t preclude taking it outside 2½ later.

AN offered a friendly amendment – “Under FY 2009 Budget Planning” the last bullet change the word “must” to “may”. BM accepted this amendment. After a short discussion when everyone agreed with this amendment a vote was taken. The amendment passed unanimously.

AN asked that a FINCOM member volunteer to cover the regional school committee. The chair will find someone to take this responsibility.

The Chair will publish the holiday schedule for FINCOM meetings.

SN reported that CPA money spent to rehabilitate recreation facilities was improperly spent. Such spending is not allowed. PC asked about CPC deadlines. SN indicated that the deadline for submissions for projects is in early November.

BM reported the Town Manager Search Committee will have recommendations to the Selectmen by November 1.

BM moved to approve the Draft Minutes of the FINCOM meeting on September 25, 2007.

SN seconded.

Passed unanimously.

AN reported the WRAC is going forward with the sewer expansion study. It should be completed in 8 -10 months.

BM suggested that boards and committees tell us what capital they want to fund and then we can give funding recommendations. MA agreed. AN observed that the School Committee is looking for \$3.8MM. BM asked for detail.

KS moved to adjourn at 9:45PM.

SN Seconded. Passed unanimously.

Respectfully submitted,

Herman Kabakoff  
Clerk