

# TOWN OF HARVARD

## Finance Committee

### Minutes

**Meeting Date:** Wednesday, March 21, 2012

**Meeting Place:** Town Hall Meeting Room

**Members Present:** Marie Fagan (chair), Steve Colwell, Heidi Frank, Alan Frazer (assoc.),  
Alice von Loesecke, Rudy Minar, Bob Thurston, Laura Vilain (assoc.)

**Members Not Present:** George McKenna

**Others Present:** Tim Bragan - Town Administrator, Lorraine Leonard - Finance Director

**Meeting Time: 7:00 p.m.      Adjournment Time: 9:00 p.m.**

### Discussion and Actions

- Marie Fagan opened the meeting at 7:00 p.m.
- Minutes for Saturday, March 17, were reviewed, and approved with changes.  
**A motion was made to accept the Minutes for March 17, 2012.**  
**The vote was 5:0 in favor** (Rudy had not yet arrived).
- No Public commentary
- Discussion of Warrant Articles  
Currently, there are 46 rather than 57 warrant articles with the MBC at Article 18. Article 36 is now the CPA percentage change from 1.1% to 3%.  
  
Committee discussion about the CPA percentage change. The advantage of using the CPA surcharge money verses using excluded debt is that the Town gets a little extra money. Essentially, the town would be saving ahead of time, interest-free, as opposed to paying a bond. Thus, the Town will need to borrow less reducing the overall debt. The increase in the CPA surcharge would complement excluded debt.  
  
If the CPA 3% gets voter approval at the Annual Town Meeting (ATM), this will not affect the Town Hall (TH) building project this year. We are also not locked in to keeping the 3% surcharge. After 5 years the percentage can be changed. For FY13, \$1M from the current CPA 1.1% surcharge can be applied to the TH project. Additional payments for the TH project might be done through two years of short-term notes, and then bonds for the long term.

*Rudy joins the meeting.*

**A motion was made for Finance Committee to recommend in favor of the modification of the CPA surcharge from 1.1% to 3%.** Discussion: should the Warrant Article originate from BOS, CPIC, or both. BOS will determine.

**The vote was 6:0 in favor.**

- Discussion of the TH Building Project presented in Rudy Minar's report  
Rudy's report of his synthesis of the TH building project was handed out. A few points:  
- there's been long term neglect of the TH

- last year's ATM had Town-wide support of the TH re-build, with a commitment made by the town to move forward "we can't afford to wait another year."
- existing conditions include failures in systems; not up to code; fire hazards (no sprinklers)
- if we don't do something, costs will be higher to maintain the current building with no added value, similar to the decision to go ahead with the Town sewer project
- over 1500 hours of research on this project have been done by experts, not to mention the inclusion of public input and presentations to the public
- current bond rates are favorable; short-term lending at 1%, bond itself at 4%
- deferring the project could cost \$3M; using the band-aid approach of just fixing problems could cost \$2.6M; the renovation and rebuild will cost the taxpayer \$3.9M
- time, money, expertise, and interest rates all in the Town's favor to do TH project.

There was a question about the upstairs of the TH project costing \$75K for lift and stage area; answered that this may be privately funded. Another question about not having the Warrant Article mention circuit breakers; answered that if there are overages, the Town will have to go back to a special Town Meeting.

**A motion was made to recommend in favor of the Town Hall project, Article 18, as written, with \$2.9M raised through exempt debt, and that \$1M to be paid from CPA funds. The vote was 6:0 in favor.**

- Town Administrator report (Tim Bragan) - Discussion of Calculator
 

In general, there will be an increase of 2.5%/year as shown in the Calculator. If this is applied over the next 7 years, there will be an accumulated increase, from now to then, of 20%. This being so, the impact of the TH Capital project on the Town people's property taxes, as shown and written about in The Book by CPIC, is only 6% over this time period, not 26.8% or 30%. Also, when CPIC did their calculations, they started a year earlier. The CPIC Calculator used the residential base with no commercial impact (commercial in town accounts for 5%). And the CPIC numbers had Town residents paying in full for the TH project through property taxes. CPIC's calculator also presented as a worst case scenario, by suggesting that if all the Capital projects were voted in, townspeople's property taxes would increase in 2020 from \$5,437 to \$6,901.
- Liaison Reports
 

School Committee met on Monday and determined that they would add-back the Wellness .6 position using textbook money. The World Language program, supported by the Finance Committee, will remain unchanged - an on-going program for HES.

There was a book-keeping change that shows better transparency between the DPW and other Town departments.
- Next meeting – Wednesday, April 4, 2012, 7:00 p.m., Town Hall meeting room  
– Town Meeting, April 28, 2012

Meeting adjourned at 9:00 p.m.

Respectfully submitted,  
Laura Vilain