

**Board of Selectmen's Meeting
October 21, 2010, 7:30 AM
Town Administrator's Conference Room
Town Hall, 155 Village Street**

Present: Chairman Dennis Crowley, Selectmen John Foresto, Andrew Espinosa, Glenn Trindade, Richard Dunne, and Town Administrator Suzanne Kennedy.

Also present: Melanie Phillips, Finance Director, Carol Pratt, Town Accountant, Allison Potter, Asst. to Town Admin., Karen Kisty, Operations Manager.

At 7:35 AM Chairman Crowley called the meeting to order, and the Board recited the Pledge of Allegiance.

Middle School Repair Project Discussion

The Board was in receipt of a spreadsheet showing the annual cost to the average taxpayer for \$11,526,691 debt for 20 year borrowing term (relative to the proposed Middle School repair project.

Chairman Crowley reminded the Board that the purpose of this meeting was to brainstorm to discover possible ways of funding the Middle School Repair Project with minimal impact on residents. He listed the following areas as discussion points: 1) Any excess bonding capacity, 2) how much of current bond capacity will disappear in near future, 3) when do current debt exclusion projects disappear, 4) probability of using free cash, and 5) possible reduction of Community Preservation Act funds from 3% to 2%.

The following questions were considered: 1) Is there any excess bonding capacity? 2) How much bonding capacity disappears as time goes forward? 3) When do current debt exclusion projects disappear? 4) What is the probability of using free cash? and 5) Is a reduction of Community Preservation Act funds from 3% to 2% a viable option for a funding source?

Melanie Phillips stated current bonding capacity is \$429,000, bringing the total to \$5 million. Amounts dropping off in the coming years represent a combination of different debts and accumulate to a total of approximately 155,000, then in 2016, \$508,000 comes off. She noted that these amounts include both principal and interest, and that enterprise funds are not included in these figures.

Responding to a question from Selectman Dunne, Ms. Phillips stated the cost of bonding \$11 million is approximately \$1 million. She opined that the Town might not be able to do any other projects unless it violates its own fiscal policy or deferring capital projects, as well as risking the Town's bond rating (stagnate or downgraded). She clarified that a debt exclusion is not factored into any process that might result in a downgrade.

Selectman Espinosa stated he was interested in determining funding that might offset debt exclusions, as well as unanticipated savings that may come along. He noted he was not in favor of increasing existing debt. Discussion followed.

Chairman Crowley opined that it seemed like the Board was in agreement on a debt exclusion, but had yet to come to a consensus on the amount.

Regarding current debt exclusion projects, Ms. Phillips stated small projects fall off the grid in 2016, but the majority of projects are long-term and continue for a long time. She noted that the police station and fire station are examples of those, representing \$2 million charged annually to residents.

Regarding free cash, Ms. Phillips estimated that there is approximately \$1.2 million in reserve. Additionally, there is \$2.1 million in the stabilization fund and \$1.4 million in the operational reserve. She was reluctant to say how much there was without certification from the Department of Revenue, noting that it could be as low as \$800,000 or as high as \$1.6 million.

Chairman Crowley asked about the legality of moving funds as the Town needs them. Can monies be transferred without telling the Department of Revenue? Ms. Kennedy stated free cash cannot be earmarked for the repair project. She opined it to be a dangerous practice, as some years there is no extra money, an unpredictable resource.

Selectman Dunne noted that homeowner costs of water, sewer, garbage collection, etc. are all increasing and would like to minimize the impact of the repair project on taxpayers.

Selectman Espinosa expressed concern that inflation has been under 2% the past few years, but government has been incurring more than 2% in tax increases. He opined there is more money coming into the government than residents have coming in. He questioned why Proposition 2 ½ brings money into the Town and yet some things cannot be funded.

Discussion on when various types of debt fall off the grid, what remains as each falls off, impact to residents at each juncture, etc. It was noted that market rates for bonding need to be considered as well. Ms. Phillips noted the cost of debt service every year is approximately a million dollars, including both principal and interest. She noted further that in 2017 a million falls off so taxes will go down somewhat.

Selectman Espinosa suggested preparing a graph to show exactly where all taxes and revenue come from, i.e., trash, sewer, excise, property, to name a few. He opined this would help should the overall impact to residents in a comprehensive yet easy-to-understand manner, and could be useful to the Board in making decisions with regard to other projects. Chairman Crowley clarified that this should be for Board use only and not made available to residents.

Selectman Dunne stated he would like to find a way to minimize the financial stress residents are feeling. Selectman Trindade opined that growing labor costs and health insurance premiums are major expenses presently. For example, in the school system, the solution is to reduce the labor force.

Selectman Espinosa opined knowing where the town stands at the moment would be a good tool to have, not necessarily as a forecasting tool, but in order to make sound fiscal decisions.

Selectman Dunne asked if adoption of the school repair project is at the exclusion of other projects. Ms. Kennedy responded there are no other projects in the works at the moment. She noted further that unanticipated projects of an urgent nature may have to come out of free cash, but there is no way to foresee those.

Selectman Trindade commented that the Board has done a good job in considering concerns of the residents, and now needs to focus on the present. He opined that there has been no indication from anyone that the Board has been frivolous with taxpayer monies.

Responding to a question from the Board, Ms. Phillips stated her office is seeing significantly more payment plans for residents to pay property taxes than ever before.

Selectman Espinosa opined that an analysis may show that when debt drops off, there is no significant impact to residents. In that case, a full debt exclusion would be acceptable. He noted he is not in favor of taxing residents any more than they are now. Ms. Kennedy stated the cost to taxpayers of a full debt exclusion amount would be approximately \$230, but if there could be a way to reduce borrowing by a million dollars, the taxpayer cost would only drop to \$211, a minimal savings in the first year.

There was general discussion regarding projects that might compete with the school repair project, impact from Community Preservation Committee projects, what service might the Town not provide in order to support the school project to reduce impact on voters, etc. The school project is too good a deal to ignore right now, even if the Board is struggling with funding sources other than debt exclusion.

It was agreed to meet on Monday, October 25, 2010, at 7:00 AM to review the debt analysis from Melanie Phillips.

It was noted that it is up to the Middle School Building Committee to publicize information on the repair project, not the Board of Selectmen.

Thayer Property:

Selectman Dunne stated he could not vote in favor of the project without seeing what the architect had in mind. He opined that questions would be raised. Ms. Kennedy noted that the architect would help formulate the plan for renovation. Selectman Dunne stated he wants to know what the Community Preservation Committee sees as the ultimate vision for this property.

Selectman Foresto opined the intent is to protect and utilize the open space for meetings and events, almost like a town square.

Ms. Kennedy comments she just wants the Board to be prepared for a motion that may or may not include the barn as the Community Preservation Committee could say the barn is not within the scope of the article.

At 8:46 AM Selectman Trindade moved to adjourn; Selectman Foresto seconded. No discussion. All ayes, 5-0.

Respectfully submitted,
Jeanette Galliardt
Board Secretary