

Amherst Finance Committee Minutes
September 14, 2016
Town Room, Town Hall

Note: this was a joint meeting of key town staff, the Finance Committee, Select Board, Amherst School Committee, Library Trustees, and members of the committee that is exploring options for a new fire station and DPW headquarters. These minutes review the entire meeting but are not the official minutes of that meeting but, rather, the minutes of the Finance Committee since this was a duly advertised and formally constituted meeting of that body.

Finance Committee members attending: Marylou Theilman (chair), Steve Braun (vice chair), Joe Jayne, Bernie Kubiak, Tim Neale, Janice Ratner, Anurag Sharma,

The meeting was called to order at 7:05 pm.

After introductions, Select Board Chair Alisa Brewer explained that the purpose of the meeting was to gather the relevant boards and committees to hear updates on the status of the four large capital projects currently being considered by the Town (i.e., new elementary school, expansion of the Jones Library, new fire station, and new DPW headquarters) and, also, to hear a presentation by new Town Manager Paul Bockelman and acting co-Finance Director Claire McGinnis, about one scenario to fund the options. Mr. Bockelman stressed that this scenario to be presented will simply be one suggestion, and that many other possibilities for funding and staging of the projects is possible.

Project Updates

Schools

Acting school superintendent Michael Morris gave a status report on the project that would build a new elementary school to house all of the town's grade 2-6 elementary school students, to be built in stages on the site of the current Wildwood elementary school (the old school to be demolished). The final Scope & Budget for the project is expected to be approved by the Massachusetts School Board Association on or around September 29 with the following estimated total project costs:

Total budget: \$67,207,225

Maximum MSBA share: \$34,454,412

Estimated town share: \$32,752,813

[Note: these figures do not include interest costs on bonds the town would require to fund its share of the project.]

Voters will decide on November 8 whether to approve a Debt Exclusion Override that would allow the town to transcend the limits of Proposition 2.5 for the life of the bonds used to fund the project. If the override passes, Fall Town Meeting will need to approve (i.e., authorize) the actual borrowing needed for the project).

Library

Library director Sharon Sharry reviewed the needs of the library (i.e., improving space, expanding space, fixing roof leaks, updating HVAC systems) and the history of the project to date. The current cost estimates for the project are:

Total budget: \$32 million

MBLC share: \$12 million

Town share: \$15 million

Capital Campaign: \$5 million

The consultants hired by the library are in the process of developing detailed plans and budgets for the proposed expansion. The library will come to Spring 2017 Town Meeting to seek approval for the formal application to MBLC for the project. If the project is approved, Town Meeting will also need to authorize the borrowing required to cover the Town's share of the costs.

Fire station/DPW

Lynn Griesemer, Chair of the ad hoc committee formed to explore options for a new fire station and DPW headquarters reviewed progress on both projects. An initial feasibility study has been completed for the DPW headquarters which estimates a cost of \$38 million for a 79,000 square foot building to be located on one of several possible sites, with the site of the current Fort River school being the favored site. Decisions about placement of a DPW headquarters will be affected by the outcome of the upcoming Debt Exclusion Override and subsequent decisions about whether Fort River will continue to function as an elementary school.

Although there have been three separate feasibility studies done for a new fire station (the last one being completed in 2006) the ad hoc committee will be asking Spring 2017 Town Meeting for approximately \$350,000 for a Phase II study. Very preliminary cost estimates for a new fire station are approximately \$13 million.

Preliminary strategy for funding 4 capital projects

Ms. McGinnis presented an overview of the Town's financial picture and one option for funding the four capital projects. She made the following major points:

- Compared with similar towns in the state, Amherst's debt burden (either in absolute terms or in per-capita terms) is quite low.
- A significant borrowing capacity could be made available because the Town's existing debt burden will be dropping in coming years and the Town could increase to 10% its capital budget (with some of that budget used to continue funding capital needs and some used to pay principal and interest payments on bonds, both existing and future).
- The town's total for free cash and the stabilization fund currently stands at about \$13 million, which is close to the \$15 million ideal level that has been sought for the past decade. Drawing some of that (leaving at least \$6 million) could help cover the borrowing costs in the few years when current projections show those costs would exceed the Town's ability to pay via normal capital funding.
- The current strategy involves passing 2 debt exclusion overrides, the upcoming one for the schools and another for the library. The fire station and DPW building could then be funded using some combination of existing borrowing capacity, drawing from the Town's stabilization fund, and revenue from new developments in town (or, possibly, other sources such as the sale of unused town buildings).

Following Ms. McGinnis's report there was a period of questions and answers. Members from the Finance Committee as well as some from the other boards asked about details in the propose plan or about the summaries of the four project. Details can be found by watching the video of the meeting recorded by ACTV. There was general satisfaction that the town brought together the relevant boards and committees, and that considerable thought is being devoted to the puzzle of how to pay for the various projects. The proposed strategy is, obviously, contingent on the success of the current debt exclusion override. If that override is defeated at either the polls or TM, the strategy will have to be re-thought.

Member reports – liaisons and committees: None

Minutes of previous meetings: None.

Next meetings and agenda: The next meeting will be Thursday, September 29, 2016 at 7:00 pm.

Topics not reasonably anticipated by chair 48 hours in advance of meeting: None

The meeting adjourned at approximately 8:45 pm.

Acting clerk, Steve Braun

Supporting documents:

- Slide presentation by acting school superintendent Michael Morris (available on school district website)
- Slide presentation by Clair McGinnis, acting co-finance director (available on town website)