

Longmeadow Finance Committee

Our mission, as taken from the town charter: The finance committee shall be an advisory committee to the town meeting ...shall have jurisdiction over the reserve fund... shall conduct long range fiscal planning... shall advise on fiscal policy... shall direct the budget review process...and shall advise the town's voters on budget suitability to meet town services needs.

Minutes of the Finance Committee meeting of May 18, 2010

Meeting held in the School Committee Meeting Room

Start time: 7:00pm

Members present: Mark Barowsky, Chairperson; Peter Greenberg; James Law; Richard Liasse; Kevin Ryczek; Edward (Ned) Steiger; Roger Wojcik, Clerk

Members Absent: No one

Others in Attendance: Jim Moran; Paul Pasterczyk

Special Note: This meeting was televised by LCTV.

Review of the May 25 Town Warrant Article 1

Article 1 of the May 25 Town Warrant reads as follows –

To see if the Town will vote to appropriate, borrow or transfer from available funds, a sum of money to be expended under the direction of the School Building Committee for Longmeadow High School, located at 95 Grassy Gutter Road, between Bliss Road and Williams Street in Longmeadow, Massachusetts, which school facility shall have an anticipated useful life as an educational facility for the instruction of school children of at least 50 years, and for which the Town may be eligible for a school construction grant from the Massachusetts School Building Authority ("MSBA"). The MSBA's grant program is a non-entitlement, discretionary program based on need, as determined by the MSBA, and any project costs the Town incurs in excess of any grant approved by and received from the MSBA shall be the sole responsibility of the Town. Any grant that the Town of Longmeadow may receive from the MSBA for the Project shall not exceed the lesser of (1) fifty one point eight four percent (51.84%) of eligible, approved project costs, as determined by the MSBA, or (2) the total maximum grant amount determined by the MSBA.

, or take any other action relative thereto.

Finance Committee Will Make Its Recommendation At Town Meeting

Summary:

The language of Article 1 is prescribed by the MSBA . The actual motion approved by the MSBA, to be made on the floor of town meeting, will read as follows:

" That the Town appropriate the sum of seventy eight million four hundred fifty two thousand eight hundred eighty eight (\$78,452,888) Dollars for the costs associated with the construction of a 185,000 SF addition to the Longmeadow High School located at 95 Grassy Gutter Road, and the renovation of the 1971 wing of the existing Longmeadow High School; provided that the renovation of the existing 1971 wing shall not be eligible for reimbursement by the MSBA, which school facility shall have an anticipated useful life as an educational facility for the instruction of school children for at least 50 years, said sum to be expended under the direction of the School Building Committee, and to meet said appropriation the Treasurer is authorized to borrow said sum under M.G.L. Chapter 44, or any other enabling authority; that the Town acknowledges that the Massachusetts School Building Authority's ("MSBA") grant program is a non-entitlement, discretionary program based on need, as determined by the MSBA, and any project costs the Town incurs in excess of any grant approved by and received from the MSBA shall be the sole responsibility of the Town; provided further that any grant that Town may receive from the MSBA for the Project shall not exceed the lesser of (1) fifty one point eight four percent (51.84%) of eligible, approved project costs, as determined by the MSBA, or (2) the total maximum grant amount determined by the MSBA; provided that any appropriation hereunder shall be subject to and contingent upon an affirmative vote of the Town to exempt the amounts required for the payment of interest and principal on said borrowing from the limitations on taxes imposed by M.G.L. 59, Section 21C (Proposition 2½); and that the amount of borrowing authorized pursuant to this vote shall be reduced by any grant amount set forth in the Project Funding Agreement that may be executed between the Town and the MSBA."

[[Also taken from the Warrant –

The approved total project budget is \$78,452,888, including both the new 185,000 s.f. building and renovation of the 1971 wing. The portion of the project that qualifies for MSBA reimbursement is the 185,000 s.f. new facility. The estimated cost for this new construction is \$65,595,405, of which up to 51.84% - or \$34,004,658 - may be eligible for state reimbursement. If the state grants the town the full reimbursement of 51.84%, the town portion will be \$44,448,230.

The purpose of this article is to authorize the borrowing and expenditure of funds up to \$78,452,888 for this purpose. A referendum question will be on the June 8 ballot to seek voter approval to exempt the borrowing of the town's portion from the tax limitations of Proposition 2 ½. Both the article and the ballot question must be approved in order for the project to proceed. The article requires a 2/3 vote for passage. The referendum requires a simple majority for passage.]]

The Committee held a lengthy discussion of this Article in order to prepare its recommendation for the May 25th town meeting. It used as a basis for discussion a scenario which would summarize the impact of future expenses, such as the proposed High School bond, on the real estate taxes of the average house in town over the next ten years. Other factors considered in discussion included :

- A house of \$350,000 market value, with current annual taxes of \$6,398.
- The town's \$35M obligation to its OPEB account.
- A list of other town infrastructure projects valued at \$90M, after excluding \$52.8M of projected middle school renovations. See attached list of all infrastructure projects.
- The likelihood of operating budget overrides during the next ten years, estimating each at \$1M.
- Continuing Proposition 2 ½ annual increases.

Ultimately a motion was made and seconded to say that the Committee feels that the high school project is financially feasible, understanding that the current tax on a \$350,000 house is \$6400 and that in the year 2020 that tax will go to "x" amount of dollars, understanding that by adding in the three operational overrides during the course of that ten years that it would bring the tax on that house to "y" amount of dollars and that there has been identified in the Tighe & Bond and JCJ Architects reports of two years ago 90 million dollars of capital projects, and if 20 million dollars of those projects were implemented in the course of that ten years that it could impact the taxes on that house by additional \$3000. (The 'x' and 'y's to be filled in once calculations were checked. The committee voted 6 in favor of the motion with 1 abstention.

The meeting was adjourned at 9:08pm.

Minutes prepared by Roger Wojcik, Clerk