

MESSAGE FROM THE ACTON VOTERS GROUP

(www.ActonVotersGroup.com)

NOTE: This letter was shortened to fit into the available space in the Warrant. The original letter is below.

Dear Acton Voter:

Welcome. We appreciate your taking an evening out of your busy life to attend this Special Town Meeting which was called by more than 1,500 Acton registered voters to discuss and vote on our proposal to lower Acton's property taxes this year. We will be as brief as possible; please visit our website for more information.

For too long, property taxes in Acton have been increasing. The reasons are well known: "Tax to the Max" and "Spend to the Max" budgeting and the use of reserves to cover deficit spending has led to two general overrides in the last five years. Additional overrides for the cost of school construction and municipal buildings have contributed to Acton's tax burden, which is among the highest in the Commonwealth.

This year, the town is fortunate to have significant financial reserves of more than \$8 million, which is twice the amount recommended by the Massachusetts Department of Revenue (DOR). These reserves were created primarily by two unusual events. First, we have received large increases in Chapter 70 aid (education funding) from the state, and second, we learned that a multi-million dollar fund raised to "re-cap the landfill" at the transfer station was no longer needed. This "NESWC" fund of about \$5.1 million was freed up for other uses by recent state legislation and therefore adds to our available reserves.

Taxpayers at Town Meeting have subsidized this "NESWC" fund for many years. The Acton Voters Group carefully evaluated the town's financial needs and the current economic situation and decided to ask that half (\$2.4 million) of this fund be used to lower the property tax rate this fiscal year. This will leave the town with more than adequate reserves.

If the article proposed by the Acton Voters Group is approved at this Special Town Meeting, the average single-family property tax bill will remain at about \$8,051, and families will see a one-time savings of about \$328.

From the Acton Voters Group's perspective, that is the "end of the story." The town has a multi-million dollar fund which was built up for a potential problem that no longer exists. The fund has become available for any purpose approved by a town meeting. Returning a portion to the taxpayers is one of the valid uses suggested by the DOR.

But things in Acton are rarely that simple. There are many constituencies who look upon that NESWC fund as a source for their projects. They would much rather have the town keep all the money so it can be spent.

How do we know that the town plans to spend these reserves? **Because it is shown in the 3-year "ALG Plan" printed elsewhere in this Warrant.** (Our suggested changes are also available in this warrant for comparison purposes.)

The town now has about \$8 million in reserves. If the spending as shown in the ALG Plan takes place, then at the end of FY12, there will only be \$1 million left, which the town has said it wants to keep for other NESWC liabilities. **This means that the ALG Plan would have Acton use up almost all its reserves in the next three years.**

On top of that, under the ALG Plan, budgets will continue to grow as if there is no recession. **Budgets are scheduled to increase more than 6% a year** for two years. Does anyone think that those growth levels are sustainable? Also troubling is the ALG plan to use reserves to fund recurring operations. **This is a practice strongly discouraged by the DOR.** And, finally, there is a surprise for taxpayers in FY12: a **budget deficit** of at least \$2.4 million and maybe as much as \$7 million. Taxpayers would once again be asked to approve a **general override** to cover this deficit.

There is another approach. The Acton Voters Group took the same "ALG Plan" and made one different assumption: we set budget growth to available recurring revenue levels (i.e., did not use reserves) which resulted in about 4% growth per year instead of 6%. Note what happens: The reserves are kept intact, and Acton will see balanced budgets. It's all about controlling spending to available recurring revenues. **We do not use reserves to finance increases in spending.**

We can review many "what if" scenarios by forecasting budgets. But the Acton Voters Group's analysis shows that if spending is controlled, we will probably not face budget deficits, will not need to use reserves to cover recurring expenses, and will not need a large general override in less than three years. The exact opposite will happen if we follow the ALG Plan.

The spending advocates argue that if the economy grows worse, the town will need these reserves to make ends meet.

We strongly disagree. If revenues are lower, we must reduce spending, not borrow from our reserves.

Using reserves to fund recurring operational expenses should NEVER be done. The town has made that mistake before and it shouldn't do so again.

Just three years ago, voters were asked to approve a \$3.8 million general override after the town spent its reserves financing an operating deficit. This practice is very risky. The town was lucky that there was no emergency and that the override was approved. To convince taxpayers to vote for the override, many threats were made by advocates that there would be layoffs, schools or fire stations would be closed, etc. We view these tactics as unfair and divisive—and unnecessary when steps can be taken now to control spending.

So use your judgment and vote **YES** to give taxpayers a property tax reduction this year while still maintaining all town and school services and leaving an adequate reserve. Send a message to our town boards and committees that we should all work together to reexamine and refine Acton's long-term strategies so that the interests of the taxpayers and the needs of the town are fully met and fairly balanced.

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