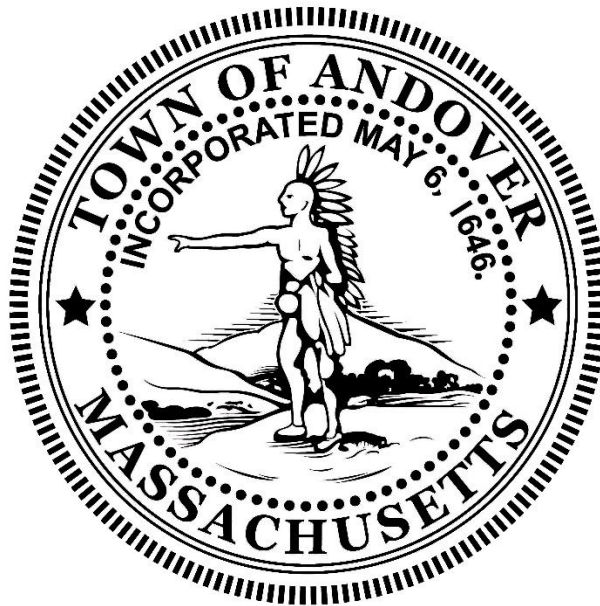


**TOWN OF ANDOVER  
SPECIAL TOWN ELECTION**

**Ballot Questions and Explanations**



**TUESDAY, JUNE 15, 2021**

**Town of Andover, Massachusetts**  
**Special Town Election**  
**June 15, 2021**

**Ballot Question Summaries**

Two ballot questions will appear on the ballot in the Special Town Election to be held on June 15, 2021. Set forth below, in accordance with G.L. c. 53, §18B, is the form of each ballot question, a summary of each ballot question describing the effects of a “yes” or “no” vote on each ballot question, and arguments for and against each question. This Special Election will be held following Town Meeting’s June 5<sup>th</sup> votes on both of these matters.

**QUESTION 1 – Pension Obligation Bonds**

Shall the Town of Andover be allowed to exempt from the provisions of proposition two and one-half, so-called, the amounts required to pay for the bond issued in order to fund the unfunded pension liability, so-called, of the retirement system of the Town, and for the payment of all costs incidental or related thereto?

Summary: The Town Meeting will consider whether to authorize the issuance of pension obligation bonds to fund all, or a portion, of its unfunded pension liability. The Town’s current pension funding schedule requires the Town to pay approximately \$346.0 million over the next [18] years to address this unfunded liability. The Town estimates that meeting its unfunded pension liability through the issuance of pension obligation bonds would cost approximately \$266 million. Pension obligation bonds would not be issued if market conditions at the time of issuance are not favorable. The authorization to issue pension obligation bonds by Town Meeting is contingent upon the approval of a debt exclusion in the June 15<sup>th</sup> Special Town Election. A vote of “yes” will permit the Town to proceed with preparing for the issuance of pension obligation bonds. A vote of “no” would stop the Town from issuing pension obligation bonds.

Argument for Approval: Argument in Favor: The Town’s current pension funding schedule requires the Town to pay approximately \$346.0 million over the next 18 years to address its unfunded pension unfunded liability. The Town estimates, using conservative assumptions for the interest cost of the borrowing and rate of investment return on pension fund assets, that meeting its unfunded pension liability through the issuance of pension obligation bonds would cost approximately \$266 million. Pension obligation bonds would not be issued if market conditions at the time of issuance are not favorable; if empowered to issue these bonds, the Town would only do so if then-current circumstances justify the action. Issuance of these bonds gives the Town a tool to address a looming fiscal threat without reliance on changes to the State’s funding deadline and without dramatic cuts to Town services. A choice not to address the unfunded liability through bonds could result in taxpayers paying more to fund the unfunded pension liability (compared to the costs of issuing pension obligation bonds) and may result in major impacts to Town services.

Argument in Opposition: The use of pension obligation bonds to finance an unfunded liability relies on attaining rates of investment return that are inherently uncertain. Total pension liability is based upon many actuarial assumptions including rate of return, mortality, cost of living increases, and additions to the Town's workforce over time, among others. Changes in these assumptions can significantly increase or decrease the Town's unfunded pension liability. For example, the Great Recession created substantial losses for pension funds, increasing levels of unfunded liability and ultimately required pension funds to significantly revise their assumptions on investment returns. Additionally, State law regarding the date by which full funding is to be achieved is also subject to change. If State law is amended to extend the deadline for fully funding the Town's unfunded liability, which has occurred from time to time, annual appropriations to pay this liability may be reduced. However, if pension obligation bonds are issued, annual debt service on the bonds would become a fixed liability.

## **QUESTION 2 – West Elementary School and Shawsheen Preschool**

Shall the Town of Andover be allowed to exempt from the provisions of proposition two and one-half, so-called, the amounts required to pay for the bond issued in order to fund the design and construction of a new Pre-K through Grade Five Elementary School with an approximate square footage of 191,000 square feet located at 58 Beacon Street, Andover, Massachusetts inclusive of abatement and demolition of the existing school structures on said property, new parking lots, multi-purpose fields, and all other costs incidental and related thereto?

Summary: The Town Meeting will consider whether to authorize the borrowing of \$151,661,968 to pay costs of designing and constructing a new Pre-K through Grade Five Elementary School to be located at 58 Beacon Street, which would replace the West Elementary School and Shawsheen Preschool buildings. The total amount authorized to be borrowed for the project is expected to decrease by approximately \$38.0 million to the extent a grant has been approved by the Massachusetts School Building Authority. The Town Meeting's authorization to borrow for this project is contingent upon the approval of a debt exclusion in the June 15<sup>th</sup> Special Town Election. A vote of "yes" would permit the Town to proceed with the project. A vote of "no" would stop the project.

Argument in Favor: If the project is approved, the Town would replace the aging West Elementary School and Shawsheen Preschool buildings, with assistance from the Massachusetts School Building authority of approximately \$38.0 million. West Elementary School supports grades Kindergarten through 5 with a current enrollment of approximately 600 students. It was originally constructed in 1951 and was added-to in 1956 and 1968. The new building will also replace the current Shawsheen Preschool, which was built in 1921. Both these buildings were rated in a 2016 Town Facility study as poor or unsuitable in the areas of: existing building condition, educational suitability, grounds condition, and technology readiness. The new school will solve the building problems at West Elementary School and Shawsheen Preschool and also will address the need for increased capacity at the elementary level across the district. The school

will be appropriate for the district-wide special education programs that reside there, including programs for our medically fragile students.

Though well maintained, the buildings have reached the end of their useful life and lack appropriate spaces for a breadth of teaching and learning, including special education and other curricular programs. These two buildings are the most expensive Town buildings to operate and maintain. The new school of approximately 191,000 gross square feet would be constructed adjacent to the location of the existing West Elementary School. The configuration of the new construction will feature three-story academic wings located on the existing fields. The new school will create inclusive, flexible and adaptable learning environments that enable access for all through universal design for learning.

The school will be LEED Silver certified and net zero ready, thus substantially reducing future operating costs. Approximately 300 parking spaces will be provided, and at least three age-appropriate separate play areas, and natural and synthetic turf field areas for physical education, recess, and community use outside of school hours will be constructed. The existing school can remain in full operation during the construction, with the new building erected behind the current building. Upon completion of the new building, the current West Elementary School will be removed from the site and the future use of the Shawsheen Preschool facility will be determined through a community-wide process.

Deferring construction of this building will cost the Town more in the long-run due to high operating costs and the rising costs of construction.

Argument in Opposition: The cost of this project to taxpayers is too high at a time when taxpayers are hurting. The Town should reject this new building because construction costs are artificially inflated due to the impacts of Covid – waiting may result in a lowering of these costs. Also, the Town should instead focus on improvements to Andover High School due to the overcrowding challenges there. The high school services all students in the district and not only a portion of the district's students.

For more information, visit <https://www.andoverma.gov/>

Questions about Pension Obligation Bonds can be directed to the Town Manager's Office at 978-623-8210 or [manager@andoverma.gov](mailto:manager@andoverma.gov).

Questions about West Elementary & Shawsheen PreK School can be directed to the West Elementary & Shawsheen PreK School Building Committee chair at [paula.colbyclements@andoverma.us](mailto:paula.colbyclements@andoverma.us).