

ALG Minutes, February 5, 2020, 6:30 PM; Meeting room AML

Present: Pat Clifford, facilitator; Joan Gardner and Jon Benson, BoS; Christi Andersen and Roland Bourdon, FC; Amy Krishnamurthy, SC; John Mangiaratti, Peter Light, Marie Altieri and Steve Barrett, staff. Absent: Diane Baum, SC. Guests: Bob Gerardi, Director of finance for Minuteman Tech; Michelle Shephard, Business manager MM tech, and Pam Nourse Acton's rep on MM's school committee.

Audience: David Martin, BoS; Dave Verdolino, ABRSD finance director, Brian McMullen, asst. assessor and finance director, John Petersen, ABRSD committee, Bonnie Lobel, COA and Charlie Kadlec.

Additional information/documents: Agenda; Minuteman managing success summary; Minuteman power point on FY 21 budget; Town of Acton Multi-year financial model (ALG Plan) and ABRSD calculation of regional member assessments.

I. Regular Business

Jan 21 minutes were accepted.

II. New/Special business

2. FY 20 Update

John: Snow and Ice is still hanging on; We received a \$112K Municipal Vulnerability Grant for the River street dam. That will go a long way in fixing the dam.

Peter: We are still processing the second quarter numbers. They should be ready by next week. We will have a tighter year-end 1. We intentionally budgeted tighter, as requested. 2. We have additional staff costs; I will have those numbers for the next ALG meeting

III. FY 21 revenue projections

Steve: Look at the revenue page--- we are taxing to the full extent of Prop. 2.5; both state aid and local receipts are flat at a 1% increase
Marie did not have any comments for the school's position.

IV. Review of Minuteman FY 21 Budget assessment

Pam Nourse noted that the budget drivers were debt service and enrollment. She introduced the representatives from Minuteman.

According to Mr. Gerardi, Minuteman is "suffering" from its success. They did not think the school would be oversubscribed with students from the member districts. There has been an expenditure of funds to ramp up for needed staff; there have been grants for needed equipment; there will not be any out-of-district or choice students in the upcoming 2020 freshman class; the loss of tuition will impact the budget over the next three years as the school becomes only member-based and as each class graduates there will be fewer out-of-district paying students; Belmont will still have to pay their share of capital costs but only for the next three years; the increase in Acton's

enrollment will cost @\$140K base line. Mr. Gerardi agreed that there would be an unexpected increase in costs but that it would “flatten out”. He noted that there was still another bond to be issued; the old building demolished and new fields built. He indicated that there may be a phased building of the fields to reduce the costs.

Marie noted that of the 365 eight graders in Acton 40 applied to Minuteman. The budget increase of 32.5% would probably rise to 34.5% next year; the rolling enrollment averages would be around \$1400-\$140K. These are just operating costs and do not include capital.

V. **Review of Multi-Year Financial Model**

Steve directed members to page 2. He noted that the reductions in the school’s assessment brought the increase to 3.06% (\$126,506) and the town’s to 2.94% (\$22,183); cherry sheet changes +\$22K; new growth increase \$50K; local receipt estimate \$100K; decrease in overlay \$50K; changes in Minuteman \$7,204K; makes the net position of -\$65,781.

There were questions about the expected turn-backs. Peter aid that the schools may reach less than \$1M and would mean less in E&D.

Roland questioned the level of E&D and the impact on the bond rating; the FC did not like using reserves to balance the operating budget.

Peter: next year’s reserves will not be relevant to the bonding for the buildings we are looking at a reduction in the reliance on reserves.

Marie: we need to look at the percentages. Our percentage is now at 4% the policy has it at 4.5%. the budget could come in as low as 3%.

John: We have been intentional in our turn backs We have held off on hiring and had a number of vacancies; we are now filling vacancies: we do not expect the turn-backs to be at the same level as before; the trend is down and it looks like \$1M in the out years. We can cover the \$65K deficit from our reserves.

Christi asked if the town were comfortable with the reserve replacement schedule in the model. Steve said that he was.

Dave Verdolino handed around a set of information sheets with the revised table six on the projected school debt; debt services and assessments. He noted that 80% of the budget came from assessments which covers the fixed revenues; the estimate for state aid is the other 20% which is not fixed and there may be an increase (perhaps \$100K) within the next three to four years. It was decided that the information needed more time to digest and would be discussed at the next meeting.

Pat noted that the \$65K deficit on the model was being covered. She asked if the model was ready for the warrant.

Christi did not agree saying she was uncomfortable with some of the projects most notably the inclusion of tuition reduction all-day kindergarten. She noted that this was a year when the schools had asked for a lot of money and thought

that they should hold off on the tuition reduction all-day kindergarten and not spend the \$180K.

Amy explained that the decision was based on educational values and what was best for the children involved. The committee listened to many parents and educators and decided that this was a valuable program that needed to be funded.

This discussion did not end in any agreement. It was agreed that the ALG would discuss budget expenses and reserves sustainability at the next meeting.

VI. Public comments

Bonnie Lobel: There has got to be a point where you stop this spending. Every time I come to one of these meetings you people just pass on more spending. It has to stop! We cannot afford the tax increases.

Charlie asked how the increase in enrollment would impact the budget.

Peter: this is the first time I've seen these figures (from Dave's sheets) so cannot tell as yet.

Charlie asked about the additional debt that will be on the warrant for things like the Kelley's corner easements and other municipal spending.

Peter: we will know the bond rate by the 26th and we will have the plan with the actual numbers in the warrant.

John said that the municipal numbers will also be in the warrant.

VII. Adjourn

Adjourned: 8:35 PM

Next Meeting: February 27, 7:30 AM EOC

Ann Chang

Additional information/documents: Agenda; Minuteman managing success summary; Minuteman power point on FY 21 budget; Town of Acton Multi-year financial model (ALG Plan) and ABRSD calculation of regional member assessments.