

ALG Minutes, October 15th, 7:30 AM, Room 204 & remote

Present: Bart Wendell, facilitator (Bart was late due to traffic & we started without him) Dean charter, Alissa Nicol, SB; Scott Sullivan, FC; Tori Campbell & Leela Ramachandran, SC; John Mangiaratti, Peter Light, Ellie Anderson & Sheri Matthews, staff. Absent: Roland Bourdon, FC. Audience: David Martin, SB, Patrick Macintyre, treasurer, Thom Begin, asst. town manager. Zoom audience one.

Extra info/ documents: Agenda, minutes, draft ALG multi- year plan.

Minutes were accepted with corrections

FY 25/26 update

John: we're currently in a reval year— that's complicating the tax recap from the state. The tax classification hearing will be held next week

FY 25 looks good; we have a revenue surplus and expenses have been kept in line. We've come through a year with a lot of vacancies and salaries have changed. More employees have opted out of the health service.

We're only three months into FY 26. Legal services seeming to be trending higher; OPEB summary is promising; we appear to be in a position of sustainability. We will do a recheck before publishing any numbers.

Peter: no significant changes in FY 25. Health insurance rate \$2-\$2.5M increase. We've put in a hold for 18%—could be higher, could be lower. We need to shift retirees to MIA.

We are starting the FY 27 budget; departments have their budget sheets.

We are in negotiations with the main teachers union now; there will be two more in the new year.

We are in the process of reorganization— 250 people are participating; 30 focus groups; we are soliciting feed back on the reorganization plans from the community at large. Forums are planned for Oct 21 in Acton and 27th at Blanchard. They will also be virtual.

The consultant has shared the options on a website which I hope all read before the forums.

Scott: John, are we getting pressure from the health insurers and what assumptions are we using?

John: 15% and 40% for retirees.

Peter: town and school were tied together, now it's different; claims are also different

Scott: what's the number for active employees and retirees

Peter: I think we have about 450 retirees

Sheri: we have 900 total; both active and retirees.

Model

John: look at FY 27. Every year as we work through the process we evolve more detail. FY 24& 25 have been through the recap. This year we're still waiting

FY 26 was approved at Town Meeting; the model was approved by the ALG in April. Since then there have been changes in capital and updates in revenue and state aid. The bottom line is. \$127K surplus. This will get zeroed out during recap what we don't know is what will come in

for overlay and untapped levy. Looking at the total revenue it's a 3.05% increase; expense is 6.6% increase. The differences will have to be reconciled at this table. Look at the bottom line — there is a \$4.3M deficit. It's never been so large. We can and have dealt with \$2M — but never \$4M.

We have to look at untaxed levy capacity, free cash, capital and discussion of an override. Minuteman has come in at an estimate of 3% increase— good news

Scott: looking at the model, both schools and town are very conservative on the forecasting of health care costs. I'm not sure the model can be accurate beyond two years. We are seeing a compounding and balloon of health care costs. How long do you think they return to the historic lows?

John: towns' numbers are 3.5-7% in the out years.

Ellie: during the pandemic the numbers were low. Now we are seeing a rebound — we still try to be conservative in our estimates but costs are growing.

Scott: can't we do \$6.5,\$6.7 and then \$8

John: we do it on a yearly basis, \$7.1 may be a increase but we have to feel comfortable.

Alissa: when do we discuss the deficit ; decrease in untaxed levy and increase revenue from local growth?

John: once we finish the recaps we'll make adjustments to the revenues.

[Bart came]

Alissa: a member of the finance committee last night noted that the taxpayers may notice a lower tax bill and suggested it was because of taking off the debt service for the new DPW building. But my understanding that this decrease is due to the debt service of the jr/ sr high school renovations rolling off. Or am I missing something?

Ellie: because of the excluded debt — we have to raise less money because the debt has been paid off.

Alissa: should the town publicize that?

John: it might be interesting to highlight that to the public— The MMA statement on the "perfect storm" how prop. 2.5 is working, how things are being funded, how towns need more funds. In November the MMA is supposed to come out with some solutions

Tori: all community's are being effected by the pressures on funding. Maybe the ways for funding are broken. Our voices cannot get lost in this discussion

Bart: 40 minutes to talk about \$4M deficit

Alissa : can we adjust the untaxed levy?

John: there are limited levers. On the revenue side the local receipts are 1/4M increase— could be \$1.25M-\$1.5M in capital; all the numbers still need to be verified.

We are working on the bottom line budgets— we just got the budget sheets in(from dept. heads) we are looking/for guidance.

Scott: Peter is the increase in vacancy a sign of expense favorability? It seems that in the schools everyone stays at least a year. Historically what are the percentages of school vacancies.

Peter: we do have positive variables but we also have negative. The challenge is to support direct services. We work to fill a vacancy with someone less expensive. But we also have a substitute costs

Shari: \$125K on the vacancy factor.

Scott: can the vacancy number be used to bring down the budget gaps. I know the town can't forecast vacancy hours— it may be a line of last resort.

Peter: it's not reliable over the budgetary process.

Bart: is there a positive side?

Scott: the FC was looking at town assets— this is not new— but can we sell some to improve cash flow?

Dean: the town has a P&S on # 3 & 13 School street. That should bring in some revenue. A lot of the land we own is conservation land that cannot be sold— it's protected . We have four fire stations— how many do we really need? Down the road we may have a surplus fire station. We've tried to sell the Morrison farm house and barn and have met with significant opposition at Town Meeting. Anything we declare as surplus has to first get town meeting approval— these become political issues — on the surface it looks like a great idea— but most of the assets are locked up.

Scott: we need a dialogue— no one wants to cut town services; schools are tightening budgets and need additional funding. Look at excess equipment to bring in some revenue. We need a couple of million to get us through this next year. I expect that health care costs will calm down but now we have to fill the gap.

John: we're getting \$600K for school street properties— but that's one-time money. We do an evaluation of supplies and look at properties. There are no millions of dollarsthe old fire house on Windsor Ave.— but that's not millions .

Alissa: there is potential opposition to declaring surplus at town meeting. Town meeting has turned down revenue generators: multi- family units bring in more money; weed shops would have added revenue. Drive thru's also add revenue. We're partly responsible for the predicament. I've heard people say cut services— they don't want to cut services that they use — only those they don't.

Tori: the big picture is to try to figure out how to bring the costs down— reducing services? I've heard people say that we've mismanaged the budget— we have not been communicating clearly. The overall system is broken; school districts have less and less of what we need to provide even level services. Is this a bubble?

Looking back to see if we are able to live with just a 2.5% increase when inflation is greater than 3% year after year— that's an incredible pinch.

There are three things we need to do: 1. Figure out what we need. 2. Recognize the changes in the out-years and 3. We need to advocate at the state level [for more funding] This was successful last year

We went to the hearings. Chapter 70 covers less and less of the actual educational costs. AB Doesn't get much. The challenges we are facing in overrides are outstripping the ability of our taxpayers to pay.

We need to petition as a community saying we are having a hard time making it work — help has to come from the state.

Bart: the original motivation for this committee came from a failed override vote. We are in a similar situation. How do you approach it?

Alissa: we've not had a discussion on an override. After last years' failed we'd be letting the taxpayers down if we didn't push on other levers first.

Over the past several years the town has reorganized [its operations] now the schools are doing the same. I'm not seeing millions in any options.

The town has gone after grants— 9-10% of added value to services.

Tori: the scenarios are confusing— one the capital side not using one of the school buildings will not impact the operating budget— there is no silver bullet to close the gap. We need a time line— don't know if it will help next years budget.

We also have to listen to voters and give them options to get their reactions. I really don't know how to close the gap— it will be painful for a lot of people. It's going to be profoundly challenging.

John: we have a shortfall of \$4M— historically it's been \$2M . I'm very uncomfortable with the \$4M number.

Peter: towns health care insurance increase exceeds the revenue of prop. 2.5— that's assuming everything else is zero.

Scott: is the health insurance part of the contract? Can't you change it?

Peter: we can negotiate with the unions— we cannot unilaterally change it. If we move to MIA , it would mitigate it a little bit.

Bart: have you decided to have an override or will that be for the next meeting?

Scheduling:

John suggested Nov. 19th but many other dates were bandied about. People did not want to meet in the early AM of a school committee night. There was concern about FC meetings. It was finally decided that John would send around a doodle poll and would announce the actual date later.

Public:

David Martin: I think we're in a perfect storm. We're being conservative on local receipts and by the time they come in next year it's likely that people will not have bought as many cars. However we need to set revenue targets to deal with the \$4.5M.

Choose a number for revenues and split it between the two entities.

An override maybe unavoidable— see what the trade- offs are. Take the numbers back to all the boards and committees; convince them that it's the right goal and have them say where it doesn't work.

Adjourned 8:47

Ann Chang