

ALG Minutes November 20, 2014

Present: Bart Wendell, facilitator; Mike Majors & Steve Noone, FC; Katie Green & Mike Gowing, BoS; Dennis Bruce & Kristina Rychlik, SC; Steve Ledoux, Glen Brand, Steve Barrett and Marie Altieri, staff

Audience: Peter Berry & Janet Adachi, BoS; Brian McMullen & Clare Jeannotte, staff; Lauren Rosenzweig-Morton, facilitator in-waiting; Barbara Willson, COA and Charlie Kadlec.

Extra Information: ALG Financial model sheets; Finance Committee's point of view (POV) document

Minutes were accepted with some minor corrections

2. Update of FY 15 Revenues

Steve reported that the governor has instituted some 9C cuts (this is for the present budget)

Overall there is a 2.7% cut in local aid which is about \$35k for Acton.

There is a 27% cut in regional transportation which is about \$7.1M; a 2.8% cut in the Ch.780 "pothole account" which is \$2.88M; a 1.5% cut in library aid which is \$283k. These cuts do not need legislative approval. The MMA is suggesting towns lobby legislators.

Glenn: My concern is with the cuts in the out-of district tuitions. Regional transportation cut will be a big one.

Clare: my disappointment is despite how hard we worked we could not save regional transportation. The cuts are 26.6% for transportation. Clare added that the number for transportation was originally \$1.3M in the voted ABRSD budget which was boosted to \$1.7M when the state budget was passed. She contacted her legislator, to no avail, as yet. She has also reduced reliance on E&D in FY 15 from \$500k to \$300k, a reduction of \$200k

3. FC's POV document

Steve Noone emailed the POV document to all members prior to the meeting.

SN: the major points are: calls for a less than 2.5% levy increase; \$2.6M reserve use; \$1.4M in a capital funds.

Steve noted that Acton is nearly the only town with a AAA bond rating that does not have a stabilization fund. It takes a 2/3 majority vote of Town Meeting to put \$\$\$ into the

fund and a 2/3 vote to take it out. There has been a sub-committee of the FC working on a stabilization fund. The state recommends that 5% of the budget be used for the fund. He suggested that the fund would be used for capital items unless a second capital fund was established.

Kristina: I assume a capital projects committee will be formed first

SN: I look at the stabilization fund in the same light as a rainy day fund. We definitely need to look at capital needs.

Mike: Will this SF be just for capital?

SN: I look at it as a contingency fund first to set aside money that needs a town meeting vote to use it and then have a long term capital fund for things like the North Acton fire station, senior center and the schools are looking for some of their capital needs.

Steve L: We do have a stabilization fund but it has 32 cents. Twenty years ago, a SF could only be used for non-bondable expenses; now a SF can be used for any lawful appropriation. It takes a 2/3 vote of Town Meeting to put any money in and a 2/3 vote to take any money out. We can put a SF as part of the FY 16 budget.

Dennis: The down side is the 2/3 vote needed

SN: We have \$10M reserves to cover any deficits. The FC wants to force us to do long range planning.

Kristina: We will get feedback from the SC tonight. The FC's POV has a tax less than 2.5% but the ALG spreadsheet has the 2.5%. Which assumption do you (FC) want?

SN: the FC is doing a balancing act: trying to lower the tax rate and limit the use of reserves. As we lower the tax rate we have increased the use of reserves.

Mike Majors: The FC sees the revenues of the town as healthy and think there should be a break for the taxpayers.

4. Debrief of three board meeting

All agreed that the meeting was productive. It was a good chance to meet the members from the other boards and talk about revenues and expenses. The most important part seemed to be the interaction between the boards and the chance to talk.

It was suggested that there be a second meeting. It was suggested and agreed that this meeting should take place after annual Town Meeting when the new members join the boards. It was agreed that the session should meet in May. A subcommittee may be formed to go over ideas and focus on cost savings. It was also suggested that more of the meeting be devoted to brainstorming.

5. Preliminary Consensus

Bart: We'll go through the list

- a. Revenue projections for FY 16

SB: The tax levy is 75% of the spending; the ALG sheet has the increase at 2.5%

Bart: Is there a consensus on the absolute number? [\$74,305M]

Mike G: Because of the change in leadership, I think we should stick with the 2.5% and adjust it later

Bart: By later do you mean when the governor presents his budget?

SN: I'm not against carrying the 2.5%, but the FC will not endorse this number.

Bart: Is there a consensus to keep this number for now?

Katie: Steve has not presented his budget yet. We need to understand the difference between 2.5% and 2%. House I will not come out until February.

***It was agreed to keep the number for now and discuss it later in the winter

- b. Use of reserves

SB: \$2.619 is currently in the plan

SN: Based on the same logic, stick with the same number

***Bart: Agree to leave as is for now

- c. Split allocation

Bart explained that in the past this was a very hot topic that caused a great deal of discussion and disagreement

Dennis: What is there left to split?

SN: Splitting now means how the town will pay the school assessment. It is no longer a division of revenues

SL: Last year we did not get into the split

Mike G: We just try to make sure that we are not too far off the 70/30.

***Bart: Agreement that the split is now moot.

6. OPEB

SN: Not much new information we move from \$1.1M to \$1.4M. The actuarial report will come out in April but he does not expect there will be much difference.

Mike: Do we level off at \$1.4M or will it still rise?

SN: I think it can remain at \$1.4 through FY 18

Bart: do we agree with the proposal of \$1.4M?

Kristina: I was hoping there would be more discussion on a more gradual rise. This is a huge chunk for the schools. I've been told that the impact on the Town's bond rating will not occur for 5 to 7 years.

SN: OPEB working group came up with the rises. The \$1.4M assumed that there would be state legislation---there has not. There is a potential that the number could be higher. The shift of the cost from the town to the school makes it a bigger number (for the schools). This shift should have happened last year but the town assumed the costs.

Dennis: There is unease on the school committee at the size of the number

Kristina: We understand the need for the increase but can't the increase be more gradual say \$700K instead of \$933k?

SN: The OPEB group based the numbers on two reports.

Katie: What would happen if the schools were to have a gradual increase?

Mike: The numbers are based primarily on the Segal report. There won't be an immediate effect [on bond rating] but there will in the long term.

Bart: Is there agreement to keep the number?

***IT was agreed that the OPEB group would get new reps from the boards and meet before the next ALG on Dec 11

7. Spreadsheet

Because of the press of the STM the staff did not make too many changes

SB: New growth estimate increases from \$625K to \$900. The change is due to the state allowing to tax construction in place. We one week away from the certification of our new growth number. SB will have a new summary by Dec. 11th

Comments on the spread sheet: SN asked that the decimal point be changed so the % increase does not read .34% but 3.4%

8. Minuteman

M Majors: The MM school committee is moving along with their plans. They have three scenarios 1. Renovate; 2. Expansion; and 3. Build a new building. They are now in a period of getting comments from member towns and going over the logistics and costs of the three options.

***It was decided to invite Nancy Banks (Acton's MMSC Rep) to the next ALG meeting.

Bart: What's the process?

No one seemed to know what Acton's exposure would be for the three options. Mike G. suggested that the ALG ask for the estimated budgets and find out how soon we could get real numbers.

SB: The state has not acted on the out-of-district student tuitions and how MM could make those towns full members

9. Public Comment

Barbara Willson asked if the ALG were going to support senior tax relief.

SN: suggested that she bring her concerns to the selectmen as the ALG does not deal with that issue.

Lauren Rosenzweig-Morton asked if Boxboro paid into OPEB. The Answer is yes.

The next meeting is December 11 at 7:30 AM

Adjourned at 9AM

Ann Chang