

ALG Minutes Feb. 16, 2017

Present : Bart Wendell, facilitator; Peter Berry & Janet Adachi, BoS: Paul Murphy & Amy Krishnamurthy, SC; Doug Tindal, FC; Steve Ledoux, Glenn Brand, Marie Altieri & Steve Barrett, Staff.

Absent: Margaret Busse

Audience: Clare Jeannotte, Mark Hald & Brian Mc Mullin, Staff; Peter Ashton, Town Moderator, Bonnie Lobel, LWV

Extra Info Spread sheet; graph of certified free cash balances & levy history sheet

Minutes were accepted after corrections

2. FY 17 Revenues and expenditures

SL: We are watching the snow and ice budget. Hopefully we have seen the last snow. Everything else is pretty much as expected.

Marie: Expenses are as expected. In the revenue side we have district revenues @\$500K to the good.

3. Spreadsheet

SB: The first page is what goes into the warrant. There is still a \$358K plus deficit. Page two has the changes. Health trust \$145k less; Regional district is \$393 less; Minuteman is \$21K more; state aid is \$45 K more. Adding \$800K of reserve use and leaving the tax relief level the same we still have the \$358K deficit. The supplemental page breaks out the reserve use.

Marie: We still have the deficit but need more formal guidelines on the use of the replenishment of the reserves. We need to finalize this model the school committee is starting to work on the FY 20 budget soon.

Paul: I understand the need to split the replenishment but we cannot rely on happy surprises it becomes an expectation; just a conservative budget strategy. We have a true need for the use of the reserves. We just can't count on the replenishment; we need it as a revenue source.

Bart: Do you want it as a break out?

Paul: Show by an asterisk the replenishment.

Janet: There can be an extra sheet just for us. It will be meaningless at town meeting. We need to keep to the standard sheet for town meeting. If the FC wants to say something about the historical use and the use of E&D let them.

Peter B: We should not make it more difficult. It should be reserves versus expenses. We can't even predict the turn backs. Based on the history, it's difficult to predict year-to-year.

Bart: Is anyone for placing the breakout in the warrant?

Doug: For our purposes it's useful. It's a speculative element.

Bart: So I'm hearing an asterisk for their use and leave the presentation as is and not print in the warrant.

It was agreed

Bart: The next thing is the \$358K deficit.

Doug: The FC thinks that in a \$97m budget there is the money to close this gap. So it can be covered by reserves after you cut as much as possible.

Amy: We have cut @\$400K from HIT, CASE salaries and no new personnel. There is no other place to cut this is a really tight budget. There are things we have put off. We can use another \$200K from E&D and the one-time capital expenses are already in the budget. There is still the deficit

Peter B: We have made cuts to eliminate the hiring of a skilled laborer---someone to do carpentry. We think the \$158K can be covered by using the levy.

Marie: I can understand the FC's position. We have already cut a couple of times. We are now at the point of impacting enrollment. The third and fourth graders need to keep the sections. The kindergartens have 44 more kids than expected. The fourth grade now has 26 kids in a class cutting will put us at risk for even larger class sizes.

Bart: There are two proposals: use an additional \$200K from E&D for the school side; and an increase of \$158K from the levy.

Peter B: It's better to use the levy than the reserves.

SB: 1st chart is an analysis of the unused levy capacity. For the past eight years we were allowed, under Prop. 2.5, to tax an extra \$5.2m. The 16 year total of unused levy is nearly \$16m. We have heard from the FC that we should try to use reserves.

The second sheet is a graph of the reserve totals. As you can see the estimates for FY 17 is \$2.4m and FY18 \$2m. The reserves are starting to come down

Peter B: We are losing every year we do not use the whole levy. We are burning through the reserves at @\$1m/year. The town feels that below a certain point the losses to the town are @\$900K and need to be made up.

Doug: We cannot say what the reserves are supposed to be used for. The FC thinks they should be used for things that are not budgeted. We will face hostility when we go for an override if we have not explained to voters what the reserves are for and why they are being taxed.

Bart: I'm not sure what I'm hearing. The SC will use an additional \$200K and the town \$158K

Doug: The FC has made efforts to curb the budgets but they are always being built on the base of the expenses. When we have the cash, we use it. Going from budget to budget is not wise and now that the reserves are coming down we have to be increasingly aware of the voters. The FC will go along with what's been proposed.

Bart: That means the use of the \$200K and the \$158K from the levy?

Doug: It's important that we begin to educate the voters on the meaning and use of the reserves.

Peter B: we will be addressing the exact number...

Marie: I have some hesitation. I'm worried about them lowering our Moody's rating. We are trying to grow our capital and use it for only one-time expenses. Otherwise the costs are put in the operating budget.

To respond to Doug's statement about going from budget to budget: we build our budgets based on actuals. This year HIT has come out to the positive. We used the actual number of subscribers. We have over 1,000 employees we look at what they are paid and then move the numbers forward.

Amy: There are things that we cannot predict. Last year the governor had \$20/pupil. In July, after the budgets were passed it was \$55/pupil.

Bart: is there a consensus?

Paul: For me this is a great disappointment. There is nothing exciting or new. I love to work with the schools to the benefit of the students. Then we have the stark reality of the budget and our aspirations are cut short.

Glenn: I hear your concerns we are looking forward: capital changes; changes in start times. We are on a path of determined innovation in what we have to use.

***Bart: consensus \$200K from E&D; \$158K from levy.

Marie: I want to thank the FC for their collaboration, to bridge the gap and make it all work.

5. Master Plan

Glenn: We have been officially invited to the MSBA grant program along with 16 other districts. There were 90 applications. We feel very pleased with this and now we can move forward. The evaluation was on need and the Douglas school stood out as an area of need. This is just step one in a long process. The clock on this process will start on April 3 when the MSBA will send out a press release..

We have a lot of education to do. The reimbursement rate is anywhere between 30-80%. Factors that determine that are community wealth and income; these may change as the project develops. We have to take the master plan options out to the communities for feedback. We will be looking at different building configurations, grade level configurations. The consultant will discuss the problems and scope of the project.

Marie: It's exciting that our project got in on the first round. We hope to go to a fall town meeting for architect funds, design funds and OPM funds (Owner project manager). Then there will be the need for the building funds at a later town meeting.

Amy: The MSBA saw a huge need at the Douglas school. There are serious needs elsewhere that have to be addressed.

Peter B: I agree with the FC's concern about the deferred capital needs. We have a lot of safety issues at the fire stations and we will also be facing the Minuteman capital costs. We need to roll out a phased plan for all the capital costs.

Doug: I've participated in the capital needs study committee. I've had the chance to evaluate the performance of the consultant. I'll give them and the SC Kudos for moving the project along.

Bart: A recap. It's taken six months and volunteers of steel to come up with the necessary compromises for a \$90m budget. In my town where we have a \$3m budget we could not come up with the knowledge and sophistication that I see here.

6. Public

Peter A: I have clearly failed in the role of a facilitator. Bart gets the consensus and deserves the big bucks. There is also the issue of transparency. We have used \$6m in reserves. You have not counted the \$1m that was used at the special fall meeting. I don't know if that should be an asterisk on a tab.

As Town Moderator I want to say that I do not want a fall town meeting in the gym but the auditorium.

There was discussion as to whether the scheduled March 9 meeting was necessary. Marie reminded the group that they needed to take a last look at the ALG spreadsheet before it went into the warrant. The warrant goes to press on March 20.

Adjourned 8:40

Next meeting March 9

Ann Chang