

ALG Minutes, May 20, 2020 via Zoom, 8 AM

Present: Bart Wendell, facilitator; Joan Gardner and Jon Benson, BoS; Roland Bourdon and Christi Andersen, FC; Amy Krishnamurthy, SC; John Mangiaratti, Peter Light, Steve Barrett and Marie Altieri Staff. Absent: Diane Baume.

Audience (as far as I could tell) Dave Verdolino, ABRSD finance director, John Petersen, ABRSD school committee member.

Additional Information/Documents: Agenda; Feb. 27th ALG minutes; Town of Acton Multi-year financial model and FY 2021 Recommended budget update for Town Meeting (from ABRSD)

1. Minutes from February 27 were accepted with a typo change
2. **FY 20 update**

John: revenues are on track; we have put in a spending and hiring freeze; the concern is about tax payments; we expect to have turn backs at the end of the fiscal year.

Peter: our position is similar to the town's. We have cut costs in savings on heat, electricity, labor, substitutes and overtime. When we close the books, we expect \$500K turnback. This is good because the outlook is not too rosy.

Neither Marie nor Dave had additional comments

3. Standard and Poor's long-term credit outlook

Steve: We went out to the bond market for the North Acton fire station, additional fire apparatus and the land on Maple Street. We went out the third week in March and no one is willing to do 30-year bonds; they are not willing to take the risk. So, we were forced to the short-term market and had to be reviewed. We received the highest credit rating for short-term bonds. We went for \$13.7m with a net cost of .75% We will re-evaluate our position next spring.

Roland: will these changes be reflected in the model?

Steve: Yes.

4. Review of the Multi-year plan

Marie: there will be changes in the FY 21 budget with many assumptions

Peter: we have to recognize that the state is expecting a revenue gap of \$4B. Historically this gap has been filled by the Feds, we cannot depend on that happening now. There is a real danger that one year out we will not have any or very little federal aid. We have been working on reductions while still filling the needs of the community.

We have made a series of reductions that will result in a \$1,008,067 reduction in FY 21. We are using funds from this year to pre-pay capital costs of next; we have savings in the salary accounts; utilities; we have CARES Act funding and we expect to use more of reserves. We see our SPED liability as our greatest gap because it's an unknown.

We are trying to reduce the budget by half; holding half in reserve. As yet we do not have any guidance on reopening or any idea of additional costs in reopening. The net reduction is 3.29% to 2.73%; assessments 7.10% for Acton, 5.21% for Boxboro.

Dave: the delta is a \$428, 500 decrease.

Bart: Any comments?

Christi: is capital being delayed?

Peter: some capital is in progress. Under COVID we are doing capital work on the nurses' offices.

Marie: we will make these changes on the ALG model for Town Meeting.

John M: we will also be making revisions for the Town Meeting on June 29th in the big gym (field house); we are moving more of the articles to consent to make sure we have a one-night meeting. Given the uncertainty of state aid, we've gone back to the FY 20 numbers in new growth and local receipts and are trying to get to zero; but we don't know what the state is going to do so we need to have contingency plans.

Its important that the any money from the CARES Act needs to be COVID related. Our concern is that there will not be enough to cover our extra COVID related costs. In summary the total spending is 2.9% increase.

Changes to capital---now 2.34% 1. We have done some minor reductions 2. We are going to do only "shovel ready" projects and 3. As part of the budget we were to borrow \$1.8m; changes in the Kelley's Corner project have reduced the \$1.3m to \$600K as the state has taken over the easement costs for Community Lane and the Quill and Press property. The rest was for sidewalks. These numbers will be plugged into the ALG model. The descriptions in the bod sheet will also change as we have to go for short-term bonds.

Roland: with state aid at 1% and everything level funded

John: revenues will go down

Christi: what about reserve use? Are you asking for additional reserve use?

John: we will have less free cash.

Dave: we plan to offset in one year using the capital stabilization fund and hope for the circuit breaker to be used as a budget offset.

There was some discussion about the numbers in the reserve tab; these will also be changed. Staff will work on the model for the next ALG meeting.

It was agreed to wait for the changes, although the FC wants to see them for their next meeting.

There ensued a general discussion on when the next ALG meeting should be held and what would be available for the various boards before that.

Bart suggested that the members work back from the June 29th Town Meeting date to make sure that everything was included.

John: we need to post the warrant on June 12th. The figures need to be settled by June 11th.

There was agreement that the town and schools would meet with the FinCom and go over the changes so all would understand.

Christi: there is significant concern on the FC that there will be large deficits going forward.

Bart: the assumption is then that we should meet as soon as possible and not wait for the 11th. Bart then asked for suggestions of dates.

There seemed to be agreement that the first week in June would be appropriate and get all the numbers changed so there could be a vote on the ALG model.

The discussion included the need for the boards to see what the changes would be to the warrant and to see what articles would be added to the consent calendar and which had to stand alone articles. This information will be hammered out in the next few BoS meetings and will be ready by the first week in June.

After discussing the various meeting times for the boards, the need to stay away from the election date on June 2nd it was agreed that the next meeting should be held by zoom on June 4 at 8 AM.

It was also agreed that there was time between the 4th and the 11th to put in another meeting, if necessary.

5. Public

John Petersen: Although we will be meeting in June, we really will not have any idea about the state budget numbers nor federal aid. There will be new budget information coming in during the summer and fall. I'm not sure we can count on federal aid. In my opinion FY 22 will be a lot darker than FY 21. I would encourage you all---all of us to have very serious discussions in the fall.

Bart: I have a thought for you to consider: postpone the reconstitution of ALG until later in the summer. The ALG is usually reconstituted in July but if we keep the present make up, I suspect things will move more quickly, which may be necessary, than having to break-in new members.

Roland: my term as FC chair will be up and I will be replaced by Christi Andersen with Christine Russell as vice chair. I can ask the committee if I can stay on and bring Christine in as an attendee---but it has to be the will of the FC.

Bart: I think you can all see the advantages and I ask that you take this suggestion back to your boards.

Jon: Dean will be the new Bos member

Amy: I'd be happy to stay on but our leadership will not change until the end of August. I think perhaps we need to be flexible.

John: August 1 is the date for the first quarter tax bills; if receipts drop, we will have to take steps for the revenue drop.

Bart: I don't want to change tradition; each new group is able to set its own rules; I think it would run more smoothly if the same representatives were to continue through the summer. Take the suggestion back to your individual boards.

Signed off at 8:55

Next meeting will be via zoom on June 4th at 8AM

Ann Chang

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