

ALG Minutes Jan. 14, 2021 8:30 AM via Zoom

Present: Bart Wendell, facilitator; Jon Benson and Dean Charter, BoS; John Petersen and Amy Krishnamurthy, SC; Christi Andersen and Christine Russell, FC; John Mangiaratti, Peter Light, Steve Barrett and Marie Altieri, Staff. Public; Dave Verdolino, Finance director ABRSD; Mark Hald, asst. town manager (there may have been others that I did not see)

Extra information and documents: Agenda, Minutes from November 19, Acton Multi-year financial model, Fin Com POV, schedule of meetings and events for 2021, including ATM and elections.

I. Regular Business

1. Minutes. Minutes were accepted with minor typo additions

II. FY 21update

Jon asked for an update on the police investigation into the racial zoom bombs. John reported that the culprit was located; a juvenile in Arizona that had no connection to Acton or the schools. He thanked the APD for their quick and thorough work.

John: we are still operating with caution. Town Hall is closed again. We are having meetings by appointment out in the parking lot or at windows. We have a successful hotline which is a clearing house for COVID information.

From a Revenue point: collections are on track; there has been no deterioration in the 1st or 2nd quarters. We are waiting for \$1.9m of reimbursement yet to be received. We are watching meals tax revenues which are a source of concern. They are usually \$300K/yr. but will be lower this year. Interest income will also not meet the targets. Motor Vehicle Excise tax is due in February---that is 80% of local receipts.

The commuter parking lot fund is not getting in the expected revenue; we do not know what that means for the future

On the expense side the DPW got a special CARES grant; we hired a new sustainability coordinator.

Peter: The schools are working with a medical advisory group—this is time sensitive. There is not a lot of new information. Personnel costs are in the positive for now. Potential costs coming up will be to fill new education vacancies once we return to full school. There are priority costs for testing to get the kids back into full-time school. We have put our name down for the DOE and Governor's list for pool monies to get back to school. We are still going over the regs. We could get some funds.... We have now met the maximum price for the new building; it's \$6M under budget. We were worried because of the early change orders but other things have come in under budget. We have fully re-established the contingency fund/ We are in a good place and close to pouring the foundations and expect the steel work to go up in early Feb.

Marie: we are grateful for the CARES money grants. We got between \$800-\$900K for COVID related expenses. The next round from the state will have \$890m for schools and will use the Title I distribution so we can expect approximately \$400k over a two-year period.

John P: for the use will some roll into E&D or will we prepay some expenses?

Both Peter and Dave Verdolino said it was too early in the process to make that sort of decision.

JP: the intent of the question is to have the choice as to how (the additional funds) will be discussed in relation to the ALG model. Pre-payment lacks budget transparency. How, as we figure out the number as it flows through the ALG spreadsheet can we understand the year-to-year budget changes.

III. **POV**—Christi went through the slides

Median household income \$125,635; home value \$608,835; unemployment 5.4%

FC Concerns:

More households are accessing unemployment benefits; there is a \$30k reduction in income from 2019.

In the previous recession: permit fees were down 23% MVET was down 20%; interest income was down 74%

FC Recommendations: recognize that we are in a recession

1. No or limited increase in property tax
2. Spend cautiously
3. Create three-board panel to look into cost saving opportunities'
4. Continue to fund OPEB
5. Create default forecast for expenses for FY 23, 24 & 25

Christi: the high unemployment rate and the reduction in median salaries as well as the projected impact of future COVID shutdowns should lead the Town to protect the taxpayers by an increase to the bare minimum possible; all spending should occur with extreme caution and hiring should be limited to only what's absolutely necessary. Land purchases that do not fall under CPC should not be considered; assist local business by relaxing sign standards and outdoor seating.

In order to mitigate the anticipated revenue losses, ALG should come up with a list of cost reductions for FY 21 that should total \$1-\$1.3m. Don't skip OPEB.

ALG needs to ask for detailed forecast of expenses for FY 22, 23 & 24. Based on that analysis ALG should develop a prioritized list of cost reductions and revenue enhancements totaling at least \$4m. These could be implemented one at a time based on the severity of the economic impact over time. At the bottom of the list should be a prop. 2.5 override and staff lay-offs

Concern: Our people

Compensation is our largest budgetary item. 74% of next year's town budget will be used for salaries and fringes; 76% of the school's budget. In the past five year's compensation growth has been greater than 4%. Middlesex Assessment is likely to increase beyond 6%.

Recommendations:

No nonessential new hires; limit hiring wherever possible. Protect our services: town and schools should do everything they can to employ staff and teachers, first responders etc., throughout the economic crises and to maintain services at current levels. Prepare for growth in Middlesex Assessment.

Concern: OPEB

\$1.6m owed by the Town; investing \$600K/yr.; liability decrease by \$36K last year; will be fully funded by 2033

\$39.6m owed by the school district; investing \$900K/yr.; liability decreased by \$6.2m last year; fully funded by 2059.

Concern: Future Capital Projects (1-5 years)

1. Public safety facility HVAC replacement \$250K
2. Bellows Farm dam & River Street dam \$620K
3. Laws Brook Road bridge \$1.3m
4. DPW building \$5.4m
5. Waste water plant upgrades

5-30 years

1. Conant school
2. ABRSD Administration Building
3. Update existing fire stations

Recommendations:

1. Approach capital projects with extreme caution
2. Get outside funding where possible
3. Fund ongoing maintenance within the operating budget
4. Prioritize future capital needs before they become critical
5. Continue to identify projects on the horizon and plan accordingly

Capital projects should be considered if the need is great and the negative impact of inaction exceeds that of the budget implications

Recommendations on Reserve policy

1. Free cash floor 3% of total Acton spending; ceiling 5% of total Acton spending
2. Stabilization fund for CIP projects

3. Strategic use of free cash and E&D; For FY 22 use no more than \$468K from Acton free cash to remain above the 3% floor
4. Only use reserve and E&D for one-time items; unforeseen capital needs; emergencies and replenish where possible

Land purchases

1. 19-21 Maple Street \$1.1M---good will get parking revenue
2. River Street -missed tax revenue \$23,249.23
3. 348-64 Main Street \$1.8m (\$567K over appraised value) missed tax revenue \$72,061

Concerns, recommendations on land purchases

Make no future land purchases without clearly identifying the Town's purpose for owning the property. 19-21 Maple Street will pay for itself through parking fees: 53 River Street is an ongoing risk to the town; 348-64 Main Street---learn from our mistakes.

After 3.5 years of owning the property it is now being sold at a substantial loss for senior affordable housing. It's important to learn from the past mistakes and clearly identify the need for purchasing the property, what it will become once it is owned and how the investment can be financially positive for the taxpayers.

Takeaways

1. Although Acton hasn't seen the brunt, the recession is here
2. Unemployment is higher and median income has dropped
3. Town and State can expect significant reduction in revenues
4. Taxpayer relief has a new and urgent requirement given the time and recent increase in average family tax bill; tax bills have increased over 600/yr. on average for the past three years
5. Town and schools need to manage budgets to avoid overrides; without changes in spending, operating overrides may become necessary
6. FinCom does not support overrides

Bart: any questions?

Marie thanked Christi and the FC for their work. She voiced her concerns about replenishment

SB: directed the ALG's attention to the reserve tab which shows a decline.

Christi said that the group needed to look toward the future and try to stay within the bounds of the revenues and not use up reserves for operating budgets.

The discussion continued and it was agreed that the discussion on some of the points would carry over to the next meeting once members had a chance to look more closely at all the recommendations.

There was discussion on when the full budgets would be seen and when there would be reviews of the budgets.

IV. Minuteman Assessment

Jon said there are now 36 students; and it appears that Acton will be sending 20 new students per year which would be 80 students in total. He wanted to know what the increase in assessment would be with that number of students. (Recognizing that there would also be costs for the new building.

Christi said she understood that there would be fewer changes in the assessment going forward---the changes would come from the settling of the building costs.

Christine said that the out of district students, that support the assessment, would no longer be there in three years

JP: said that it was not the number of pupils attending but the overall per pupil cost that was far too high. It was this number that needed to be reduced. He added that he did not think the school committee was “being held to account”

Marie noted that MM had the highest per pupil costs in the state and she felt the school was better than most of the others, she still felt that John did have a point.

V. School building up date was covered earlier by Peter

VII. North Acton Fire Station

John M. reported that the project was on schedule; the steel was being put up and it was starting to look like a building

VIII. Calendar

There was a discussion on which date to hold ATM, whether it would be all inside, half and half or all outside. The half and half meeting is more costly.

Known Dates: March 1—Town Manager’s budget presentation to the Bos; March 16, post town election warrant; March 30 Annual Town Election; April 13, 5-8PM, BoS, FC, Joint Budget Forum; April 20, BoS transmit budget to FC; June 7, post ATM warrant; June 28 (tentative date) Moderator’s prep meeting; June 21 ATM, 6PM [some of these dates may change]

IX. Public

Jon read a personal statement:

“Peter,

Today or tomorrow at the latest and ahead of the MLK Observance, it is incumbent on you as our Superintendent of Schools to inform the faculty, staff and students at the high school and junior high school of Chief Burrow’s report of the Acton Police Department’s investigation of the December 17 and January 7 Hate Incidents.

Specifically, that the suspect of the Zoom bombings has been identified as a juvenile male living in Arizona and has no apparent connection to the Acton-Boxborough community.”

“In addition, Peter, to the faculty, staff, students, their families and the wider community you must rectify the rush to judgment and the impact it has had on those members of the community falsely linked to the Zoom bombing and start our community on the path to healing. Our community stands for racial justice and Black Lives Matter and is stronger as a whole.”

Amy Krishnamurthy made a statement:

“While it may be tempting to some to dismiss this as nothing to do with our towns or to think, “See, there’s no racism here.” I would remind everyone of Evelyn’s visceral reaction and the many stories we have heard from black (sic)in our two communities. We have a lot of work to do to face racism within ourselves and confront systemic racism in out two towns. We must continue to have these very difficult conversations.”

Adjourned: 9:30 AM

Next Meeting February, 11---8:30 AM via Zoom

Ann Chang