

ALG Minutes, January 27, 2022—7:30 AM, via Zoom

Present: Bart Wendell, facilitator; David Martin and Dean Charter, SB; John Petersen and Kyra Clark, SC; Christine Russell and Adam Nolde, FC; John Mangiaratti, Peter Light, Steve Barrett and Maria Altieri, Staff. Dave Verdolino, Finance Director ABRSD and Charlie Kadlec, public.

Extra info/documents: Agenda; December 16 Minutes and Town of Acton Multi-year financial model.

I. Public comment

Mr. Kadlec warned that we are facing an increasing inflation pressure and the monies that are now in the budgets will not be enough. He suggested that the ALG take another look at the budget numbers with the understanding that a considerable part will be more expensive than imagined.

II. Regular Business

1. Minutes were accepted with corrections from John Petersen.

III. New/Special Business

2. FY22 update

John: we are halfway through the year. With regard to staffing we are in a better place than the beginning of January when we were short-staffed due to the Omicron surge. The Board of Health has made another clarification on masking and where people should be wearing masks. The tax rate is set; collections are excellent—99%; we should get the MV excise tax numbers today or tomorrow; at a recent MMA conference there was an indication that motor vehicle excise tax the numbers should be up over last year. There is a big storm for Saturday; we will wait and see how much the snow removal impacts the budget---it's always a budget variable. If we don't have snow in March we may be in good shape.

Peter: my report is similar to John's. We still have staffing issues and are short on substitutes. There is a positive trend in the budget; omicron numbers are coming down. We are working on the numbers update for the SC meeting but they are not solid as yet.

3. Budget

Peter: We presented a preliminary budget two weeks ago and we are working on the next iteration; there is a \$1.8m gap between revenues and expenses; we are working on a series of things to try to close the gap; we found a duplicate entry which removed \$100K; we are taking some non-personnel and offloading to ARPA, \$150K; we need almost \$1.5m in further reductions. The budget is 3.96%; Acton's assessment is 4.36%; Boxboro 5.8%--we thought that Boxboro enrollment would be higher and have a larger assessment.

We are getting a tremendous push for all-day kindergarten, tuition free which would be a big budget-driver.

Christine: do you have a list of potential cuts that would not result in pushback;

Peter: we would not be in favor of cuts in FT personnel; we have moved the DEI position to SPED; there is already a high level of service there; it's pressure for all-day kindergarten but that needs to go before the committee.

Christine: enrollment is down but services seem to be expanding; I know it's difficult to make cuts....

JP: over the course of the past several years our budgets have not been challenged as they were in 2009-10 when things were really difficult. In my view, I expect to see things move back and forth, I think that's healthy. Regardless of the numbers, we have to have the best educational workforce possible.

John: we started the budget process early and now have presented the capital plan on November 15th; set the tax rate; presented to the FinCom/SB on December 6th followed by a joint meeting for the budget workshop on January 20th. The capital budget reflects the goals of the selectboard and is the financial planning tool to help us understand what needs we will have over the next 10 years with the understanding that priorities shift from year to year.

For the FY23 budget recommendations were presented on December 6th; we reduced most departmental operating budget requests and reduced the initial capital recommendations to a proposed municipal budget that is 3.35% over last year.

[Someone asked about the Asa Parlin house and the use of CPC funds]

John: the Asa Parlin house is a goal of the SB to clean up the site and make it usable. It's still a priority; It's an important project.

Dean: just to give an update on the CPC. We will hear the proposal on the Asa Parlin house in two weeks, so it's premature to say what the funding, if any will be. The CPC has \$1.6m allocated for use and \$3m in requests---the fund is substantially over-subscribed. That's why we are considering changing the surcharge rate.

J.P.: I've asked Peter this ---what's the posture in the budget on reserves; do you expect them to increase or decrease? Is it the intent of the budget to have turn backs?

John: every year the ALG talks about reserves, we will do the same this year.

Bart: there is an item on the agenda for Reserves, shall we wait until then.

4. Update on ARPA funding

John: the SB had a robust public engagement process including a needs assessment, multiple public meetings, a survey before it voted in October. The only changes since then were in the reserve funding and the support of the AHA properties. The final rule allows for revenue replacement up to \$10m which provides more flexibility and will avoid some of the complicated paperwork needed for using some of the funds. In addition to the funding allocated to the school district, the list is: Revenue replacement; Gardner Field; EDC/Great Road; water solution AWD--\$450K for North Acton treatment plant for treatment of PFAS (plans have yet to be completed) and several other projects.

The discussion around the ARPA funds centered in part on the changes in the regulations from last fall; replacing lost revenue is now allowed. But as Peter pointed out the regional school districts are not treated equally as single districts and therefore are not eligible for the funds to do replacements of lost revenue. The schools have a list of needs that were not allowed last fall but are now eligible. There was some push back on having the funds already allocated to the schools to be spent first. Some suggested that the loss of personnel be funded through ARPA. Adam stressed that the FinCom wanted the ARPA funds spent on one-time items and not to be used for salaries (those had to be in the operating budget. David noted that the SB had set aside \$2m for future needs which had yet to be identified. But if the schools applied for \$.15m of that money he was concerned about the details of the request.

Peter noted that being a region placed the district in a unique position. A MOA is being drawn up with partners from other regionalized communities to recognize the place of regional schools and let them have the ability to tap into the ARPA funds.

The sides were: reopen the ARPA process to include the greater needs of the district v. not reopening the ARPA process.

Bart: both sides are persuasive. How do we solve this?

Christine: I feel that David's position is asking that Covid-related expenses be covered. If we use this one-time money to cover things other than one-time costs, we will just be perpetuating the problems of the unbalanced budget.

Dean also agreed with David on not reopening.

Bart: Is there no one who will support JP's position on the reopening?

Kyra: The original SB approach was a robust process but the environment has changed. When the schools originally went to the SB, we asked for \$2.6m. We made this ask in good faith; we kept the schools open; we spent money on feeding the children, we spent these funds thinking we would be reimbursed.

We are dealing with a crisis; we need the one-time funds to fill the gap; we need this mitigation.

John agreed to work with Peter to see what the \$1.5m given to the district will be used for.

Peter noted that the recent changes in the federal rules have freed-up uses.

ARPA was not designed for regional schools. Now that some of the constraints have been lifted, it's causing us to think differently. We need additional flexibility.

Bart: this does not look as if this problem will be solved within our time limits.

How much time will it take for the sides to tackle this problem and shall we meet next week?

There was no real agreement on how long it would take for the sides to be more flexible but it was agreed that the problem was important enough to meet on Feb 3rd---a date that was previously deleted.

It was agreed to meet on the 3rd at 7:30 AM via Zoom.

Bart: the school district will present a plan with an amount attached.

Christine: we will need the specifics for this amount; it should be based on Covid-specific losses.

Bart: we will expect as many details as possible.

5. Review of Multi-year plan.

Steve B: look at the change page; School budget went from 4.46 to 4.36%; we still have a \$1.7m deficit. For the town budget there will be more clarity when we get the MV excise tax numbers.

Marie: it's time to talk about the \$1.7m deficit and what we can do.

David: the numbers on the sheet don't reflect cuts from the school budget

Marie: the \$1.7m cut from the school budget does not change the bottom line.

David: in the summary page it shows an increase of 4.36%.

Marie: the overall increase is 3.6%; the Acton's assessment number is 4.36%.

After the schools cut \$1.7m there is still a \$1.7m deficit.

J.P.: Once the Governor's budget is out, will there be changes?

6. Reserve Use

Going to the reserve tab shows the entire history of the uses and levels.

JP: took the total budgets of each entity and divided that number by the reserve number. He came out with a town reserve rate of 11% and the schools as 3%.

Adam: we do not divide the reserves into components. We look at them from the point of view of Wall Street and our bond rating needs. The FinCom has a policy, which was accepted by the ALG to have a floor of 3% and a ceiling of 5%. In the ARPA fund discussion we are using reserve to plug a budget gap; these are only one-time funds that some want to use for continuing expenses. The FinCom

is not in favor of this. When we look at the coming inflation, we must not allow the reserves go below 3%.

SB: it would not be good for our relationship to the bond market if we allow reserves to go below the 3%. Both sides (town and school) need to be concerned with our bond rating and not have it fall from AAA.

JM: you need to remember that the Minuteman is under the Town and we expect an increase; we should not shift funding but work together to shore up the funding.

Bart: is there any support for John P's position?

Adam: the reserves at not 11%; will keep them between the low of 3% and high of 5%.

Bart: we are getting close to 8:50, the end our time limit.

Marie: I'm still left with the concern that we address the \$1.7m deficit

Bart: we have agreed to put that on the agenda are there others?

David: support to plug the gap left from the pandemic; we have to have another discussion on the use of ARPA funds.

We need to have a discussion on the structural problems; if the school enrollment were increasing the discussion would be different. We need to look at not just where the money is coming from but where it is spent.

Bart: we will also add reserve use. The schedule has the next meeting for: 02/03; 02/17 and 03/10.

Adjourned at 8:55

Ann Chang