

ALG Minutes, March 10, 2022, 7:30AM via Zoom

Present: Bart Wendell, facilitator; David Martin and Dean Charter, SB; John Petersen and Kyra Clark, SC; Christine Russel and Adam Nolde, FC; John Mangiaratti, Peter Light, Steve Barrett and Marie Altieri, staff.

Public: Dave Verdolino, ABRD finance director; Brian McMullin, Assist. Assessor; Charlie Kadlec.

Extra Info/documents: Agenda, draft Feb. 18th minutes, multi-year financial model

1. Public comment

Mr. Kadlec noted that there had been talk in various committees about an override. He warned that if it was put on the warrant, it was unlikely to pass. He suggested that if an override was planned, the budgets should also be built to accommodate its failure; the ALG should not assume that override funds will be available.

II. Regular Business

2. Minutes were approved

III. New/Special Business

3. FY 22 update

Peter: nothing new since last meeting

JM: same. there were no comments

4. FY 23

Peter: essentially there are no major changes. We will vote on the final budget next week; it's an increase of 3.91%; Acton's portion is 3.17%. This includes three new positions; reducing 27 positions; reduction from \$3750 to \$1800 for all-day kindergarten; \$1.8 in capital stabilization; using \$1.5m of E&D.

JM: SB met and voted to recommend the FY operating and capital budgets; we reduced capital by \$135K; we are spending time planning for capital needs for the next 10 years; most appropriations will put us in the red but we can reduce the amounts through the use of free cash.

JP: although we have voted on appropriations, we need to vote/decide on the projected net use of reserves. It's important for the ALG process not just to be voting on budgets but the appropriation motions.

Christine: what will be the impact of inflation? What about gas for running the busses—are the costs coming in higher than expected or budgeted?

Dave V: we are being reimbursed in the 96% range for transportation. JD (District's facilities manager) buys gas on multi-year contracts. You might find great increases in your household but our gas prices are now steady. We have 80-90% of our costs in personnel. So, we are expecting minimal impact from inflation.

JM: we buy fuel in bulk shipments. For FY 23 we reduced capital by phasing the work and we are working on securing additional funding [through grants] that's how we made the reductions and we have officially transmitted the information to the FC. We have a 3% increase over FY22.

5. ARPA

JM: we've allocated a majority of the funds but have held \$2m in reserve—some is partially earmarked, but not all. The Gardner Field project is underway; we are working with the AWD for their needs; School district has asked for \$1.5m and we are in process of review.

Bart: questions?

Christine: generally, we are looking for projects to begin and to know if grant funds come in higher or lower than expected.

David: the SB will revisit the allocations this summer. We will be looking at other requests and what has already been spent.

JP: I'm wondering how you will inform the public ---will the SB hold "seminars" on ARPA updates; how will the public get documents with the numbers?

David: absolutely. We will have a robust public process just as we did before and we will continue that process for the remainder of the money.

6. Review of Model

SB: we have incorporated all the changes that were made at the last meeting. At the end of the day---the deficit is zero. In balancing the plan, Brian noticed some interesting changes: the deficit in the outer years are built on the budget numbers of the current year. So, the budget cuts we've made make the deficits in the outer years less by approximately \$1m.

Bart: questions?

Christine: the numbers look a lot better and we (FC) like the changes that were made. Our concerns are still the school's FTE costs; increases in HIT; inflation and where we are with fuel costs. We would appreciate reflection for planning purposes earlier in the budget process.

Peter: it's apparent that there are a lot of assumptions that go into the final budget numbers---numbers we believe the town can sustain. If we start a different approach, what sort of budget projects will be used?

Adam: we need to see what numbers we can plug into the FY 24 budget; a 3.25% increase is unrealistic; the 4.4% increase on the part of the town also needs updating.

Bart: do you want to do that now?

Adam: we see 5% across the board for next year.

Peter: projected level service budget is personnel driven---we have another contract coming up; HIT increase at 3.75%--that will be level services; it will not be where we would like to anticipate any increase in services. Adam: you're guessing 3.75% increase?

Peter: that's just a guess.

David: it does not make sense to dig the hole deeper---why have targets when we don't have the taxing authority? We have to ask if we can repeal 2.5 and have a bigger tax increase. It's not realistic to start bigger.

Christine: planning through only appropriations does not address the long-term problems. What are the swings we know: inflation; HIT increases which are against a level budget. We cannot maintain services if we don't find out until October what we have and can do. We need to start earlier.

Bart: so, you are saying we need to start the ALG sooner---over the summer?

Christine: we usually have a break over the summer but we don't want to be surprised as we were this year. If we have the info, we should look at it right after Town Meeting.

Adam: Christine is making an excellent point: we need to look at the basic numbers and leveling funding and be realistic about projected increases. 80% of our expenses are determined by contracts. With a 3.5% increase that would have a \$2.2m deficit for FY24.

Marie: we will be working on contracts next year. The pans do show what the taxpayers can afford.

JP: ALG spreadsheet does not show the excluded debt from the Parker building is going away. It's material for the appropriated budgets. The town has non-excluded and operating expenses that add up to 20% increase and 3% for operating. My second comment: budgeting through appropriation is not deciding level service increases or decreases. We already know that a 3% increase doesn't serve the process well. Looking "bottoms-up" a 4.2% increase would work.

This does not cover increases in HIT; Minutemen is a budget driver that appears to be far greater than the #%. This year we have had revenue challenges—but there have also been the ARPA funds. If there is no new revenue for next year, talks will reach an impasse.

Bart: is this a proposal to change the ALG calendar?

Marie: It is reasonable to look at FY24 &25 and project what we know, after Town Meeting we need to look at the 3% number and see what that means; say if we go to 5% what does that mean for the deficit. We are voting FY 23 next week; we really need to look at what it means for FY24---given what we think will happen with HIT and other problems.

David: I'm in favor of starting in June.

Bart: that makes sense to Christine to start as early as possible—but that will be the next iteration of the ALG.

There was a general discussion as to when the ALG should start on the new budget discussions and if the spreadsheet was complete for the upcoming town meeting.

Bart: the proposal is to begin the next ALG process earlier than typical.

There seemed to be a consensus on this point.

The general discussion of the spreadsheet was based on presenting different tabs and information. While there was also the point to keep it as simple as possible so that the

voters could understand the information presented. There seemed to be a consensus for not changing the spreadsheet format now but to investigate changes for the future and for presentation at future town meetings.

JP will send his ideas for changes to the committee.

7. Reserve Use

It seemed that there was nothing more to say on this topic.

Marie suggested that it was time to work on the warrant message for the ALG spreadsheet. It was agreed that this would be done and sent around by the end of April.

Bart: its remarkable what has been accomplished. Nothing has been perfect but there is not too much blood on the floor; you have worked very well as a group.

People thanked Bart for his 35(?) years of service and said they'd meet again after Town Meeting.

Adjourned 8:35

Ann Chang