

Finance Committee

Meeting Minutes
December 12, 2023
7:30 PM

Present: Christi Andersen (Chair), Jason Cole (Vice Chair), Steve Noone, Esha Gangolli, Christine Russell, Dave Wellinghoff, Roland Bourdon, Adam Nolde, and Scott Sullivan

Ms. Andersen called the meeting to order.

1. Citizen's Concerns

Terra Friedrichs spoke regarding sidewalks - some people may be looking to pull it out of order at the Annual Town Meeting.

2. Current Fiscal Year Q1 Update

Marianne Fleckner and Ellie Anderson presented the Q1 budget on the General fund and the 5 Enterprise funds. Overall, on target. The couple of places of concern, they explained the current situation and plan going forward.

Jason Cole asked for balances of all Stabilization accounts.

3. Capital Improvement Plan (CIP) Review

Mr. Noone gave an update: Years 2025-2034 is 25% less than last year's investment plan. Even with some projects deferred, a long way to go. Mr. Bourdon suggested something like the Fire Truck of \$2.1m, for example, some of that come out of Stabilization fund.

Ms. Russell requested a summary of what was discussed at the joint Select Board/FinCom meeting regarding Capital projects. Mr. Noone summarized:

DPW Fueling Station \$2.6m; Replace ladder Fire truck \$2.1m; Complete Streets Hayward Rd. \$1.825m; Maple Street \$600k; Electrification Town Hall \$2m (deferred possibly); Complete Streets Great Road \$480k (deferred possibly); Bridge and Culvert Construction \$800k (deferred possibly); Sidewalk construction \$2.3m; Town feasibility \$650k (deferred possibly); TOTAL of \$13,675,000
Considered debt of \$1,411,000

Free Cash:

Traffic Calming Study \$50k (deferred possibly); Prospect Street \$400k (deferred possibly/borrowing); Public Safety Radio Equipment \$600k; SCBA \$720k; Railroad Crossing Quiet Zone \$185k; Cemetery paving \$407k (possibly CPA); Dam \$75k; Master Plan \$75k (deferred possibly); Child care \$40k (possibly ARPA); Cyclical Assessment \$160k; Facility Needs study \$100k; NARA Park Roofing \$600k; TOTAL of \$3,407,000

General Operating fund was also discussed \$785,000
Special fund and Enterprise totaling \$734,610

Mr. Bourdon recommends Town look at using Stabilization fund as we prepare the FY25 budget.

Mr. Nolde recommends to spend down reserves down to the floor. Mr. Cole confirmed if Mr. Nolde was referencing the 3% and 5% percentages. Mr. Nolde confirmed.

FinCom requested Ms. Fleckner to come back with:

What if Reserves go below the FinCom's guidelines of 3% floor and 5% ceiling? For example, what if the floor is 2%, what happens? 1%?

Comparing apples to apples, Mr. Wellinghoff suggested using the S&P standards.
What are the balances of Stabilization Funds.

Mr. Martin spoke of the 6 projects that Select Board fully supported:

Fueling Station, Electrification Town Hall, Complete Streets Great Road, Bridge and Culvert Construction, SCBA and Public Safety Radio System.

4. ALG

Mr. Cole presented a presentation of Override Considerations:

FY24 budget: \$113,492,803 (Town, ABRSD and Minuteman)

FY25 projected budget: \$127,852,533

This represents a 12.65% increase

Three main buckets for cost items to fall into: Not suitable for an override (i.e. backfill of a previous grant), Completely unforeseen (i.e. Health Ins, Special Ed, Assessments no control over); Items degraded by the delta between Prop 2 1/2 and inflation (i.e. Inflation!)

Recommendations/Processes/Stipulations:

Agree to an override of some as yet to be determined.

Deliver guidelines to both ABRSD and Town for budget development.

Come to a consensus. If no consensus, FinCom will bring "C" budget.

Define the size of the Override.

No new FTE's for new initiatives or programs.

No new Initiatives/projects.
Systemic review of both budgets (i.e. expired Warrant Articles)
Draw upon Enterprise Accounts.
Don't use Override to meet lesser priorities.
Raise taxes over 2 or 3 years span rather than in one large sum.

Add \$934,500 from FY24 budget (Town)
Add \$3,058,750 from FY24 budget (ABRSD)
use of \$4m first year = increase of \$963 in Avg single family home
\$435 is Prop 2 1/2, \$132 more per \$1m increase in levy

Recommendation: Multi-year \$8m override: \$4m first year, \$2m in second year, \$2m in unused levy capacity.

Mr. Wellinghoff recommends to review town property for possible sale.

Discussion ensued about the ALG's recommendation of their 1/3 and 2/3 split of the Override money. Mr. Cole is recommending more of a 1/4 and 3/4 split based on his analysis. Also, FinCom prefers recommending an amount versus a percentage to ALG.

Discussion of possible doing a Pyramid Override.

Ms. Russell commented what is the actual budget needed to properly run the Town. If cuts continue, what are services that will be cut. Ms. Andersen stated the Schools are on fire, if the Town needs to cut to make the numbers work, that may have to happen. Ms. Russell commented the Town has already been making cuts. Details have to be shown, the story.

Mr. Martin spoke about the School Assessments and asked for clarification of Mr. Cole's presentation, reiterating that Acton is about 68% of the total 100% share.

Mr. Martin inquired about how Mr. Cole calculated the tax increases table, did he use the DOR calculator? Mr. Cole used the lastest ALG spreadsheet, using cell E6 and adding \$1,000,000 increments.

Ms. Andersen asked if FinCom gives guidance to ALG on the split. Discussion ensued.

Discussion ensued about Mr. Cole's recommended override amount of \$8m. All supported; Mr. Nolde feels comfortable with an override that stays under a \$1,000 increase.

Calculations were done for percentage increase year over year: 5.2% increase for Town budget, 7.26% for Schools, then reduce by 15% which now equals 6.62% increase for School budget. These percentages will be double checked. Discussed if FinCom should only put forward the \$8m to ALG. Majority agreed.

Mr. Cole recommended of the \$4m for first year, \$1m to Town, \$3m to Schools.

Mr. Nolde reiterated spend “Free Cash” down to floor.

Mr. Mangiaratti spoke about OPEB, described what OPEB is and its purpose. We are currently paying Retiree Health Insurance out of our Operating Budget. Can begin slowly using the OPEB money to pay Retiree health insurance; authorizing up to \$300k for health care costs for Retirees at Annual Town Meeting. Discussion ensued regarding the support of this concept. Majority supported with Mr. Cole recommending doing it short-term for 1 or 2 years. Ms. Gangolli asked what the new balance would be with a drawdown.

5. POV

No updates

6. Finance Committee Business

Next Meeting is December 19, 2023

Mr. Sullivan moved to adjourn. Mr. Nolde seconded. The motion was approved unanimously.

Documents and Exhibits Used During this Meeting

FY24 Q1 presentation

Override consideration presentation