

ALG Minutes, Jan. 10, 2024, Rm. 204 & Zoom

Present: Bart Wendell, facilitator; David Martin & Jim Snyder- Grant, SB; Christi Andersen & Jason Cole (Zoom)FC; Tori Campbell & Rebekah Wilson (Zoom), SC; John Mangiaratti, Peter Light, Mary Ann z Fleckner & Sherri Mathews, staff.

Audience: Thom Begin, asst. TM; Ellie Anderson, finance; Greg Jarboe & Tom Beals, reporters.

Extra info/ documents: agenda, December 18th minutes; ALG spreadsheet ;David Martin's revised spreadsheet; Tori's research summary.

I. Regular business

1. Public comment— there was none
2. Minutes—were accepted

II. New/ special business

3.FY 24 update

Peter: we're struggling with the budget divers of health care and SPED costs. The budget has been frozen; we're are looking at purchases on a weekly basis. We're trying to get back into a positive level.

John: we're controlling spending; we're looking to see if we can cover the assessments without a appropriation at AMT. we're looking to see if vacant positions can return enough to cover mid- year deficits. On the revenue side collections are strong. It's a worry to see the governors 9C cuts; that has affected costs that may benefit Acton and surrounding towns. We has \$20K earmarked for Rt. 2A that's been cut in half. I don't think we can count on additional revenues from the state for FY 25.

Christi: where are the state numbers in the spreadsheet?

John: these were earmarks, not on the spreadsheet— as earmarks for special,projects they are not part/of the state aid; the loss does not have a direct budget impact.

4. Discuss FY 25 preliminary budget projections

Peter: based on FY24 trends , HIT and SPED costs produce a \$9.5M deficit. There will be a budget presentation Jan 18th where we'll get feed back from staff and families. Based on the ALG plan in the A budget, we're \$2M off; the B budget total is \$9.5M.

John: we're having a budget workshop that will go over two nights when we'll do a deep dive into the budget book. The department heads who do the service work will,present/trends and numbers. We received a lot of questions from the FinCom which will be answered and have been published in the budget packet. The select board has to get the budget to the FinCom 60 days before the start of Town Meeting.

Jason: can you clarify the \$9.5M deficit. It seems to me the A budget has a \$7.5 deficit.

Peter: that's correct. That's the first pass but there was not an ALG consensus developed around the number. We will be having a budget workshop on Feb. 10th— all boars will be invited. It starts at 8:30AM.

5. Review of multi- year financial model

John: we distributed the most recent update Friday. The primary changes were with the tax recap which adjusted revenues for FY 24; we got the levy net ; all accounts adjusted to update FY 25. There has been a net reduction. Municipal,operations were reviewed; the Town Manager presented level service budget and adjusted capital,expenditures.

New offset needed(need feedback) \$300K use of OPEB trust— should we reduce subsidies?
There was an \$11M deficit in December, now it's \$9.875M

Peter: I'm not up to date on the newest numbers . The school committee has to make some decisions.

Jim: the SB and TM have already reduced the level services budget.

6. Discussion and details of proposed operational override

Bart: it's my recollection that there has been. Agreement on the need for an override— the budgets have yet to be approved and the number not set.

David: I'd like to reverse 6 & 7— we can work with the percentages and satisfy ALG concerns.

Set budget targets: \$1M less for the town and 2\$M less for the schools

On line E33—\$1M less; line E44 \$2M less; move some capital out of the operating budget into the capital budget. The FC has asked us to spend down free cash by taking medium- sized capital projects and paying with free cash. The capital list is still not final. This will result in a 6.28% increase for the town; 11.78% increase for the schools; overall increase of 11.17%
Change uses of free cash to \$2M; override of \$9.8M \$ 2.5M untaxed levy bottom line — \$175K positive net position. The tax impact \$1,335

The amounts of the \$1 & \$2M cuts is the difference between pain and harm . Even these cuts will new painful but we will not harm operations

(during this discussion David moved numbers around his spreadsheet to show the resulting costs and tax impacts)

Bart: so now we have a proposal that is painful but not harmful.

Christi: on the tax impact page there is a vast difference between \$630 for schools and \$266 for the town

Peter: I think it's because the untaxed levy was not carried forward

David: in the future years we have to get back to the 3% budgets.

Christi: I'm not sure we want to carry the untaxed levy forward— that would be \$2.5M in FY 26

David: that would stand until a future ALG decides to use hat capacity.

Jason: you're asking for a \$9.8M override and use only \$7.3 in FY 25. Is that correct (yes).
I won't be able to agree to that until we have the budget sessions. We also have a March 25th deadline.

David: we need to push the process forward. This body is charged with setting the amounts for the two entities— we need to break this log jam.

Tori: I appreciate your concept and format— it gives people a real choice.

We have to get an agreement on what do you value in education and the community and how much are you willing to pay. But we need to know what/the community is willing to pay. Tori suggested having focus groups where these questions were asked and come to some sort of agreement. Tori distributed her research on the comparisons between home values and educational values and found that in Acton they were both high. If the override does not pass meaningful services will be cut.

Bart: I am assuming that everything's on hold until the budget meetings?

Jim: I want to thank David and Tori for their proposals. We've heard from the FC that they don't want to add to the override for future years. We have to think about the differences between pain and damage— we need to move forward, we're already late (in making a decision on the override amount) we need to come to a consensus that the number not be higher than \$10M. We've made cuts and now we have to Cho back to the FC for consensus.

Jason: the consensus number is still too high

Christi: we've been presented with numbers that are a whole lot higher than expected. The town and schools have made cuts but it feels like we're talking about a second override. We need to know the actual numbers and what is actually being spent. It is not apparent that cuts have been made on the town side; it's very apparent that cuts have Ben made on the school side. We will wait for the discussions tonight -- perhaps things have been well- managed that the cuts are not evident. We need to know what the effects are on the citizens services on the town side.

There was a general discussion on the impacts of town services and why they did not seem to be as apparent as those on the school side. It was stated that the reduction in services meant a slowdown on projects and repairs that don't have an immediate impact— until they do.

Jason noted that looking at the numbers he now had he could not see a need for an override above \$4M. He expected to have greater clarity after the budget sessions and was taking the position that the towns needs were separate from the schools.

There was a general discussion of what dates different budget numbers would be available. There was a reluctance on the part of the town manager and superintendent to not promote specific numbers without first getting approval from their elected boards.

Peter said that the A& B budgets would be discussed on the 18th at which time he expected to get direction from the school committee.

There was another general discussion about “ playing chicken” with an override number because it was at a level some thought would pass. In addition there was even more discussion on exactly what the model was showing and if the numbers were reflecting what was happening.

John noted that at present the model did not contain the entire impacts of the A& B budgets— these would be added before next meeting after he received direction from the select board.

Peter noted that there was disagreement about the override number but regardless, the B budget would be balanced

Bart: what is it we need to agree on right now?

David: confirm the 3% increase; which is really 2.5% for the town

Tori: we need to highlight both budgets at the next meeting to see where we stand.

David: for next meeting we need to prepare a third budget which shows the 3% increase but with a balanced bottom line.

Bart: just a 3%?

John: we could have good discussion on the plans in parallel— we'll have a better sense of available revenues— free cash and new growth

Bart: so at the next meeting we'll start with the new plan— agreed?

John: on page 16 of the budget book— there are cuts outlined which make the 3%. The costs are \$2.8M (from town budget) On the revenue side we're at the levy limit. We've done an average over the past seven years and have used \$910K. But it's been greater— more like \$1.04-\$1.08M; we can spend down to the floor of free cash— we have backed into a 3% number. Minuteman is a 12.36% increase and that has not changed.

Bart: is there agreement?

Jason: it's wise to do both A&B budgets

There was some more discussion on the number.

****Bart: do we have an agreement that the number should be at a maximum of \$10M and at the moment there is no minimum?

There seemed to be agreement with this statement . There was also agreement that FC in toto would attend the budget portions of the SB meeting and also the SC meeting

John: I just want to confirm the work product: A&B model; A scenario is \$9.8M override with \$2.5M left untaxed.

B is a 3% budget for both entities except for Minuteman. Is that right?

There seemed to be a general agreement.

The next meeting was scheduled for Jan 29th.

There was a discussion on a Charter change for the group. It was agreed to no longer follow the school closing schedule. If weather conditions are nasty, the meeting will still convene over Zoom.

The Charter will now recognize “ in- person/ hybrid meetings”

Adjourned 9AM

Ann Chang

Next meeting Jan 29, 7:30 AM

The agenda will be A&B budget targets.