

ALG minutes, Oct. 9, 2024, 7:30 AM; Room 204 & Zoom

Present: Bart Wendell, facilitator ; Dean Charter & Fran Arsenault, SB; Scott Sullivan & Jason Cole, FC; Tori Campbell & Yanxin Schmidt, SC; John Mangiaratti, Peter Light, Mary Ann Fleckner & Sheri Matthews, staff

Audience: David Martin, SB; Ellie Anderson, finance dept.; Tom Beals, Acton Exchange; three people on Zoom.

Documents & extra info: Agenda, Sept. 4 minutes, FY 26 ALG draft plan (5 pages)

I. Regular business

1. Public comment: none
2. Sept. 4 minutes were ok'd

II. New/ special business

3. Update on FY 25

Peter: estimated \$2.1M in E&D. The circuit breaker was originally 75%; there has been an update on claims — went up 28%. Reimbursement has gone down (was \$4.1M now only \$3.5M. Right now, Millionaires Tax is over-performing and a group of Superintendent's is advocating the state to revisit to fully fund the Circuit Breaker when revenues are certified. This is to be determined.

The biggest new thing is the repair and maintenance of facilities. HVAC went out- now getting estimates . Repair and maintenance costs are escalating and need to be watched.

Jason: where is the HVAC breakdown?

Peter: in Parker Damon— over cafeteria.

John: FY25 normal expenses. On the revenue side we ended FY 24 with \$1.7M. \$4-500k in investment income (which was not planned); \$1M in motor vehicle excise tax— which has been adjusted in local receipts ; these changes impact FY 25 ALG plan. Last year local receipts were \$5.75M in plan; we were being conservative which was a sound decision because we did not know what would happen after coming out of the pandemic. The actual was \$7M for FY 24.

ALG had \$2.065 free cash balance; the warrant had \$1.58 ; articles 5&6 saved \$485K. So being conservative in local receipts; tax recap made up gap; state aid came in better: \$39K increase in state aid; \$435 increase in local receipts; we've sent in free cash numbers to be certified; we didn't use \$475K of free cash as planned. After the ALG plan was finalized, we took \$221K from free cash to fill gap in health insurance.

Net: we used @ \$200K less than planned. Being conservative means we will not need a Town Meeting for budget shortfalls.

(John's comments can be found on the changes page)

4. Model Review

John: the Oct 9th draft is PDF/ excel as well. The following are changes in the model

FY 25 changes: borrowing— a placeholder for the DPW building

The first adjustment was the net for state aid—\$49K higher

Local receipts- end of ALG \$5.75M; estimate \$6.185M

Free cash—\$2.065-\$1.585 (didn't account for \$221K in FY 24)

Net position \$696K

Reserve estimate balanced at 0

Reserve tab

Changes made to account

The \$221K—will not carry over

Total: \$1.18M— apply to overall budget just over \$4M; 1% turn-backs; \$1.7M excess revenue; we need to have free cash certified.

We are waiting for monies to be returned from grants accepted and work done: NARA bridge; work on treatment plant— neither will impact FY 26 budget.

We are forecasting a free cash balance over \$5M which will be good for FY 26.

Peter: the district forecast of \$500K from circuit breaker and Revenue increase of \$3.5M

John: ALG plan FY 26

On the revenue side— untaxed levy; the SB by consensus is keeping the untaxed levy at \$1.2M rather than the earlier number of \$800K. That adjustment has been made on the plan

We've kept state aid level — it's difficult to plan.

Receipts: increase estimate \$6.25M; we'll make adjustments after the quarterly report

Can't plan on last years levels— DOR won't allow that.

Operating budgets have not changed

Town depts. will be submitting budgets next week and we'll start the process; I hope to have preliminary estimates by Nov. 18th at which time I will also update capital needs.

Peter: for FY 26 we have a budget guidelines meeting Oct. 24. Cap budget at 3% increase— we are looking to stay at that position.

Moving forward we've placed E&D at zero again. We have an elementary school budget task force which will be reporting.

We are working with a consultant, New Solutions K12, to look at the elementary budget with recommendations due December 19th. Our budget presentation will be second half of Jan.

John: Minuteman — nothing new— they have a new superintendent and we are checking in.

\$1.4M deficit; we have work to do but this number is not unusual for this time of year.

Out years FY 27-30 level funded for now; we've not set the untaxed levy; it's just a guess
Overlay now \$800K; FY 24 used more than that— we need to look carefully before doing the out-years.

Peter: did not update the 3.75% on ALG — I can't do it without the direction of the SC. Having a 3% will cut deficit in half

John: look at SC line— there is major debt falling off. Look at changes tab— we have a difference for FY 26 deficit.

For tax impacts — we have last years evaluations— we are working on updates on a rolling averages in Nov.

Scott: I'm new to government finance. I don't understand why the unused tax levy is \$1.2M

John: top of model is the current levy limit

Scott: reducing revenue by \$1.2M— there'd be less a shortfall.

John: top section is authorized tax bills— we've made the adjustment for transparency

Scott: gross v net—I get it.

Bart: any new comer to municipal finance who does not ask questions is not paying attention.

Jason: DPW building is just a place holder. I want to thank you for coming to the FC meeting to explain the project.

At this time in a normal ALG process we make decisions about an override; the FC has no appetite for an override. There are no numbers; we are not on board with the size or scope. There is no appetite for DPW debt exclusion— we need to address this before thanksgiving.

Dean: in the past it has been the practice of the ALG to take no position on debt exclusion as opposed to general debt.

Jason: we will have a floor fight at ATM.

John: at the FC meeting I did not hear “ no appetite “ but an ask for more info and numbers.

Jason: ask Scott

Scott: we don't want an assumed amount. We know it will still be an estimate and not actual numbers. It was my impression that the majority [of the FC] we're looking for numbers, actual benefits; informal that can undergo analysis; multiple prices— not just one (very high) price. I think at this time the FC was looking for more info at this time— before a decision is made.

Jason insisted that the \$40M project was too high and he was opposed to back-to back overrides. He also stressed that the ALG had to make a decision soon.

Fran: we can discuss this forever in the ALG / FC but ultimately it's the taxpayers who will decide.

Tori: the elementary budget task force understands that there are other needs in the two communities. Boxboro needs a new fire station; Acton a DPW building. The SC has to deal with all three entities— emerging from last years struggles— no chance yet to figure out the balance. It doesn't feel good “ to come back with our hands out” . Back -to -back does not seem good to me— people see the operational override of last year and have not yet seen improvements from the work the FC and SC task forces are doing. Last year took an incredible toll on district staff— multiple budgets had to be developed— I am worried about being in the same position again— I really worry about b-t-b, not so much the amount as the stress— It was telling when we got to evaluating our progress on District goals that there were some efforts we never got to- either not funded, or no time and energy to devote to anything besides working on the budget. This cannot become the norm.

Dean: we [SB] has made a commitment— there is a gap between the building cost estimates and as soon as we get the numbers in we'll send them to the SB and FC. The SB is clear: the DPW building is their # one priority— it has already been delayed many years

Bart: it's true that voters do ultimately decide. But the concept behind the ALG is to have all three boards agree. The chances of things passing goes up. Acton can have a lively debate— if not agreement; but agreement of the three boards makes sense.

5. Approve meeting schedule

Next ALG will be 11/27 followed by 12/18

Joint meeting of SB and FC — Jan. 13

Agenda item for 11/27—override for DPW.

Pencil in Feb. 8th school budget workshop.

Adjourned 8:27

Ann Chang