

ALG Minutes 10/17/12

TOWN CLERK, ACTON

Present: Bart Wendell, facilitator, Janet Adachi, Pam Harting-Barrat, BOS; Xuan Kong, Kim McOsker, SC; Doug Tindal, Mary Ann Ashton, FC; Steve Ledoux, Steve Mills, Steve, Barrett & Don Aicardi, staff.

Audience: Pat Clifford, FC; Charlie Kadlec & Dick Calandrella, AVG

Minutes of September 13 were approved.

2. Update of FY 13 revenues—Steve Ledoux & Steve Mills

S. Mills—too early to say do not see any dramatic changes. Steve Ledoux “ditto”

Don: The only material change is the state aid number is higher. The Regional SC voted a new table 6. That means we will not use as much E&D—change in Town Assessments; Sent in the paperwork to DOR to get the E&D certified.

SL: we will start the budget review today—go over FY 14 & requests for FY 15 & 16

3. Discussions on Revenue Projections FY 14---All; **Extra Info: spreadsheet**

MA: We asked Steve & Don to revise the spreadsheet; they have done a good job

Don walked the members through the new spread sheets

Page #1—“Things [the numbers] are the same as they were when we left off last year; most of FY 14 col. are what they were in the spring; AB & APS the same; under Health Trust the \$952k is important. The HIT is going through a design change & there will be a new score card showing the savings in the future.

The \$952k is a “guess for FY 14” which will allow the entities to go up 5%. Right now we are using the old expenditure---the \$952k—is at the bottom [of the col.] because it is not yet in the budget

Steve B: tax levy change that was based on the multi-year plan to get the budget to \$0 for Town Meeting. The tax levy is the biggest revenue source it is based on the 2.5 % growth. The tax bill will change when we set the tax rate.

Mary Ann: All of these “tax impact” numbers assume no change in the values of Single Family and will be updated once we have the new numbers for 2012—I don’t think we can expect as smooth progression.

Don: temporary levy increase [as the debt decreases] debt numbers have been update. OPEB page: \$500k, FY 13; \$700k FY 14; \$900k ---this is the same as last year---we don’t have any new numbers [from the OPEB committee] so have just repeated.

State aid numbers for FY 13 reflect the cherry sheet for APS & AB & will be reconciled on the recap sheet in Dec.[is accepted by the DOR] For FY 14 the Ch 70 is “my best guess” at the moment; AB transportation reimbursement # will increase for \$60-\$65k. As enrollment starts to decline, APS---we will be using the Foundation number & local count so we will expect an increase in Ch.70 for APS. The

proportion of Acton vs. Boxboro's costs, based on a three-year average, are highlighted in the yellow box—Acton is 80.6% of the assessment it will increase to 81.61% as Boxboro decline—Acton will be paying more.

Steve L: we should take into account the Federal "trickle down"—as the federal funds decrease there will be more costs for the states---it will have an impact.

Steve B: **Local receipts page**

Amounts peaked in FY 08---the biggest change is in the investment income; we estimate motor vehicle at \$2.6M, which may become the new average but we will not know until Feb, when the 1st bill is sent.

Doug: what is the driver for fees?

SB: the selectmen increase the fees.

SL: the permits are increasing for additions and not new construction

Doug: are we recovering our expenses with the fee increase? What percentage do we recover? Ans: more than half.

Don: **Reserve page**

Line A: Beginning positions: FY 12--\$8,025 M; FY 13--\$8,969 M; FY 14--\$10,147 M; FY 15---\$8,632 M; FY 16--\$7,130M

E&D capped at 5% of total AB --\$1.9 m; NESWC finite; free cash; part of the replenishment is from closeout of articles

Line B: Actual annual reserve use: FY 12[final] \$1,853M (% for budget support 2.7%); FY 13 [in use] \$1,298 M (% of budget support 1.54%) The change is the \$419k (lower) for Acton portion of certified E&D (% for budget support. FY 14 [estimated] \$2,065 M (% of budget support 2.36%) FY 15 [estimated] \$2,052 (% of budget support 2.23%) FY 16 [estimated] \$2,006 M (% of budget support 2.08%)

Line C: Assumption of reserve replenishment generated in the prior fiscal year: 6/30/11 \$3,128M [\$0 NESWC]; 06/30/12 \$2,476 [\$61k NESWC]; 06/30/13 \$550M [\$0 NESWC]; 06/30/14 \$550M [NESWC \$0]06/30/15 \$550 [NESWC \$0

Line D: Year End available balance (A minus B plus C) Available FY 13--\$9,300M; Available FY 14 \$10,147 M; Available FY 15 \$8,632; Available FY 16 \$7,130M; Available FY 16 \$7,130M; Available FY 17 \$5,674 M

These numbers are transferred to the composite budget on page 1.

Steve B: last page is a break out of the allocations and is helpful for administration purposes.

Xuan asked what portion of the of the turn back was for APS. Ans: \$360k

Xuan: can we expect another big turn back from the Town?

SB: In FY 12/11 there was the overlay surplus; closing down of old warrant articles; light winter—snow & ice budget was good; legal budget is down; there have been staff vacancies & unemployment costs were less.

Mary Ann: is there any overlay reserve? The Fin Com would like to see what's available

SL: The assessors will be closing out soon & then we will know.

SB: We will have a draft reconciliation of the overlay for the next meeting

Bart: does anyone want to make any changes?

Xuan: we did not discuss tax to the max—Don's revenue projections for & Ch. 70 are based on our taxing to the max.

Doug: Tax to the max is a moving part---we [FC] are firm on \$1.5M use of reserves.

Don: Does that include the use of E&D?

Doug: we want to hold to \$1.5M. Last year it was bumped up due to the collective bargaining costs adding \$2-300k. This is our recommendation which we are giving to the SC & includes E&D

Don: I think we need to have a discussion with the FC ---we have been consciously trying to replenish & now we are being told to use less.

Mary Ann: This is what we (FC) think we will circulate it as our point of view we have no purview on how others will think.

Kim: Is there a time for feed back? Is there an expectation that everyone will buy in?

Doug: we have put the POV on the table looking for feedback. We do not want to dictate but looking back at the numbers & from what we now know we will not have a "boring year"

Mary Ann: we welcome feedback but need to discuss specific reserve use at the next ALG meeting. The other area where the FC differs is the tax level and local revenues. We have agreed to be more conservative on our assessment of the state funding of Ch.70—we think it will be 2.5% rather than the 7% Don is projecting in his model

What we are assuming is a 2.5% decline in enrollment, and then anticipating cuts at the federal level we just think we should be more conservative in our numbers.

Bart: so next meeting we will discuss reserves? ---general agreement

Kim: this will impact our Long Range Plan which we will be doing in Nov.

Pam: does the \$1.5M reserve use include the \$700k for OPEB?

Mary Ann: we are waiting for the OPEB report on the level of funding and how it is to be funded.

Bart: two things are different: FC's POV—Ch 70 less than 7%; and reserve use.

Kim: do you think the OPEB expenses will be the same as are on the chart. We were going to do an OPEB consensus on Nov.29th

4. Split Allocation

Prospective numbers (on last page) FY 13 35.8%/64.2%

Bart: this is the current split---what will it be this year?

Xuan: The needs of the priority budget for the schools need to be reflected in the split. I do not think the trend of the school's percentage will decrease.

Bart: will it go up or be stable?

Xuan: we are all trying to influence each other. The SC is not shooting for a 67%--rather we are looking at what we need to fund the priority projects. I cannot say the split per se should increase or remain the same. We have a multi-year priority program that we cannot abandon—it is funded by the split

Mary Ann: the FC sees everyone's budget & sees the pent-up demand to do projects. The FC would like to maintain it as is noting that it has crept up on the schools side.

Janet: whatever we agree to I can understand the trend to shift to AB---but the school population is declining. I don't know what the impact of this decline will be. On the Town side the population is increasing—we have a problem that the police department is undermanned...

Steve L: It's too early to discuss the split. I have not seen the budget requests from the department heads. We know there is a need to increase the police but we do not know what that will mean to the budget.

Pam: there is a pent up demand on the town side. Clearly getting new police is a benefit to the schools. There will be more areas of overlap as we move ahead. It is a hard shift to move the focus from the schools—we have got to meet the needs of the older population who are staying here.

Bart: is there anything else?

Doug: collective bargaining settlements were flagged at the time; are there any more coming along?

Steve L: three contract are being negotiated: police---3 years out; superior officers & highway

Doug: will there be an impact on FY 14 Ans: yes Doug: these are moving parts that need to be understood---last year it was ¼ M dollars.

Steve L: arbitration is up to FY 11. The unions have not ratified FY 12. The loss of the Quinn bill where the state paid 50% & we paid 50% is a sticking point.

Doug: If it's \$100k that's one thing but if it's \$1 M---that's something else

Kim: I can see where the police have value for the schools being on campus. Perhaps we need to change our way of thinking---the schools also benefit the older community

Steve M: I'm not naive about school budgets. The split pits me against the town. We need to reflect on what happened in FY 12—OPEB; split; service; and reserves. All four groups have to be accounted but the revenues are the third rail. If we use only \$1.5M of reserves I'll still have a \$1 M problem. The school committee has told me to continue with the investment budget.

Mary Ann: we need to wait for better information from Steve L. about what will happen with Minuteman, as that is part of the school's share.

Steve L: Minuteman is a mess, I will not even predict on what will happen there

5. FC's Long Rang Plan

Doug: we may see these as "boring years"---nothing is breaking down except Minuteman. We seem to be coming out of the worst recession but as we look to the future we see that the budgets are not sustainable. NESWC was \$6M is now \$1M & will essentially be gone; we have no stabilization fund; we have no common understanding of how reserves should be used. The reserves are money left over—we have no formal understanding of a back stop. We have built budgets that cannot be sustained by the tax levy. The Long Range plan looks OK now but I think we are in for a lot of trouble in the future.

6. Regionalization

Xuan: Right now the committee has reached a consensus on several items. 1.School board size now at 6 & 3 will change on 5 & 3 with Acton's votes will be weighted.

2.Construction costs—Boxboro will have a 5% discount; elementary assessment will be based on population

3. There will be savings in administration, transportation but smaller Ch 70 aid. There will be \$600k/year in savings the split will be 65% Acton & 35% Boxboro

Next step will be a joint meeting with AB/APS—other outreach is a meeting hosted by the League of Women Voters on Oct.30.

Doug; Will there be any health care savings?

Xuan: there will be salary increases to match ours; their employees will adopt our plan

Steve M: there was some thought of having the school committee 5 & 5. There was a demand to have the assessment split at 50-50; then Peter Ashton suggested 70/30 the vote was 65/35.

7. OPEB

Steve B: there has been one meeting where Mr. Noone was elected chair. We were going over the actual of the budgets & looking forward as to the amounts and sources. Free cash has been certified

Public: Mr. Kadlec suggested a simplification of getting rid of the debt, debt exclusion & debt service page.

Meeting adjourned at 9 AM

Next Meeting November 8th 7:30 AM

Ann Chang