

FEB 28 2014

TOWN CLERK
ACTON**ALG minutes Sat. Feb 15' 2014**

Present: Bart Wendell, facilitator; Mike Gowing, Janet Adachi, BoS; Pat Clifford, Steve Noone, FC; Kim McOsker, Dennis Bruce, SC; Steve Ledoux, Steve Mills, Don Aicardi and Steve Barrett, staff.

Audience: Doug Tindal, FinCom; Marie Altieri, Asst. Super, personnel; Charles Kadlec, Allen Nitschlem, Jon Benson and Pam Lynn.

Extra Information: Multi-year financial model (ALG spreadsheet) and ten pages of back up info; Finance Committee's administration cost comparison sheet.

Bart started off with a statement: when I get numerous emails between meetings, I know something is happening. I am assuming that reaching a consensus is still important. Question: is everyone in agreement that we should reach a consensus and make a recommendation to Town Meeting; or is there something different and every board should go its own way?

Dennis: there is no reason that we cannot work through the numbers, reach a consensus and present it to Town meeting.

Janet: consensus is preferable. I acknowledge that comments by Selectmen have generated communication back and forth and some members have tried to make amends. It is not a good idea to go to the voters at Town Meeting without a consensus.

Steve N: we can reach consensus here but we go back to split boards and we are all having trouble delivering the consensus among our members

Pat: 1. We have to trust each other that there will be no inappropriate comments; 2. we need to solve FY 15—we need to look at the "extra" pots of money and then look at the out years for sustainability; 3. Bring our yes back to our boards for agreement.

Bart: so my comment---this time of year we butt heads on the structure of the budget process. This happens to some extent every year. Research has shown, and common sense agrees that when people are angry, IQs go down. Every year people have found a way to let their anger go to the side and get the work done.

Minutes approved

2. Updates---no changes

3. Spreadsheet

SB: the assessors met and declared \$325k of the overlay account surplus. On June 30th this money will flow into free cash. Since last meeting there have been changes which have resulted in a positive \$855k balance. Changes include: a reduction of \$440k from the selectmen's vote to jettison the Harris Street capital project; \$additional \$100k in new growth; \$100k increase in excise tax (based on the FY14 experience); and an increase in fees.

Minuteman is in the mix at \$29k. There are also cuts in the school budgets and increases in E&D spending.

The model still has a 2.5% increase⁴ and uses the Governor's numbers with the increase in transportation.

Bart: is this part of the consensus?

S. Noone: despite the fact that the budget looks solvable but there is no taxpayer relief; does not fully fund OPEB; there is \$880k in deficit and the use of a full \$2m in reserves to cover it.

My Concerns: 1. FY 16 & 17 have not been addressed. If I escalate the education by 5%/year in FY16 the reserve use will be \$2-3m and FY 17 \$3.5-\$4m---this is unsustainable.....this is just kicking the can down the road. 2. I do not like the way regionalization turned out in the school budget. We were led to believe that the budgets would be flat or go down and we are not seeing that. We can sign off on FY 15 but it's a hard choice not to fund OPEB and if we do not cut personnel we will have an override in FY17.

S. Mills: It is important that we not co-mingle the regionalization with this year's budget problems. We had 14 SPED kids move in; two are out-of-district residential at several \$100k each. We have no control over this but are responsible for the costs. The \$500k for OPEB has nothing to do with regionalization. The budget has increased by less than 2% Peter Ashton [at the Town meeting on regionalization] said the average would be an increase of 1.7% with 6.8% for the next four years..

S. Noone: I hear what you are saying but I also heard what Dennis said. I see lower class sizes but there is an increase cost of per pupil/administrator. {Regionalization} may be more efficient but the savings have been spent elsewhere and have not translated to the bottom line. People were led to believe that the costs would come down---they have in Boxboro; the split is inherently unfair.

Bart: do we need a fact check on admin costs? I see two issues: 1. did regionalization deliver savings as was promised and 2. How was the savings spent?

SN: the savings in regionalization were achieved but were repurposed and were not in the regionalization numbers

Bart: so we agree that the savings occurred but are being spent on personnel. So the question now is sustainability

Pat: we have things that are more than one-time costs; especially SPED. Once it's in the budget, it stays. The FC has had two meetings on sustainability and the school budgets make us very uncomfortable.

Mike: did FTE's go down or increase?

S. Mills: There are eight fewer for a \$400k reduction. Pat is right: once the SPED expenditures start they will be in next year's budget. The circuit breaker has us paying the first \$40k.

Janet: we know that we cannot escape our SPED obligation and that's not connected to regionalization. The first year is not as rosy as projected. Regionalization has been accomplished but the budget has increased. People complain to the BoS about the budget and tax increases but we do not have any control over 2/3 of the budget.

Dennis noted that the school budget was not the final that will be taken to Town Meeting.

It was agreed that the issue of sustainability was the more important to discuss.

Steve Noone noted that the FC wanted to give the taxpayers relief and the FC felt that having reserves in the \$10m range warranted such action.

Bart: is it relevant to ask if it's important to get this budget through Town Meeting.

All agreed it was.

Pat asked about the changes in the town's budget. The biggest shift is the \$440k removed from the Harris street project. She asked if that would be returned and Steve Ledoux said the project could not go forward until the selectmen went through the space study.

Pat asked why there was a difference between the percentage increase for health insurance between the town (8%) and the schools (10%) Kim, a member of the HIT said the Blue cross range was between 7.5% and 9%. The schools took the higher number to be on the safe side.

If the numbers come in a 9%, Don said the savings would be between \$72-\$75k; while the towns' would be \$25k

Pat also had concerns about legal costs: the costs for the Inter Municipal Agreement (IMA)

Steve L: noted that the town has four big cases out: Next Generation; a suit against the EPA about Grace; IMA and a possible suit by CVS over 19 parking spaces. He considers legal guidance to be a form of insurance. The legal fees due to the IMA should be a one-time cost and should not carry over; the town and schools will be discussing the IMA on March 3. Steve Mills agreed that the IMA fees are a one-time cost.

After a short break, Janet presented the Town's proposal to have FY15 comport with the finance committee's point of view recommendations: \$2m in reserve use; \$1.1m in OPEB and tax relief.

Pat suggested that the overlay surplus be used to drop the tax rate percentage by .5% more than what the FC posited at the start of the budget season. That would give the town an increase of 1.5% rather than 2.5%

There was discussion on the impacts and how the reductions would affect the out years.

Bart: do we have an agreement: to take the proposal back to the boards

*****The Proposal:

*******Proposal:**

Reduce reserves for FY 15 by \$175k to \$2m;

Hit \$1.1m target for OPEB for FY 15 through Town's addition of \$342k to municipal OPEB trust;

Apply \$350k toward tax relief;

Apply \$325k overlay surplus to tax relief.

***** There was agreement to take it back to individual boards.

Staff was asked to put the new proposal into the ALG spreadsheet for the next meeting.

The next meeting will focus on the out years of FY16 & 17

Steve N: asked that there be a separate sheet for OPEB and a line item for trusts

Pat asked if the teacher's contracts would be ready as well. It's doubtful

However, Don is refinancing the JH and HS construction debt and that will be shown in the updates sheets.

The next meeting will be Feb 27th at the Junior High School Library at 5:30

Public

Allen N. said the perception that the voters got from the regionalization vote was that there would be a decrease in the school budget. Regardless of whether the savings promised have been realized, the assessment for Acton is increasing while that for Boxboro is not. This will be very difficult to explain on town meeting floor.

C. Kadlec suggested that the school committee return to the regional agreement and make changes which would be fairer to Acton. He suggested that this issue be discussed before the next ALG and see if something could be done.

Adjourned 12:30

Ann Chang