

ALG Minutes January 15, 2015

Present: Lauren Rosenzweig –Morton, facilitator; Mike Gowing & Katie Green, BoS; Steve Noone & Mike Majors ,FC; Kristina Rychlik & Dennis Bruce, SC; Steve Ledoux, Glenn Brand, Steve Barrett & Marie Altieri, staff. Audience: Peter Berry, Franny Osman & Janet Adachi, BoS; Brian Mc Mullen & Clare Jeannotte, Staff; Charlie Kadlec.

Extra Info: Town of Acton Multi Year Financial Model (aka ALG plan); ALG Plan Tie-out

Minutes were accepted.

2. Update of FY15 revenues and expenditures

Steve L: The 9C cuts proposed in local aid by Patrick were not passed by the legislature. We do not know what Baker will do. He has released money from Ch.90 funds that were frozen by Patrick. This is money [\$400K] we use primarily for paving. We are on track for expenditures. Not having any snow is a good thing.

Glenn: The school committee will meet on the 22nd; Clare will give an update on the second quarter report for FY15. We have no new expenses or revenues. We are waiting for the 9C cuts.

Since Nancy Banks was not present, we skipped #3, Update on Minuteman, and went on to #4

4. Update on OPEB

Steve N: The OPEB committee has not yet met. The numbers are shy of the \$1.4M we will have to meet again to consider these lower levels.

5. Middlesex Retirement

Steve L: Middlesex Retirement has revised their assessment to Acton which was \$388K. We have entered into a MOU with the region. In November the preliminary assessment went up \$600K over estimate used and there are also significant increases for Boxboro and the region. We have talked to the actuaries and staff and it appears that there are 21 individuals who have been put back into the town side when they should be in the region. This accounts for \$400K of the increase. In addition there are employees who have been mislabeled as school employees when in fact they are fire and police department employees. Then there are employees that have been classified in groups at a lower rating.

Something happened in 2011, and this has become an 800lb gorilla. We need to work on these numbers. Both Segal and Town Counsel have become involved.

Marie: Clare and Steve B. have been working on these numbers in the school budget. There has been a 17% increase on the base staffing of a year ago which stood at 1,000 employees. The schools need to take on more people which will put the total at \$750K a 22% increase. The three entities need to get together and figure out what's wrong. The Segal numbers have a 6.5% increase. The schools will have real issues unless these numbers come down.

Lauren: We understand the problems. Do the stakeholders intend to meet?

There was a great deal of concern about these numbers and the finance and school committees wanted to know when the staff expected to have some answers.

Steve B: We are looking at the revisions we think are needed.

Steve L: The problem of the misclassification of the employees has been sent to Town Counsel. 25% of the public safety employees have been shifted from grade 5 to grade 1.

Clare: Lots of the APS/AB also have problems; salary data is wrong. Other towns have decreases in assessments.

Steve B: there will be an outside audit by GASB which we are hoping will give us relief.

***It was agreed that this issue would be on the agenda for the next meeting

6. Senior tax relief

Steve L: As we developed the FY 16 budget we added \$200K to the overlay account for senior tax relief. Sudbury's Home Rule legislation is being watched by the Legislature to see the outcome. There are some questions about the administration of the funds. The overlay is not appropriated it is just reserved. There is agreement among BoS, FC, Sr. Tax Relief C and Assessors.

Mike G: The Sr. TRC looked again at the Sudbury home rule but the state asked us to wait for 2-3 years. Why are we getting involved now? Is this an end run? Why is the Finance Committee involved?

Steve L: Yes it's an end run. By using the overlay account we are doing an internal program (do not need legislative approval)

Steve N: Bob Evans reported on the Sr. TRC plans and we thought it was something that should be implemented.

Lauren: Since it's a local move will it be on the warrant?

Steve L: The Sr. TRC has not made a decision as yet.

7. Spread sheet

Steve B said the spread sheet was worked on by Marie, Clare and Brian. The new sheet still needs work: quality control checks; although they have been working on aligning the data from schedule 5 from the schools.

Summary of the sheet: Tax to the max of 2.5%: state revenues from last year have been increased by 1%; new meals tax; Town& Schools preliminary FY 16 budgets; increase in overlay account for Sr. TR.; free cash certification for town.

Not in yet: changes in Middlesex retirement; FY15 tax rate.

The complexities of the plan have been simplified on the front page with the details in the back pages where we have: \$150k in anticipated expenses for nursing service: \$100K increase in excise tax; \$270k for meals tax (which will come with the state aid); increase of \$200k in overlay; change in AB debt; new table 6; and Minuteman assessment. If you push all the numbers we are plus \$12k for FY 17.

Marie: Take the number for FY 17 lightly. There is only a 1.5% increase in the assessment and the surplus for FY 17 is overstated.

SN: Basically this is a 5% tax increase.

SB: Add the effect of the reassessment

SN: You still come back to a 4.5% tax increase. The FC will not sign off on this increase. The budget is out of balance. The tax levy sheet does not reflect the opinion of the FC. You intend to tax to the 2.5% and recapture what was lost last year.

8. Outstanding Consensus items

Lauren read down the list:

A. Tax levy

** It was agreed that it was still too early to come to a consensus here because the schools do not yet have their budgets and not met for budget Saturday.

The selectmen have to vote their budget by Feb. 6th; they will discuss the budget at their Feb. 2nd meeting.

Lauren: We have to educate the public on the meaning of the tax levy

Marie: 2.5% makes \$1.8M and we will recapture the \$692k

SN: The FC went through the numbers and we are going to stick to our POV which say tax to 2%; \$1.4M OPEB instead of the \$1.2M and move the reserves to \$2.4M

Mike G: We also don't know about Middlesex retirement...

B. Use of revenues

Steve L: The model has \$2.6M for reserve use.

Steve N: There is no money going into a stabilization fund

Lauren: That would mean setting some reserves aside but requires a vote [of Town Meeting]
It was suggested that the town could start the stabilization fund with \$2.5M

Steve L: Gov. Baker has a grace period [before he needs to get out the budget]. He will be speaking at the MMA meeting perhaps we can get a clearer picture of what he intends to do.

SN: No new taxes, fees or cut in local aid.

Lauren: Do we have revenue projections?

Marie: Ch.70 will be at the minimum with just a 1% increase; transportation may be part of the 9C cuts which happening mid-year will be difficult to make up; we are not expecting higher revenues

MG: What's happening with the SPED circuit breaker?

Glenn: The Circuit Breaker is 70% of FY 16. Historically this has fluctuated; we do not know. The questions about Middlesex retirement are also not answered. The town is working on getting a more reasonable assessment.

Marie: On the use of reserves, we will not have the turn backs of other years. Right now our E&D is low. We'd like to see it pushed back to 5% of the budget and we'll need a few years to increase E&D. The turn backs used to be around \$250k but the budget is so tight we will not see that amount.

SN: The turn backs last year were closer to \$30k. That's not much of an appropriation if the budget gets into trouble.

***It was agreed that the three items needing consensus (tax levy, use of reserves and revenue projections) could not be decided now and should be put on the next agenda.

9. Public

Charlie: Going back to the tax impact. FY16 shows a decrease in the value of SFH. Is this deliberate or is it left over from the recession?

SB: That column needs to be reworked to reflect the tax bill. If we go to the full 2.5% increase plus the unused \$692k, we will have a 3.5% increase which will translate into the tax bill. If the SFH valuation rises by 5% people will not understand. We have to start educating them now.

10. Meeting schedule

*** Agreed dates February 5 & 26 and March 12 and March 26 if needed. All will start at 7: 30 AM.

There was some discussion about a possible Saturday date but that was left hanging.

Adjourned 8:30

Ann Chang