

Minutes – Acton Finance Committee
January 13, 2009, 7:30 p.m.
Town Hall – Room 204

Pursuant to a notice duly posted with the Town Clerk and with a quorum of members present, the Acton Finance Committee convened at 7:30 p.m. on January 13, 2009 to review various matters.

Members present for the meeting: Steve Noone, Herman Kabakoff, Mary Ann Ashton, Pat Clifford, Bob Evans, Bill Mullin, Kent Sharp, Doug Tindal, Associate Member Maynard (Brandy) Brandon

Others Present: Don Mackenzie, Jo-Ann Berry, Doré Hunter, Clint Seward, Bob Hertz, John Petersen, Bill Ryan, Jonathan Chinitz, Susan Horn, Dick Calandrella, Paul Hoff, Sharon Smith McManus, Heather Harer, Charlie Kadlec,

Chairman Steve Noone called the meeting to order and offered an overview of the agenda and a preview of upcoming meetings. There was no public participation offered.

Approval of Minutes

Mary Ann Ashton presented minutes from the December 16, 2008 meeting. Bill Mullin moved, and Pat Clifford seconded. Minutes were approved unanimously.

Town Moderator Comments on LWV Report

Chairman Noone introduced Town Moderator, Don Mackenzie, who presented his thoughts about the changes he intended to make at this spring's Annual Town Meeting, subsequent to review of the report prepared by the League of Women Voters. Among others, he will hold a mandatory pre-Town Meeting meeting (scheduled for Thursday, April 2 this year) and anyone who wishes to present at Town Meeting will need to attend and vet slides for timing. He will implement time limits, including 12 minutes each for presentations, pro and con speakers limited to 2 minutes each, and will use a timing graphic on screen. All motions and amendments will be displayed on the screen, and he has guidelines about the readability of slides used. He intends to appoint a Deputy Moderator. He also outlined changes that he would support if other groups decided to implement them, as outlined in his handout, including having the Finance Committee provide an overview of the town's finances before the introduction of any budget articles.

Finance Committee members thanked the moderator for attending and sharing his thoughts. Herman Kabakoff expressed his concern about having the Board of Selectmen and Finance Committee members present from the stage, rather than from a podium on the floor. Kent Sharp thought these were worthwhile procedures to try, but is concerned that everyone will come for the budget discussion on the first night and not return for subsequent nights. Mr. Sharp also asked about whether the moderator thought that the date of town meeting should be delayed for certainty in budgets, but the moderator felt that it could be handled appropriately. Bill Mullin asked whether *Town Meeting Time* would still be the operative document and the moderator confirmed. Audience member and League observer, Jo-Ann Berry, thanked the moderator for his acceptance of the LWV recommendations, but asked whether Fincom would take responsibility for preparing the scorecard. Mr. Noone affirmed that Fincom had intended to do something similar, and would be happy to undertake this task.

Overview of School Budget Process

Mr. Noone introduced School Superintendent Bill Ryan and Regional School Committee Chair Jonathan Chinitz. He informed the committee that the municipal and school budget workshops have been postponed; the municipal budget workshop is scheduled for **Saturday, February 7** and the schools will have a joint meeting with the Finance Committees of Acton and Boxborough on **Thursday, February 26**. Because of the delay, the schools requested time to present to the Finance Committee their current work with the budgets to keep the committee up to date.

Mr. Chinitz concurred and said that the school committee would welcome an opportunity to continue the conversation, but is seeking feedback tonight from the Fincom about whether the school committee is on the right track or are there other areas that should be investigated. Mr. Ryan presented information about budgets and assessments, and Mr. Chinitz presented the big picture [see slides attached], followed by discussion.

Mr. Ryan said that the schools had presented a “level service budget” in December, which presented the same staffing and services for FY10 as in FY09. For Acton Public Schools, the level-service budget represented an increase of 6.4 percent, a larger increase because of special education issues. For AB Regional, the budget increased 4.3 percent. The school committee and administration felt that they needed to change assumptions about Chapter 70, but this will not be definite until Governor Patrick presents his budget on January 28. Assuming that there are cuts in local aid for FY10, the schools assumed that they would have to make cuts in the proposed budgets somewhere in the vicinity of \$1.7-\$1.8 million, below those budgets presented on December 4. AB cuts are only worth .80 on the dollar for Acton. Cuts would need to be over \$2 million to get to that number. The first step the school committee adopted is a set of recommendations for reductions Levels 1-4 totaling \$850K. The schools are now addressing how to cut the remainder, if necessary. Mr. Ryan met with administrative staff several weeks ago, and directed them to come up with a cut list, strictly in personnel: \$450K at AB, RJG \$225K, Elem \$275K, and CO \$50K. Still doesn’t quite get there. One of the assumptions that Ryan is using, but SC is not on board is to take 45 additional Choice students = \$225K. These total reductions/additional revenues of \$2 million.

The reductions/adjustments taken so far total \$853,737 (approximately \$765K Acton):

Level I – Adjustments to Budget – CASE adjustments, Middlesex prepayment, SPED tuition change in plan

Level II – Changing Operation – some degree of risk – SPED legal, SPED tuition, SPED summer,

Reallocate to health/school lunch, reduce 1.0 FTE grade 6 teacher that was going to be moved to grade 3

Level III – Cutting unfilled positions, more risk – 2.5% supplies and expense reduction, reallocate school lunch,

Level IV – More risk – transportation lease \$30K one-time, 2.5% supplies and expense reduction

These changes have reduced the APS percentage increase (over FY09) from 6.4% to 4.6%, and for AB from 4.3% to 3.2%

Mr. Chinitz presents the “big picture” regarding changes in revenues and assumptions about Chapter 70, and request feedback from the Finance Committee.

Bob Evans asks about borrowing for boilers and technology; Mr. Ryan said that the money for that is in municipal budget, and was estimated to be \$113K but it will be lower than that. He is hoping that the town will receive construction grant from MSBA for Conant. Mr. Evans asks about the roof projects, and what the expected first year costs would be. Mr. Ryan said that there are currently two articles for roofs – one for Douglas (MSBA) and other for Gates, Conant, Merriam admin. If approved, Douglas roof might receive MSBA reimbursement, and its cost would be \$660K; the others together would be approximately \$2.4 million. The school committee has not decided yet whether to go forward with these projects.

Pat Clifford asked when the school committee might have to address possible FY09 cuts. Mr. Ryan said it could be the same meeting on February 5; as soon as he knows what the Governor is recommending, then the schools will need to come up with a plan to deal with that. Regional SC could reduce budgets and/or use E&D. But if APS has to be reduced, then we may have to have a special TM within the regular TM. By statute, Region has to vote by February 5 meeting but assessment can be reduced after that initial vote.

Bill Mullin asks what is meant by a level-services budget and how that would contrast with municipal side. Mr. Ryan said the schools took what they currently have and moved that forward. Mr. Mullin observed that it appeared on the ALG spreadsheet that level service cost \$2.8 million more for FY10 than FY09, and related this to his concern about labor costs. He mentioned that while the committee was meeting Mayor Menino had called for a one-year wage freeze in Boston.

Doug Tindal said that the economy is forcing us to ask “who’s going to pay?” Is it kids, staff, taxpayers? He believed that the schools and town will need to reduce headcount. Mr. Kabakoff asked about reconciling Mr. Chinitz’ level-service budget with ALG spreadsheet, and Mr. Chinitz explained. Ms. Clifford asked about what percentage of reductions might be classroom teachers. Mr. Ryan said the majority of the cuts at the high school and junior high school would be certified staff. He explained that reductions for retiring staff would not necessitate a payment for unemployment, whereas laying off existing staff would require an offset for unemployment.

Audience member Charlie Kadlec asked Mr. Ryan how many people would retire. He observed there is a tradeoff between increases in salaries versus layoffs of existing staff.

ALG Report

Mr. Kabakoff reported on the ALG meeting of January 12. ALG discussed whether there might be a postponement of town meeting because of the uncertainty in state aid numbers. The schools discussed their budget reduction steps, as the Fincom had just heard, and the town said that they had also been developing a list of \$1.6 million in reductions to the proposed budgets.

Reserve Policy Discussion

Ms. Clifford began by saying that the issue of reserves has been on Fincom agendas for five years. She believes that the Finance Committee has an unwritten reserve policy, tending to look reserves on a townwide basis as “working capital.” Following the 9C cuts by Governor Romney, we didn’t have any working capital and needed to look for operating money in various places. In 2005 and 2006, the Acton 2020 session looked at development of a capital plan. In 2006 and 2007 a capital working group was formed and committed to spend about \$1.5 million on deferred capital items from the earlier part of

the decade. The Finance Committee looked at the use of reserves to reduce the property tax burden, and accomplished that within the year. Whether or not we have a formal reserve policy, Fincom has been very careful about the uses of reserves. Last year, Fincom weighed in on the fact that NESWC funds were not the purview of any one body, but pushed on the reduced use of reserves, given concerns about the economy.

Mr. Mullin said that Fincom's policy has been to decide what to do with reserves each year. We had a policy brought before us that we should have a rigid policy. I would not be in favor of increasing taxes to cover a reserve policy. Mr. Tindal agreed. Mr. Brandon said he thought it was odd to be speaking about reserves without having a policy that says when reserves become expenditures. Credit rating should indicate that the town has access to credit. Mr. Kabakoff said that in his recollection Fincom has never endorsed use of reserves for operating expenses, but only for infrastructure. Mr. Sharp said he thought that one could use reserves to smooth the transitions from year to year. Mr. Evans said, in response to Mr. Kabakoff's statement, that while Fincom may want to say that it does not support the use of reserves on operating expenditures, it is nevertheless true that for the last 10 years Fincom has supported budgets that use reserves for operations every year.

Ms. Clifford and Mrs. Ashton agreed to draft a statement about reserves for the committee's consideration at the next meeting.

Ms. Clifford also suggested that we devote an hour or so to citizen questions at the next meeting to accept people's comments about the budget, cost-saving measures, etc. She would like to hear from citizens about what they'd like to have cut or saved. The committee members agree and ask the clerk to prepare a notice for the Beacon and other channels inviting citizen comment at the January 27 meeting.

Mr. Noone said that the Town Manager is working to quantify recommended cuts. In the meantime please direct questions through Mr. Noone. He reminds the committee that everything needs to be done, voted, recommended by our meeting on March 10. He is considering an additional meeting for March 3, but will keep the committee posted.

Mr. Sharp moved, Mr. Kabakoff seconded, and the committee unanimously voted to adjourn at 10 p.m.

Respectfully submitted,

Mary Ann Ashton, Clerk

Next Finance Committee Meetings: Jan 27, Feb 10

ALG, Feb 2

Town Budget Saturday Feb 7

School Budget Review Thursday Feb 26 6:30 PM