

ALG Minutes December 10, 2015

Present: Bart Wendell, Facilitator; Paul Murphy & Kristina Rychlik, SC; Mike Majors & Margaret Busse, FC; Katie Green & Peter Berry, BoS; Steve Ledoux, Glenn Brand, Steve Barrett & Marie Altieri, staff.

Audience: Janet Adachi, BoS; Claire Jeannotte, school staff; Brian McMullen, town staff & Peter Ashton.

Extra Info: ALG plan spreadsheet & Summary of FC's POV

Minutes Okayed

2. Update on FY 16 Revenues and expenditures

Steve L: Things are going according to schedule; no snow, which is good; certified tax classification and certified \$1.4M in new growth.

Glenn B: FY 16 is OK. There will be more to say under number 9 on the agenda.

3. Spreadsheet

Steve B: Page 2 has the changes from last meeting but we need to remember that these numbers are before the budgets. After the budgets, the numbers will change.

There has been the addition of the OPEB on the summary page (1) for FY 15-FY 19

On the expense side, we decided that the senior tax abatement would continue, so that \$250k is offset by the \$250k from the overlay fund. The certified new growth is \$1,407,000 which is \$507k greater than the estimate. There is an increase in minuteman from \$925K to \$1,110,825 which leaves a \$186k difference. There is also an increase in the number of students from 23 to 33.

The net position is \$333,657 that number represents a \$2.6M in reserves and full tax levy.

Marie stressed that these numbers were preliminary and that the budget numbers had yet to be added

4. Observations on STM

Mike added this to the agenda. He noted that he, and the FC, was uncomfortable at the STM because they did not think they had enough information to make a decision. His major complaint was about the lack of numbers surrounding the union contracts. The FC has noted that the majority of town and school expenses are in labor costs. Mike said that it seems the town is being asked to "rubber stamp" the union contracts without any robust plan from the FC or the public. Mike asked that there be a place holder for subsequent contracts that would allow the FC ample time for a discussion based on information.

Margaret added that the POV from last year cited the problem personnel being the biggest budget driver. She stated that the FC (and town) needs to look very carefully at salary raises and fully understand negotiating in good faith, but the FC has no say and it is difficult to control costs.

Peter: I agree, we need to have more information regarding all spending but legally we have to bring the contracts before the next town meeting. The amounts appropriated in the STM were already in the FY 16 budget.

Steve L: when the BoS called the STM we thought it was to be for the Kelley's corner project but as things progressed they were not ready and the contracts were.

Mike: when the warrant came out it was for 2020 and WRAC but it looks like it was stuffed with things from a hidden agenda.

Bart: Do you have a specific proposal?

Mike: I'd like to see a schedule for three years in advance

Steve: we have that expired June 3rd which we will be working on for the ATM. We have three unions that are in binding arbitration. There's lots that is outside our control.

Mike: The FC does not get the numbers in time to make a decision on where there to support or not. There should be some means of getting the numbers out earlier.

Margaret noted that the warrant when printed lacked specific numbers and was not really helpful. There was a discussion on whether the warrant itself was transparent enough for the voters. Since there were no numbers printed with the articles

Katie: The language of the warrant articles is done in legal language, and that's why there are presentations at Town Meeting. We give video presentations before town meeting and try to get the numbers out there. The numbers change between the printing of the warrant and the actual meeting.

Steve: Adjustments are being made to the numbers two weeks before the meeting. Once the warrant is printed, changes are made. One year we had changes in mid March after the ALG plan was set and had to make adjustments. Sometimes it is more confusing if you have the numbers printed in the warrant id they will be different from those presented in the motion.

5. Revenue projections

Steve B: State has not come out with the budget.

It was agreed to postpone this until next agenda

Mike asked about refunds for snow removal. Steve said that they expected about \$85k

6. OPEB

Both entities have had evaluations done and Segal and the Town's liability is \$19, 972,000 if the current level of contributions is maintained.

Marie: the schools have \$40M in long term liability ---we think the movement is in the right direction. It does take a big part of the school's budget.

Steve B: four years ago it was \$110m now after bargaining with the unions we have been able to knock it down.

Bart: so the trend is good?

Paul: what is the ratio for the town to the schools?"

Steve: You can't compare, the schools have 3 times the number of employees.

Marie: its 200- 780-800. The valuations need to be done person to person. The school employees are far younger than those of the town. The average age for a town employee is 50 while the schools are 35. It's too complex.

7. Recap of Tri Board meeting

Kristina: There was a tri board meeting in Boxboro on Nov. 30th. It proved useful and the boards talked about critical school issues. I think it would be useful to have all the boards meet together. For example, Boxboro has a big 40B project being built which will increase the school population and give them an idea as to how the Avalon complex in Acton was handled. We don't need to decide today, but I think it would be interesting to include Boxboro in Acton's multi-board meeting.

8. FC POV

Mike had a summary of the FC POV

Margaret said the key point was that we had to return to a structurally balanced budget. If we continue along the present path, we will be below the DOR recommended reserves of 5% of the budget. We depend on a heavy use of reserves and we have to stop that.

Marie: I'm confused. Now you are saying we have to cut budgets which are now at 10% to a 5% target and there is no planned use of reserves for FY 18. By following your plan we would have to cut the school budget to 3% increase. Even though we have a population decline we have a growth in high needs population.

Bart: Does everyone agree and understand?

Claire: What about the use of the reserve fund? Is there a policy for the use of reserves and the stabilization fund the town has created? Consider what this means for the schools---the shift in OPEB is to the schools. We will be carrying the major OPEB load and keeping the budget at increase at just 3% will be impossible.

Paul: "In 2011 there was a prediction that the reserves would be zero in 2014. That did not happen. Now you are predicting that the reserves will be depleted in 2018. What happened? Why did the predictions not come true?"

Margaret: the reserves are being propped up by one-time windfalls. We just cannot depend on the continued use of the reserves. The ideal will be to start to shift to a balanced budget.

Mike: this is a forecast which will be constantly updated.

Claire: there will be a need for the schools to fund capital improvements.

9. Acton Boxboro Capital Planning

Glenn: The schools have been conducting a space needs plan and building analysis. This is a 500 page report that looks at the enrollment figures, life expectancy of the buildings. There needs to be a committee between the two towns calling for members of the selectmen finance committees and school committees to do a study and bring the results to each town meeting.

There was discussion on who exactly would be on these committees and how they would work. It was agreed that it was necessary to get the process moving forward but no concrete decisions as to members was made.

Scheduling: Bart will not be her for the Jan 7 meeting.

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It was decided that the Town manager would arrange for a substitute

Adjourned 9 AM

Ann Chang