

ALG Minutes 10/10/13

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

Audience: Brian McMullen, assistant director of finance and assessor, Charlie Kadlec and Dick Calandrella.

Extra info: ALG schedule & 2013-14 & spreadsheet

Minutes Ok'd.

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2. Update FY 13 Revenues & Expenditures and FY 14 Revenues

Steve L: said there was not much new to report. New growth appears to be @ \$100k higher than estimated (\$525k-\$625k). FY 14 revenues seem to be "on course" but it is too early to tell what impact the shutdown will have transportation (the town vans) and veteran's benefits.

Steve M: the schools made a modest return of @ \$150k-\$200k. He has concerns about FY 14 revenues. The \$150k commitment to the track project was not budgeted; legal costs are rising in part because of the Pledge of Allegiance suit which he expects will exceed \$60k. Last year he managed to get a planning grant for the costs associated with regionalization---"this year both sides have overspent" and there is no grant money. He has called a staff meeting to look into this.

Steve L: we are also concerned about legal expenses. We have a suit associated with the ERPA allowing W.R. Grace to turn off the pumping station to clean the water. The water quality does not meet the standards for the Acton bylaw. The injunction will be heard on November 8th.

Bart asked for questions

Mike: What will be the impact in FY 14 if the Governor holds back 1/3 of the chapter 90 funds?

Steve L: the only impact will be on the paving program

Kim: What is taking so long at Hayward Road? The work had had an impact on students getting to school we nearly had to cancel school

Steve L: That is an AWD [Acton Water District] project

Janet: said she would speak with the AWD and find out when they expected the Hayward project to be completed.

3. Format of the spreadsheet

Three different versions of the spreadsheet format were distributed at the September 12 AGL meeting. Members were asked to pick the one they thought best.

Steve N: reported that the FC was split but seemed to be "leaning toward format #1." Format #3 is graphs and had less detail--- no one thought that #3 was a winner.

Mike: said that the spreadsheet was meant for the warrant and should be clear for people to understand. He said either #1 or #2 would work. He suggested that there still be break-outs for things like OPEB and not be folded into the general budget.

***It was agreed that the discussion will continue and the spreadsheet format will be a future agenda item.

4. Revenue projection for FY 15

Steve B: noted that the financial model "was the first stake in the ground"---draft revenue FY 15.

The model assumes: taxing to the full extent [2.5%]; an increase of \$100k for new growth; and annual allotment from the overlay \$650k. SB praised the Acton taxpayers as being prompt and a reliable source of revenue.

Don: There will not be much of a change from FY 14---there are still a lot of steps before we can close out FY 14. There will be bigger changes for next year as we close out the accounts [APS] and all become regional---in House I [Governor's budget] we will have a unified account. The real change will be the increase in Ch. 70 funds. There is still work for the preliminary numbers. Since there is a drop in enrollment FY 15 will be level funded unless the governor revamps Ch 70. The bonus is in transportation---it is not attached to the cherry sheet but comes in a separate section. We expect the aid to double. Right now we are working to implement the changes (working in concert with Roger Hatch)

SB: local receipts are 5% of total. Excise was \$2.7m during the recession, we expect an increase. Before we increase fees we have to go back & look at the projections. For investment income---there is no good rate---we have put in \$120k.

Steve N asked about the state aid number.

It was noted that the Ch 70 funds are tied in part to population. The student numbers are decreasing but the increase in transportation cost should cover the decrease in Ch.70

Pat asked when the population decrease would be discussed and what the actual numbers were.

Steve M: 20-30 students in each school district. Kim added that the present 6th grade in Boxboro was the largest. Next year the decrease will be from four to three sections.

Bart: any more questions?

Don added that because of the regionalization shifts it would be difficult to do an ALG five-year prediction.

5. FC Point of View

Pat said that the Finance Committee's POV was nearly complete and would be circulated to the BoS and SC. It was accepted unanimously by the FC and would require adjustments for the five-year plans.

The POV asks for taxpayer relief; OPEB increase and an increase in the use of reserves. The FC expects a positive variance with the plans but also sees shortfalls in the legal expense. The plan intends to redeploy reserves in favor of the taxpayer.

Everyone wanted to see the document; Dennis asked that it be available for the SC meeting on the 17th and the selectmen want it for their meeting on the 21st. Pat stressed that the "FC was firm and the vote for acceptance was unanimous.

6. Free Cash and E&D

Steve B: said that they expected the free cash to be certified at @\$7M+---after some very lengthy review which followed the requirements of the DOR.

Don: E&D is in its normal cycle and "wrapped up in the AB budget. Right now the amount is \$1.5m

Pat asked how the sharing of E&D would work for next year.

Don: noted that there was the cap on E&D of 5% of the total budget which would not be reached with the combined budgets. The new region will have an interest in ALG [deliberations]. The present AB split is 80/20. Don indicated that that split probably would remain with regard to E&D.

7. Preliminary Consensus

Bart took each of the six points individually reminding members that they needed to take these points back to their respective boards for approval.

A. Override needed---no

B. Split---35.8%/64.2% (the same as last year) Pat said she thought the split may have out lived its usefulness. Bart asked if it was still necessary. Mike suggested that if something radical happened then the shift would be useful. He suggested it needed further discussion. Steve B. suggested that it "be kept in the background" and not be an area of intense focus as it was in the past. It was agreed to keep the split on the spreadsheet it was agreed to continue with the list.

C. OPEB contribution level--\$1.1m-\$1.4m Steve N: noted that the committee was using new actuarial figures as the basis for the requests. The \$1.4m figure will fund the normal costs and puts the problem going forward on a reasonable foundation. Mike said that in a conversation with Rep. Cory Atkins that the legislature will "do something" with OPEB in the fall---around December. It was agreed that the \$1.1-\$1.4m figure be taken back to individual boards.

D. Use of overlay reserve---Brian said that the assessors needed to vote to release any overlay funds for other use. He added that there will be a full re-evaluation next year and the assessors

have found that after such actions there are more calls for abatements and thus greater needs for the money in the overlay account.---It was decided to put off a decision until the assessors have a chance to do their work

- E. **Use of reserves** Pat said the FC's POV redeploys the reserves in favor of the taxpayers. Don asked if the POV has a \$2m limit for spending and how that would break-out. Pat said in part that would go to fund the OPEB. Don asked for a strategy but Pat did not have one---she just had to rough figures and the FC's agreement that reserves would be for taxpayer benefit. There was a discussion on how much of the reserves should be used and for what purpose. Pat added that the FC wanted the town to be run within the levy limit. Bart asked if anyone could agree to \$0---no one could but the actual reserve amount was not settled. It will appear on subsequent agendas. When asked the exact amount that would be deployed for the taxpayer relief, Pat said to tax to the 2% level rather than the allowed 2.5%
- F. **Unused levy capacity** It appears that this figure is not large enough at this time to matter. Bart declared it moot

8. Public comment

Charlie Kadlec asked if the \$1.1m for OPEB was just Acton's portion---not any of Boxborough

Steve B: said they had not got around to the OPEB allocation as yet.

Mr. Kadlec asked if the regionalization agreement took all the OPEB for schools from Acton's Municipal budget.

Steve N: commented that both Don & Dennis were on the OPEB committee and that would be discussed

Mr. Kadlec wanted to know what sorts of agreements would be made with respect to E&D when the three school budgets were combined. Will the E&D be allowed to accumulate and what of impact that would have on any Long Range Planning.

Next meeting November 7, 7:30 AM

Bart cannot make the meeting on the 21st and asked if it could be changed to the 19th or 20th. Steve L; will send a memo.

Adjourned 8:45

Ann Chang