

ALG Minutes February 9, 2016

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

Audience: Janet Adachi & Franny Osman, BoS; Brian McMullen & Clare Jeannotte, staff.

Extra Info: Town of Acton ALG data analysis; ALG plan spreadsheets

Minutes accepted

2. Update on FY 16 Revenues and expenditures

Steve L: last time I said we were lucky; we had no snow. Now we have had two storms. The excise tax returns are larger than expected.

Glenn: nothing has changed

3. Spreadsheet

Steve B: We are \$292k. Steve directed members to the change page which charts all the changes made to the plan starting from last October.

Two changes since the Jan. 28th meeting: the \$603k was used to reduce the tax levy; reduction in AB FY17 assessment by \$292,685 which is responsible for the positive position. We still have \$2.6M in reserve use.

Marie: there was a consensus from last meeting to lower the levy. The Health Insurance Trust has not set rates as yet but we have budgeted for an 8% increase. This can come down so we have now budgeted for a 4% increase. That's a \$292k reduction which we can use to lower the levy or the reserve use.

Mike these are new numbers to the FC. Our POV calls for reductions in the levy and reserve use. We will support SFT bill below 4%.

Bart: is the level now below 4%?

Katie: we have not talked about the \$292K as to whether it should be used to reduce the levy or the reserves.

Mike: there have been some reductions in the levy but we are using \$2.692m where \$2m would be the right number.

SB: if we put the \$292k for the levy that would be a reduction of \$896k which would make the average bill 3.66%

Margaret: what the FC voted was an overall reduction by \$1.5M. We want to see a lower spending package overall.

Bart: what I'm hearing is \$292k further reduction in the levy and \$1.5M reserve use.

Kristina: are these spending cuts prior to the use of the \$600k for the levy?

Margaret: After. From our last ALG spreadsheet we wanted a \$1.5M total, after the use of the \$600k now we are down another \$300k so I'm proposing an overall cut of \$1.2M

Kristina: this is a little late in the game to consider such a cut

Katie: I have a question for the FC---where do you want us to cut. This is a major cut and has not been part of the discussion. On the Town's side this would mean layoffs.

Bart: now we have a question of timing

PB: the schools have cut health care. The Town has not as yet. We have put the \$300k for the senior center study back into the budget. It will be funded through a series of gift accounts.

Margaret: FC has a question as when to bond or not bond. The FC is asked to look out for the taxpayers. With the use of reserves for FY16 plus the Walker property, we are getting close to the 5% level [of reserves that are tracked by the rating agencies and the level suggested by the DOR] we need to protect the Town's ability to borrow; that's the position of the FC.

As to lateness: there was a lack of clarity [on the spread sheets] and we did not know the [totals] until the proposal was done. The process can be discussed tonight [at the FC meeting] and we can bring back the comments. The FC does not have an answer on where to make the spending cuts.

Katie: A \$1.5M cut may be a priority on your side but our job is also to look out for the taxpayers. We are not dealing with a crazy bloated budget here, what you are now asking will be a cut in services. With a cut of this size, the FC should show us where they think the budget is bloated, otherwise these are just numbers to you and not services.

Bart: are there still questions about the spreadsheet numbers?

Marie: did you go over the reserves page? It goes from 11% to 8.7%

Mike when we go out three years I see the reserves projection at 3%

Bart: It seems we have a big range: you [Marie] are saying it's over 5% and the FC is saying it's below.

Marie: I think it's difficult to project out to FY 20

Glenn: the trouble is to reconcile where the budget is falling. This budget reflects the path we are heading.

Kristina: last year we presented cuts to the FC, this budget is lower. We struggle to find areas to cut--- personnel? Should we stop the progress we have made? We have been talking about this budget but have not seen this magnitude of cuts. You didn't say anything on budget Saturday.

Paul: There have been two recent surveys: Youth at Risk & United Way, There are similar findings in both. The problems in the town and district are serious. The school budget is being responsive; taking the problems head-on. This budget is doing what the townspeople are asking and to have it arbitrator cut is shirking our responsibility.

Katie: our budget is in line with the FC's budget Saturday discussions which were over a month ago. Since then the only things that have changed are the numbers have gone down. At this point in the process it's frustrating and concerning. Looking at a \$1.2M cut that's \$450 for the town and it's bigger for the schools. These aren't small numbers. We can take this back to the board but I don't know where the cuts can be.

PB: I'm confused about the reserves and the need to not go below the 5%.

Mike: the reserve policy is not to go below the 5% and based on our estimates they will dip below the 5%. We took this back to the committee and they do not want to go below the 5%. Based on our look at the outer years it goes from 11%-5% and then below. The FC thinks we should address some of these issues earlier rather than later.

Kristina: we all have the same reserves page but do not see the same things. It's not fair to see something that's not there. These cuts will decimate the town and school services

BS: On Jan 28th working through the reserves tab in FY20 it will be 4.5% that's a more than a manageable detail and there is not any column for replenishment.

Katie: the reserve number has not changed since the last ALG meeting. We're struggling to understand the FC's perspective where the reserves go below 3% in FY 20.

Bart: Where are the FC's figures?

Mike: We will show them at the FC meeting tonight and then we will come up with a final position.

Margaret: we are fully prepared to go back to the FC to give them your perspective. The POV asks for structurally balanced budgets. These are not new requests out of the blue. We have been having trouble understanding how much comes back and what's budgeted and what's spent. We have some new members on the committee and they have been slower in understanding, sorry. But we want to be consistent with the POV; we are all working for the betterment of the town, we just have different views on how to get there. We will take this [information/budgets] back tonight and see what happens.

Mike: I agree it's difficult to cut the school budget because of the fixed salaries.

Paul: That's a good point: a large portion of our budget is salaries. We don't know how to share the 3.6% cut---we will have to cut teachers but when you look at other data, we have class size policies we

can't keep. We are at the high end of the range and there is no area that can tolerate a cut. We've done a lot of soul searching over this budget and looking forward at 4-5 year trends when we have these issues now. The FC is being prudent for years in the future but we will have to absorb the pain today. It may or may not be prudent to have the pain today to solve a problem that may not exist in the future.

Marie: the change sheet accounting shows the turn backs that have been made since the start of the ALG process. The schools have to vote on their budget this Thursday. I'm concerned that the budget is too tight and there is no room for the ability to cover costs if something goes wrong. If you are concerned about the where the reserves are going we should not have put the \$292K or the savings from HIT in the levy but into the reserves. In the future we can tax to the levy limit, which we have not done for the past three years. Making cuts at this point in the budget is traumatic.

There was a back and forth discussion among the BoS, SC and Margaret for the FC on where to put the excess that was voted to go into the levy account to lower the taxes. Both the schools and selectmen complained that the FC was asking for cuts too late in the process and the cuts were far too large to be able to be met.

Bart: It's obvious that the FC is hearing something that the Schools and selectmen are not. Acton is a community that is known for its civility. If this were happening in Boston, there would be people stomping on the table. People have been through this budget process and feel that the process has been transparent. It seems that it is late in the day: the school needs to vote on their budget on Thursday and the selectmen have already voted on theirs.

Kristina: it's impossible to make the cuts in the two days and seven hours left.

Bart: what I'm hearing is a strong reaction to the ALG plan which I've not heard for a long time. Clearly I think it's a fair statement to say there is a strong disagreement. The message from the FC has been the same over the past couple of years but there have never been any specifics.

Mike: our goal is not to make it more difficult for the town or the schools. This position is coming from some of the more seasoned members of the FC they do not believe the numbers, perhaps they just look at them in a different way.

Kristina: the numbers have changed because something actually has been done to make them change. We have worked to reduce the numbers. We brought in lean budgets and our progress in addressing problems is very slow.

PB: In the planning process, both the town and schools had an 8% increase in the HIT costs. We now know we can get by with 4%, and we will vote that reduction at our next meeting. These are the numbers that are changing. We start out with very conservative budgets and it is not smoke and mirrors.

Mike: last year the ALG plan agreed to by everyone was said to be conservative yet the use of reserves keeps on going up by it makes it hard for us to look at these increases and the loss of reserves and say that we are being conservative.

Paul: It's hard for me to hear the disbelief on the part of the FC. Year after year, the money not spent in the budget goes back [into E&D or free cash]. I thought that would make for a level of trust. It's hard for me to hear that the FC does not trust us.

Margaret: I have no problem with the net \$600k and the \$292k

Bart: This speaks to trust. If the ALG process is to work at all it has to be based on trust. Some cannot feel that the numbers are bogus or the whole enterprise will be bogus.

Katie: I find the comments that some feel the numbers are fiction are concerning. The BoS has yet to vote on the HIT costs. It will be on our agenda. If Mike and Margaret or the whole FC wants to come and talk about the numbers, we would be happy to hear you.

Mike: I'm not sure I used the term fiction. The [rationale] the numbers must reside somewhere else [other than the ALG spreadsheet] Maybe we should come to get a better understanding.

Bart: The SC votes on Thursday.

SL we voted a week ago to be within the regulation of 60 days before the start of town meeting.

PB: Conversation is the key. We are lucky to have the ALG process, do come and we can discuss it and see how we can accommodate each other's positions.

4. Discussion of use of reserves

No more comments

5. Public comment

Clare: the administration has been giving info to the FC. I feel the message has been delivered on the school's budget. We are now working on the budget books

Bart: Next meeting is Feb 25.

Kristina asked that babysitting for town meeting be made an agenda item.

Steve L will get back to everyone with the schedule for the warrant.

Adjourned 8:40; Meetings in March: 10th and 24th

Ann Chang