

.ALG Minutes November, 10 2016

Present: Peter Ashton, facilitator; Peter Berry & Janet Adachi, BoS; Amy Krishnamurthy, SC; Margaret Busse & Doug Tindal, FC; Steve Ledoux, Glenn Brand, Steve Barrett & Marie Altieri, staff. Absent Paul Murphy, SC.

Audience: Franny Osman, BoS; Krista Rychlik, SC; Jon Benson, FC; Clare Jeannotte & Brian McMullen, & Mark Hald, staff & Charlie Kadlec.

Extra info: BoS slides of the Fin Com's POV; FC one sheet POV; Multi-year financial model & Multi-year financial model based on the FC's POV.

Minutes accepted

2. Update on FY17 Revenues and expenditures

Steve L: Things are moving along as can be expected. The tax classification hearing is set for Dec. 5; my budget will come out soon after

Glenn: My report is similar to the town's things are progressing as expected. The required ¼ report will be out on Thursday.

3. Review of the spreadsheets:

SB: There are no real financial changes. We are waiting for tax classification, new growth numbers. We are taxing to the full amount and using \$1.6m from reserves, the towns increase is 3.5%, the regions 4.7%. We are showing a deficit of \$767,154.

Margaret: The FC has been studying the spreadsheet. It's great to have more actual numbers; it gives clarity to the past and helping the FC decided on what should be put in the warrant. We have a subcommittee working on this [warrant spreadsheet]

We do not have a clear understanding on what's turned back. We've always said that there is a danger in spending the reserves down but that just has not happened.

Doug: We need to provide concise detail. Not for the warrant but as an archive. We need a tax history.

Margaret: Steve Noone looked into the history of other towns to identify the drivers. Margaret said she send the info to ALG members.

***Peter: May we sign off on revenue projections for now? It was agreed

4. Fin Com's POV

Margaret noted the differences between the power point of the BoS and the recommendations of the FC. She added that there was concern over the compensation rates which they had no control. She added that in comparing Acton with Boxboro their rise in the tax rate was slower. The FC is concerned with the prospect of increases for the need of capital for both the schools and town. One question was what to do with excess reserves. Should there be a ceiling and a floor for these amounts. Just looking at the town the floor as recommended by the DOR would be 5% and the ceiling a 3% use for both schools and town.. The FC is suggesting that the excess of reserves be used for capital needs.

Doug: there is the feeling that we are spending the money without proper or considered thought. He cited the land purchase at the recent town meeting. There was never any discussion as to whether it would be better to allow the houses to be built rather than put the land into conservation. He added that were no plans for the use of the lands, which he thought needed to be '

There was never any discussion as to whether this purchase was good for the town in the long run or if the money should be used for another purpose. We seem to go ahead and spend money as things come up and not put any thought into the consequences. John Mullin, (brother of Bill at UMASS Amherst) has written a template for land purchase. It's something we should be using.

Janet: the open space committee has a list of the land purchases the town and they also crunch the numbers. When pieces of land become available, we have to act on them.

My questions are: what happens when we reach the floor; I think it would be better to have a range. Not using the \$985k will leave us in a negative position of \$1.2m.

Margaret: I have been led to believe if we go below the 5% for the town we will have a negative impact on our credit ratings. Then I hear that many different things go into the rating levels and this may just be a small part. The FinCom does not think we should hold so much in reserve and the money should go back to the taxpayers. We need to exercise and spend wisely.

Janet: we do not consider the reserves as an extra pot of money. Any capital needs we have will go through a vetting process and we.

Margaret: We would like to establish the towns increase from 3.5% to 3.3% and the schools from 4.7% to 3.8%.

Marie: I'm not sure we can keep to that level of assessment. We have not even mentioned Minuteman and what those costs will be

Peter: Perhaps this should be a topic for the three-board meeting.

Brian: The 8% level is very aggressive. The DOR recommends just the floor of 5%. I think we need to see an historical perspective use of the reserves along with the use of E&D.

Marie: we need to remember that there can always be unexpected expenses like SPED which can cause greater expenses than were in the budget.

Doug: the problem is that we do not have a policy on this. The situation can easily get out of control and we need to get the expenses under control.

Janet: I'm not sure things are out of control. The fact that we have not had an override is in part because we do use the reserves. We can try to impose more formality so we don't have this discussion every year.

Marie: We have had lots of reserve use policies. It's better to be having this discussion now instead of February. We are starting out with a deficit what does the FC want us to do?

Margaret: last year there was a limit, not to tax to 2.5% and use \$1.6M in reserves. We think that's reasonable. We can't tell you how to cut.

Margaret discussed the comparison of Acton to Boxboro. She choose Boxboro because it is our "sister" town. It was suggested that the analysis done by Steve Noone on the agreed to list of comparison towns be used instead. Margaret said she'd have that list in time for the tri-board meeting.

Marie: it's easy in November to set these limits and say these are the numbers. We have not done our budgets as yet. The problems come in Feb. when we see that the numbers are not adequate.

Margaret: The FC definitely wants the feedback. We want to hear what the BoS and SC think about the numbers after you have taken them back to your boards. We do not want a food fight on the 15th

Amy: I agree. We have things we need to share and that can be done after socializing.

Peter: the town agrees---we need to go through the totals and see how they will affect the operating budgets and any capital we may have planned.

5. Update on Minuteman Tech

Janet: the selectmen voted not to call another STM to deal with Belmont and MMT. Belmont has voted to leave the district. The costs to the remaining towns will not increase. When Belmont sends students to MMT, they will have to pay a surcharge for the capital costs.

6. Public

Charlie: It looks to me as if we will have an increase in the tax rate of 3.5%. That's still a lot when inflation is 0 and school enrollment is dropping

The reserve level is just a recommendation from the DOR. It makes sense for just the municipal and have the schools use their own E&D. That too can be capped at the 5% level and let the schools keep any "extra" while the town returns their part to the taxpayers.

Jon Benson: My key take away about the reserves is what we spend from year to year has been replenished by more. Is there any analysis as to how they get replenished?

Adjourned 8:45, Next Meeting December 8

Ann Chang