



Town of Acton

Finance Committee

Meeting Minutes

Date: January 10th, 2017

Town Hall • Room 204 • 7:30 pm

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Members in attendance: Bob Evans, Jason Cole, Mike Majors, Margaret Busse (Chair), Roland Bourdon (arrived at 8:15), Shuyu Lee, Doug Tindal (Vice-Chair) and Jon Benson (Associate).

Members absent: David Wellinghoff (Clerk), Steve Noone, and Kristen Connell (Associate)

Others: Charlie Kadlec, Adrian Hancock, Howard, Sussman, Amy Krishnamurthy, Janet Adachi, and Brian McMullen.

Chairwoman Busse called meeting to order at 7:35.

Public participation – None.

Approve minutes – Meeting minutes from April 4th 2016 – minimal notes, as it was the pre-Annual Town Meeting get together. Mike Majors moved; Jason Cole seconded. Motion approved unanimously.

Nursing Presentation – Charlie Kadlec presented to the committee, with pertinent support from Adrian Hancock and Howard Sussman. Started by reviewing that Acton Nursing Service (ANS) Taskforce was started a little over two years ago. The taskforce is a 7 person group, tasked with increasing communication and marketing for the services provided. The final report of the taskforce was presented to the Board of Selectmen (BoS) in October of 2016. The taskforce has been transformed into a permanent advisory committee. There is a Frequently Asked Questions (FAQ) on the Town website to address the most common misunderstandings regarding ANS. The new committee is also tasked with continuing to increase marketing/communication to both citizens and to area medical providers to make sure that ANS is a ‘first choice’ from both a demand and supply consideration. Charlie

explained that a major impediment to the work of both the legacy taskforce, and the current committee, is that there is absolutely no insight as to the profitability/marginal cost of any given client/engagement. Conversations with Town Counsel have verified the lack of transparency that is the result of privacy laws. Mike Majors asked if there was any way to make a theoretical cost model ‘as if we were standing up the service for the first time’ and it was explained that there is no information to support such a model, as there is no such thing as a typical medical case.

A second topic was trying to help uncover how the ANS attracts its clients. There was confusion stated by Jason Cole regarding how the ANS can get high marks and awards based on the responses to survey questionnaires asking about quality of service, yet the ANS Taskforce/Committee cannot get response to questionnaires asking how a patient was referred to ANS. The assumption is that the Medicare questionnaires are more frequently responded to than anything that ANS puts out. It was stated the ANS cannot put out a post-service questionnaire as they cannot get a list of patients. It was not explained why questionnaires asking how patients chose ANS are not distributed at the time of services.

With regard to the finances of the service, the expense side can be provided by the Town Finance Department, but the revenue side is significantly more opaque. Not only are reimbursements governed by a difficult to navigate billing system, software to support which only got updated a year ago, but also by a lengthy time of delay for receipt of payment combine to make it very difficult to determine which services have been paid for. Also, there is only visibility into payment when a dollar amount is received in the bank account, with no identifying information with regard to which services have been reimbursed. There is an audit at the end of the year, but from a practical perspective, this is a black hole of information. Billing has recently been brought in house, but there is no reason to believe that more granular information about the cost effectiveness/required subsidy of the ANS will be made available to the Finance Committee. An updated handout regarding the financial status of the service was distributed. It is important to note that employee benefits costs was not in the original statement from the Town Finance Department, but was corrected in what was handed out at the meeting.

Doug Tindal complimented the Taskforce/Committee on the quality of the marketing material that was sent to the targeted audience, but he is concerned that there is a doubling of revenue without an increase in expenses, and he is not sure how that can be possible. Without explicitly stating it, the response was that there is enough capacity in the existing overhead to accommodate such an increase in services. Margaret Busse asked if per diem workers were still contracted on a regular basis, which was confirmed by Mr. Kadlec on an as needed basis. Margaret also asked for a review of the full time employee count, and the response was that there were 6 FTEs that also had responsibility for Public Health functions as well. A conversation about how scale of service could impact the ANS, and it was determined than any new client would provide coverage for the fixed overhead cost of the service – no client posed a marginal loss to ANS.

Doug finished the conversation with a theoretical question asking what level of subsidy was appropriate for the tax base to cover for this service, posing “is \$50,000 okay? A couple of hundred thousand dollars?” He suggested that when times are flush it is easier to provide for this subsidy, but that “when we have tough conversations about tax overrides, there is a constituency that really doesn’t allow for taxation without making sure the lemon has been fully squeezed.”

The ANS conversation ended at 8:50, though it is notable that Mr. Kadlec returned a period of time later to warn everyone to be careful in the now dangerously slick conditions outside – he lightened the evening by saying “We want more clients, but not this way!” Margaret thanked the representatives of ANS for their information, and Mr. Kadlec for his concern.

Financial Indictors Report – This was passed over, this should not have made it into the agenda – that said, Margaret said that the presentation from last session was helpful and she will ask for some tweaks for future requests.

Budget Saturday and ALG Proposal – Margaret said that the situation worsened. Including the use of untaxed levy capacity, the difference from the FINCOM Point of View to the current ALG proposal is off by about \$1.8m. Margaret also said that she is puzzled by the Town’s recommendation to leave the reserves at an 8% ceiling and asked Selectwoman Janet Adachi if the BoS was planning on further discussion. There is no scheduled BoS conversation on this and there has not been a vote to state their position. Jon Benson stated that the department heads were very well prepared for the presentation and gave major compliments to Town Manager Ledoux for the caliber of information. Shuyu Lee had four points that he wanted to make:

- 1.) He stated that the Town budget without capital expenditure would be a 3.63% increase. He asked what the consequences would be, namely please go through the exercise of identifying exactly what would be cut, if the town were to adhere to the PoV goal of an increase not exceeding 3.3%.
- 2.) Asked for the different boards and committees to get to a unified reserves policy.
- 3.) He does not support using the untaxed levy capacity.
- 4.) He trusts the Town’s past performance with regard to turnbacks and is comfortable with the a higher use of reserves in the budget process to mitigate the increase in taxation. When asked by Jason Cole what his percent of budget he is comfortable floating with expected turnbacks, he stated 1-2%. Margaret pointed out that we are already earmarking \$900k for “fronted” money in the budget with the expectation of turnbacks.

Roland Bourdon asked if we really needed the rail trail study and the UTV capital purchase. He commented that these are small items but they all add up. He also voiced dislike on the need for fire engines in two sequential years – he asked why we didn’t buy them together to take advantage of bonding costs and avoid Y/Y price increases. It was

explained that the Fire Department has been trying to spread out the capital purchases so as not to be presenting a large increase in one budget year. Roland stated he understands that approach but would have liked to have been told that it was in the works, rather than have back to back requests without forward guidance. He also added that trucks should be considered part of operating costs, whereas the HVAC work would fall into the capital projects plan accordingly.

Chair's Minute – Upcoming meetings are as follows:

1/21 School Budget Saturday

1/24 Next FINCOM meeting

1/26 ALG

2/7 FINCOM

2/28 FINCOM

3/7 FINCOM

3/14 FINCOM

3/28 FINCOM

Then town meeting

Updates from Other Committees :

Warrant Committee: Doug reported that there was a quick “shirtsleeves” session after the Town Budget Saturday meeting, and that making changes to warrant is a big task and that it is too late this year. Said the plan is to print on better paper and wants color for graph purposes. He also stated that Town website holds great potential for archives for previous years. He believes that the document itself needs to be more approachable and that there is potential there. Doug wants us to keep up the efforts for the Comparable Communities survey.

Brian McMullen was asked to ensure that the warrant articles were made available as soon as possible. He respectfully responded that there was no concrete deadline, and FINCOM continues to believe that his heart is in the right place for responding to this perennial request.

Outreach Committee: Upcoming presentations of the PoV to the schools/COA are as follows:

1/13 – Conant – Bob and Mike

1/24 – Douglas – Roland

3/21 – Gates – (missed who is going)

3/21 – McCarthy-Towne – Jason, Jon, and Margaret

3/24 – Meriam – Shuyu and Jon

Board of Selectmen: Shuyu reports that the Discovery Museums are starting Phase 2 of their expansion. The BoS approved a waiver of the permit for between \$60-70k. The BoS are also uncomfortable with the reserve limit, and their sentiment is to use the untaxed levy capacity. Lastly, Peter Berry and Franny Osman are standing for re-election this year.

Minuteman: Mike Majors reported that Gilbane was selected as the construction company and they have identified \$6.5-9m in cost savings through both engineering and schedule adjustments.

Acton 2020: There are no meetings scheduled. Margaret thought this was being resurrected, but Jon Benson had not heard any communication to corroborate this statement.

Shuyu Lee moved to adjourn at 9:50. Mike Majors seconded. The vote was unanimous.

Respectfully submitted,
Jason Cole
Finance Committee