

ALG Minutes January 11, 2018

Present: Peter Ashton, facilitator; Janet Adachi & Katie Green, BoS; Steve Noone & Jason Cole, FC; Paul Murphy & Amy Krishnamurthy, SC; Steve Ledoux, Bill McAlduff, Steve Barrett & Marie Altieri, Staff.

Audience: Mark Hald, Asst Town Manager; Brian McMullen Asst Assessor; Dave Verdolino, school finance director and Charlie Kadlec, public.

Extra Info: Historical analysis of Table 6 with projections thru FY 2022 (prepared by Dave Verdolino); Town of Acton Financial model with the inclusion of the budget numbers from the town and schools

Minutes were accepted after the addition of “free and reduced” referring to the schools lunch program.

2. Update of FY 18 revenues and expenses

SL: because of the change in the federal tax law, residents came to make pre-payments. We got close to \$5.9m. People were lined up to pay and the tax office did a very good job in handling the crowds. I heard that some towns nearly had riots where other towns refused to take the payments. It's not extra money, of course.

Bill: I heard that people got lost trying to find town hall. There is nothing new to report: revenues are on track and so far we have had no surprise expenditures. We will be getting out the 2nd quarter revenue/expense sheet shortly.

3. Review of spread sheet with recommended budget numbers

SB: Both the town and school budget numbers have been included. The town has a 3% increase: schools 3.8% making the deficit \$1.8m; we are using \$1.3m in reserves; taking 0 from the untaxed levy.

Marie: we need to talk about reserve use. The 3.8% increase covers the on-time cost for busing for which we will get reimbursed next year. So our increase is closer to 3.1%. We also have to note that the revenue sharing from the regionalization has passed the five year mark.

SN: I'd like to see FY 17actuals on the spread sheet and we need to add FY 21. The FC has a very strong position as to not using the back tax levy. We'd like to see a \$1.3m use of reserves, not \$1.7 but there is no flexibility on the use of the tax levy. We'd like to see more spending cuts because if you extrapolate into the future, things get ugly and there is not a whole lot to pick on except contracts which expire in June.

Jason: no one on the FC wants to go above 1/3 of the levy knowing that there are large capital project. We should not bond MM this year but wait until we have other capital projects.

There was discussion about the impact if the enrollment between Acton and Boxboro and the assessments.

Dave went through the slides for current and regional assessment costs. Each .1% represents \$70K-\$82K. The turnaround will start in 2020 as the enrollment in Boxboro grows. Between 2021 and 2022 there will be a shift of \$1m. The shift will be to a 60/40 level. The elements that will impact future assessments are: Labor contracts; general inflation; health insurance costs; Ch 70 budget; enrollment changes; elementary school project; increases in SPED population and new initiatives.

Marie: for the next few years Boxboro's school population will be growing faster than Acton's.

SN: the thing that is not understood is the decrease in the school population that is not followed by a decrease in costs. I know there are fixed costs but there should be reflection in a lower assessment.

Paul: we have a bigger population of special need students and an increase in the number of needy. We also have started to get the class size down to the levels that are part of our long-held policy.

Katie: The BOS did as was asked and came in with a budget with only a 3% increase. There are things that we have left out which we wanted. In previous years, when we were looking at cutting the budget we had to look at closing the library on Sunday but were not comfortable with that. Both entities can go back and perhaps be a bit more creative, but there is not much to cut from the town side.

SN: the town did come back following the POV if the FC and there was some slack if probably 1% that did not get spent.

Katie: you should know after budget Saturday that 1% on a \$30m budget is not bad. It would be easy to make changes if all the turn backs came from one place. They do not but are spread throughout the budget.

Marie: Our 2% difference is attributed to the one-time costs of the single tier bussing. This will be reimbursed next year.

There was some discussion as to the validity of the costs for each entity.

Janet: Every year the entities say budgets are tight. The town can feel as if it has to relent because who is going to argue against the needs of school children. We can go back and look for possible cuts but if we cannot find them we'll have to discuss how to close the gap.

Jason: we need to avoid year to year use of reserves for the operating budgets and keep them for capital items. I don't think we can have an override for operating budgets and capital at the same time. A claw back of the unused tax levy is not consistent with our POV.

SN: the E&D us showing \$200K

Marie: the one-time costs are not there. We are using reserves for capital; this year we are using \$1m for capital.

SN We'd like you to go through the budget and look at one-time costs and then we will determine the use of reserves.

Bill: I will present budget to the school committee which goes from 4% increase to 3.8%. There will be more work on the budget at the budget meeting on Saturday. Marie noted that the budget needed to be voted on January. It can be lessened but not increased.

Peter: Next meeting there will be a list of capital projects and one-time cuts.

Marie: it would be better if we increased the use of reserves.
SN: we could go up to \$2m if there is a justification.

There was a discussion as when to have the next meeting. Feb. 1 was the agreed date along with keeping Feb. 23 on the calendar

4. Public comment

Charlie: I also understand how the regional agreement works. I think it will be difficult to explain why Action's assessment is increasing while Boxboro's is not.

The class size argument goes back many years. When Bob Evans was on the school committee he voted against having to make class sizes based on an arbitrary number. Since the labor costs are 2/3 of the budget it's time to think about putting constraints on the contracts.

Adjourned 8:40

Next meeting February 1

Ann Chang