

ALG Minutes
February 25th

Present: Bart Wendell, facilitator; Dore Hunter & Lauren Rosenzweig, BoS; Jon Chinitz & Sharon McManus, SC; Pat Clifford & Steve Noone, FC; John, Steve Ledoux, Bill Ryan, & Marie Altieri, Staff. This was the first ALG meeting for the new Town Manager, Steve Ledoux, and all welcomed him. Audience: Steve Barrett, Finance Dept; Tess Summers, School finance department; Jo-Ann Berry, LWV; Clint Seward, Acton Forum.

There were no additions to the agenda under item 4—Other

The minutes of February 11th were accepted

2. Feedback on new consensus statement:

“Consensus: to swap free cash for NESWC in the amount of \$1.2M for capital projects of the schools and town. Going forward revenue outside the operating budget will be needed to fund capital debt for the town. The \$1.2 M included in this proposal is exclusive of other uses of NESWC funds to be used by the town. The same split as for free cash will be used.”

Bart asked if all agreed & if there had been agreement among the boards. The FC was the only board that had met & they agreed.

Dore said that he was in general agreement but was concerned about “going forward” on the Town side. He supported having capital debt outside the budget as suggested by the FC but “that leaves us hanging in the 2nd year.” If the revenue picture is no better that means we will have to “invade” other programs to carry the debt service. He said it was rash not to carry forward... we seem to have a rubric [for ALG] that what is said one year does not count in the next.

Bart asked if he wanted to change or remove that sentence

Dore: it's OK for 09. Incurring expense to bond---could be avoided next year but we have to have some reserves.

Bart: going forward means FY 09, 10 11, unspecified number of years.
Steve N. it's not valid to go past FY 11

Jon: the memo for this year comes from the guidance of the FC & says since we are in a stronger revenue position we need to be prudent about borrowing and do it inside 2.5. We know that's not sustainable---it's not smart to increase the debt inside the operating budget [forever]

Pat C. we said to re-evaluate the debt every year---this has not been a practice of the group---we have to look at the recurring expenses with an awareness of cash flow & what is judged as need

Bart: is there agreement to add that sentence [to the consensus statement]? “debt will be re-evaluated each budget cycle”

John M. I am for keeping the sentence---it's fact. We can add the other sentence
Steve N. There is a high probability that we will be going outside 2.5

Bart: will this be prone to cause problems next year? There will be a different complexion to the group next year and it is not in the ground rules.

*****It was agreed to add the sentence—“debt will be re-evaluated each budget cycle” at the end of the consensus statement & keep the “Going forward” sentence.

Pat suggested that the re-evaluation take place at the beginning of the year.

Marie suggested –we were asked to get feedback on the \$1.2m from NESWC. The FC said it was fine---no one else did. The idea is to split \$500k-600k of free cash and \$6-7 from NESWC

Jon: to what purpose?

Bill \$800k is not all one-time expense some of it is leasing, some technology purchases that will occur next year.

Dore: if the money is fungible ---we agreed as a group to get access. I thought that was the whole purpose--now we seem to be back tracking & putting the money into blocks

Bill: that's correct we have been speaking out of both sides of our collective mouths with regard to capital--Douglas heat is not one time

Bart should we remove the words "one time"

Clifford: using free cash for things that are not one time is what the FC does not want. We have to ask: what is sustainable in the budget?

Jon: this presupposes that free cash cannot be used for operating expenses---but this has always happened. We have bottom line budgets and a more aggressive use of free cash is one way to restrict the use for capital

Bart: the implications is that the FC is saying this should be an ongoing item

Marie: we have to find out what is reoccurring rather than one time---in our \$800k some are not one time

Jon: I'm not sure what we can do other than retire inside debt earlier

3. Three-year ALG plan (see attached sheet from Steve Noone)

Steve said the plan was changed over the weekend---with corrections to his numbers.

The first sheet contains the assumptions

Summary of budgets excluding debt

Corrections were made to the E&D number to reflect Acton's 78.54%

Jon noted that the dates over free cash column needed to be changed---it is certified by Town Meeting votes

He asked about the total for overlay

John M. said that the account was understated by \$150k there is a need for \$650k and there will probably be a deficit of approx. \$40k

Steve's assumptions are using all the E&D/FC & NESWC.

Chapter 70

Marie reported that there will be an increase in both APS & AB. The difference will be @\$800k increase a year

The FY09 numbers have \$550M are now \$578M (state budget numbers) we need to get them to be more exact. For us in 2010, Steve has \$5.8M---I have \$6.6M with additional \$800k \$7.4M : \$1.5M in Steve's that changes the bottom line. The sheet show the use of \$1.2M in NESWC reserves but does not show the Town's use

When I plugged in the AB revenues---it zeroed out the deficit

John: it's not the numbers, it's the policy---2010 for NESWC goes from \$1.2-\$1.9 that's a big change

Jon: I see Steve's efforts and revenue sharing as separate efforts ---to make cosmetic multi-year forecasts. He needs another line at the bottom---tax rate and tax bills.

There is nothing on these sheets that contradicts what John M. said---there is just a different set of books for the Town

Clifford: it is preferable to consider the whole Town as an aggregate and what reserves are needed.

Steve N. agreed to make the suggested changes & then asked how the ALG wanted to portray the out years to the voters.

Dore: the DOR's projections for this year get us in the red.

Bill: we are feeling good in talks with Roger Hatch we expect a comfortable 5-6% increase

Steve N. What if plan B has 4 %?

Bill: even if it went to 4% with enrollment decrease---we will do better than other communities. AB enrollment is still increasing

Steve N: I think we have to take the overall state finances into consideration.

Clifford: in conversations I've had the sense is that education is a priority & and the attempt to help local governments.

Bart: will there be an ALG message at Town Meeting?

****Yes. Given by the FC

John: It's a misconception that municipal government is sustainable with these numbers. We've been down way too long & services are not being done---we need to look at all of that. We didn't intend to pledge reserves to cut overrides---there is a difference in the presentations.

The message will get into the warrant

Steve Ledoux: Town & school, despite the numbers are not meeting needs---that should be part of the statement.

Jon: things always fall on the editing room floor. We can reasonably predict a balance budget for FY 10---we will then have a year to figure out the rest.

Clifford: everyone has had more time to look at expenses---there are always things left---we took a more aggressive approach this year & things have been more thoroughly vetted---NESWC will not be left on the floor; we have better Ch 70 numbers.

Dore: I recognize that we are in a better position this year. From the municipal side we have had some unexpected surprises---replace a pumper other big ticket we did not expect. I'm concerned about next year.

Jon: that should be added to the message. We started out to capture capital costs and debt exclusions. When the economy grows---having capital inside 2.5 needs to be evaluated as we move forward.

Part of the consensus is ---taking on all this debt inside the operating budgets may sustain the tax bills but it will not sustain operations. We will re-evaluate the debt in 2010

Sharon: we need to do the re-evaluation early in the year & have an answer by October so there are no surprises if we are considering a debt exclusion override

Bill: at the APS meeting I will move \$4M \$1.5 M for next year for roofs; then \$2.5M

Bart: do we have an agreement?

Dore do not forget the North Acton fire station

Bart: we have an agreement on the statement; adding debt exclusion as part of the re-evaluation of the debt?

Marie: add tax levy discussion looking at FY 10 & 11 to avoid overrides in those years

Dore: have tax numbers adjusted for inflation

Bart: FC will present the message? What process, ;at will you use to get agreement?

Clifford: Jon will help with the power point. Dore will see a draft

Bart: are people OK with giving the FC authority? Are we done for today.

John M. The message needs to be in the warrant---the warrant goes out on Thursday

Steve Ledoux was welcomed to his 1st ALG.

The meeting scheduled for March 10 will stay & canceled if not needed

March 24th will be saved for an emergency meeting.

Adjourned 8:47 AM
Ann Chang