

ALG Minutes

01/18/08

Present: Bart Wendell, facilitator; Dore Hunter & Lauren Rosenzweig, BoS; Jon Chinitz & Sharon McManus, SC; Pat Clifford & Steve Noone, FC; John Murray, Steve Barrett, Bill Ryan & Marie Altieri, staff. Soon to be Town Manager, Steve Ledoux was invited to sit near the table. Audience: Paulina Knibbe, BoS; Heather Harer, SC; Tess Summers, school staff; Cliff Seward, Acton Forum.

There were no agenda additions under # 4 Other
Minutes of November 26th & December 10th were accepted.

2. Status of revenues---school committee

Jon reported that the schools have been calling state reps & the DOE to determine the amount that can be expected in Ch. 70 funds. "As it stands now, the ALG plan is still good." House 1---the Governor's budget is due out next week.

E&D has been pushed to its limit---it is a diminishing fund---what we don't spend of Ch.70 & small turn backs---the reserves are needed for increases in SPED

John Murray said the Town is OK with the ALG figures for: cherry sheet; excise tax; municipal fees; municipal interest & free cash.

Jon said the budgets are based on a free cash number of \$1.2M

Pat: the FC is worried about the cyclical nature of the national economy and therefore worried about the [revenue] numbers.

Lauren asked about the discrepancies in the numbers.

Steve B. said that it was his mistake having taken the numbers from the right side plan rather than the left---creating a \$477k "loss" to the Town. The problem has been resolved.

Jon said that the FC model was done on a macro level leaving the SC & BoS to fill in the micro numbers. The four buckets: AB;APS;MM; & Town—if we hold MM to 3% increase (it is now 6%) on the macro level we divide among the remaining three buckets---that means the budgets will go up equally 6%---in a good year, that will free up some money---what drives the split is outside the purview of the FC

Bill: this is not something new---it is the same

Bart: is everyone clear?

Lauren: is there anything we can do about it?

John M: it shows without the windfall transfer the Town is going down 28.8%---\$23,368 minus the windfall \$23,009 divided by \$77,700 adjusted is 29.80%

The Town's budget increase is 3.88%, schools & MM increases are 7%---that is a reflection of the \$2m increase in Ch.70 funds.

Jon: NESWC \$5 M goes to the Town

Bill---it follows the Stone formula

Dore: I have done a rough check [of the budgets] but not all---the schools are out of the municipal fees---but there's a possibility that the state increase in funds will only be through Ch. 70 and there will be a reduction in money coming to the Town [on the cherry sheet]---leaving less for the Town. The Stone formula says that's our & this is yours and that's it---forgetting that NESWC can be consumed---I'm concerned about the future as the FC has said.

Bart: Are we into #3 Revenue splits now?

It there agreement that we do not span ALG from year to year---there are different members?

Lauren: in terms of binding [one ALG decisions to the next year] we have to remember that we are all of one Town---we have to have money for the level of services that meet the needs—I agree that we should hold to Stone this year &b that will hold to certain numbers.

Bart: Is this an agreement?

Bill: There's a lot of risk for the schools depending on continual increases in Ch. 70 aid. House I has a 5.9% increase---it could be 2.99---the budget has casino gambling numbers

Pat: we should try for an equal footing [for both]

Dore: a memo is circulating---Jon, Bill & John---discussing the recommendation that the schools use \$1.2M from NESWC and then over the next 20 years the shift will have \$125k for the Town.

John: This needs to be discussed by the boards. The idea is: we give the schools \$1.2M of the NESWC fund---money they would have to bond/borrow & they pay us back the interest @ \$125k/year.

Bart: do we discuss this proposal?

Lauren: it should be discussed here. I want to make sure the Town's share is 30.89% and we do not fall back.

Bill: This is John M's idea & I think it's great. This would cover our capital expenses for the first year—take the \$1.5M from NESWC & give the Town the interest payments (the money would be taken off the top of the tax revenue). WE are looking into possible SBAB reimbursement for the Conant piece—it's \$500k and they reimburse up to 50%. We don't know yet.

Jon: I would propose the schools be held harmless---the process is now to take it back to the boards.

***That was agreed: ALG will take the NESWC "borrowing" proposal back to their boards for discussion

Bart: Is there clarity in the numbers?

Jon has updated the spreadsheet & move the numbers & now show the expenses for COPs, Douglas Modulars, heating debt has moved from the schools to the Town

Pat: Do we need a warrant article to take the money from NESWC?

John M: NESWC can be voted like any other part of the budget---or we can have a warrant article. We just cannot appropriate it directly from free cash.

Lauren: will this [NESWC use] be a detriment to the fire station?

John: the BoS needs to discuss the whole thing---we have to discuss how NESWC is going to be used: the BoS decided to take 20% for the fire station and \$1M is to be left in reserve for the environmental problems.

Bart: back to the process---am I to understand that future ALG's will be tied to the \$125k?

John: it will be like debt service to a bank---borrow from the Town for 20 years

Bart: the problem is that membership in the ALG changes from year to year---and no one will be here for the length of the debt service..

Dore: we may be reduced to writing it like a bond

John: it will be like writing the debt for the modulars

Both Marie & Sharon thought it a good idea

Pat cautioned that such moves were bound to confuse voters---and the FC had some problems with the capital inside the school's operating budget.

Bill: I can see the warrant article: schools capital plan of \$4M if \$1.5M from NESWC we borrow \$2.5M---we will need a 2/3 vote [so voters will know what's happening]---it will not kick-in until 2010—for the 2nd phase and right now we have the money within the school budget.

Jon noted that what to him seemed simple, might not to others. He suggested that a small group meet after Town Meeting, agree on the mechanism and what the split should look like---we end up arguing over a set of opinions—we could work on a plan with substance---we will know what the shift is we will then have to figure out how to make that happen.

Dore: we might want to consider having people serve longer than just one year---it takes longer than a year to come up to speed.

John: I agree on Jon's concept but it should happen at the ALG table—I am opposed to shadow groups. We can take the summer to work it out.

Pat: we will never get in done at ALG---there is not the time

Bart: next year we will not be doing the same thing? Where are we on the revenue split?

Steve N. we will memorialize the \$125K/20 years

Jon: there will be a new split

Pat: we have to have it in 25 words or less to take back to our boards.

Paulina asked if her understanding of the changes were correct. They were

Bart asked if the group was finished—it was 8:32 or if they wanted to discuss next year

The discussion was on whether to have small working group or not. Jon & Sharon said they favored the smaller group. John M. said he thought things should be done at the table---having small groups was bad for transparency

Bart: unless it proves impossible?

Steve N: there is a practical aspect---if we have a project plan, we can move forward instead of spending time picking the numbers apart.

Pat: it's the difference between management and leadership---we are supposed to be the leaders.

Dore invited Steve Ledoux to comment

He said they have a similar exercise in Westford---but less formal. They have done a five-year financial model and studied the ripple effects of the changing numbers. In the future there should be an agreement on the model & assumptions for it to work.

***There was agreement that next meeting there would be the 1st cut on the plan and the best way to execute it.

Dore said he consult with the BoS about extending the time for the individual members to serve on the ALG---Jon suggested that there might need to be an ALG stipend---Pat said it was not in this budget... Marie said it might be helpful if the members did serve for more than one year.

This would take an ALG Charter change

Agenda

Reply from the boards on the “borrowing plan”

Review of budget sessions

Adjourned

8:41

Next meeting Jan 28th