

ALG Minutes

ALG minutes, October 23, 2023, 7:30 AM, room 204/zoom

Present: Bart Wendell, facilitator; Jim Snyder-Grant & David Martin, SB; Christi Andersen & Jason Cole, FC; Tori Campbell (in person) & Rebekah Wilson(zoom) SC; Peter Light, Sheri Matthews, Mary Ann Fleckner, and John Mangiaratti (zoom), staff.

In person audience: John Petersen, HIT, C.J. Carroll, assessor, Ellie Anderson, finance director, Tom Beals, reporter.

Extra Info/ documents: agenda, two sets of minutes, AILG model (unchanged since last meeting) and 2023-2024 meeting schedule

I. Regular business

1. Public comment : Charlie Kadlec noted that last Friday the town was designated as a site to house migrant families at the Minuteman Inn (formerly known as the Concordian Inn) . He wanted to know if the school and finance committees had looked into this placement, how many families were being housed, if there was room in the schools and how many students were expected.

2. Minutes: both sets(one from last April and the other from September) were approved

II. New/ Special business

3. FY 24 update

Peter noted that it was great to see so many(@400) people participate in the March Against Hate.

To answer Charlie: the state did let us know about the towns designation for emergency shelter. The state is expecting to use approximately 33 beds. That will mean approximately 15-20 students. We are in the planning/process to accept these students. If they are to attend schools outside the district, the state will pay for their transportation.

There is no new information on the update. We are trending towards \$0 in turn backs. The one bright spot is the investment interest income which will be carried forward. We had to revoke the budget due to a double line of \$325K.

During the summer we had a higher than usual SPED/ special needs students move in with an unanticipated expense of \$800K for FY 25.

John: no updates for FY 24. Revenues look stronger than estimates but I'll hold off until we have firmer numbers. On the operational side we launched the online permitting process for planning and fire department. This should result in efficiencies.

4. Review model

John : no changes

David asked about the drop in regional assessments. Peter said it was due to the closing of debt coming off the books

David: I'd like another page with free cash balance, once certified; what's spent ; turn backs and percentage of the total.

Bart: are there concerns or agreement?

David: the ongoing increases are 3.25 % for the town; 3.75% for the district. It's too high; it's not sustainable. It should be 3% for both entities. It's being compounded in the model and the increases are being exacerbated overtime. I'd like to see just % increases.

Bart: thoughts?

Peter: I'm not sure the model gives a fair picture of what we have to do to get the expenses to align with revenues. Fixed cost increases are an actual deficit in the model

Bart: suggestions

Peter: we have a working sub- committee on the budget; we're struggling to find line items that are coming in under 5-6%. Holding HIT at 10% is aggressive; Middlesex retirement at 5.6% — it does not add up the projections are not 3% or even 3.75%.

Bart: others?

Jim: I see this as a preview for a conversation on planning for a potential override

We need A & B budgets — I have no concept on how to do that on this spreadsheet.

Christie: I see the ALG as getting more realistic. I view the ALG forecast as a tool that we work with to close the gap. The issue is how to. Lose the gap.

Peter: the value of the model under 2.5 is we are seeing 3% increases. We need to have a dialogue on reasonable projections. Three percent has (in the past) looked like it will work in perpetuity.

Jason: the recommendation from the FC is to cap at 3% — that's 2.5% plus new growth forecast. We need to stay within our means to avoid an override. If it's [an override] is on our minds we need to have the conversation early — November is not the time just to talk it's the deadline for a decision.

Bart: are we clear on having an override this year?

There was a general discussion about when a decision on an override vote had to be made with the FC people sitting it was October and others saying November.

Peter stated that he thought the decision was to be made when there were accurate numbers ; he was far away from that but felt the schools' budget was multiple millions away from being met.

Jim: looking forward at the long term model, I see the gap increasing. How realistically can we show the pin to need an operational override; capital override is a totally different thing

Bart: historically this has always been a point of contention that needs to be settled. Every year there has been. Politically agreement that there is a need to start the override question now. No one seems surprised that it can't be ruled out by both sides.

David: the free cash and E&D have bailed us out in the past; we spent over \$1m in FC and not gone below the agreed to floor. My back of the envelope calculations show that we can have only a 2% increase, not 3%. We need to prepare. Next year it's I'll be beyond difficult with a 4% newer and only be able to afford 2%.

Christie: the town agreed that FC should be for one-time capital expenses. In an ideal world we'd put aside money for capital projects.

Bart: so you're not closing out the option of both a capital and operational override for FY 25?

Jason: we cannot do both in the same year. Right now we have a \$1.68m deficit which is unreasonable

Peter: personnel rollout for next year will make that 2 to 3 times greater

David: our expenses are greater than our revenues; we cannot go below the 3% floor without impacting the bond rating.

Everyone agreed that there needed to be a conversation as soon as possible on the need for an operational override. The date was decided as November 6th. Some felt that would just be

another discussion while others felt it would have to be a decision date. The meeting on November 20th was held as a final decision date by some.

John noted that he'd have better numbers by the 6th.

Christie noted that she had to take the numbers back to her committee so November 20 might have to be the final decision date.

Jim: I think it unlikely the select board will vote for an operating override.

Tori: we need to make the case and describe what we will be going without. I also want reserves to be part of the discussion

John: we should have FC certified by then and with the projections have a good sense of what's to come.

Jason: if one entity believes the numbers are off by \$4m— we need to get the accurate numbers as soon as possible.

It was agreed that the next meeting will be on Monday, November 6th at 7:30 AM

That will be followed by a meeting on November 20 Time to be determined.

Agenda for the 6th

Budget estimates from both entities

Discussion on an operating override.

ALG meeting schedule for 2023-2024

December 18; January 22, 2024; February 26, 2024; March 18, 2024; April 22, 2024.

Adjourn 8:30

Ann Chang