

ALG Minutes 02/14/2013

TOWN CLERK, ACTON

Present: Bart Wendell, facilitator; Doug Tindal, Mary Ann Ashton, FC; Xuan Kong, Kim McOsker, SC; Pam Harting-Barrat, BoS; Steve Ledoux, Steve Mills, Steve Barrett, and Don Aicardi, staff. Absent: Janet Adachi.

Audience: Brian McMullen, Assessor; Pat Clifford, FC; Katie Green, Allan Nitschelm & Charlie Kadlec

Extra info distributed to members: Agenda & 01/31/13 minutes; ALG spreadsheet & Draft of FC's LRP assumptions for ALG comment.

- I. Minutes accepted
- II. Update FY 13 Revenues & expenses

SL: nothing new to report

SM: AB plans to spend \$122 from FY 13 and matching grant from Nstar to upgrade electric equipment in the high school which will result in annual utility savings of about \$100k

- III. Spreadsheet (SB: distributed his Valentine gifts (paid from his own salary).

Don: changes asked by ALG were made—changes in the State aid element---removed the new local aid fund; dropped \$106k; lowered Ch. 70.

ABRHS budget was lowered by \$292k of that \$192k was reductions of budget line items and \$100K is energy savings (see Nstar project above)

APS change was \$192k; new Minuteman assessment –this has reserve use of \$1.7M

Bart: any comments?

MA: this is a good segue into a discussion on reserves

Bart: aside from reserves ---are there any other comments/problems?

- IV. Doug: the FC has reviewed the ALG plan and the use of \$1.7M in reserves—we have now reached an equitable agreement under the circumstances.

MA: we appreciate that the schools revisited their budgets and everyone worked together to get to this point.

- V. Model for the FC's Long Range Plan—assumptions

Extra info showed the expected percentage increases of revenues, state aid, and expenses.

MA: indicated that this model should have been available earlier. Today's assumptions are embedded in the ALG. The subcommittee of the FC worked on the expectations of year to year

increases. We have incorporated the work that Don did on the history of school expenditures. We have the historic actuals for FY 12 and carried forward to FY 13 & 14.

We need to know this is the 1. FC's LRP; 2. What do the schools want this to be? 3. The town needs to vet the numbers, look at the historic patterns and round off the model. We can run the different scenarios via email. We want the boards to go over the assumptions; take it back to the boards and staff—we can bracket the numbers if you like but we need to have something to take to Town Meeting

Bart: I am hearing two questions ---is there agreement on the revenues?

Mary Ann: if we can agree on revenues we want people to take this [the LRP sheet] back and work on expenses.

Don: do you expect "harmony" between the LPR and the ALG spreadsheet? Ans: I hope so.

Bart: are there task suggestions?

Mary Ann: this is the time to start looking at FY 15 & 16---we have to deal with the differences in expenses

Bart: Do we have agreement that it is a worthwhile activity to do the out years—FY 15 & 16? I have a concern that it will not be worthwhile.

Xuan: It is an important exercise, we will also need to change new growth factor increases. There are big ticket items on the school side carrying significant uncertainty i.e. salaries—as we are now in contract negotiations

SM: it is worthwhile but we need to consider that in two years we may have only two entities instead of three---that may have significant savings.

SB: Are you suggesting we replace the standard Town Meeting format with the LRP?

MA: that's for us to decide—we could use the existing or this new---which ever makes the people the best informed. We also need to add the expense drivers

Bart: is this [the changes] a realistic goal?

Doug: FY 16 & 17 will be in the Town Meeting workbook—it will be easier if we have the same format—the LRP model

Bart: the next step is to look at the revenue section---most of the rows are in agreement. Annual levy increase of 2.5%; 0% for new growth

Don: question the lack of a percentage

MA: noted that the overlay was also level at 0% increase

Xuan: On revenue assumptions: new growth may be flat now but would it not increase in the out years?

SB: we had a spike in FY 13 which we have carried over to FY14 but the percentage growth is zero after---we can raise the base but I assumed an average going forward.

MA: we can have a new growth side table on the ALG plan

Don: right now it's impossible to say what will happen on the state & federal levels

Bart: can we agree that new growth for FY17 & 18 should increase---nod of agreement

Pam: this is a critical year---we are facing the possibility of new [state] taxes. Sen. Jamie Eldridge said that we should not expect significant growth levels in state aid.

Bart: the task is what to recommend to the three boards and what we can enter into the ALG plan.

Doug: there are lots of moving parts—state aid, excise tax but we have to put a “peg in the sand” we are working with a moving target and have no idea what will happen in 2018 on a national level—but that is not a reason to not go ahead and do an impact of the numbers

MA: What Xuan said makes sense---if we keep the assumptions people can look at them & understand—they will get “refreshed” once a year so when we say what's going to happen five years out it's easier to explain.

Bart: that means you will use 0% increase across the five years for simplicity

Xuan: fine so long as we do a footnote of the impact of higher new growth in the out years

Bart: is this an agreement?

Doug: having new growth as 1/4M in a 90M budget will “not swing the cart around” we should not be scared by a 0% increase

****Bart: so now we have the levy at 2.5% new growth and overlay at 0%--agreement? YES

Bart: now we have the state aid category—I think there will be an agreement on the interest income (0%). On the cherry sheet—what do you propose for the next five years?

Don: questioned the assertion that he said there would a 7% increase in State aid.

MA: was not sure where she got the number but would look back. She added that understands that CH. 70 will stay the same but there will probably be changes in the other categories of state aid

**Bart: agreement to set aside that category---until further investigation---agreed

Acton's share of regional costs MA: the FC initially had a 2.5%v increase—but to capture the decrease in enrollment dropped it to 2%.

Don: there is potential growth in the Regional transportation—we can look at those numbers; also the split for the next five years—FY 14 is reasonable but should we clone the next years on that number?

Bart: we are running into logistical problems—our next meeting is in two weeks & the warrant goes out 10 days after—will all of this be vetted in time?

Kim: the SC meets on March 7.

Xuan: we can report back on what Don has provided but I am not sure the SC has a strong feeling between the 2.0% and the 2.5%

Bart: is the suggestion that everyone go back to their entities and propose a 2.5%—or shall we leave it floating?

MA: we need to work through this decision & come up with a suggestion with what things will look like going forward. ALG reps. will work with Don; the FC will meet with the BoS and have a final for the SC meeting on 03/07—before 03/12 (warrant due date). We can flag the problems—they may be bigger than we thought & we will not be able to go out to FY 16-18

Doug: FC wants a five year plan---three years is too short. Some may be speculation but the FC has adopted the five-year plan concept

SB: I'm not sure we can recommend the increase in the out years---we have negotiations & it will be difficult to keep [salaries] at a 0% increase

MA: the five years can be a part of the FC's message to the town.

Doug: we need to go out [to five years] we have OPEB now at \$60 M---we will see that an override is necessary in the future—the five year window is not disposable.

Bart: do you have the energy for the five year plan for this Town Meeting---are we too late in the cycle?

Xuan: we should have the five year projections---if we do not like the numbers we will have to change behaviors

Bart: is there any reason not to recommend the five year plan?

Pam: you are making assumptions that the numbers will not change---but even under the best of circumstances & intentions—they will.

*****Bart: is there approval for the five-year approach---yes. Next is Local receipts—excise is .5%

MA: the FC took the .5% and the 2.5% without guidance from the SC. —we are comfortable with the 2% and the .5% will not solve Acton's problems

Bart: Agreement?

Don: it is dangerous for the schools to opine on the Town's receipts

Bart: that aside do we have the expenses for the next ALG?

MA: this will give staff time to look and clarify the number using the FC format---we should roll up expenses & not put out a line for each of the salary categories

Don: is OPEB in?

MA: no it's in the regular budget we will pull out the numbers so people can understand what's happened

Bart: now we have agreed that staff will look at expense numbers & come up with recommendations---yes.

When shall we all meet again, in addition to Feb 28th—to make the warrant printing deadlines?

Monday March 11 at 7:45 AM

Bart: I have a concern that things have been too easy today.

Xuan: thanked Mary Ann & Doug for the FC's for support of the SC's budgets and the flexibility in reserve use---it has been a great experience working on the ALG.

VI Public

Allan N: several things 1. The ALG spreadsheet must have an OPEB pull-out so people can follow what you have done. 2. You are projecting what will happen but have made no mention of the increase in the tax bills. You are on "cruise control" our bills will be \$10k and will increase by 2.5%/annually over the next three years—this is unacceptable. I expected the FC to do something about this. Boxboro's budgets are staying at 0% increase while we are at 2.5%. You guys seem to be missing the whole point---all you do is try to fit the numbers into the fixed 2.5% increase.

Doug: the FC discussed a 0% increase—it is not doable. We are being extremely careful about the increases.

Xuan:-Regionalization. Last time I told you we would not proceed. The Boxboro members got together and presented their rational to the whole (Box.) community. They said the revenues were too important to give up.

*there will be an additional \$1M in revenue; they decided to drop the demand that for a 5% discount on future capital construction; split of the savings for the next five years from the 65/35 to 80(Acton)/20; allowing Acton to take the "extra" \$450k discount for five years; change to SC membership to 11 with seven from Acton, four Boxboro; each student will carry the same assessment

cost & not change the five-year rolling averages. The study committee will meet on March 6th and report to the SC on the 7th. There will not be a special on April 29th---but perhaps some later date.

Bart instructed that Regionalization be returned to the agenda.

Adjourned at 6:20

Next Meeting Feb. 28th at 5 PM

Ann Chang