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ALG Minutes Feb. 28, 2013

TOWN CLERK, ACTON

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

Audience: Brian McMullen, assessor; Pat Clifford, FC; Katie Green, Dick Calandrella & Charlie Kadlec.

1. Minutes of Feb. 14, 2013 were approved

Extra info: ALG spreadsheet, 3-page set of assumptions; summary of allocations

2. Update on FY 13 Revenues & Expenses

Steve L: nothing to report on the local level, just waiting to see the impact from the federal cuts on the state & then local. The White House has released the impacts in MA on education; senior meals; health & safety grants.

SM: There may be \$28M less for kids in MA—but the impact will be in the cities

Doug: where is the state legislature—with the tax deductions, especially on capital gains for the sale of a home? I've not heard anyone complain

SL: the governor is pressing the legislature to pass his package

Don: House W&M will have their first cut in two weeks—if the revenues estimates look like they will come in good, if not.....

SB: we have not heard from the feds as yet there does not look like there is any pushback on the taxes at the state level.

3. ALG Spreadsheet

SB: nothing has changed

4. Regionalization

Xuan had nothing new to report

5. Long Range Financial Forecast

Mary Ann walked the members through the FC's assumption sheets for FY 15 & 16. On page 3 the update of the assumptions reflects the selectmen's discussion and show the consensus agreed to at last meeting.

Mary Ann expressed concern about getting agreements for the out years & the possibility of changing the ALG format to that of the FC's sheets. On page 1 of the ALG sheet there has been agreement on expenses but the out years have assumptions that have not yet been vetted by the other boards. There are several possible scenarios. In the FC's sheet the assumptions roll back into the budgetary numbers and we have a budget increase of 3.7%; ABRHS increase is 2.6%; all entities is an increase of 3.3%.

With an assumption of a 3.2% increase for FY 15 & 16 moving that to the ALG sheet we see a shortfall in FY 15 of \$739k and FY 16 a shortfall of \$835k.

In FY 15 & 16 Health Insurance design changes with a projected savings. FY 13 is the actual budget; FY 14 we have 0% and as we roll forward, FY 15 has a \$1,040k savings. One suggestion is to take out the lowered base and see what a \$1M swing would look like.

Bart: has everyone followed Mary Ann?

Mary Ann: another change is to give OPEB in FY 14 \$800K. Steve Noone has indicated that the OPEB Subcommittee suggested adding \$300k/year going forward—it's a modest pace but it has forward movement

Bart: for the OPEB/health—is there agreement?

Xuan: with the shift in enrollment, Acton's assessment is @ 4%

Mary Ann: good suggestion—we will need to work through what to do [as enrollment numbers change]

S. Mills: the \$846k is both Acton & APS.

MA: yes—AB is in the budget

S. Mills: we have done better in SPED/transportation and better in utilities

Bart: is there an ALG consensus on the salary increase of 2.4%?

Xuan: We do not know, we are now in union negotiations and the union in previous negotiations wanted a COLA above the step/lane adjustment. [Note: in teachers' contracts, a built-in increase each year is based on years of service (step) and education background (lane) Step/lane causes salary to increase by 2.5%. Last year COLA increase is 1.4%]

MA: we have looked at several line items and have a range of 2-4% we need to roll it into one number---it's a composite 2.4% for all employees across all entities.

Xuan: it is better to have the number come from the FC than the SC.

Bart: 2.4% is on the table---any objections?

Doug: what does the COLA refer to?

Xuan: Cost of living adjustment salary increase in addition to built-in step/lane increase of about 2.5%

Bart is 2.4% OK? *****OK

Bart: we have health at 8% and fringe at 3%

Don: where is OPEB? It is in health & not fringe.

Bart: capital—5%

Don: do you have a definition of Capital?

MA: It's the articles at Town Meeting

Don: the SPED number is too high—there has been a restoration of the circuit breaker & for the past 3-4 years we have been able to keep more kids in-district

Pam: isn't it true that just one out-of-placement child can throw the whole budget off?

Don: that's true but we have been doing a better job in "anticipation" and not had a "killer" placement

Bart: is 6% OK?

Don: prefer 5% & it could come down to 4%

Bart: is 4% acceptable? ---yes***

Bart: utilities, gas & diesel

MA: Town has 6.5% for diesel—that is the driver, we cannot zero out just because of the diesel

Bart: apparently for town 3% is OK all others 2%

Bart: 3% for fringes---does that work?

Xuan: if all three have the same increase for health, with OPEB greater---it may have an indirect impact on the AB budget in the future.

MA: shall we break out OPEB for FY 15 &16?

Don: last year we worked to roll up OPEB for simplicity---perhaps that was not such a good idea

MA: perhaps Don & Steve B. could think of the best way to present OPEB and where to put it in FY15 & 16.

Don: where do you think we should put the numbers?

MA: there will be a table for OPEB in the FC message at Town Meeting

Doug: there is educational value in discussing OPEB at Town meeting. At one point the liability was over \$100M---the numbers are not fixed---now it's around \$60M. It's a moving target and the state will have some input so we can expect some structural change in the next two-three years.

Bart: is everyone now satisfied with OPEB? Yes.

There was discussion of the need & reliability of a five-year plan. The FC would like to have one but as time is running out—covering FY15 & 16 is about all that can be managed.

Bart: I'm hearing a three-year plan is what we will have for this year.

Discussion on the shifts in the regional assessment vs. AB budget—it was agreed that the realistic number would be 4-4.5%

Pam: can't you make up the difference through the use of E&D?

Don: for the last two FY's we revisited table 6 and had to put in final state aid and lower reserve use due to ALG goals---we did not lower assessment—we have to do the AB budget in Feb. and make adjustments in the fall.

MA: right now there is \$770k E&D when the SC went through the budget exercise the use of E&D was \$970k

Bart: does that mean the assumptions of the range of 3.15%-3.0% change to 4.5%? (OK)

Bart: shall we use the LRP of the FC or the ALG plan?

MA: the tax impact has not been updated---Brian will do this

Steve B: We can do the year-to-year percentage changes for the municipal allocations that will work.

6. Public

Mr. Kadlec said he thought the format was helpful but suggested that a lot of the backup info could be put on the web.

Mary Ann: then brought up the problem of the other boards seeing this new plan & giving their assent. There was a discussion of all the different dates that the three groups were to meet & whether it was useful to have March 11th as the next posted meeting---if all could agree to the plan was there a need for another meeting.

Doug noted that the FC had not yet ratified the plan while Pam said she could not assume that the selectmen would.

Bart: if there is push back then we need to meet

So there is a "perhaps" meeting on March 11th at 7:30 AM

After that the next meeting is March 28th

Meeting adjourned @ 6:10

Ann Chang