

R E C E I V E D  
SEP 23 2013

ALG Minutes, Jan. 10, 2013

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

Audience: Brian McMullen, Bd of Assessors; Pat Clifford, FinCom; John Petersen, Charlie Kadlec, Dick Calandrella & Bob Ingram.

1. Minutes were accepted

2. Update of FY 13

Steve M: financially things seem to be OK. He described the crowd that heard the anti drug program by Chris Herren, the auditorium was filled & there were ancillary rooms & consoles to listen to the inspirational talk... The Facebook "was on fire" today talking about the message. He said that there was a drug problem and they added a drug and alcohol counselor at 18/hours/week.

The lower-fields project is "great" It was thought that \$200k would be generated the first year---they have reached that amount in the first four months. Working with FOLF (Friends of Lower Fields) is exactly the kind of thing we should do—creative thinking has resulted in a new source of needed revenue in addition to making the fields usable.

Mills said that he was in a meeting with area superintendents when the Newtown shooting took place. There was an immediate discussion about school safety. He has appointed JD Head to a committee of principals, parents and police to look into the safety of Acton's schools. They will come out with a position statement. Many schools lock their doors. All the elementary schools do lock doors except for the front doors. It is estimated that it would cost between \$5-7,000 to retrofit all the front doors and add buzzers. That is not counting the costs associated with having someone opening the door. It would be impossible to lock the 24 doors at the HS---it is an open campus. These changes could have an impact on FY 14. He is very happy with the police officers---Patricia Sullivan & Keith Campbell.

3. Review of ALG Spreadsheet

Don: FY 14 Col. Shows the preliminary budgets; everything is based on a 5% increase; he has put in the numbers for APS & AB—the Acton portion; deficit is \$1.6M; for the town the OPEB is changes since the money is part of the municipal budget---that is a \$946k change. The recap has been approved by the state.

There have been discussions with Steve B & Brian McMullen to reconcile the FY 13 New Growth and what can be expected for FY 14.

Steve B: there is a disconnect on the net number for our share of the deficit. If the revenues do not change we have taken our share of the cut and the rest is the responsibility of the schools. The basis is the 35.8% split.

Xuan: Looking at AB revenues---the \$634k is not a “magic number”....

Doug: Municipal has taken an extra round of cuts---it is our perception that the schools have not. The town came back from “the Hill” confronted with the deficit & took their fair share. It is our understanding that they [municipal] has been through two rounds of cuts.

Kim: what are the specifics of the cuts?

Steve B: \$1M has been taken from the Town Manager’s budget. In our world when a capital project is rejected---that’s a cut. The \$432k from OPEB has been put in the [operating] budget---part is APS it could be divided but it has to be paid by the Town. There are no other changes in the outlay for APS.

Xuan: I think it’s a good idea for APS debt to be part of the APS operating budget. The APS OPEB accounting for this year will be a “mark on the ground” for the accounting if the regionalization goes forward.

Mary Ann: That’s a great suggestion---but we should put it aside for now & focus on where we are in the budget process.

### Where we are

MA: there is a mismatch in the cycle. There are differences in approach and the review with the FC. The BoS got the town budget in December & there was the Saturday review where we went through the budget in detail---that is not to say that there is not more work to be done.

The SC has done the preliminary work & not yet looked deeper. We need to get both budgets at the same point. We have a lot of work to do in the next two months, we cannot walk away and just split the \$634k into three ways.

Bart: given that what is the suggestion for the next step.

MA: the discussion of reserves is at a different place from our last meeting

Doug: the next step, aside from the reserves, we need to let the schools crawl through the process with their budget.

MA: specifics: drop the FY12 column---that will reduce several of the lines. I do not understand, unless there is a compelling reason, why the Town of Acton Expenditures are broken out into four sub categories

Steve L: those are the “lightning rods” from last year---they are the budget drivers

MA: Bob Evans [FC member] suggested that we should be clear about what each budget pays for retiree’s health care expenses and those costs should be part of what we consider for OPEB. There are health costs for retirees in every budget. We ought to do an OPEB sheet in detail

Bart: is there any disagreement for the OPEB break-out?

Xuan: that would make the information public making it clear that: we also have a pay-as-you-go component that needs to be saved for the future.

There were voices of agreement

Don: I created a tab for OPEB on the front, now you want me to break-out retiree health costs and include them on the OPEB tab?

MA: not on the OPEB tab but on the OPEB sheet—it is a new concept that we have retiree health care costs that are folded into the budgets

Don: that would make the numbers for AB in two places and now I will have to insure a match of three of numbers

SB: we can work with Brian McMullen to get the numbers in place.

Bart: is there agreement?

Xuan asked Don to put the changes into the APS budget presentation to start the process.

Doug: the difference between the two years is that the first it was pegged at \$500k and now its \$800k. We have just been throwing darts—it's good to have an OPEB separate sheet.

Pam: there is talk at the state level of bonding OPEB---could the money we have already allocated to OPEB be included in a bond issue?

SB: we will be held for the bond liability---later we will be able to subtract [what we have paid] from the future liability

Pam: once the allocation is gone---it should be carried on the separate OPEB page

Janet: the page needs to show the pay-as-you-go and the increase that OPEB takes of the budget.

Members agreed that the separate sheet would be of interest in not only keeping track of what is being budgeted but also any future bonding allocations.

It was also agreed that there needed to be a more general explanation of OPEB for the Town Meeting members.

Bart: was pleased with the agreement---the next issue was to take the subdivisions from under the Municipal budget line from the front page. This information will be included on back sheets. This was also agreed to.

Bart: shall we remove FY 12 col.? This suggestion was also accepted.

#### 4. Reserves

Janet: the FC said the limit was \$1.5M; the town budget is based on \$2M---deficit of \$600k

Doug: that is the sense of the FC---there has been no formal vote---but there has been no change in the sentiment of the FC. Some of the members are even more conservative & don't want to use any reserves.

There was a moment of silence

Xuan: the town has done their budget, the schools have not---the schools could find some items that are not a priority or all that important. Last year we got more state aid than expected and we returned it back to replenish reserves— it is not prudent to not use the reserves. We need the reserves to balance the budgets.

Doug: I don't see any basis for moving off the \$1.5M

SB: I hear what you are saying we built the budget and now we have to roll back the reserve use \$1.2M on \$8M of spending —still that's 89-90% of the budget---that will not be a plan for turn backs

Doug: we are tapping into the parking fund for police cruisers---that will free up money from the budget. The town budget has grown 1.89% nearly 2%. Money once spent from the general fund is now being paid from enterprise funds

SB. The transfer/recycle fund will pay @ \$200k for equipment; 100% of the parking fees will pay for cruisers---this will not be sustainable

Pam: the BoS has not voted the budget but it was built on \$2M of reserves. We will have to go back to the A list & see what can be dropped

Bart: have we figured out where we are in the process & what still needs to be hammered out?

Doug: there are the differences in the process between the town & schools means that the schools have not yet gone through the second level of cuts. The FC views the use of \$2M as premature and more crunching needs to be done. Right now the FC is staying with the \$1.5M

Pam: Cory Atkins has said that we can expect a 5% decrease in local aid from the governor's budget. We need to wait until we have those figures

MA: I think we have done what we can for now. We do need to see the Governor's budget---I'm interested in those volatile areas like the circuit breaker & regional transportation numbers.

SB the Charter says the BoS has to vote the budget 60 days before Town meeting---that's Feb 1. We need to know by Jan 28<sup>th</sup> the magnitude of free cash & whether we can "eat the delta"

Steve M: we are scrubbing numbers; as I understand it we can expect a \$900k cut.

It's difficult for me—I know things are going to change; reserves are up from two years ago; \$360k went into OPEB; we have already cut \$600k in services.

## 5. Regionalization

Xuan reported that they are working with teachers groups in the financial models. They have found more savings in the administration/central office. They are working on the three-year rolling averages & educational benefits.

## 6. OPEB

SB: there have been no meetings---they are looking at possible changes in the law; one will change the vesting period from 10 to 20 years; that change is now being reviewed; there will be a 16% surcharge for every new hire; there is a consideration of having an OPEB component in all the fees.

MA: a one point the state committee was putting out information all the time---now it seems when they are nearly finished, that info flow has stopped.

## 7. Public

Mr. Kadlec made suggestions for changes in the spreadsheet---making it landscape; noting that sections A&B do not change start at section C & shorten the # of rows; do not drop FY 12---“show us the actuals”---that will have the benefit of showing us the increase in the budget.

The actual use of reserves has been 0---you will penalize the turn backs. One use of reserves that you have not considered is to reduce the levy.

Next Meeting---Jan 31: 5PM

Agenda item: five-year future look for SC & FC

6:25 PM

Ann Chang