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ALG minutes Jan 23, 2014

TOWN CLERK  
ACTON

Present: Bart Wendell, facilitator; Steve Noone & Pat Clifford, FC; Janet Adachi & Mike Gowing, BoS; Dennis Bruce & Kim McOsker, SC; Steve Ledoux, Steve Mills, Steve Barrett and Don Aicardi, staff.

Audience: Mary Ann Ashton, FC; Brian McMullen, asst. assessor & asst. finance director & Charles Kadlec.

Extra info: Town Of Acton FY15 budget with % change from FY 14; ALG multi-year financial model

Minutes of December 12 were approved

## 2. Update on FY 14 Revenues and Expenditures

S Ledoux: nothing major either way

S Mills: We still have the problem of the \$150k for the track; unexpected legal bills for the inter-municipal agreement (IMA) and the APS has a very expensive, one-time out-of-district tuition SPED expense. Mills indicated that the town must also have the extra legal costs for the IMA.

There was an attempt to look at # 3 on agenda- outstanding issues needing consensus but Bart, at the request of the members jumped ahead to #5 Review of spreadsheet.

## 5. Review of spreadsheet

S Barrett: a lot has changed since the last meeting on 12/13 and changes have been made to reflect new data. The spread sheet is using a prop. 2.5% increase [the FC has requested a 2%] He noted that the tax rate for this year is the same as last year \$19.56

SB went down the spread sheet and highlighted the areas of change: there is a transfer of \$588k for APS health insurance from the town to the region; transfer of \$100k for property and liability insurance; transfer of \$95k for worker's comp. These transfers are based on "final assessment shift per Appendix A of Regional agreement.

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Don: we know the OPEB for Acton and the schools is \$1.1m---we have been carrying \$425k. We also have a shift of @ \$1m away from Acton to Boxboro.

We have been using the state aid numbers from last year as our estimates; now it looks as there will be an increase. There are questions about the numbers in House I and how they will make out when they go through the state senate and house. Ch. 70 funds increase \$361k add these to the district and it's a modest 1% increase.

There is the regional bonus aid that we will be weaned away over three years; transportation increases and the \$1m savings.

The Charter and school choice numbers came out yesterday. We are looking at them. From now on the split will be 83.97% for Acton's share. We are still sifting through the numbers.

SB: we now have @ \$600k increase in state aid

Pat Clifford questioned the \$600k amount

SB: look at the Dec. ALG sheets with the estimates of state aid and the delta is \$602K; but we are carrying a \$500k increase in transportation

Steve N: have changes been made to table 6

Don: No.

Mike: the \$1m for Boxboro what is it? On the front page [of the spread sheet] 4992k

Don: changes in the regional agreement shift money from Acton to Boxboro; that is separate from the \$1m cut in staff.

Pat: you say \$1.1m to \$758k where did the money go?

SB: \$684k from the town and \$425k from the schools was the original plan; we took the APS numbers out of the town and cut the town's contribution by 30% \$333k. The schools still have \$758k contribution.

Dennis: shouldn't we have discussed this before you did the shift---was there discussion with the schools?

SB: No

Janet: I'm struck by the fact that it's underfunded

S Noone: do the budget numbers represent the current thinking? What is the % increase in the education costs?

Don: the Education numbers are in five different places; the percentage basis is @2.9%---because of one-time changes its more like 3.8%.

S Noone: it looks bigger to me

Mike: to Dennis' point talking about OPEB percentage transfer; for the APS retirees the town "owns" the health insurance but now the APS should go to the region. The region needs to pick up the costs.

Bart: are the questions about the plan?

Kim: there is a lot of information to sort through with regard to the shift. The schools have been incurring costs for APS from things like payroll.

Don: the region prints its own checks so that will stop on July 1

Kim: we have been sharing expenses for years [without splitting costs]

S Noone: it looks to me as if the schools increase is 6.4%

#### **OPEB allocation**

Bart: it's clear some don't agree with the numbers or how they were derived. What needs to happen?

S Noone: it's not a question of the numbers but how they are divided. In the past APS numbers were in Acton and invested in a separate trust from the region. Active employees need to go to the region; that makes the retirees from APS "orphans" where do we put the costs? It's like the APS buildings; the costs were incurred by the town on behalf of the schools. The town will get credit for the debt

Kim: this is a place for conversation---why did we not have a conversation [before the shift]?

SB: there has been a huge work load between Dec 1 and Jan 15<sup>th</sup>. I assumed Don talked ....

Bart: one thing's implicit; we assume the good attentions on the part of the people making the decisions. If we let Steve fall on the sword, this will be a particularly hard hurdle to get over. The highlighted numbers are public and I'm hearing that people are ticked off. What do we do about it?

Janet: I have the feeling that we are having the discussion now. I do sense the resistance on the school side to take on 2/3rds of the obligation. The town side is going down by transferring costs for OPEB to the schools. The town will still have \$1/2 m for retirees

Kim: there was not a conversation..

Bart: is this the chance for the conversation?

Kim: this is the time for the subgroup to discuss the reallocation [from Dec. minutes] Don and Steve may have had a conversation about the schools picking up the costs but this negates the role of the ALG.

Bart: What's your suggestion?

Kim: a proactive conversation

Bart: Off-line?

Mike: there are practical aspects; we can't put money into the Acton town trust, it will have to go into the region's trust.

Pat: if we are looking for a group focus on OPEB specific issues, we have one

It was agreed that the OPEB group would meet again and work on the problem. Pat requested that the group also come back with number recommendations. She noted that ALG needed to have these numbers settled soon because of the warrant printing deadline.

S Mills: I appreciate the work done by OPEB group but an additional \$470k in FY 15 is "problematic. Even now the \$300k represents 5-6 teaching positions. We would not have agreed to the \$1.1m. \$780k is just too much. I can accept \$480k which is what I have in the budget.

S Noone: it's difficult for everyone to work through the changes. Pat will have to do the presentation [at Town Meeting] Right now it's all a shell game; if we don't get this settled we will lose all credibility.

S.B. I apologize for moving too fast....

Bart: I would think with the regionalization issues ---some assumptions are going to take some hard swallowing. Kim and Dennis are not the only two who could be ticked off.

Kim: the tax rate is lower

Don: we are still trying to set the numbers for FY 15. We did a good job on the FY 14 recap numbers but we need a valuation update.

Kim: the tax rate has no impact on these numbers  
SB: in FY 14 we did not tax to the max. Right now the model has the tax to the full extent and doesn't reflect the new growth numbers

3.

Bart: what is the best order for these to be discussed?

Dennis: we need to hear from Pat about reserve use

Pat: the sub committee meets tonight to look at the accumulated reserves. We have \$10m in accumulated reserves and the question is should the town maintain that amount. What are the possible uses deployed in an objective way?

#### **\*Use of Reserves**

There was no way the group was ready for a consensus on reserves. Bart noted that consensus needed to be reached on tax levy, overlay, revenue projections as well as use of reserves.

Bart noted that as facilitator of the ALG the group comes to the same point every year; tempers are short and it is more difficult to get to a "yes." The group is based on consensus and that cannot happen unless/until people feel that there is no better alternative---everyone is equally unhappy. When/as time runs out (he may not be here in March) it is a tough place to be given that you have to push for your stakeholders in reaching decisions that are hard made and can make you unhappy.

Kim: although I sit on the SC I am also an Acton citizen so I see both the town and the schools as my stakeholders

#### **Revenue Projections**

Bart: are those on the sheet?

Pat: how confident is the staff in these numbers?

S. L: the big nut is local aid. MMA is not happy with the numbers so I see these as the floor and expect them to get a bit higher.

SM: Ch 70 is not much higher; regional transportation is level funded which is a disappointment

Mike it's an election year so I think we can expect some of these numbers to increase.

Kim asked about reserve levels SN: noted that the committee was looking beyond the known \$10M; other places like trust funds

Pat one potential source is the \$1m in the NESWC liability fund. It could be made available for free cash or to lower the tax rate.

SL: said he was hoping to use these funds bit by bit on an annual basis for town needs

#### **Tax Levy**

Bart: question is do we tax to the max or not?

Pat: the FFC recommendation has been from the beginning to tax at 2% level to give the taxpayers some relief. Taxing to the max does not do that.

SB: Going from 2.5% to 2% is a reduction of @\$350k in revenue.

Janet: I'm open to the suggestion but looking at the spreadsheets we are already \$330k in the hole.

Mike: from my point of view we make up the difference from the appropriation of reserves. It seems the same as last year.

Pat: last year the FC recommended \$1.5m from reserves but it crept up to \$2m

Kim: does the \$2m include OPEB?

Pat: yes we included the \$1.1m for OPEB

SM: I have developed a reasonable school budget that meets the educational needs of the students. It seems to me that the town is in a very strong position with reserves of \$10M. My budget calls for no new staffing, I have abided by the FC's point of view on our portion of the \$1.1m for OPEB and made good on the \$1m savings from regionalization. We are \$330 in the red and the loss of \$350k just makes that bigger.

Pat: Steve M and Don will meet with the FC on Tuesday, we will see where we can agree. . We do want to reach a consensus.

Bart: what should we be doing between now and the next meeting?

It was determined that the next two meetings in February the 13<sup>th</sup> and the 27<sup>th</sup> will be long meetings---going beyond the normal 7PM cut-off.

Adjourned at 7 PM

**Next meeting: Feb 13, 5:30----?**

**Ann Chang**