

ALG Minutes September 28, 2017

Present: Bart Wendell, Facilitator; Paul Murphy & Amy Krishnamurthy, SC; Janet Adachi & Katie Green, BoS; Steve Noone & Jason Cole, FC; Steve Ledoux, Bill McAlduff, Steve Barrett & Marie Altieri, Staff.

Audience: Mark Hald, Asst Town Manager; Peter Ashton, Town Moderator; Dennis Bruce, School committee; Dave Verdolino, School finance director; Clare Jeannotte, former finance director; Charlie Kadlec, public.

Bart had people go around the table and introduce themselves

Extra Info: Finance Committee POV & multi-year financial model

1. Minutes accepted with corrections

2. FY17 year end

SL: It was a good year. We have @ 1% in turn-back which is @ \$334K. We have been able to pay of the \$139K for snow and ice; good news from DMV @\$100K than estimated; meals tax is \$85K. We are about \$800K to the good on revenue. The records have gone to the DOR and we expect them to be back in 30-45 days. The big expenses have been in the legal due to the church suit and Concord water.

SN: do we have an estimate for free cash?

SB: \$3-\$3.5m

Bill Mc: the first lesson I have learned is to have my information in greater detail. FY 17 has been favorable for the district. Revenues have exceeded by \$800K and expenses are below @850K

Marie: we have had a positive position for healthcare; transportation reimbursement was positive and there were adjustments in SPED. We are readjusting for next year and so the estimate will be closer.

3. Certification of E&D---\$4.008m

4. Spreadsheet

SB: There is still a deficit in FY19. We have a \$142k increase in DMV; a \$15K increase in investment income. Due to the municipal modernization act, we are now able to combine bad debts and do not have to cover every abatement in one year and can use some to fund veteran's costs. There is an increase in the meals tax and a \$232K placeholder has been made for Minuteman.

There were questions about Minuteman and the projected costs. The \$1.4m for FY19 includes the \$252K in debt service. Costs are still being worked out. It's not clear what the assessment will be and when they will go out to bond for the new building.

Marie: MM debt service should go into a separate line. For the region there will be a 5.85% increase in Acton's assessment due to the transition of the savings arrangements for the initial period of regionalization.

SB: from the reserve sheet we have estimates of: certification of free cash \$3.2m; \$2m stabilization fund; \$4m E&D; bottom line \$8.7m these are just preliminary numbers.

5. Minuteman Capital

SL: we are looking at \$250k for 20 years. There are now 10 towns in the district and seven of the 10 have passed debt exclusions. Acton, Lexington and Needham have not, as yet.

SN: the FC in general thinks we should wait for other capital projects. MM will just be another item on what seems to be a long capital list.

Katie: if we “eat the expenses” for one year then the FC will have to raise the use of reserves

Bart: when is the last date on the calendar to make a decision on an override?

SN: By Oct 1

Bart: the implication is that the next meeting is when the decision will be made

SN: operating override for MM is not a big deal.

Marie: we need lots of advance notice for an override. People view capital differently from operating. People are more likely to vote for MM; fire station and schools.

6. School building at STM

Marie: The STM is DEC 4 and we expect to ask for design and feasibility funds. The estimated cost is \$1.3m and it is covered by MSBA who will reimburse at 45.3%. That makes it \$590K leaving \$710K which we expect to take from E&D. Both communities have to have the STM on the same night and ask permission to take the funds from E&D. WE are expecting to do feasibilities on a twin school Gates/Douglas or Conant/Douglas. We also expect to move the pre-school out of the administration building.

There will be a forum on October 17 to discuss the project.

SN: What’s driving the project differences is the perking.

Marie: it’s important to note that we have spent two years but have not yet done the feasibility. We have to be careful, the site could be Conant.

Janet: The West Acton Sewer Committee will be looking at waste water treatment on the school campus in the absence of sewers.

Marie: The preliminary costs for the Douglas /Gates campus does include on site sewerage.

SN: At STM are you going to carry two options?

Marie: yes the feasibility will determine the better site.

SN: what are you going to tell the parents of the 3rd school?

Marie: we have a capital improvement report with short, medium and long term projects

Jason: what about the health and safety needs?

Marie: those are included.

Jason we’ve hear that before

B. Mc: the budget does address health and safety needs. There are over 400 line items

7. FinCom POV

SN: the purpose of the POV is to get the FC’s thinking out in front of the budget process due to the STM, the POV is early. This is meant to be the opening of the budget discussion. As a town we are in good shape with the expected tax levy, the stabilization fund and the reserves. The tax rate as a percentage of family income is only 5% on average.

Our major concerns are compensation rates and coming capital projects. The town capital committee is short of school members. Another concern is the land purchases—we must

redevelop the school properties; we have lots of open space already and we have used reserves, not in the budget process, to buy more and we'd like to see the Walker property monetized.

Jason: we should have a study of what we do own and if Arlington Street is ever going to be used for school purposes.

Janet: We need to agree on the need to inventory the scattered municipal properties other than conservation lands. The 53 River Street committee is still not fully formed so it will be a while before the proposed use of the parcel is ready for an application for CPA funds to "reimburse" the town for the purchase price.

SN: Our operating budget is growing by 3% a year and we use 1/3 of the tax levy on compensation. We see bigger debt in FY20. The nightmare scenario is to have capital and operating borrowing at the same TM. We will be taking this POV on the road to get needed feed-back.

Janet: The town has used less than budgeted and also replenish reserves. It's my understanding from the Finance Dept. that the replenishment is no longer as robust, and we do need to discuss trying to control the depleting reserves. The changing trend is a reason for concern.

Paul: I was on this committee two years ago and at every meeting we were told that the use of reserves has to stop even though there has been an increase in reserves. I think we need more data on the use of reserves.

SN: We used \$1.8m for the Walker property and \$1m for the River Street property out of reserves.

Bart: is there someone to defend the uses?

SN: if I look at the reserve tab we have free cash in FY 17 at \$9.376m and in FY 19 it's \$5.270. You cannot argue that we are not using reserves. The data supports the use.

Janet: the next agenda should include reserves and the trends. The town finance department should show those numbers and the trends.

8. Public Comment

Charlie: I would like to see actuals---at least the FY 17 actuals. It's not the tax of the percentages of family income that is important it's the dollar number. If we are having budget increases of 4-4.3% getting an override passed is very problematical.

Marie: I just wanted to announce that today is Clare's last day. She worked very hard in getting transparency in the budget and budget process. We thank her for her hard work and wish her well in her next position.

Clare: I just came in to say good bye to everyone. And say that the collaboration you have is so good it should be used in every work place.

Adjourned 8:45

Next meeting October 26

Ann Chang