

Joint Board Meeting on Budgets
Minutes
September 15, 2008
204 Faulkner Room
7:00 P.M.

Participants: Board of Selectmen, Chairman Rosenzweig, Selectmen Knibbe, Magee, Berry and Friedrichs; **School Committee**, Heather Harer, Jonathan Chintz, Marie Altieri, Michael Coppolino, Sharon Smith McManus, John Peterson, Xuan King; **Finance Committee**, Steve Noone, Herman Kabakoff, Pat Clifford, Bill Mullin, Kent Sharp, Maryann Ashton, Doug Tindal, Bob Evans, Pat Easterly; **Town Manager**, Steve Ledoux; **Superintendent**, Bill Ryan; **Assistant Superintendent**, Susan Horn; **Facilitator**, Bart Wendall; **Recording Secretary** Maryjane Kenney

INTRODUCTIONS:

Chairman Rosenzweig of the Selectmen, introduced the facilitator Bart Wendell, and described basic ground rules. For this meeting board members speak first and then time is allowed for audience participation. Mr. Wendell introduced Board members.

BASIC DEFINITIONS:

Steve Ledoux, Town Manager began with budget definitions, noting that people use basic phrases each day in conversation regarding budget and are easily misunderstood because the definitions may vary between the people speaking. It is important that we spend time specifically defining terms; for example what the NESWC funds are, what a tax levy is, and how the limit and the ceiling affect the tax levy (Please see Steve Ledoux's presentation attached). Bill Ryan, Superintendent of the Schools then presented definitions important to the schools' budget. There are many budget drivers and definitions that together affect the school budget. For example, defining per pupil expenditure; that definition has changed from years past. Acton schools expenditures are close to state average. He reviewed Acton's history of Chapter 70 funds and noted increases from 05-08. Health insurance premiums actual has total increase of 55% in 3 years, utilities actual increased 30% in 3 years and personnel actual show a 15% overall increase. Most of the newer staff is young and at a lower pay level than those positions they are replacing. Special Education figures include all costs; teachers, transportation and staff showing an average increase 19%. The school has a Capital plan to replace boilers and univents with hope to save 20-30% in energy costs. 62-63 % of the building projects were funded by the School Building Authority - over 97M in total. Phase 2 is ready to start, and replacements of roofs in Conant, Douglass, Gates and the Administration building will be about \$2.8M. He ended with a brief description of revolving accounts. Marie Altieri spoke to enrollment numbers, stating we are in probably the beginning of a flat period. In 2014 it really does begin to drop; you can predict this due to births and building permits down significantly.

Budget Drivers:

Steve Ledoux noted that the municipal staff had just come off of their annual Budget Retreat. The majority of the municipal budget is derived from Personnel, infrastructure, utilities and debt. 60% of the municipal employees are unionized; this drives our personnel budget.

Bart opened the meeting to questions.

When boilers were chosen was consideration for energy savings as well as financial savings taken into the process? Certainly, Bill Ryan responded, both town and schools are interested in green procurement and that is part of their goal setting. Steve Ledoux stated the Greening of Acton is a priority with his staff. Bill Ryan agreed and they are looking at all options for roof repair. In addition, when procuring buses and school rooms they are looking for green solutions.

Allen Nitschelm asked the Superintendent where we are in our contracts cycle. Bill Ryan responded that 2010 will be renewal time. Allen asked if the raises 5-6% included steps or plus steps. Bill Ryan replied, yes, both. Allen asked why debt payment is off a year and not showing up. Debt payment will show up after July 1, payments come the following year. Allen asked if the Manager had plans to curb Police details in Acton, referring to a report in a local paper. Steve Ledoux would not comment on an article he did not see. Allen asked if the Union rules were affected. Steve cannot discuss bargaining. Allen asked if Enterprise funds are self funded. Steve Ledoux explained it is the goal to be self funded, but it can go up and down for various reasons. Allen asked if NESWC had not been brokered, would it have been \$7M short and why. Steve Ledoux stated yes and Ann Chang replied we overestimated our tonnage. It was unexpected.

Bill Mullin noted that in the 2010 budget is there a dramatic increase, how do you factor it in. Steve Ledoux replied that is the policy we are looking for. Energy costs are affecting everything, even our paving. We do a good job estimating budget drivers. Bill Ryan stated we try to lock in 3 year prices at what we think are good rates. Transportation will be big; we need spare buses and health insurance cost increases. It absolutely impacts our budget where income goes up 2.5 % and expenses are increasing in some cases 15-25%.

Spreadsheet

Steve Noone (Finance Committee) presented a draft 3 year forecast, and his explanation of assumptions/economic factors. There is much risk involved in his sheet as he makes many assumptions which if off even 1% will drastically change the outcome. More than the usual is unknown here. Then he presented 3 options for the future.

Questions: Lauren Rosenzweig clarified in this discussion that there is the ability for tax capacity to grow whether you actually tax that amount or not. The levy moves up whether you use it or not. How many people retiring from the town in the next 1-3 years? That is harder to predict; we have no incentives, so maybe 3-4 a year. Bill Ryan thought about 20 from the schools.

Do we have a policy or a freeze? The Town Manager and the School Superintendent have no policy at this time. Terra Friedrichs would like to see us practice a discipline of real time reviews of expenditures; just because it was approved do we need to review that approval mid year? Should we spend what is approved? Steve Noone stated it is a policy question; Fincom does do quarterly reviews. Steve Ledoux stated we are trying to tighten up the review process. Pat Easterly is concerned about Chapter 70 numbers, provided that increases in local aid are shown.

Is there a consensus among the boards concerning a reduction in state aid and new growth? Yes, Marie Altieri's formula creates a minimum per student in state aid. The state could freeze it, spread it out, or implement the 5 year plan; it may be all dependent on State Revenue.

Allen Nitschelm, can free cash be used to replace recurring revenue. The Department of Revenue does not recommend using free cash for operations. Why is ALG suggesting using it? Steve Noone stated he disagrees with the states analysis; it is a timing recommendation. Free cash is a regenerating source.

Charlie Kadlec asked about the Neswc funds. What exactly are we buying? We could not tell you. We cannot vote on a model. Bill Ryan stated \$250K for local school budget and \$100k technology. What is the expenditure for municipal? Show the list. Both Steve Ledoux and Chairman Rosenzweig assured him that you are welcome to the list as it comes through our budget process. Some of the immediate items for funding include sidewalks, capital for sewers and capital for savings and land purchases.

It was asked how we are holding the budget with 42 new hires and 20 retirements at the schools. The answer is replaced positions, new positions and leaves for staff. Some without professional status and some have professional status. What is the corrective creative action? Steve Noone a Task Force is possible but there is a lot to do already and analysis takes a lot of time. We cannot just have another group we cannot support.

Capital Plan

Steve Ledoux (Municipal) said we can not speak to capital plan yet; our Department's requests are over 12M and we need to be selective. He defined capital as over 25K and 5 year life, and not personnel. Bill Ryan

(Schools) capital plan consists of Phase II roofs and 3M Phase II Technology upgrade.

Budget Schedule/Calendar

Steve Ledoux will make his recommendation on December 15th for the municipal side and on January 10th and January 26th the BOS will make their recommendations. Bill Ryan will have draft schedules starting in November. JD Head will assess building needs, Marie Altieri will assess technology and the School's principals will assess personnel.

Wrap-up Questions

Doug Tindal stated that if salaries are the only thing to cut the town is in trouble. Balance would be to see what the impact would be to lay off people. For example how many people is 2%? Steve Ledoux stated maybe 20. Bill Ryan said to make a difference 40 certified teachers at least would have to go. You can't just eliminate programs as there are state regulations. If you make any plan at this point and implement it, it will come with a lack of services/programs. Herman Kabakoff stated this is just rhetoric at this point in the budget cycle and is only being spoken about because we have to have a "what if" scenario. We should not be talking layoffs. Bill Ryan noted we could also talk about transportation and have payment for transportation, but really cuts would be in programs, as Sped assistants and teachers are driven by student's plans.

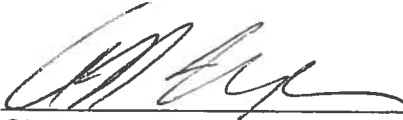
Basic Definitions refers to explanations of Proposition 2 ½, budget terminology, explanation of the various revolving funds, enterprise funds, reserves, etc. that each entity should be aware of.

Budget Drivers refers to explanations of the costs/issues that greatly influence the budgetary considerations from year to year.

Capital Plan refers to projects that need to be done to maintain or add to existing infrastructure. Included in this discussion will be a discussion of state and federal laws and mandates and the need to consider these "have-tos" in the budget process.

Recording Secretary
Maryjane Kenney

Date 2/2/09



Clerk, Board of Selectmen
Andrew D. Magee

Board of Selectmen-Continued Session Minutes

September 15, 2008
Room 204, Town Hall

Present: Chairperson Rosenzweig, Selectmen Magee, Knibbe, Berry and Friedrichs, Town Manager Steve Ledoux and Recording Secretary Maryjane Kenney

The Board continued in session to discuss the Citizen Petition and preparing the warrant. Allen Nitschelm stated it has come to his attention that the warrant will be going out and the town Boards are not in support of the Citizen Petition. He would like to have several pages supporting the citizen's group point of view written in the warrant. Andy Magee's first thought is that the Warrant was brought by special petition and should be detailed by them. Chairman Rosenzweig asked the manager what should be taken into account. Steve Ledoux does not see any legal issue with having room in the Warrant for their position. Chairman Rosenzweig would like to understand where the Board stands on this issue. Position statements are not usually put in a Warrant. They should be held separate. Selectwoman Knibbe stated ALG wants to put in their spreadsheet. She would like to include financial information. Traditionally the Board will put in the Warrant a position, recommend or not recommend. The spreadsheet shows three options depending on if the petition fails or passes. Fincom thought that the ALG spreadsheet might be perceived as negative and misleading.

There will be two separate votes:

1. Do we agree with the recommendation of ALG to include their spreadsheet in the special warrant as well as the assumptions in a foot note stating that 1M of NESWC will not be spent but reserved for any future liability? The second footnote being that the numbers are volatile and subject to change.

Chairman Rosenzweig moves Selectmen Knibbe seconds. Selectman Friedrichs has questions stating that this spreadsheet looks like "a license to spend." She would like a footnote to meet again to vote on spending. Selectmen Knibbe reminded her that it has to be allocated only at Town Meeting. Selectmen Magee stated the Board is not voting a budget. You have a model with some sense of what a budget will look like. Selectmen Berry stated concern that we are putting information in the warrant which we have never done before. It is not the appropriate vehicle. It should be separate; the town and the Citizen group should place information elsewhere. Chairman Rosenzweig stated each house gets a warrant and therefore will get the financial information. Selectmen Knibbe emphasized it is simply a projection. Steve Ledoux added that the numbers are volatile and subject to change. It will be written with many caveats. Herman Kabakoff stated that historically the Finance Committee puts out the long range plan. Town meeting did not approve this; the Finance Committee is just using it as a projection. If there is a message whoever and where ever you publish it that

is where you can include the caveats. ALG has no official standing. Chairman Rosenzweig stated the BOS will decide if it goes into the warrant. Chairman Rosenzweig moved again all in favor say aye. The vote was taken with the friendly amendment on foot notes, 4 ayes and 1 abstention from Selectman Friedrichs, the motion passes.

2. Should we enter information pro and con summary pages in the warrant? Selectman Magee strictly on fear of being called biased, we should not do this and have presentations at town meeting. Leave all the arguments out and stick with the traditional, recommend or not recommend. The petition is an argument Steve Ledoux stated, and a legally written article. Selectwoman Knibbe thought we should write a brief argument stating our point of view. A brief introduction would be good stating what it means for the town, what a special town meeting is and why it has been called. Explanations of what will happen in each scenario should be included. Selectwomen Friedrichs stated that doesn't tell much because there are not any cold facts. Allen Nitschelm quoted from the conversations he had been listening to. He agrees with everyone's sentiment. Get the citizens to go to town meeting with information and questions. The ALG plan is biased. His group is looking for fairness and balance. If the Town gets a spreadsheet then AVG gets a spreadsheet. If the Town gets a paragraph then AVG gets a paragraph. Selectwoman Knibbe questioned whether we accept material from all different citizen groups. Allen Nitschelm responded that this petition is only for Acton Voters Group and everyone must speak to it. It is our petition. Herman Kabakoff would like to add more information rather than less. Selectmen Berry said he has seen booklets on ballot questions and they give pros and cons, but not non-governmental comments. Cost is part of the concern. Selectwoman Knibbe said lets try two pages for each side. Preserve Reserve is a different group formed to oppose the Acton Voter Group, what about them? Chairman Rosenzweig thought that two pages were very reasonable. Dick Calandrella thought the first vote was wrong. A simple warrant and 3 presentations would have been sufficient. Chairman Rosenzweig moved that 2 pages for each the Town and the AVG in addition to the financial data which Finance Committee will include will be acceptable to include in the Special Warrant. All voted in favor. Chairman Rosenzweig suggested that she and Selectwoman Friedrichs can write the pages. They will need to post a draft and send to the entire Board.

Selectman Magee called for roll call vote to go into executive session to discuss land acquisition, and to come back into regular session only for the purpose of closing the meeting.

Maryjane Kenney
Recording Secretary


Clerk, Board of Selectmen

2 February 2009
Date