

Finance Committee Meeting
Sept 25, 2012
Minutes

Members Present: Steve Noone, Pat Clifford, Doug Tindal, Bill Mullin, Mary Ann Ashton, Paulina Knibbe, Brandy Brandon, Bob Evans, Mike Majors

Meeting was called to order at 7:30 p.m. by Chair Doug Tindal

- I. Public Comment. None
- II. Approval of Minutes. Minutes from Aug 28th, 2012 approved unanimously.
- III. Schools - Update on Budget Status
 - a. FY12 (Don Aicardi)
 - i. APS returned \$360K to Free Cash
 - ii. AB likely to return \$269K to E & D (final numbers in end of October)
 - b. FY13 (Don Aicardi)
 - i. quarterly reports will be given to the school committee in Nov, Feb and May. Copies will be sent to the FinCom
 - c. Town Meeting approved a separate regional trust for AB OPEB funds. The legal agreement is in progress. The investment firm will be the Bartholemew Group.
 - d. Current Matters (Steve Mills)
 - i. School Committee have adopted the FinCom's Long Term Planning Model
 - ii. Regionalization is the big issue right now.
 - iii. Negotiations with teacher's unions are beginning.
 - iv. School Committee will be looking at the last 5 years of financial data for historical perspective
 - e. FY14 Outlook (Steve Mills)
 - i. No plans to increase headcount this year
 - ii. Looking to increase investment in professional development
 - iii. OPEB will be a line item in the budget. Working number is \$263K (likely to change)
 - iv. Federal money that has supported the school budget has run out. Maintaining level service in the schools will require more local funds
- IV. Municipal – Update on Budget Status
 - a. FY12 (Steve Ledoux)
 - i. savings from the snow/ice budget were used to fund the new highway contract

- ii. savings from changes in the legal services contract were used to fund Transportation and Nursing
 - iii. Revenues in FY12 were higher than expected. (Income tax came in \$600K over estimates).
 - iv. Budget Turnbacks (from APS and Municipal) are 1.5% of operational budget
 - v. Free Cash number is being checked by the DoR and will be available soon
- b. FY13 (Steve Ledoux)
 - i. Cherry Sheet numbers are \$450K higher than last year
 - ii. Income and expenses are on track with budget
- c. FY14 (Steve Ledoux)
 - i. Planning a level service budget
 - ii. Better sense of the details in mid-October as budget process develops
 - 1. Revenue and Split – ALG will work on these
 - 2. Chapter 70 is likely safe. (Governor Patrick has always protected this). But other sources of state revenue are at risk. Federal ‘sequestration’ issue is a big risk.
 - iii. Expenses
 - 1. First year of funding for the capital bond passed at last year’s town meeting.
 - 2. Union Contracts are under negotiation. Police and Highway. Loss of state support for the Quinn Bill (50%) has hit police officers hard.
 - 3. Funding OPEB will be an issue
 - 4. Subsidy level for enterprise funds will be an issue

V. Report on ALG Meeting (Doug Tindal)

ALG met on September 13th. FinCom asked for quarterly updates from operating entities. OPEB Working Group created (see below). General support for FinCom’s Long Range Plan model.

Next ALG meeting on Oct 17th at 7:30 a.m.

VI. Status Reports

- a. LFRP (Doug Tindal)
 - Proposal was well received by the other boards. Team likely to meet in October.
- b. Morrison Farm (Bill Mullin)
 - Committee has full membership.
 - 25% of the planning is done.
 - BoS has approved committee to approach CPC directly

- Continued exploration of landswap that could facilitate the development of the historical portion of the site
- Finances. Looking to fund most (if not all) through the CPC. Likely to need \$1.5 -> \$3 million in FY14. Will create bonds that match the payments to the lifespan of the created assets. Likely to be several different articles at Town Meeting.

c. OPEB (Steve Noone).

- i. Working Group has been established. members: Steve Barrett, Don Aicardi, Dennis Bruce, Dave Clough, Bob Evans, Steve Noone).
- ii. They will produce an addendum to the original report – essentially an executive summary of developments since the original report.
- iii. Considering funding \$5 million for ARC using several scenarios in the Long Range Model
- iv. Many unknowns: costs / returns/ relief / impact of plan design changes
- v. Next step: work on unknowns, recommend amounts and funding sources

d. School Regionalization (Bob Evans)

- i. Finances
 1. Most savings flow to Boxborough (first year - \$1 million). Costs flow to Acton (first year + \$300K). Much discussion but no resolution on how to share gains with both towns. Gains will gradually disappear but the transition period is long.
 2. Chapter 70 funds for APS, AB and Boxborough will drop by approximately \$148K (total) if we fully regionalize. This cuts into the potential savings and makes regionalization even less attractive.
 3. Likely to be a \$500K net gain – mostly from state aid to regional transportation.
- ii. Representation
 1. Boxborough wants more members on the resulting school committee – even if the vote stay proportional to population.
- iii. Committee will meet in October to determine if it is worth taking this matter further. Bob is pessimistic – the value proposition isn't there. Possibly suspend the discussion for a couple of years and then re-visit.

VII. Upcoming Budget Process

- a. Discussion of overall theme
Financial environment hasn't changed substantially since last year. International situation still poses risks. Sequestration is a major budgetary risk. National and state economic recovery is slow. Local finances are showing some recovery but OPEB will act as a sponge to absorb any extra funds that may emerge. No new revenue sources likely. Meanwhile, there is a lot of pent up demand in town.

Questions: level of reserve use? what does level service mean? should we use the full tax levy capacity ? split ?

funding for new initiatives should be offset with savings elsewhere.

- b. Point of View
Mary Ann will draft a short point of view document for the next FinCom Meeting. This document will be included as an intro to the Long Range Plan.

VIII. Committee Reports

- a. Health Insurance (Bob Evans).
 - i. November – estimate of the rate increase
 - ii. expenses are very high this year
- b. SATSAC (Pat Clifford)
 - i. Public Forum this coming Thursday
- c. Planning Board
 - i. Mike Majors will be the liaison to this committee

Meeting was adjourned at 9:45 p.m.

Minutes approved on Oct 11th, 2012