

Minutes – Acton Finance Committee
May 12, 2009, 7:30 p.m.
Town Hall

Pursuant to a notice duly posted with the Town Clerk and with a quorum of members present, the Acton Finance Committee convened at 7:30 p.m. on May 12, 2009 to review various matters.

Members present for the meeting: Steve Noone, Herman Kabakoff, Pat Clifford, Pat Easterly, Bob Evans, Bill Mullin, Kent Sharp, Doug Tindal, Associate Member Maynard (Brandy) Brandon. Maryann Ashton was absent.

Chairman Steve Noone called the meeting to order.

Public Participation

None.

Approval of Minutes

As Ms. Ashton was absent, discussion of the minutes was postponed until her return.

Election of Officers

Ms. Clifford moved (seconded by Mr. Noone) that the following slate of officers be elected for the next year:

Herman Kabakoff, Chair
Maryann Ashton, Vice Chair
Bill Mullin, Clerk

Mr. Mullin asked the committee to note, in the spirit of full disclosure, that taking minutes is not his “strong suit”. He said further, that if elected, the “minutes may turn into seconds.” Nonetheless,

The motion passed unanimously.

Ms. Clifford and Mr. Kabakoff saluted outgoing Chair Steve Noone for a job well done.

Sewer Action Committee Presentation

Helen Probst and Andy Munro of the Sewer Action Committee made a presentation about the upcoming proposal for a Special Town Meeting in June. (The full copy of the presentation was sent under separate cover to all FinCom members.) In essence, the proposal is to install sewers in the Spencer/Tuttle/Flint neighborhood and the impetus for this action now is that federal stimulus money may be available to offset some of the costs. The current projected cost is approximately \$2.2 million and the amount of stimulus money is purported to be 8.8% or \$193,600.

A series of questions and answers took place. Primary issues raised were:

- Should the Town bear any costs or should the costs be borne by the users?
- If the Town were to bear costs, what would be the annual, detailed cash flows?

- Given the regular paving cycle, is the paving cost simply one of timing?
- What has been the impact on housing growth of installing sewers in South Acton?
- The Town just stepped up to buy betterment units from Grace. Should not these unit costs be recovered in any plan?
- How does this plan relate to other sewer/water needs in the Town?

A couple of residents offered their concerns, especially as it relates to a cost being imposed on them, even though they have full operating septic systems.

Ann Chang of the SAC popped up and said that the SAC had “heard the issues” and would get back to FinCom with the answers.

Cost Savings Initiatives Next Steps

Ex-Chairman Noone reviewed the current status of the Cost Savings Initiative Program and supplied feedback from the Town and School administration.

Chairman-elect Kabakoff proposed that a Cost Savings Sub-Committee be appointed, comprised of Maryann Ashton, Steve Noone and Brandy Brandon. Mr. Mullin, nobly, asked if Mrs. Ashton were interested, given her absence. Assurances were given that she is indeed interested and the Sub-Committee was formed. Mr. Kabakoff targeted a first report of the subcommittee by the June 9th meeting.

Interim Point of View

Mr. Mullin moved (seconded by Mr. Tindal) to adopt A Draft Interim Point of View, aka The 97% Solution. A copy of the motion is attached at the end of these minutes as Exhibit A. Discussion ensued about the state of the economy, Chapter 70 monies, timing of stimulus funds and whether the 97% number was too low. Also, the point was reinforced that this is a draft memo to be offered to the operating entities for comment. The motion was approved unanimously.

Upcoming Meeting Schedule and Assignments

Mr. Kabakoff supplied a proposed schedule for the year as well as tentative assignments for members. While no one voiced concerns, he asked for feedback by next meeting

Adjourned

Mr. Sharp moved to adjourn (seconded by Ms. Clifford) and the meeting was adjourned sometime around 10pm (as the Clerk is new, he forgot to look at the time), but in enough time to see the end of the Celtics game.

Respectfully submitted by William C. Mullin, Clerk.

Exhibit A

Town of Acton Finance Committee

Memorandum

To: Town of Acton Finance Committee
From: Bill Mullin
Date: May 11, 2009
Re: **Interim “Point of View” with Respect to FY 2010 Budget or “The 97% Solution”**

Motion

I move that the Finance Committee adopt the following as a First Draft Interim Point of View with Respect to Budget Implementation for FY2010 budget and, further, that this document be transmitted to all relevant interested parties, as determined by the Chair, with an invitation to comment.

FY 2010 Finance Committee Point of View with Respect to the 2010 Budget Implementation

Background

- This memorandum is intended to describe the FinCom’s Point of View with respect to *implementation* of the FY2010 Town and School Budgets.
- Our prior POV dealt with *planning* of the FY2010 Budgets.
- It is extraordinary that we would be offering a changed view so soon after the budgets were approved at Town Meeting, but it is testament to the speed of the decline in the financial picture at the State levels.
- As with prior FinCom Points of View, we invite comments back from the relevant operating boards and administrators.

The Driving Force Behind the Interim Point of View

- State revenues are shockingly below expectations.
- Each month, it seems, the revenue prediction is lowered and then underachieved.
- Specifically, the April numbers, when most tax dollars are collected were way below budget.
- Experience tells us the following about the relationship between the economy, State revenue and local aid:
 - o State revenues lag the overall economy. In other words, it takes a while after the overall economy declines for state revenue to decline.
 - o Local aid cuts lag the decline in state revenues. In other words, it takes a while for Beacon Hill to cut local aid after a decline is already well under way.
 - o On the other side of a “recovery”, a return to local aid funding levels lags the recovery. In other words, even if the economy turns around, it takes a while for Beacon Hill to return to the prior funding levels.

Point of View with Respect to Acton’s FY 2010 Budget Implementation or “The 97% Solution”

It is the opinion of The Finance Committee that:

1. The operating entities should implement programs so as to operate at a level of 97% of the approved FY2010 budget. This program is called "The 97% Solution".
2. By implementing The 97% Solution, the Town and Schools will be in a better position to weather the now inevitable cuts in local aid.
3. We do not know where, when and how local aid will be cut, but we are highly confident that it will be cut.
4. If no local aid cuts are made in the FY10 state budget, then the expenditures at 97% will allow for a flow through to free cash.
5. If local aid cuts are made, then we will be in a better position to deal with the need for cash in the subsequent years.
6. This plan is highly unusual, given the timing, but so too are the economic times in which we operate.
7. Although we recognize the pressure The 97% Solution puts on the operating groups, we also believe that with the amount of lead time given, that the effect on service delivery can be managed so as to minimize sharp reductions.
8. There is no free lunch. If service reductions are required to meet the 97% Solution targets, we believe that the balance has shifted toward reducing those service levels.
9. Finally, we greatly respect the hard work and challenges that are already before the operating entities and note clearly, that this Interim Point of View is a recommendation. Ultimately, the operating entities must make the hard choices of implementing any program of budget reduction in the full context of their strategic goals.