

Minutes of the Acton Finance Committee Meeting January 24, 2012 7:30 pm – Faulkner Room, Acton 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 January 24, 2012, to review various matters.

Members Present: Mary Ann Ashton, Maynard Brandon, Patricia Clifford, Bob Evans, Paulina Knibbe
Bill Mullin, Steve Noone, Clint Seward, and Doug Tindal.

Others Present: Assistant Town Manager John Murray, School Superintendent Steve Mills, School Finance Director Don Aicardi

School Budgets

Acting Chair Tindal called the meeting to order at 7:30 pm. There was no public participation; the chair introduced Steve Mills, School Superintendent, and Don Aicardi, School Finance Director, who presented materials describing their proposed budgets for FY13. Dr. Mills said that although he is committed to weaning the schools off the use of reserves, the proposed FY13 budgets would include an Investment Budget based on the Long Range Strategic Plan adopted by the School Committees that would bring the total request to 1% above Level Service Budgets.

After the presentation, the Chair asked members for comments. Mr. Seward asked how the schools are thinking about funding OPEB benefits going forward, especially in view of the requests for added personnel. Dr. Mills suggested that higher levels of government would become actors in defining a long term solution to the unfunded debt, but in the interim it is probable that a piece of reserves would be dedicated to this purpose. Mr. Aicardi observed that there are tradeoffs to consider and said that he had just learned from DOR that funding OPEB at the Region would not count toward the 5% E&D cap; one idea is to use health insurance design change proceeds to support OPEB.

Mr. Noone commented on the number of additional employees proposed and expressed concern that people hired in FY13 might have to be fired in FY14 and FY15. Mr. Aicardi said he felt that each year there have been internal savings in the budgets and other unanticipated revenue sources and believed that there would be similar alternatives going forward.

Mrs. Clifford asked if there were any proposals for traditional one time capital spending in the Investment Budget. Dr. Mills responded that all the requests were for personnel.

Mrs. Ashton expressed concern with two elements of the budgets: the addition of FTEs and the potential risk of tightening the budgets internally vs. the need to balance revenues and costs within the budget. She pointed to the estimate for Circuit Breaker funds as an example of an estimate that might need to be supported internally if the actual reimbursement rate is lower. She said she would be listening to School Committee comments on the added employees in light of the trend to lower enrollment.

Mr. Mullin asked about the Chapter 70 numbers, which Mr. Aicardi said are still estimates in the Budgets based on in house calculations. Aicardi explained that the Circuit Breaker reimbursement would not be announced until the fall. Mr. Aicardi also said he would get the declining balances of mitigation funds reflected the out year budgets and would also confirm the foundation enrollment number. Mr. Mullin indicated he supported the educational objectives of the investment budget.

Ms. Knibbe asked if the changes to the Chapter 70 formula will be continued, frozen or phased out and the impact of increasing Chapter 70 on the ability to fund local aid. Mr. Aicardi clarified that this information would be available as the Governor's budget goes through the legislative process. Ms. Knibbe shared the concern with the number of additional positions being proposed. She said she was sympathetic but needed more information about why with a shrinking population we would increase headcount. She asked if tighter accounting would continue the trend of lower net reserve use through turnbacks and could those funds be designated for OPEB funding.

Mr. Evans reiterated concerns about adding positions with a shrinking population. He referenced the ALG spreadsheet showing 5% increases in school budgets in FY14 and FY15 and said we would not be able to fund those levels, suggesting that adding positions in FY13 does not make long term sense. He cautioned that the HIT support of lower health insurance rates this year is not implicit in future budgets and raised concerns about the risk that the Legislature's budget would be lower than the Governor's budget as it has been for the past several fiscal years.

Mr. Brandon expressed concern that OPEB is not the new kid on the block and that it is compounding as a liability in the absence of any action.

Mr. Tindal asked if the positions requested in the investment budget might offset other positions currently funded but judged less critical for operations. He reminded the Committee that the delta in the ALG plan between the reserve use FinCom has recommended and the total currently requested is about \$600-\$800 thousand and there needs to be some flexing to close that gap.

Mr. Mullin commented that even without the new positions, the budgets are not sustainable. The Boards need to identify long term solutions through labor negotiations and behavior modification.

The Chair recognized John Peterson, Chair of the Regional School Committee, who reported that enrollment at the local level had declined by 70 students and at the Region by 33 students.

A brief discussion of the ongoing interaction between the Finance Committee and the School Committees regarding the budgets followed. It was agreed that in addition to committee member attendance at Budget Saturday, the Finance Committee observers to the School Committees would arrange to meet with Mr. Aicardi to discuss detailed questions and specifics rather than overall rationale.

Acton 2020 Committee Update

The Chair then welcomed Margaret Busse, Chair of the Acton 2020 Committee, who reviewed the Executive Summary of the 2020 Comprehensive Community Plan. She characterized the plan as proactive rather than descriptive and used several graphics to illustrate the committee's objectives.

The timeline for the project is to complete the report by February 15 and take public comment at a Forum on March 6. The final report will be presented at Town Meeting in April but requires only a vote of the Planning Board for adoption.

Mrs. Clifford asked about the ongoing involvement of staff in meeting the objective of proactive involvement. Ms Busse described staff as a key constituency and reported that the 2020 group is working to achieve buy in with this group.

In response to Mrs. Ashton's comment about the final report, Ms. Busse said that the final draft in February will be used to get public reactions.

Mr. Mullin said he admired the process the 2020 Committee used and commented that the notion of Acton as part of colonial America should be a core element of the project and that the history should not be sublimated. He also asked what differentiated this plan from the others that have come before it. Ms. Busse said the chief difference is that it is intended to engage the community by describing projects that can be achieved in a working format.

Mr. Evans, describing the Executive Summary as excellent, asked how the various elements of the plan would overlap with the Historic Districts, particularly South and West Acton. Ms. Busse agreed that there were tensions between the goals of the plan and these areas and thought that by beginning in Kelly's Corner, they would have an opportunity to find what works well and then move to other areas.

Thanking Ms Busse for her presentation, Mr. Tindal commented that the more this work has been reviewed, the better it has become. It has given townspeople many ways to think about Acton and its competing needs such as growth to add to the tax base in contrast to the desire for Open Space.

Budget Status and Calendar

Mrs. Ashton reported that the February 6 meeting would include two presentations. Dave Wilson would present that Lower Fields initiative and Walter Foster and Roland Bourdan would report on various projects under consideration by CPC. On February 14, the Senior Center Study Committee would present their funding request.

ALG / Current Issues

Mrs. Clifford distributed copies of a so-called "straw man" proposal brought by staff to ALG and reported that the ALG needed to resolve the total dollar amount of reserves to commit in the model for FY13. Mrs. Ashton expressed concerns that we have not heard the School Committee discuss their budgets, nor have we had comments from the other Boards on the Point of View.

Mr. Noone felt that the straw man proposal was reminiscent of the Waterfall proposal and could not support it. He listed several items on the bubble including health insurance changes and felt we should see movement on those before coming off the position in the Point of View.

Mr. Seward agreed with Mr. Noone that reserves should remain at the POV levels.

Mr. Mullin said that the unused levy capacity would be in part supporting OPEB; he felt that the operating entities should easily be able to bridge the reserve use gap to agree on the \$1.5 million total in the POV.

The Chair recognized Selectman Clough for an update on the Action Nursing Service. He said the Town Manager had engaged a consultant who would report by the end of January. Mr. Evans said that the report should reflect the reality of the situation; Mr. Clough said the consultant is mining the data. Mr. Mullin reiterated that if the Nursing Service were closed down, none of the clients would be left without services. Mr. Murray said the private sector would step in and there would not be a loss of service. Mr. Tindal commented that an element to consider is level of quality.

Committee Reports

Ms. Knibbe reported that the Board of Selectmen has appointed a subcommittee, which she will chair, to collect information on potential community use of the proposed Senior Center with a specific focus on functionality. Two forums have been scheduled on February 6 and 13 to gather input. A report will be made prior to Town Meeting.

At 10:55 pm, Mr. Brandon moved adjournment. Mr. Noone supported the motion which was adopted without objection.

Respectfully submitted,

Patricia Clifford
Clerk