

Minutes of the Acton Finance Committee Meeting SEPTEMBER 13, 2011 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 SEPTEMBER 13, 2011, to review various matters.

Members Present: Mary Ann Ashton, Patricia Clifford, Robert Evans, Paulina Knibbe, Steve Noone, Clint Seward, and Doug Tindal.

Members Absent: Maynard Brandon, William Mullin.

Also present for all or part of the meeting: John Murray, Assistant Town Manager, Don Aicardi, School Finance Director, and Margaret Woolley Busse, Acton 2020 Chair.

Vice Chairman Tindal called the meeting to order at 7:30 pm. There was no response to the invitation for public participation.

MINUTES: The Chair asked for discussion of the Minutes for the August 23 meeting. Mr. Noone moved approval of the minutes as submitted; Mrs. Ashton supported the motion which was adopted without objection.

ALG UPDATE: Chairman Tindal recognized John Murray, Assistant Town Manager, to discuss materials in the meeting packet relating to the ALG discussion of revenue changes for FY12 as reflected in the model considered at Town Meeting. Mr. Murray characterized the changes in two parts: final state aid numbers and additional, unanticipated, non-recurring revenues. Total “new” revenues for the Town totaled \$718,434; total APS and RSD numbers would be reported by Mr. Aicardi later in the meeting.

In reply to Mrs. Ashton’s question, Mr. Murray reported that about \$465K of the unplanned revenue came from several tax title events which occur on a random schedule and are not counted when setting tax rates. At this time, the only potential large FY12 tax title collection anticipated is the Quail Ridge property scheduled to go to auction in late September; generally these events are difficult to predict.

Mr. Seward engaged the Chair in a discussion about setting budget philosophy including responsibility and timing. He questioned how level service budgets could generate such large turnbacks. Mr. Murray attributed the changes to a stronger economy and conservative assumptions on revenues, particularly State Aid. Mr. Tindal agreed that the changes reflected improved economic conditions and were not a result of a budgeting philosophy. Mrs. Ashton reported that typically the process of budget guideline development is iterative, evolving from the ALG consensus cycle. Generally, at the October meeting revenues are discussed, followed by attention to expenses in November. Mr. Noone elaborated on the calendar by adding the December budget deliveries and reminded Mr. Seward that the Finance Committee POV plays a role by suggesting a target for reserve use.

Mr. Seward asked if the unfunded health insurance liability had been factored into the discussion of additional revenues. Mr. Tindal said he did not expect action in the near term. Mrs. Ashton suggested exploring the question during the White Paper meetings. Ms. Knibbe concurred, adding that the health care liability is one of a number of longer term problems needing discussion and added that overall \$2 million in revenues is good news and will allow us to make choices, including many deferred activities. Mr. Noone stated that the Finance Committee is the first body to take on this issue; he said that in his opinion the only wrong answers were not funding the liability at all and agreeing to fund it totally.

Mr. Evans asked when the next biannual report compiling the OPEB liability would be issued; Mr. Murray said it would be out in about a month and would include data through 2009.

REVIEW OF SCHOOL YEAR END NUMBERS: The Chair introduced Don Aicardi to report on the details of the school turnbacks reflected in the revised ALG model. He reported that after expenses for yearend capital costs, APS expected to turnback approximately \$497K. The AB turnback number is expected to be \$660K, which flows to the District's Excess and Deficiency (E & D) fund. The cap on the E&D Fund is five percent of the FY12 budget, or approximately \$1.9 million; if the fund exceeds that cap, money must be returned. Mr. Aicardi said he expects to confirm the amount of overage and discuss options with the School Committee at their October 6 meeting. He is researching several possible approaches including voting a new Table Six, returning funds, and a stabilization fund for OPEB or debt service.

Mr. Seward commented he appreciated the turnbacks and was encouraged by the dialogue about funding OPEB liabilities. Mr. Noone asked about the sources of the turnbacks, which were described as expenditure reduction in ERI and Special Education tuitions. Mrs. Ashton asked if increasing expenditures would be an option and requested a written summary of the turnback sources.

In response to a question from Mrs. Clifford, Mr. Aicardi stated that any decision rests completely with the Regional School Committee. Ms. Knibbe applauded the turnbacks commenting that returning the money allows us to make decisions collectively in a larger context. Mr. Evans reminded the Committee that whatever is done for Acton in terms of unfunded liabilities will have to be matched by Boxborough.

Responding to a question from a member of the public, Mr. Aicardi confirmed that with a \$600K turnback and an E&D cap of \$1.9 million, the cap would be exceeded by approximately \$125K.

DISCUSSION OF PARTICIPATION IN ACTON 2020 MEETING: The Chair welcomed Margaret Woolley Busse representing the Acton 2020 Committee, who came to update the Committee on the progress of the community plan. She distributed a handout of goals and strategies to be discussed at a meeting on September 21 and encouraged members of the Finance Committee to participate and comment on strategies. In response to Mr. Noone, she said the schedule included another community presentation in November with a rough draft of the report, revisions with committees from November to March, and a final vote at Town Meeting in April. Mr. Noone commented that he did not see any reflection of the fact that employee compensation and benefits represent 80 percent of the budget. Mr. Tindal commented on the economic development portion saying that it is difficult for government to direct economic development as it has no funding mechanism and little capital. Mrs. Ashton referred the group to the work of the Cost Savings subcommittee.

White Paper Project Updates:

1. Long Term Financial Strategy (Noone): Group has not met; next meeting will focus on reports of other groups.
2. Capital Planning (Clifford): Draft circulated to Committee; includes a list of items developed by Mr. Seward some of which he agreed to send to interested committee members
3. OPEB / AAL (Noone): Tweaking previously discussed draft; will meet deadline.
4. Fixed Asset Management (Tindal): Draft is 75 percent ready; needs to amplify guidance from the Finance Committee and add action steps.
5. Legal Services Review (Evans): Will circulate draft to committee before next meeting.
6. Reserve Policy Review (Mullin): No report
7. Metric Project (Ashton): Committee meeting pending.

8. Fiscal Impact (Brandon): Recommendation from Mrs. Ashton to pull this section and treat as a stand alone project.
9. Cost Savings (Noone): Finalizing update of previous work; will meet deadline.

Committee Reports:

EDC (Tindal)	Continuing work on Sign Bylaw; marketing to businesses
SATSAC (Clifford)	Beginning an outreach campaign to highlight both station design progress and other construction related impacts along line and in Acton
HIT (Evans)	Consideration of moving up the delivery of the Segal Report.

At 9:38, Mr. Noone moved adjournment, seconded by Mrs. Clifford. The motion was adopted without objection.

Respectfully Submitted,

Patricia Clifford, Clerk