

MAR 18 2014

TOWN CLERK
ACTON

Finance Committee Meeting
Acton Town Hall, Room 204
February 25, 2014
MINUTES

Members Present: Pat Clifford, Mike Majors, Bill Mullin, Mary Ann Ashton, Margaret Busse, Steve Noone, Bob Evans, Herman Kabakoff, Doug Tindal and Liaison-Brian McMullen.

Chairperson Pat Clifford called the meeting to order at 7:30 p.m.

The Chairperson led a brief overview of this evening's agenda items.

- I. Public Participation – None
- II. Town of Acton FY 2015 Budget Hearing *Steve Ledoux and Janet Adachi*

Steve Ledoux, Acton's Town Manager, and Janet Adachi, Board of Selectmen Chairperson, presented the Fiscal Year 2015 Municipal Budget to the committee.

Town of Acton FY14 vs FY15 Budget

	FY14	FY15	%Δ
<i>Operating Budget</i>	\$ 28,472,335.	\$ 29,655,816.	4.2
<i>Subsidies</i>	507,845.	306,393.	-39.7
<i>OPEB</i>	432,000.	674,845.	56.2
<i>Capital</i>	760,000.	311,000.	-59.1
Subtotal	\$ 30,172,180.	\$ 30,948,054.	2.6
<i>Add: Net effect of Regionalization (per ALG Plan)</i>		393,246.	
		\$ 31,341,300.	3.9

- Steve Ledoux addressed the goal of developing a 5-year Capital Plan as well as 5-year projections for Enterprise Funds and other funds.
- Steve Ledoux also discussed the development of the Advanced Life Support System for the town.
- Steve Noone asked about a single line item for OPEB in the budget and the opening balance for the Enterprise Fund for the Fire Department.
- Mike asked what percentage of the firefighters will receive the ALS training. The TM responded that eventually the number will be 100%.
- Herman would like to see the amount that the Town of Acton spent on legal expenses last year.
- Mary Ann was also concerned that the town is budgeting too much for legal expenses and followed up with a question regarding the FY16 budget impact of the paramedic program implementation.
- Bill Mullin stated his concern due to the very long delay in receiving a written opinion regarding the disposition and status of the NESWC fund balance. Bill also inquired if any other NESWC community has a similar liability. The TM responded that he did not believe so.
 - Note: a copy of the written recommendation (dated?) was delivered to FinCom just prior to today's meeting.
- Bill also challenged the Nursing subsidy. Steve L. responded that the Nursing budget was established based on their 5-year plan.
- Doug agreed with Bill in challenging the Nursing Enterprise Fund. With no capital expenses, it does not make economic sense to carry such a high level

- of reserves in the Nursing budget. The same logic would apply to other Enterprise Funds such as the "Parking Lot" fund. Our reserves are too high.
- Charlie Kadlec asked if there is any increase in revenue based on the Advanced Life Support program. The TM said there are no additional revenue implications from the program. Charlie stated that he would like to see new proposals include revenue as well as expense projections.

III. Acton Boxborough Regional School District FY 2015 Budget Hearing *Dennis Bruce*

Dennis P. Bruce, Acton Public School Committee Chairperson, presented the ABRSD Budget for Fiscal Year 2015 to the committee. The Superintendent and the Regional Transitional Committee were in the audience as well.

- Some of the key metrics in the FY15 are listed in the charts listed below:

ABRSD FY15 Operating Budget (\$ thousands)

	AB
<i>FY 14 Final (Constructed)</i>	\$ 74,237.
<i>FY 15 Budget</i>	76,182.
<i>\$ Change from Final FY 14 Budget</i>	\$ 1,945.
<i>% Change from Final FY 14 Budget</i>	2.62 %

Overall Staff Changes

	FTE	Budget
<i>Positions Reduced from Regionalization</i>	4	\$ 416,454.
<i>Positions Reduced for Realignment</i>	6	539,223.
<i>Additional Positions Reduced</i>	3	161,240.
Total Reductions	13	\$ 1,116,917.
<i>Additions from Realigned Positions</i>	5	457,000.
Net Staffing Reductions	8	\$ 659,917.

Calculation of Final Assessments per Appendix A to Revised Regional Agreement

Table 6	TOTAL	Acton	Boxborough
<i>FY 15 Budget Assessments</i>	\$ 60,462,397.	\$ 50,903,646.	\$ 9,558,751.
<i>Assessment % - Actual Budget</i>	100%	84.19%	15.81 %
<i>Shift in % Shares per Reg. Argmt</i>		-1.76%	+ 1.76 %
<i>Final Assessment FY15</i>	\$ 60,462,396.	\$ 49,836,594.	\$ 10,625,802.
<i>Actual \$\$\$ Shift</i>	\$ 0	(\$ 1,067,051.)	\$ 1,067,051.
<i>Final Assessment % FY15</i>	100%	82.43 %	17.57 %

- Bob Evans liked the idea that Dennis, as Chairman of the School Committee, made the presentation rather than Dr. Mills or the Finance Director. He would like to see the School Committee start to prepare for the FY16 budget as a result of the FY 15 budget.
- Steve Noone is looking at the SPED budget going up 29%. He cannot find a FY 14 budget for Special Education and believes there may be an issue with

- the SPED budget. He also noted that the budget supported more administrators and fewer teachers. Have we abandoned lowering class size?
- Herman is convinced the budget is well thought out, but also thinks the School Committee is making interesting political assumptions. He believes the staff increases should have been put off for at least one year until the regionalization reaches a steady-state mode.
 - Mary Ann also appreciates that Dennis gave the presentation and would like to discuss the issue of transparency. There are lots of pieces of the budget that were not fully presented this year, i.e., how certain positions get funded. She also asked about the status of the School Committee's work on a new class size policy. Dennis indicated that there is not a comprehensive policy on that issue at this point but they will be addressing that at their summer workshop.
 - Mike appreciated the work that went into this budget and hoped that the School Committee uses this regionalization learning curve to produce more forward looking budgets in the future, such as a rolling 5-year plan.
 - Margaret commented on the social service aspect of the budget and its significant financial implications on this budget.
 - Doug thinks all the committees should get to know each other better, including FinCom, the Board of Selectmen and the School Committee.
 - Bill Mullin supports the new budget (as well as the old one!). He believes that the budget should be based on the students' future, not our past.
 - Kim (SC), speaking as a parent as well as a School Committee member, addressed the committee regarding how the educational environment has changed in the past few years.
 - Charlie Kadlec asked if there was an expectation that Boxborough's assessment would decrease while Acton's assessment would increase. Many people in this town were not aware of this.
 - Paul Murphy (SC) addressed Charlie's question and indicated that the trend in the assessment is not new and should not be a surprise.
 - Bob Evans stated that the planning committee did plan on these changes in the assessment formula based on population shifts in each town.

IV. Committee Guidance to Acton Leadership Group Representatives *Steve Noone*

- There was a proposal at the ALG to reduce reserves for FY15 by \$175k to \$2million; hit \$1.1M target for OPEB for FY15 through the addition of \$342 k to municipal trust; apply \$350 toward tax relief; and apply \$325k overlay surplus to tax relief.
- Herman would like to see an additional \$500k (from NESWC funds) added to the agenda for the purpose of tax relief.
- Bill supported Herman's suggestion to add NESWC funds to tax relief.
- Doug commented on the Reserves Subcommittee opinion regarding the level of reserves.
- Herman made a MOTION to ask the Board of Selectmen to release \$1 million from NESWC reserves for property tax relief. The funds would become Free Cash next year.
 - After a lively discussion regarding whether it was better to have a larger amount for tax relief this year or a smaller amount for several years, the motion FAILED by a margin of 7-2 opposed.

- Margaret followed up with a MOTION to move \$1 million of NESWC reserve funds into Free Cash. The motion was amended to use the funds for FY16-FY17 tax relief.
 - Motion PASSED with a margin of 8-1 in favor.
- Steve is still looking for guidance on minimum reserve balances for the ALG.
- Herman suggested a 5% number for the Reserves level of the budget.

V. Finance Committee Business

- Minutes were deferred.
- TM Warrant worksheet was distributed.
- Pat indicated that we need to schedule a time to vote on budgets that were presented at this meeting.
- CPC – Herman asked for guidance regarding new project funding that addressed bonding vs. set-aside. The committee suggested 75% bonding with a 25% set-aside strategy.
- Meeting adjourned at 10:20 pm
- Next Meeting – Tuesday, March 11, 2014

Documents presented at Meeting:

1. PowerPoint – Town of Acton FY15 Municipal Budget Presentation
2. PowerPoint – Acton Boxborough Regional School District FY15 Budget Vote
3. ALG Minutes of 2/15/2014 – Draft
4. Town of Acton Multi-Year Financial Model – ALG 2/15/2014
5. 2014 Annual Town Meeting Warrant Worksheet – 2/23/2014 Draft