

Acton Town Finance Committee Meeting
December 9, 2014
Town Hall, Room 204

Attendees: Chairman Steve Noone, Vice Chair Mike Major, Clerk, Margaret Woolley Busse, Doug Tindal, Mary Ann Ashton, Herman Kabakoff, Bill Mullin, Bob Evans, Roland Bourdon
Also attending Brian McMullin, Assistant Town Finance Director

Chairman Noone called the meeting to order at 7:31pm.

- I. Public Participation: None heard
- II. School Financial Report: Superintendent Brand introduced Claire Jeannotti as the school's finance person who did the presenting.
 - a. FY 2014 close out: ~ \$35K turnback from APS and \$35K from ABRSD; total E & D for schools ~ \$1.1 million
 - b. FY 2015 budget status: some unexpected expenses in salaries and stipend, Special ed transportation and special ed tuition, but mitigating revenues in one-time CASE Collaborative credit, Circuit Breaker being above budget, and as CASE facility credit.
 - c. Other things to be aware of:
 - i. Chapter 70 funds from state: After July, looked like funding was going up, so School Committee re-voted on how much E&D to use for FY 15 budget from \$500K to \$300K but then found out about 9C problems
 - ii. 9C problems: Regional transportation reimbursement funds cut at state level 26.6% back to FY14. Also, circuit breaker for Special ed reimbursement reduction 1.5%, although Department of Education has said it will try to give what was previously promised (9C is provision in the law that allows governor to make mid-year budget cuts).
 - d. Bill Mullin—Made a point about needing to get clarity on how we distribute both revenues, as well as the deficit (for instance, in funding an operating deficit using reserves, should it be funded on the traditional 1/3 to 2/3 split between municipal and school budget?)
 - e. Doug Tindal—Encouraged schools to continue down the path of planning for future capital costs
 - f. Kristina Rychlik, chair of ABRSD committee, asked re: Bill's comment re: some parents at McTowne PTSO meeting that seemed to think that the way the Town and Schools pay their OPEB obligations differently and that it is unfair to schools. There should be no inequity but likely there is a communication issue/perception issue.
- III. 1st quarter Town Financial Report: Steve LeDoux introduces Steve Barrett as chief town finance officer, who did the presenting
 - a. Free Cash certification \$9.4 million
 - b. Operating expenses and revenues on track so far
 - c. Enterprise funds
 - i. Ambulance Fund—revenues so far appear to be down from last year
 - ii. COA Van Fund—revenues way down
 - iii. Transfer station and recycling fund—on track so far; free cash is \$1.465 million, which includes \$1 million in NESWC, which is not counted in the \$9.3 million in general fund certified free cash

- iv. Nursing Fund—In trouble, so Fall Special Town Meeting (STM) funded it with additional \$165K to get it through this fiscal year, and then will be put in general fund (as voted on by STM)
 - v. Septage Fund—on target, healthy fund balance
 - vi. Sewer Fund—in good condition
 - d. FY 14 results--\$2.2 million in turnbacks/free cash replenishment
 - i. Operating surplus: \$460K
 - ii. Revenues exceeding estimate: \$1.2 million—property tax, excise tax, fees—all more than anticipated
 - iii. Closed articles, charge backs, and unused PO balances \$515K
 - e. Steve LeDoux speaks to 9C cuts from local aid: 2.3% of undesignated local aid, ~\$25K
 - i. Community innovation grants have been cut as part of 9C cuts, which is what we've used in the past to fund our transportation initiatives
 - f. Doug asked a question about how the NEWSC \$1 million is handled in reserves as well as a question re: tracking future capital expenses
 - g. Roland and Bob asked clarifying question about tax title, and how we recoup owed taxes
 - h. Margaret: With such big turnbacks, are we overbudgeting and therefore overtaxing our citizens?
 - i. Mike: Agrees with Margaret's comments
 - j. Herman: Will the \$165K that STM allocated to Nursing Enterprise Fund be enough? Steve Barrett—best estimate, but it is a bit unpredictable
 - k. Bill: Do you perceive the way the town handles OPEB contributions—is it different than how it is handled from the schools? Steve L.: we are funding all new hire positions with OPEB factored in to neutralize future impact to OBEP liability. Also, Bill mentioned also that continuing feedback that the way zoning enforcement is handled has rubbed people the wrong way and created a sense that the town is not business friendly
- IV. Report on Acton Leadership Group Meeting: Steve Noone updated on this: Fincom reps only ones who didn't want to tax the full 2.5%; also how to handle cost savings discussed in 3 board meeting; and thinking about OBEP contribution being \$1.4 million—is this the right number?
- a. Herman reported that BOS is going to start a cost-savings committee. Does Fincom want to participate?
 - b. Doug: Best way to avoid costs is to plan effectively for capital costs
 - c. Roland: Don't need to tax to the max with these reserves.
 - d. Margaret: Is there a philosophical viewpoint from BOS and School Committee that we need to tax the full 2.5%? No need tax to the max with high reserves.
 - e. Mike: If not now to cut tax rate, when?
 - f. Bill: Can be the flip side—if not now, when, can we spend money? But right now, there has not been a compelling case made for anything as of yet
 - g. Margaret: We hear a lot of how the schools don't spend as much as per pupil as other schools, but this is not compelling. Per pupil spending is an input, not a measure of outcome, and our outcomes seem to be very good with the schools. So if there is a problem with school outcomes, then we can figure out the best way to address it.
 - h. Doug: We have such big reserves, we don't need to tax to the max.
 - i. Mary Ann-We need to see what the budgets are going to be in order to make a clear decision about tax rate
 - j. Herman: Residents are going to see 3.4% increase in their taxes for FY15, don't need to raise more in taxes

- k. Doug: \$10 million that we have 25 years of .5% increase
 - l. Steve Noone: Anyone in favor of cost savings committee?
 - m. Doug: Don't necessarily need cost savings committee, but needs to be built into the way we build our budgets, and consistently contain costs
- V. Report on Stabilization Fund Sub-Committee: Use existing stabilization fund more robustly, fund it with \$400K; also recommend an additional stabilization fund for future capital program and fund it with \$400k; start a year long conversation about capital planning which will drive the 2017 decisions for additional funding in these funds. Also need to start a community conversation re: the importance of preserving money for certain things important to the town.
- a. Mary Ann: Need to be prepared to communicate clearly what these would be for and why it is in important
 - b. Bob: Against a capital stabilization fund because then you have taxpayers paying for something that they may not use because it is to be purchased in the future, when they're not around
 - c. Doug: Stabilization fund should be linked to Master plan, so gives it more teeth
 - d. Mary Ann: Recommend not voting on it now, but taking it to ALG to start conversation; committee concurred
- VI. MOTION: Bob moved that we approve minutes from September 9, 2014, October 14, 2014, and October 21, 2014, October 28, 2014. Motion was seconded and approved unanimously.
- VII. North Acton Fire Station Study: After briefing us extensively on the history of the North Acton Fire Station, Bob volunteered to be the Fincom rep on this new committee formed by the BoS
- VIII. Community Outreach: Mary Ann reported on the senior center outreach meeting—one person said that it would be easier to follow if we were more explicit about agenda items as well as not using jargon. Folks also very interested in the senior tax relief. Conant PTO meeting went very well, good crowd, receptive. McTowne PTSO meeting included a very lively discussion with concerned parents re: school budgets which are in their perception not adequate.
- IX. Committee reports: Herman reported on BOS; Roland on CPC; Bob on Healthcare Trust; Margaret on Kelley's Corner.
- X. MOTION to adjourn made by Roland, unanimous vote

Documents used: Stabilization Fund background; draft recommendation re: establishing and funding stabilization funds; School budget update, municipal budget update.