

Draft Minutes – Acton Finance Committee
November 29, 2005
Acton Town Hall – Room 204 7:30 PM

Pursuant to a notice duly posted with the Town Clerk and with a quorum of members present, the Acton Finance Committee convened at 7:45 pm on November 29, 2005. The Agenda for this meeting is made by part the Minutes and is attached.

Members present for the meeting: Jon Chinitz, Pat Clifford, Pat Easterly, Herman Kabakoff, Allen Nitschelm, Steve Noone and David Stone, Chair, and associate member Kent Sharp.

League Observer: MaryAnn Ashton

CHAIRMAN’S INTRODUCTION/NESWC FUND BALANCE

The Chairman reported that ALG was discussing alternative uses and treatments for the approximately \$4 million in the NESWC Enterprise Fund. He said that some of the funds would likely be spent on improvements to the transfer station including bringing the recycling area into compliance with the ADA.

Potential uses for the funds include construction of a fire station in combination with funds from the developer of Woodlands project, deposit into the Stabilization Fund, operating deficit, and capital improvements.

Mr. Chinitz reviewed past information on this discussion, reminding the committee that the developer contribution from Woodlands would come in two payments and had been earmarked for public safety mitigation; in previous discussions (ALG, 2020 and FinCom) this money has not been considered for operating expenses but instead for a list of capital expenses, including the fire station, that had been drawn up and prioritized during the FY06 budget process. He cautioned that such a large amount of money deserved due diligence before commitment.

Mr. Nitschelm said he agreed with not spending the funds on operating expenses but suggested that the FinCom set up a subcommittee to explore what could be done and how the funds would become available.

Mr. Noone observed that the availability of these funds offered an opportunity to handle deferred capital expenses and set up a stabilization fund.

Ms. Easterly observed that ALG had heard some extremely compelling arguments for using the funds for operating expenses but that she was inclined to support the use of the funds for capital expenses.

Ms. Clifford commented that taking at least a two year look at capital budgeting would be a more effective way to disburse the funds.

In response to Mr. Nitschelm's comment that a free cash policy should be part of the discussion, Mr. Stone commented that the subject could be revisited when there is an actual free cash balance available.

Mr. Kabakoff reported that at the BOS meeting Mr. Murray had indicated a figure of \$2 million as a set aside for possible liabilities with the landfill. Mr. Kabakoff endorsed the concept of not using the funds for operating expenses and said that Selectman Hunter had taken the position that the funds should be used for municipal rather than school capital needs. He agreed that a capital plan of more than 12 months was appropriate.

The Chairman appointed Mr. Nitschelm, Mr. Noone and Ms. Clifford to a subcommittee to look into the procedural questions involved in defining and releasing these funds as well as soliciting ideas on how to use the funds.

QUARTERLY REPORTS OF ACTUAL EXPENDITURES VS. BUDGETS

As a follow up to discussion at a previous meeting, Mr. Stone said that there were some hard copy reports generated from the Munis system provided to the Finance Committee.

Ms. Easterly reported that she had begun working with school staff on a reasonable way to put data together for FinCom that might also serve as a summary report for public use. She suggested a working group to look at sources of data to develop this information particularly in an electronic format.

The Chairman appointed Ms. Easterly and Mr. Sharp to work with him on this effort.

OTHER OLD/NEW BUSINESS

The Chair reported that the ALG was continuing to explore the split of revenues between the municipal and school budgets, which has led to an examination of all revenue categories and how they should be allocated. Commensurate with that discussion is the use of the approximately \$500 in anticipated free cash.

Mr. Kabakoff said that his understanding of the latest ALG plan was that there would be a difference of approximately \$2 million between revenues and operating expenses.

Mr. Nitschelm said he felt that the Finance Committee should present its own budget at Town Meeting reflecting a critical review of the budget outside the ALG consensus.

Mr. Stone said the ALG process involved give and take and serves a communication function. As this was his first year as part of the group he felt it was important to see the entire process unfold but would keep the discussion for the appropriate FinCom role open. He said it would take more than one year to make a process change.

Mr. Chinitz disagreed with Mr. Nitschelm's suggestion that FinCom should present a separate budget at Town Meeting and undertake a potentially dissenting review. He believes that the ALG approach is an asset to the Town and that embarking on a different approach would devalue that tradition supported by the voters. He pointed out that FinCom was well suited to take a macro view of the budget process while the Boards are charged with policy and the administrations with the micro approach.

COMMITTEE REPORTS:

ALG: (Stone) Discussion on NESWC fund balance and potential uses as related to FY07 Budget (agenda item); discussion in HIT.

BOS: (Kabakoff) Had tax classification hearing; residential and commercial property will have uniform rate. Library Trustees presented statistics regarding increased growth and use in support of request for additional funds. LIP petition for 40B at Madison Place not finalized as Selectmen want to investigate alternatives to tearing down historic house on land. Voted not to cut down trees on Pope Road.

CPC: (Noone) Sixteen applications including six from the Town were received totaling \$1.25 million. Estimate about \$400K in Open Space fund. Expect to appropriate between \$900K and \$1 million.

HIT: (Chinitz) Working with consultant and treasury services to provide a coordinated analysis of information so Trustees can have a more accurate and timely picture of fund balance. Situation as of November is okay and there is no current plan to adjust rates.

APS/ABRHS: (Easterly) In 2007, second phase of the sewer project will be under consideration and both Douglas and Gates may be involved. Will potentially result in additional costs for schools.

MINUTES OF THE PREVIOUS MEETING:

Mr. Kabakoff asked for clarification of one section. Mr. Chinitz moved approval as corrected and the motion was accepted.

ADJOURNMENT:

At 9:05 the Finance Committee adjourned pursuant to a motion by Mr. Chinitz.

Respectfully submitted,

Patricia Clifford
Clerk

