

Minutes – Acton Finance Committee  
August 12, 2008, 7:30 p.m.  
Town Hall – Room 204

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 pm on August 12, 2008 to review various matters.

Members present for the meeting: Steve Noone, Herman Kabakoff, Mary Ann Ashton, Pat Clifford, Bob Evans, Kent Sharp, Doug Tindal, Bill Mullin, Associate Member Maynard (Brandy) Brandon

Others Present: Steve Ledoux, Steve Barrett, Sharon Smith McManus

Chairman Noone called the meeting to order, provided an introduction to the agenda, and asked for public participation. There was no public participation offered.

Mary Ann Ashton presented minutes for June 17 and July 15. Minutes were approved for the June 17 meeting. Mrs. Ashton said that she had incorporated changes from Doug Tindal and Bill Mullin for the July 15 minutes, which she read to the committee. The July 15 minutes were also approved.

Chairman Noone introduced Steve Ledoux, Town Manager, and Steve Barrett, Town Treasurer. Steve Barrett presented preliminary FY08 results (presentation attached to these minutes). Mr. Barrett noted that results, which are unaudited, were roughly consistent with expectations, and then presented information about the nursing, NESWC, COA Van, Septage and Sewer Enterprise Funds. The NESWC fund showed a profit of \$236,763; the COA Van and septage funds showed very small profits, while the nursing fund showed a loss of \$42,293. The sewer fund showed a \$0 profit, and Mr. Barrett noted that the capital reserve should be approximately \$750,000 but is actually \$226,141 as a result of nonpayment from WR Grace. Snow and ice budget showed a shortfall of \$153,291; Mr. Barrett said that the Town Manager had solved this shortfall within departmental budgets. Mr. Barrett's final slide showed the possible sources of free cash, and noted that Acton was the first municipality to have its free cash certified. Free cash has been certified at \$2,454,644 as of July 1, 2008.

Finance Committee members asked several questions of Mr. Barrett and Mr. Ledoux. In response to these questions, Mr. Barrett said that they have noted that collection of property taxes seems to be slowing a bit, and this trend may continue into the future. For FY08 the motor vehicle excise tax estimate had been fairly accurate, and that number had been exceeded by about \$100,000. With respect to WR Grace, Mr. Ledoux said that the town of Acton has been in litigation for back sewer betterments of \$400,000 and back taxes of about \$1 million. Funds that might be gained as a result of litigation will go to pay back sewer capital reserve and overlay account. Mr. Noone agreed to follow up with Mr. Barrett and Mr. Ledoux to clarify this issue, and will report back at a future meeting. Mr. Barrett and Mr. Ledoux could not precisely point to the source of this year's additional free cash, but thought it was about half from unexpected revenues and half from unspent expenses, especially unfilled positions. Mr. Evans requested that the presentation for the next quarter also include the Ambulance fees fund in the presentation, and asked what rate of interest these funds generate? Mr. Barrett responded that the

investment of these funds is restricted by law, and that the pooled funds generated 2.9 percent interest, through the Massachusetts Municipal Depository Trust.

Mr. Kabakoff noted that he had watched the Board of Selectmen's meeting the previous night, and was concerned that the BOS had increased the sticker fees for the transfer station by \$5 for regular permits. He asked what was the reasoning for this increase when there are NESWC funds available.

Mr. Ledoux also addressed the status of budget development for FY10. He has laid out an aggressive schedule, which will call for an audit around October 31, 2008. Budget requests were due August 8. Mr. Ledoux has asked each department to prepare three-year budgets for FY10 through FY12, which are due August 29. Preliminary budget reviews due around mid-September. The town will conduct its internal "Day on the Hill" session at Audubon Hill on October 15. Mr. Ledoux expects to have his recommended budget by early December.

Finance Committee members asked about where does three-board budget meeting fit in with this timetable? Do you anticipate any changes in the format of the budget? Mr. Ledoux responded that the municipal staff is trying to be more traditional in its budget presentation, so that real capital will be capital, etc. Mr. Tindal asked about zero-based budgeting, and whether the Finance Committee will be able to receive the budgets in Excel? Mr. Ledoux said he would look at these issues. Ms. Clifford asked for an update about end of the year spending: Mr. Ledoux said that they have filled the Human Resource position, and have undertaken some of the NARA improvements.

## **Budget Process Improvement**

### **Progress Reports on Budget Drivers**

Herman Kabakoff has been researching utilities, and has a document which he will distribute. The schools have a three-year contract through December 1, 2011 for FY10; usage will remain flat for electricity; budget will be essentially the same as the actual usage for FY09. Natural gas is a different story; rates are going up 7.5-10 percent for the schools and will depend on degree days. Schools are going to use the assumption that FY09 budget is accurate and will increase 7.5-10 percent (probably 10 percent); currently \$709K so will increase about 10 percent. Members asked about whether there would be savings from new boilers, heating units, roofs, and how those would be reflected in these estimates.

For the town, electricity will increase a total of 15 percent (10 percent due to cost of supply and 5 percent because of distribution costs). The budget is expected to be the same for FY10 as for FY09. Members asked for clarification on impacts of conservation measures. There are three buildings that are under supply natural gas supply contracts: library, public safety building, and town hall (?); these contracts expire January 2009. FY2010 budget will be \$159K total versus \$134K total (19 percent increase).

Kent Sharp reported on some work he has done about special education estimates, and that he is following developments with CASE (Concord Area Special Education) tuition.

Doug Tindal reported on more information about real estate in Acton, and distributed a graph of real estate sales.

Bill Mullin is working on inflation issue. Economic indicators show that Massachusetts annualized inflation rate for January-May 2008 was about 7 percent. While this increase is mostly due to energy prices, but it has an effect on every expense item. Mr. Tindal added he had been following the BLS Consumer Products CPI for the Northeast. Ms. Clifford asked about how Mr. Mullin and Mr. Tindal see the inflation issue fitting into the Point of View document. Will it layer on top of other assumptions, or effect each piece separately.

## **ALG Report**

The Acton Leadership Group met on July 28. They discussed the need for a joint board meeting of the Finance Committee, Board of Selectmen and Acton Public School Committee, which has been scheduled for Tuesday, October 7. The Town Manager and the Superintendent updated everyone about the processes which they are using to develop budgets for FY10. Peter Ashton had been asked by the Board of Selectmen to develop a list of comparable communities that would serve as the basis for all comparisons, and the Town Manager also developed a list following criteria specified by the Board of Selectmen. After discussion about these two documents, as well as a memo prepared by Bob Evans of the Finance Committee, the ALG agreed to the following list of comparable communities, and members will take these back to their respective boards for comments: Concord, Westford, Winchester, Canton, Sudbury, Dedham, Hingham, Milton, Westborough, Wilmington, Bedford and Westwood.

Bob Evans moved that the Finance Committee representatives report to ALG that Fincom supports this list of proposed communities as a basis of comparison, but the basis of comparisons should be medians as opposed to averages or modes. Pat Clifford seconded. Finance Committee members discussed the pros and cons of having one set of standard communities; some members thought that there should be different communities depending on what you were comparing, while others thought that one set was a good idea. Another member said that ALG should demonstrate leadership and not follow blindly what data might indicate about other communities. Others objected to the second half of the motion. Following discussion, the motion was amended to delete the second half of the motion (“but the basis of comparisons should be medians as opposed to averages or modes”). The remaining motion passed 7-1 (Sharp opposed).

## **Guidance to ALG Reps**

The next ALG meeting is scheduled for August 25, and will continue to discuss split, budget process. Mr. Kabakoff said that the petition could be filed as soon as August 15, and would thus be discussed at the next ALG meeting. Finance Committee members expressed their opinions about the impact of the petition asking for a Special Town Meeting to appropriate \$2.4 million of NESWC reserves so that taxes would not be raised for FY09. Mr. Evans said that the current ALG plan shows an increase of 14 percent in Chapter 70 funds for FY10, and thinks that ALG should assume a 0 percent increase as a more realistic estimate. Two members expressed support for the petition, while all others mentioned the lack of process and the invalidation of a three-year plan if the reserves were appropriated in this manner.

BOS	08/11 meeting – Alexan has offered \$800K in mitigation, earmarked for sidewalks, affordable housing, and \$100K unspecified. Alexan has offered Concord \$1 million in mitigation. Lease on Towne Building – developer needs an extension. Room filled with people wanting to talk about parking garage for the train station. No study available on impact, no action by BOS. Raised transfer fees \$5.
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Mr. Kabakoff asked whether Fincom will support sending a letter to the BOS to protest raising the transfer station fees. Mr. Evans said we should ask for the backup supporting the analysis, and others agreed. Mr. Kabakoff moved that the Finance Committee request analysis of the need for the transfer station sticker increase and request that the BOS delay implementation until the Finance Committee has had a chance to review their numbers and opine. Mr. Evans seconded.

Finance Committee members discussed, and some objected to the second half of the motion. Mr. Kabakoff rescinded his motion, and Mr. Mullin moved that the Finance Committee request analysis of the need for the transfer station sticker increase. Mr. Evans seconded, and the motion passed unanimously.

Mr. Sharp moved to adjourn, and it was seconded and voted unanimously. Meeting adjourned at 10:05 p.m.

**Next Finance Committee Meetings:**

Sept. 9, Sept. 23, Oct. 7 Joint Board Meeting  
ALG, August 25

Respectfully submitted,

Mary Ann Ashton  
Clerk