



TOWN OF ACTON
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Steven L. Ledoux
Town Manager

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Twenty years from now you will be more disappointed by the things you didn't do than by the ones you did do.

Mark Twain

Dear Honorable Board of Selectmen:

Enclosed herein, please find the Town Manager's recommended budget for FY 2012.

As has been the case for the past two fiscal years, the recession has created so much uncertainty and unpredictability that developing a realistic, practical budget requires the pensive of Professor Dumbledore.

Unfortunately, no such magical apparatus is at our avail and we must rely on our instinct and intuition since no two economists can agree. What is particularly unsettling is the fact that the economic uncertainty is something few have seen in their lifetimes. As a much more seasoned Manager than I stated at this year's ICMA Conference, "When times have gotten tough in the past, I have always relied on my experience; the current situation is something I have never experienced before."

Work on the FY 12 budget commenced in August 2010 amidst this uncertainty. Michael Widmer, the President of the Massachusetts Taxpayer Foundation, has stated that State revenues have "bottomed-out" and will now start to exceed the (lowered) benchmarks. A bill relating to capital gains tax that passed last June uses 5% of the tax revenues as part of the budget process with the remaining 95% post employment benefits and a rainy day fund. While FY 12 will be the worst ever, the long term outlook beyond FY 13 looks better. Widmer stated in a December 14th release, "Despite almost a billion dollars in revenue growth, the state faces a fiscal 2012 shortfall of approximately \$2 billion with no federal stimulus dollars and limited state reserves."

Mr. Widmer also said, "The 2012 budget will require yet another round of cuts in local aid, human services, higher education, and almost all other state programs."

However, based on the bleak economic outlook, some basic policy direction was needed. To that end, the Acton Leadership Group convened to discuss revenue forecasts for FY 12. For those not familiar with the Acton budgeting process, the Acton Leadership Group (ALG) consists of representatives from the Board of Selectmen, School Committees, Finance Committee, and the administration of both the Town and Schools. The primary function of this group is to reach consensus on revenues and to make recommendations to their respective boards as to a split of revenues between the Town and Schools.

In November, the ALG met and agreed to the following revenue assumptions:

- Chapter 70 Aid reduced by 10%
- All other Local Aid reduced by 20%
- Local receipts level funded to FY 10 actuals
- Utilization of \$2,000,000 in reserves

The ALG plan also assumes a 2.7% increase in the Town budget.

Odyssey of the FY 12 Budget

All Departments commenced working on the FY 12 budget during the summer, culminating in October with a two-day budget retreat, commonly known as "On the Hill." Operational budget requests of \$26,557,738 were submitted as well as \$5,893,101 in capital requests. Part of the "On the Hill" process is to have peer review of the capital requests. On the last day of the "Hill", all capital requests are rated by secret ballot into A, B, and C categories, with A being the highest priority. "A" capital priorities totaled \$1,703,780.

Upon conclusion of "The Hill", the Town Manager convened his budget team, consisting of the Finance Director, Assistant Town Manager, Town Accountant, Principal Assessor/ Financial Analyst, HR Director, and IT Director, to discuss, review, and brainstorm over the FY 12 budget. This group met one full day per week through the month of November. The result of all these exercises is the Town Manager's recommended FY 12 budget.

The recommended FY 12 budget is **\$28,177,903**, which represents a 2.7% increase over FY11. Included in the budget are the following capital items and subsidies:

Subsidy - Ambulance	\$ 271,000
Subsidy- Council on Aging	50,000
Cultural Council	2,000
Shuttle - year 3	75,000
Database/GIS Coordinator	91,000
Engineering Van	26,000
Assessor hours	12,000
Micro film project	60,000
Building Department Vehicle	29,875
Parking Lot Improvements - NARA	75,000
Salt Shed	300,000
Permit Tracking System	200,000
Cemetery Heating System	20,000
Emergency Plan and Training	60,000
Council on Aging	<u>25,000</u>
	\$ 1,296,875

Another major feature of this budget is the identification and inclusion of Public Health Nursing into the Health Department budget. Statutorily, every Town is required to provide Public Health Nursing for things such as mass inoculations, etc. This service has been provided by the Acton Nursing service, but such service has not been billed out, causing in part the operational deficit that we see each year. The proposal contained in this budget is for the Health Department to be billed for these services by the Nursing Service.

This budget also assumes that the State will not meet its obligation under the Quinn bill and no funds are budgeted for labor settlements.

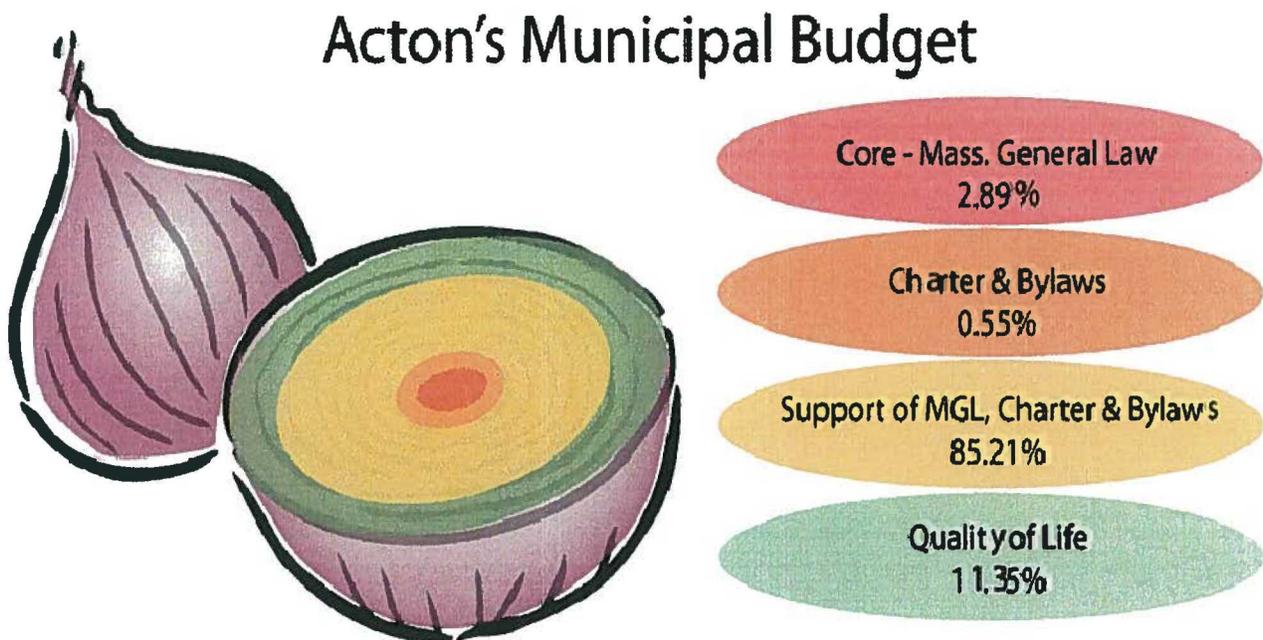
The Onion

An onion can make people cry but there's never been a vegetable that can make people laugh.

Will Rogers

Because of the uncertainty of the budget and the fact that the Governor will not present his State budget until late January (when we have our first glimpse of Local Aid numbers for FY 12) there is a very real possibility that this recommended budget will go through some iterations as we progress towards Annual Town Meeting. If we have to go through cuts in this budget, it is important to identify what are the mandated vs. non-mandated functions of our operation.

It occurred to me that the Town budget is somewhat akin to an onion, with several layers that when peeled away, we arrive at the core.

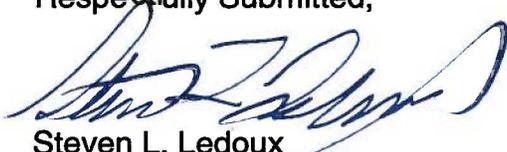


As we go through the budget review process, it will be important to understand the layers and their ramifications on the Town and its operations.

As we work on this budget and the ones in years to come, we must keep in mind that we are the government closest to the people and the level of government that people turn to when in need.

As always, I stand ready to work with the Selectmen to bring a budget to Town meeting that is responsive and responsible. The Town of Acton is blessed with talented volunteers and staff that are willing to work shoulder to shoulder to solve problems and our citizens should be encouraged by that level of commitment.

Respectfully Submitted,



Steven L. Ledoux
Town Manager