

Acton Finance Committee – 9/14/04 –Minutes

Members Present: Jonathan Chinitz, Pat Easterly, Bob Evans, Gim Hom, Herman Kabakoff, Rheta Roeber, John Ryder, and David Stone

Committee Reports:

ALG – Chinitz – Most of the discussion was about revenue projections. The updated numbers are contained in the spreadsheet distributed for this meeting. These show a decline in incremental revenues of about \$650,000. This is a result of using non-recurring revenues in FY05. If all of the FY04-05 cuts were restored and additional minimal staffing increases made, this would result in a budget deficit of about \$6.5M. There was also some discussion of revenue sharing between the town and school budgets. Mr. Ashton presented a spreadsheet, which Mr. Chinitz has revised, showing how the split has varied over the last 10 years. Ten years ago, the split was 39.1% for the town; in the FY05 budget, the town's share is only 31.5%. The decline, in part, results from budgets emphasizing personnel and cut-backs in operating capital, which disproportionately affects the town side.

There was a discussion of what these percentages mean, in comparison to other towns, relative to enrollment growth in the schools, and other factors. Mr. Chinitz noted that since 1997, we added 950 students between the region and the local schools.

BOS – Kabakoff – The final betterment for a sewer unit was \$12,409 over 30 years. There was a site plan for a special permit for a new gymnastics facility. There was a discussion of a warrant article for the special town meeting to reallocate CPA funds for the ACHC from one project to another. The proposal for 16 new stop signs in Indian Village was reduced to 13 and approved.

CPA – Ryder -- We will discuss the housing warrant article at our next meeting. The CPC will begin receiving new applications in October. The committee and the town continue to discuss the allocation for administrative overhead.

Health Insurance Trust – Ryder – We appear to be doing all right, based on the recent claims experience. Next year's insurance increase should be in line with market rates, i.e., about 12%.

Public Safety Building – Chinitz – Progress continues. There is a new 90 foot antenna. The second floor is taking shape. Lots of equipment and electronics are on order. Occupancy is expected around year-end.

School Building Projects – Evans – School opened, so we clearly had the middle of the school available. Some parts will be finished in October and November. The HVAC problems are being dealt with. On Martin Luther King Day there will be an open house, with a formal dedication sometime in the spring. The Friends of Leary Field group would like the schools to use some of the excess money in the budget for the artificial turf project. The superintendent will be meeting with the State regarding the details of the new School Building Assistance program funding.

School Committees – Chinitz – See his summary notes from the Regional meeting. Boxborough reported that their finances seem to be in good shape, but they are waiting to hear from the Region regarding FY06. The Region did begin its discussion of the FY06 budget. Due to enrollment increases at the high school, they expect their “B” budget to include staff increases. Mr. Chinitz asked them to produce a multi-year budget plan that would reflect the anticipated multi-year labor negotiations. There is not a lot of capital outlay, given the completion of the Junior and Senior High building projects. They did say that their priorities are on personnel over capital maintenance. Mr. Chinitz stressed that emergency repairs are both bad policy and bad politics.

Acton 2020 Capital and Long-Term Planning

Mr. Ryder and Dr. Evans circulated a memo, with numbers for illustration/discussion purposes. They proposed a definition of capital, an annual appropriation into and out of a capital reserve account inside proposition 2 1/2. They proposed a \$3M override to catch up on under-funding of capital over the last several years. They also considered areas of spending that might yield savings, such as legal services, which might be more efficiently delivered using a regional cooperative and an annual retainer. Another area to consider is privatizing the ambulance service. Another area they would like to examine is SPED funding.

Mr. Hom liked the idea of a pyramid over-ride, i.e., with multiple budget choices, not just A or B.

Mr. Chinitz said he would like to focus on the amount of an override for capital and a mechanism for keeping up with capital needs in the future. He would like to defer the pyramid override and restructuring proposals.

Mr. Ryder explained that the borrowing proposed is to catch up on things like roads that have been neglected. The reserve account inside 2 ½ is intended to smooth out the spending from year to year. Since we don't have line item budgets for the town and can't have them for the schools, under education reform, the reserve account mechanism is intended to provide some fiscal discipline. It is a concept borrowed from the real estate industry.

There was a discussion of some of the details and mechanics of the Ryder/Evans proposal, which was generally well received by the committee.

Mr. Kabakoff said he expects the proposed \$300,000 annual appropriation into the reserve account would not survive from one town meeting to the next. Mr. Stone noted that he would like to see a larger number, but even if the annual appropriation was spent each year, this would at least mean some amount of regular spending on needed capital items.

Mr. Chinitz felt that there will still be a need for additional debt exclusion overrides to address large projects, such as the four older school buildings and the proposed North Acton fire station. He also feels that there may be a need to shore up the municipal operating budget, so that we don't have to play catch up every five years.