

Minutes – Acton Finance Committee  
September 2, 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 September 2, 2008 to review various matters.

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

Others Present: Jo-Ann Berry, Paulina Knibbe, Sharon Smith McManus

Chairman Noone called the meeting to order, provided an introduction to the agenda, and asked for public participation. He announced that Board of Selectmen Chair Lauren Rosenzweig will come to the next meeting of Finance Committee to update members with respect to the WR Grace issue. Mr. Ledoux and Mr. Barrett apologized for any confusion caused by their previous comments. There was no public participation offered.

Minutes for the August 12 meeting were distributed late in the day, so Mrs. Ashton requested that the committee wait to approve these minutes until the September 9 meeting

Mr. Noone asked for any updates on budget drivers. There was none offered.

**Discussion of Multi-Year Financial Plans**

Chairman Noone began the discussion about multi-year financial plans stating that it was his intent to ensure that there was adequate financial information and a message prepared for the warrant for the Special Town Meeting on October 2, which will need to be mailed in the next week or so. To meet that deadline, he said it was necessary to finalize updating of the three-year plan which was presented at last April's Annual Town Meeting. The Regional School Committee will review Thursday, the Board of Selectmen next Monday, and Finance Committee will get another pass next Tuesday.

Mr. Noone has been working with school and town staff to update last year's plans, and to move the three-year plan forward into FY12. Some of the changes (detailed in handouts distributed at the meeting) include the following:

- FY12 – first year after the “five-year” Chapter 70 plan; Ch 70 goes back to 2.5% increase versus double-digit increases previously seen
- Excise tax forecasted to be flat for the next three years
- Assumption right now is utilities forecast at 7.5 percent increase per year, we might want to consider 5 percent

Mr. Noone presented two scenarios: one assumes that the petitioners' proposal to distribute \$2.4 million of the reserves in the NESWC fund to taxpayers passes, and the other assumes that it does not. With either scenario, there is a difference between expected revenue and expected expenses in FY12. Mr. Noone also included an e-mail from Herman Kabakoff, who was unable to attend the meeting, which

summarized his thoughts. Mr. Noone opened the topic up for discussion by Finance Committee members.

The Finance Committee discussed various aspects of the plan. Bob Evans expressed his concern about the income side: he doesn't see the possibility of 15 percent increases for Chapter 70 for FY10 and FY11. Excise tax should start out flat, and maybe recover toward the end of the period. Pat Easterly asked for clarification about Chapter 70 funding plan and how these estimates were developed. Mr. Noone said that numbers for FY10 and FY11 were based on five-year implementation plan provided by DOE. Bill Mullin asks whether the petitioners have presented a three-year plan? Mr. Noone says, "No." Mr. Mullin states that he is uncomfortable with trying to put together a plan in August when there are so many uncertainties and saying that effort represents our best effort. Mary Ann Ashton raised the issue of Ballot Question 1, which if implemented, would result in 40 percent reduction in state revenues. She suggests reducing FY10 increase in Chapter 70 to 15 percent, FY11 increase to 10 percent, and FY12 to 2.5 percent. Pat Clifford reported on a Massachusetts Municipal Association simulation (see Beacon article). MMA states that in addition to a loss of \$2.5 billion in local money, they expect that no additional debt would be issued so all the other traditional programs that the state funds, including Chapter 90 and SPED Circuit Breaker, would dissolve. Ms. Clifford believes the 2.5 percent growth in the levy is what we can control, and that is not sustainable and we've known that for some time. We can control our reserves level, and to fritter them away on an ill-conceived plan is irresponsible.

Doug Tindal states that he is troubled that we are trying to develop a plan when it is too soon to have realistic numbers, nor do we have a budget from the new Town Manager, who has indicated that he has a different approach to developing a budget. This issue is very subjective; people have been told by the petitioners that you should get some money back. No one is ready to make the case that we don't need to have x, y, and z levels of reserves, because it is too soon to have answers. Kent Sharp says that he believes the reserves are an insurance level for the things that we're unsure about, whether it's revenues from the state, or something else. If we make all these rosy projections, here's what the numbers look like; if we make some changes, here's what the numbers look like. That's why we think we should keep this money (reserves) to cushion against those changes. Many people concerned about their own household economics, and they will say, "give me back the money and then come to me when you're ready to say what you need it for." Mr. Noone said that he is open to developing a sensitivity analysis of possible scenarios. Brandy Brandon said that the Commonwealth recommends that finance committees have a reserves policy. In his professional life Mr. Brandon noted that investors analyzed every risk that was known. He thought we should go ahead with a plan, but analyze the risk associated with what we don't know versus what we do know. Bill Mullin responded that the Finance Committee had a two-year debate about a reserves policy and decided for good reasons not to adopt one. It is not correct to assert this hasn't been discussed. Mr. Mullin says that despite the fact that revenues are swinging wildly while the expense side stays relatively stable, we need to put our best effort into this exercise. We need to let voters know that the numbers are volatile and subject to change.

The Finance Committee continued to discuss the swing in risk for Chapter 70 numbers. Suggestions included reducing Chapter 70 in FY11 and FY12 to reflect the risk; delegating a subgroup to work on the assumptions; or using the ALG template and producing a second version which demonstrates what would happen to the numbers if state aid assumptions were halved. The committee supported the last idea and Mr. Noone said he will work on it, along with the narrative.

Mr. Noone concluded that the petitioners will present to the Finance Committee meeting next week, and the Finance Committee members should be prepared to vote their position following next week's discussion.

**ALG Report**

Mr. Noone reported on the last ALG meeting on August 25. Most of the meeting was spent talking about the logistics of putting together a plan for the Special TM. ALG will meet again on September 12. Mr. Noone intends to have a section in the warrant that contains a bit about town finances, the make up of revenue and expenses, and then present the plan with caveats that the estimates are preliminary, numbers are volatile, subject to change.

**Committee Reports**

BOS	Mr. Noone reported the Board of Selectmen rescinded the increase in transfer station fees.
Regional School Committee/Acton Public School Committee	8/14 meeting. Budget schedule in preliminary form, and draft budgets expected to be sent to Fincom in December. All-day budget workshop scheduled for Saturday, January 24. APS ends the year with balance of \$7,236.21, and AB ends the year with a balance just under \$175,000, which will be returned to E&D fund. Administration is monitoring APS enrollment, which before school starts, is slightly higher than expected, but need to wait for official October 1 numbers.
Comprehensive Community Plan	Finalizing Phase I report. RFP out on Phase II, responses due Friday, September 5. Selection committee meets on September 15.
Minuteman Tech	Steve Noone and Mary Ann Ashton have been in touch with Chuck Olmstead to schedule a time for him to meet with the committee and update members about Minuteman's capital plans.
ACHC	Work on the Towne Bldg is continuing through the regulatory process, and is with the ZBA expecting a draft decision by the end of the month. Roof has had to be repaired, and so the BOS has used some of the funds from the "Pulte fund" to pay for this (Robbins Mill project).

Mr. Sharp moved to adjourn, and Ms. Clifford seconded, and all voted unanimously to adjourn at 9:00 p.m.

**Next Finance Committee Meetings:**

September 9, September 23, September 15 Joint Board Meeting

ALG, September 12

