

Finance Committee Report to Select Board March 26, 2024

FinCom Review of Operating and Capital Budgets

- Budget Pressures Meetings with SPS and LS in December; ongoing discussions with Town
- Budget Hearings in January and February
- Joint Capital Hearing in February
- Deliberation in February and March, including additional meetings with proponents of articles on which the Committee requests further information
- Report to be finalized on April 1 and submitted on April 2
 - Amendment to Rules and Operating Procedures: minority report requires 3 dissenting votes

Summary

Operating Budget: \$121,605,022

FinCom recommends approval

Capital Budget: \$5,039,247

FinCom recommends approval of all articles with financial implications except:

- *Does not recommend approval of Article 40, Parkinson Field Driveway Design*
- *Pending positions on Articles 16 (Firearms Zoning Bylaw) and 28 (Goodnow EV Charging Stations)*

Operating Budget – Initial Topics

Revenue

- Not subject to vote, but determines how much we can budget
- FinCom does not challenge revenue estimates

Guidance

- FinCom does not participate in guidance process
- FinCom does not challenge guidance provided to cost centers

FY25 Operating Budget

	FY24	FY25	Percentage
EXPENDITURES	Budgeted	Requested	Increase
Education - Sudbury Public Schools (SPS)	44,358,543	45,785,871	3.22%
Education - LS Regional High School (LS)	28,936,600	29,497,481	1.94%
Education - Vocational	500,000	450,000	-10.00%
General Government	3,598,455	3,817,526	6.09%
Public Safety	9,939,791	10,399,288	4.62%
Public Works	6,111,600	6,370,754	4.24%
Human Services	1,002,310	1,031,179	2.88%
Culture & Recreation	1,639,483	1,716,739	4.71%
Total Town Departments	96,086,782	99,068,838	3.10%
Reserve Fund	300,000	300,000	0.00%
Town-Wide Operating and Transfers	195,991	201,305	2.71%
Town Debt Service	2,781,145	4,897,465	76.10%
Employee Benefits (Town and SPS)	15,730,817	16,487,414	4.81%
OPEB Trust Contribution (Town and SPS)	650,000	650,000	0.00%
Total Operating Budget	115,744,735	121,605,022	5.06%

FY25 Operating Budget v.2

	FY24 Budgeted				FY25 Requested				
	Operating	Employee Benefits	OPEB	All In	Operating	Employee Benefits	OPEB	All In	YOY
Education - SPS	\$44,358,543	\$8,846,343	\$436,566	\$53,641,452	\$45,785,871	\$9,343,175	\$436,566	\$55,565,612	3.59%
Education - LS	\$28,131,915	included	\$335,220	\$28,467,135	\$28,711,618	included	\$334,492	\$29,046,110	2.03%
Education - Vocational	\$500,000	N/A	N/A	\$500,000	\$450,000	N/A	N/A	\$450,000	-10.00%
Town	\$22,787,630	\$6,884,474	\$213,434	\$29,885,538	\$23,836,791	\$7,144,239	\$213,434	\$31,194,464	4.38%
Debt Service	\$3,250,610			\$3,250,610	\$5,348,836			\$5,348,836	64.55%
Town (Town & SPS) Debt Service	\$2,781,145				\$4,897,465				
LS Debt Service	\$469,465				\$451,371				
Total Operating				\$115,744,735				\$121,605,022	5.06%

Notes on Operating Budget

- Town
 - Little room in the budget for anything new: no new headcount and no new initiatives
 - Concerns: (1) identified needs remain unmet and (2) fixed costs are rising faster the revenue
 - Await Town Manager's analysis and collaboration on solutions
- SPS
 - Budget supports resources contemplated in FY24 override
 - Right-sized approach, addressing student needs and using all funding options
 - Concerns: needs remain, and current projection of FY26 need exceeds what we expect to be available

Notes on Operating Budget

- LS
 - Managing budget in line with expected decrease in enrollment
 - End of Covid funding having no budget repercussions
- Debt
 - Going up due to decisions made over past years
 - Fairbank, Fire Station #2, Stearns Mill Dam/Dutton Road Bridge, Town-wide drainage, and CSX land acquisition are key drivers
 - Town doing well to include more debt in levy, as recommended by State during its recent review of town finances

Capital Budget

Category	Amount	Source
Town Manager's Capital Budget	\$628,697*	Tax Levy
Other Capital Items	\$2,060,550**	
3 In-Levy Items	\$950,000	Tax Levy
6 Free Cash Items	\$1,110,550	Free Cash
Atkinson Pool	\$2,350,000	Future In-Levy Debt
Total	\$5,039,247	Levy: \$1,578,697 Free Cash: \$1,110,550 Future Debt: \$2,350,000

* Removes Fire Station #3 Roof Replacement (\$85,000) from previous \$713,697 amount

** Does not include EV Charging Stations (\$80,000)

Notes on Capital

- Article 4
 - Consider raising threshold given inflation
 - Move some items to operating budget over time
- Larger Capital items
 - Largely agreed with CIAC regarding appropriateness of spend
- Atkinson
 - Need to put money into Pool to keep it in service to the Town
 - Good that the debt payments will be made with in-levy funds (State recommendation)
- Parkinson Field Driveway Design
 - Questions about amount and need