

Date: September 6, 2007
Subject: Sudbury Budget Review Task Force Agenda for 9/10/2007
From: M. Ragonas (sent via email in advance of meeting)

To:

Robert N. Jacobson, Co Chairman	Robert C. Haarde, Citizen
Martha M. Ragonas, Co Chairman	William E. Kneeland, Jr., Finance Committee
Miner A. Crary, Citizen	Karen Massey, Citizen
Daniel C. Difelice, Citizen	Sabino (Sam) Merra, Citizen
Tammie Dufault, Citizen	Lawrence W. O'Brien, Selectmen
Paul Fuhrman, Citizen	Paul E. Pakos, Citizen
Paul C. Gannon, Citizen	Ralph F. Verni, Finance Committee

Invited guests include:

John J. Ryan, Jr, member LSRHS
Susan N. Iuliano, Chairman Sudbury School Committee
Jeffrey Beeler, Member Sudbury School Committee
Bill Braun, Member Sudbury School Committee

Meeting Date: Tuesday, September 10, 2007

Time 7:30 PM EST

Location: Department of Public Works Conference Room

This meeting is open to the public.

AGENDA

7:30 – 7:35	<i>Introduction</i>	<i>M. Ragonas / R. Jacobson</i>
7:35 – 9:30	<i>General Discussion on Handouts (Attached) Committee and Guests</i>	
	I. Approve minutes of 9/3, if available, and discuss future mtg dates through Dec., 2007.	
	II. Elect clerk for our committee.	
	III. Discuss/approve attached document, which is a tentative outline of topics for the next several meetings. The intent is to familiarize and educate you on all aspects of the Town of Sudbury's financial picture. Representatives of the cost centers or other relevant experts will also be asked to attend when their particular area is scheduled for explanations, questions, etc.	
	IV. IV. Discuss any items/questions resulting from materials received at last week's mtg.	
9:30	<i>Adjournment</i>	<i>M. Ragonas / R. Jacobson</i>

Minutes Accepted 7/10/07
7:45pm

Minutes of Budget Review Task Force – August 29th, 2007

Members Present: Bob Jacobson, Marty Ragones, Miner Crary, Dan Difelice, Tammie Dufault, Paul Fuhrman, Bill Kneeland, Karen Massey, Sam Merra, Paul Pakos, Ralph Verni, and Larry O'Brien. Also attending: Sudbury School Committee member Jeffrey Beeler and Town Manager Maureen Valente.

Members absent: Paul Gannon and Bob Haarde

Meeting was convened at 8:05 by Selectmen Larry O'Brien, who provided background on the formation of this task force, reviewed the Mission Statement for the Committee and led a process for introductions among the members of the Task Force. Town Manager Maureen Valente then discussed with the task force "rules" for serving on a town committee that have been developed over time, and serve as suggestions for helping citizens avoid many of the pitfalls that can be faced by those serving on a committee for the first time. This included reviewing the nature of the committee, open meeting law, how to organize and run the committee, posting of meeting notices, preparation of minutes, logistics of setting up meeting rooms, and recommendations for committee communications. She also distributed a copy of the "Code of Conduct" for serving on a Town Committee and the Email Communications Policy for Committee members.

Ms. Valente then went through a power point presentation, covering key Town financial ratios and data, including revenues per capita, intergovernmental revenues, elastic revenues, property tax revenues, one time revenues, spending per capita and health insurance spending as a percent of salaries. She also showed a history of property tax increases in Sudbury compared to abutting communities, demographically similar communities and AAA rated communities as well as offered data on public safety and public works staffing and educational spending in Sudbury. A short question and answer period followed the presentation.

Finally, she distributed various reports and printed materials to members of the Task Force, including a 2007 Town Warrant and the Finance Committee presentation addressing the Town's Structural Deficit from last spring. She also offered to members replacement copies of several items that were in the 3 ring binder – the Shrewsbury report and the Bedford Finance committee study of school spending – as it was discovered pages were missing from some binders.

Marty Ragones and Bob Jacobson of the Finance Committee, who will be serving as co-chairs of the task force, determined the next meetings of the Budget Review Task Force will be Monday, September 10 and Monday, September 24, 2007, at 7:30 p.m., in

Formal Copy

the DPW Building Conference Room, 275 Old Lancaster Road. The meeting adjourned at 10 pm.

- 1) While it is true that a public entity is not for profit, neither are most of the departments in large corporations.... Information Technology, HR, Finance, Marketing, Facility Management, etc all tend to be cost centers, not profit centers. In this regard, there are things that can be learned from the private sector, one of which is that it is essential to manage the overhead rate, i.e. track those costs incurred that are not directly involved with service or product delivery. We should be doing the same – examining the ratio of those overhead costs to the costs associated with direct service delivery. Within the school system for example, we should track the ratio of administrative and other ancillary costs to the direct instructional costs, as well as tracking the cost trends in the various overhead components. The same applies to all town services.... What portion of the money really goes into direct services to the Town residents as opposed to administration and other non-service delivery costs, and what are the year to year trends?
- 2) In regard to standards for municipal organizations, a reasonable standard is to expect efficient delivery of services, but one cannot be assured of that unless the efficiency is routinely measured.
- 3) Indicator 8 (Operating Expenditures per Capita in constant dollars) is quite telling In the 5 year span from 2001 to 2006, expenses have exceeded inflation by 15%. For property owners getting cost of living wage increases or less, it indicates that the property tax burden has consumed more and more of their discretionary income. This can't go on forever. In addition, the spending per capita indicator tends to hide the real cost increases for a family living in Sudbury. Expenditures per household or per taxable residence might be more relevant.
- 4) Re Indicator 9, Debt Service, continuing to take on new capital investments only exacerbates the existing budget situation. Capital investments should only be justified on one or more of these bases:
 - a) The existing facility is unsafe and cannot be made safe at a lower cost
 - b) There is a need for more capacity that cannot be met in any other way, in which case the need for more capacity should be carefully examined and fully justified.
 - c) The present value of annual operating costs of the new facility plus annual debt reduction will be less than the present value of operating costs of the existing facility – (in my experience, this is rarely the case.....)
 - d) The new facility will improve effectiveness – this argument is frequently put forward, but the advocates should be prepared to make the case in quantitative terms, and the perceived benefits should be evaluated against the costs of proceeding with the project
- 5) Re Indicator 12, does the Town self insure, and if so, to what extent? Many corporations have found this to be a very effective way of reducing health care costs.
- 6) While the comparisons with other Towns are interesting, all of the indicators are input oriented as opposed to output/performance oriented. The underlying presumption seems to be that all towns are delivering services in an equally effective and efficient manner, and on a comparative basis, perhaps we aren't doing that badly. In my opinion, more relevant comparisons would be, for example, the cost to educate a student in each town or the cost to maintain a mile of road within the town – those and other similar efficiency indicators would be more telling as to our comparative performance and could provide insight into where we might improve. As a minimum, we should develop and track such indicators for ourselves and track our own performance with time. The measurement of effectiveness (as opposed to efficiency) can be more elusive, but techniques exist to perform that type of analysis as well.

- 7) Re the number of Police Officers, do private police details at construction sites reduce their ability to meet Town staffing overtime requirements? Put another way, do we have more police than we have to because of the private detail issue?

The following comments/questions address the Prop 2 ½, etc handout:

- 1) Regarding the cost centers mentioned (Town, L-S, and Schools), I would hope that the Town accounting system has many more cost centers than those three. As a bare minimum, each school and each major department should be identified by its own cost center. Otherwise it becomes impossible to identify cost and efficiency trends.
- 2) Re the collective bargaining process, my personal opinion is that a School Committee is likely to be too much of an advocate of the schools to negotiate with the school related unions. While co-operation is an essential element in bargaining, it should also involve a healthy degree of adversarial tension. One measure of whether bargaining is sufficiently adversarial is to see how often the parties have had to go to mediation.... if mediation occurs rarely, perhaps the process isn't as adversarial as it should be.
- 3) As difficult as it is, over the long term the Town must move to a defined contribution pension scheme vs a defined benefit scheme. One way to do so is to grandfather all retirees and everybody who has been in the system for x years, even if x is 1.... New employees should be put onto a new scheme. It would take years to work out of the existing arrangement, but the sooner one starts, the better. Perhaps an alternative approach would be to buy out future benefits with cash now - the resultant debt payment schedule may be less foreboding than the future retirement costs and may be attractive to existing employees.
- 4) The "step" system, whereby one earns more simply by continuing in the same job, should be eliminated over the long term, using a similar grandfather approach. Generally, it is a false presumption that the longer an employee works on the job the more valuable he or she is. Salary increases should be performance based. While quantitative measures are always helpful, there need not be an over-emphasis upon them. Qualitative evaluations of performance can be adequate and would be superior to the automatic step system.

SBRTF Committee Member
6 September 2007

Dufault, Tammie M

From: Marty Ragonas [ragones@comcast.net]
Sent: Thursday, September 06, 2007 10:02 AM
To: Jacobson, Bob; Crary, Miner; Difelice, Daniel; Dufault, Tammie M; Fuhrman, Paul; Gannon, Paul C.; Haarde, Robert; Kneeland, Bill; Massey, Karen; Merra, Sam; O'Brien, Larry; Pakos, Paul; Verni, Ralph
Subject: BRTF Agenda, 9/17/07
Attachments: BRTF Discussion Topics - Draft.doc

Hi all--

Our second meeting will be held at the Department of Public Works Bldg, Mon, 9/17/07 @ 7:30pm. Please let Bob Jacobson (rjacobson@mdlsxco.com) or myself (ragones@comcast.net) know if you are **unable** to attend. With 14 members, to have a quorum, 8 members must attend or we cannot hold a meeting, so it is important to let us know if you cannot be there.

The agenda will be as follows:

- I. Approve minutes of 9/3, if available, and discuss future mtg dates through Dec., 2007.
- II. Elect clerk for our committee.
- III. Discuss/approve attached document which is a tentative outline of topics for the next several meetings. The intent is to familiarize and educate you on all aspects of the Town of Sudbury's financial picture. Representatives of the cost centers or other relevant experts will also be asked to attend when their particular area is scheduled for explanations, questions, etc.
- IV. Discuss any items/questions resulting from materials received at last week's mtg.

If you have questions, be in touch. Thanks, Marty

Discussion Topics—BRTF

I. Town

History of State funding last 10 yrs

General Gov't

Public Safety (ambulance, population growth)

Public Works (infrastructure)

Human Svcs

Culture and Rec

Planning & Commercial Development

Collective Bargaining (history of contract terms – last 10 yrs)

Salaries – Comparison with peers

Benefits and Insurance – Comparison with peers

State and Fed mandates

Offsets

Capital Projects (police station-tie into debt)

Technology

Middlesex Retirement – PRIM

CARE Program

Cooperative Purchasing, Pooling (opportunities to share with SPS, L-S)

Fees

Cash Management

PILOT

Grants

II. SPS

Chapter 70, Circuit Breaker (history of state funding last 10 yrs)

Growth

Salary Categories in Budget

Salaries – Comparison with peers

Other Expenses Categories in Budget

Technology

Collective Bargaining (history of contract terms – last 10 yrs)

Benefits and Insurance – Comparison with peers

State and Fed mandates

Offsets

Cooperative Purchasing, Pooling (opportunities to share with L-S, town)

Fees

Grants

School Safety

III. L-S

Chapter 70, Circuit Breaker (history of state funding last 10 yrs)

L-S Agreement (provide copy)

Assessment vs budget

Apportionment

Growth
Salary Categories in Budget
Salaries – Comparison with peers
Other Cost Categories in Budget
Technology
Collective Bargaining (history of contract terms – last 10 yrs)
Benefits and Insurance – Comparison with peers
Middlesex Retirement – PRIM?
State and Fed mandates
Offsets
Cooperative Purchasing, Pooling (opportunities to share with L-S, town)
Fees
Grants
School Safety

IV. Debt

V. Revenue

VI. Prop 2 ½, Override Calc

VII. Structural Deficit

VIII. Sudbury Water District

IX. CPA

X. Affordable Housing

XI. Commercial Development – Sewers on Rte 20

XII. Senior Property Tax Relief