

**Town of Sudbury ~ Finance Committee  
Minutes of Meeting  
Thursday, February 5, 2004  
Fairbanks Senior Center - 7:30pm**

**Present:** Co-Chairs Tracy Billig & Bob Jacobson, Michael Grosberg, Bill Kneeland, Marty Ragonas, Larry Rowe, Shauna Simmonds, and Sheila Stewart. Also present: Kerry Speidel Finance Director, and Robin Porcella, Recording Secretary.

**Opening Remarks from Co-Chairs:**

The meeting was opened at 7:40pm.

**Item1: Approve minutes from the following meetings: January 13,15,22,26,& 29, 2004:**

Bob Jacobson asked if the members had any questions on the minutes from the Jan. 13, 15, 22, 26, & 29<sup>th</sup> meeting.

Larry Rowe stated that on page 3 of the Jan.13<sup>th</sup> minutes that his concern was "that utility costs should be part of the normal budget process".

Marty Ragonas stated on the page 1 of the Jan. 13<sup>th</sup> minutes that there was a typographical error.

**VOTED: Motion, to approve the minutes from the January 13, 15, 22, 26, & 29, 2004 meetings with the above mention amendments to be made. Motion made by Larry Rowe, and seconded by Michael Grosberg. On motion, vote carries 8 in favor and 0 opposed.**

**Item 2: Review LS Request to transfer interest income earned on bonds and/or notes to the Excess & Deficiency Fund. Vote if deemed appropriate.**

Bob Jacobson reviewed what was actually being asked before starting the discussion. We are talking about interest earned on bonds from the High School construction project. We are talking about \$478,000, of which \$408,000 would be Sudbury's allocation. Approval from both Lincoln & Sudbury Finance Committees is needed. The money will be used to cover shortfalls.

Michael Grosberg asked what the net expense was, or is it just net income. Bob Jacobson stated that the net expense is stated in the budget.

Larry Rowe asked if this is going to be different than what was discussed at the budget hearing. Bob Jacobson stated that it the same, and that we are just reviewing everything.

Michael Grosberg stated that there has to be some sort of net expense for income on \$478,000. Pauline Paste stated that the expense is included in the assessment, and is outside of the levy.

Tracy Billig asked if there was a procedure that needed to be followed to take a vote. Bob Jacobson informed her that a vote would need to be taken only if the committee wants the money to go into the Excess & Deficiency Account; otherwise the money goes back to the Town.

Superintendent John Ritchie informed the committee that Pauline Paste has a presentation that might help answer some questions that the FinCom might have.

Pauline Paste presented the committee with a handout on Strategies to Deal with FY04 Budget Shortfalls.

The high school originally had an estimated shortfall of \$200,000. The revised estimated shortfall is \$145,000, but due to reimbursement delay of \$79,000 the total estimated FY04 shortfall will be \$224,000. The 4<sup>th</sup> quarter reimbursement is not expected until August, so it will be used for the FY05 expenses. She stated that payments are going to be permanently delayed. Audits are being done on some of the information that the schools are sending in.

Tracy Billig asked that since the reimbursements are being delayed, are we able to delay the payments to the schools. Pauline Paste informed her that payment to the schools for services may not be delayed. She also reminded the committee that not all school districts were hurt by the Circuit Breaker formula.

Steps to deal with shortfall:

- Operating Budget
- Pensions & Insurance
- Contingency
- Stabilization Fund
- Excess & Deficiency Fund

The Budget Contingency account has a balance of \$75,000 and can only be used for unanticipated costs not known during the budget process. The Stabilization Fund had a balance of \$420,000 and can only be used for purposes for which the regional school district may borrow or any purpose that the State's Emergency Finance Board may approve. The Excess & Deficiency balance has been \$380,169 since FY97. The E & D fund may be used for 3 reasons: 1) to meet extraordinary and non-recurring costs attributed to the operation & maintenance of the School District. 2) to meet any other extraordinary and non-recurring costs when local appropriation & State Aid are insufficient. 3) to reduce the assessment to the member towns in any fiscal period.

Investment Income on Capital Project:

- FY01 earnings: \$32,162
- FY02 earnings: \$63,268
- FY03 earnings: \$478,000
- FY04 earnings: \$194,000 as of 1/30/04, expecting approx. another \$100,000

Replenish E & D Fund:

- Original request: \$478,000
- Revised request: \$150,000
- Return in the Reapportionment: \$328,000

Bob Jacobson informed the committee that there was a meeting this morning with some of the school committee members and various town officials. The three cost centers (town, LSRHS, & SPS) are asking the FinCom to make all funds available to them without leaving anything on the table, and this includes the interest on the bond money. The three cost centers agree a 3% budget is needed. The agreement only remains in tact if the entire surplus is made available to the 3 cost centers.

Maureen Valente informed the committee that all of the cost centers worked on the agreement. It was a collaborative project. There are more discussions need, but this is step in the right direction.

Shauna Simmonds asked if money had been left on the table in the past. Larry Rowe informed her that last year there was, but typically nothing is left.

Marty Ragonas asked if the committee chose not to give the surplus money to the cost center, where else would it go. Bob Jacobson informed her it would go into free cash or the stabilization account. Maureen Valente informed the committee that the Town Moderator is required to announce the amount of free cash at the beginning of the annual town meeting.

Bob Jacobson stated that is was easier last year, because there wasn't any extra money. Now, it is a question of who gets the money. All the cost centers have made drastic cuts over the past year to their budgets.

Maureen Valente provided the committee with a handout. She informed the committee that figures were just plugged in to show a 3% budget is reachable. The discussion between the three cost centers is in its early stages. John Ritchie informed the committee that his people realize the numbers were just plugged in as an exercise. They realize more discussions are needed, but this is good starting point.

Bob Jacobson asked what the member's opinion is on this matter:

*Larry Rowe* - state he is comfortable with this.

*Michael Grosberg* - Agrees with Larry. Leaving money on the table is unreasonable given the cuts necessary to balance the budget.

*Bill Kneeland* - concurred with Mike and Larry. We can't leave money on the table. This is a good option if we can lower or go without an override.

*Sheila Stewart* - agrees this is a good option. The last few years the people associate with the budget have prepared what the committee had asked for and suffered a lot of cuts.

*Marty Ragonas* - although she believes it is a good idea, her conservative side believes money needs to be set aside for future problems.

*Shauna Simmonds* - she likes this scenario, since the cost centers can get what they want/deserve

*Tracy Billig* - she agrees with this plan. She believes the cost centers have done a good job in the past making cuts when it was necessary

*Bob Jacobson* - agrees with Marty Ragonas. His thinking is who the tax burden has been greater on over the past year: The taxpayers or the cost centers. We need to keep control of the budget. He will keep an open mind about this option.

Bob Jacobson stated he did not want to take a vote on this tonight, because he would like to hear what is to be said at Monday's meeting.

**Item 3: Begin Budget Deliberations and review warrant articles. Vote if deemed appropriate.**

Bob Jacobson stated before starting budget deliberations, the members must weigh some of the following points:

- Legislature's budget could be tighter than the Governor's budget.
- Senior Tax Article will include a 2% surcharge on the resident's real estate taxes.
- FY05 salary negotiations are currently ongoing for the Town and SPS.

***Senior Tax Relief Article:***

Bob Jacobson asked if we needed to review this article. Michael Grosberg thought we did.

Larry Rowe has a question for PTERC. It is in regards to the same question he asked at the January 26<sup>th</sup> meeting. He wants to know the cost of the program, if the exemption were offered to residents under the age of 65. Maureen Valente thought Dave Levington or Tara Reed would be getting back to him. She will remind them. Larry stated he would appreciate it, since the answer could potentially change how he would vote on this article.

Bob Jacobson stated that although he does not like the idea of a 2% surcharge on his bill, he agrees with the merits of this article and does not mind helping those who are less fortunate.

Michael Grosberg does not agree with this article. The purpose of the FinCom is to look at the Town as whole, and not to consider the benefits of one group of citizens over the other group. He also believes the \$600,000 house valuation limit isn't appropriate

Tracy Billig stated she agree with Mike. Article 54 did cause a division between the citizens after the last Town Meeting.

Bob Jacobson stated that this is a better article. Article 54 was originally just to keep seniors in town, not help them.

Michael Grosberg stated the committee needs to look at the Town as a whole. This article seems to be anti-education. The committee should not be weighing one group against the other.

Shauna Simmonds stated she does not have an issue helping citizens who have been in town for many years, but does have an issue helping someone who has only lived in town for only 5 year and will be eligible for this exemption.

Sheila Stewart wonders why the other exemption programs are not being utilized more. She is not convinced that the other exemptions do not work.

Mark Collins, LSRHS school committee & PTERC member, stated that the deferral program was one of the least used programs. Maureen Valente stated it became an emotional issue for most knowing that a tax lien was put on their property when it goes into deferral.

Selectmen Larry O'Brien stated that the other exemptions have stricter eligibility requirements. They have a low-income level, and medical requirements.

Kirsten Roopenian stated that the Selectmen have approved this article. They were questioning some of the same issues that the committee is debating. She stated that this article is a good place to start to help residents stay in their homes.

Larry O'Brien stated there is no knowing if this will be passed by the State. We need to work in the direction of helping our citizens. He reminded the committee that there is limited potential for commercial growth in Town.

Bill Kneeland stated he is torn on this article. There are a number of flaws. Requirements should state that the exemption is available to long term residents, and needs to take assess value into consideration.

Marty Ragonese stated she is uncomfortable with this article, and it needs to be revised some. She agrees with Kirsten Roopenian, that this is a good place to start.

Sheila Stewart stated she agreed with Marty Ragonese. She also feels like this is being rushed into. She feels more research should be done, and then presented at next year's town meeting.

Larry O'Brien asked the Town last year to not approve Article 54 last year, so that more research could be completed, but look what happened. This is our commitment to come back to Town Meeting with an approved article. He stated that PTERC did good job to get this article prepared.

Maureen Valente stated that her concern is that there are major flaws in this article, and that other Town's might follow Sudbury's lead.

Selectmen John Drobinski, stated he agrees with Maureen Valente. He has some doubts about this article. He believes Article 54 was irrational, and the FinCom needs to think and vote with their hearts on this article.

Kirsten Roopenian stated she believes the Town would have been faced with another similar to that of Article 54 if this article was not put presented.

John Drobinski reminded the committee that for the Town Warrant they can vote "take no position", and then speak as individuals at the town meeting. He asked that they vote their heart & minds.

Bob Jacobson stated that their views are well taken, and believe another bad article could have a negative impact on the Town.

Larry Rowe stated he understands that tax relief is needed for the needy, but not just because someone is over the age of 65. He needs to know if it financially impossible to remove the age requirement, before he votes on this.

Maureen Valente asked that the committee gets all of their questions/concerns to her by 3pm on Friday, and she will work on getting answers to them ASAP.

**There being no further business, the committee adjourned at 9:45pm.**